

Registered number
01363766

Lawrie Group Plc

Annual Report and Financial Statements

31 December 2021

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Lawrie Group Plc
Annual Report and Financial Statements
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Company Information

Directors

Tom Franks

Malcolm Perkins

Susan Walker

Company secretary

Amarpal Takk

Independent auditors

Deloitte LLP

Statutory Auditors

1 New Street Square

London

EC4A 3HQ

Registered office

Linton Park

Linton

Maidstone

Kent ME17 4AB

Registered number

01363766

Lawrie Group Plc

Strategic report for the year ended 31 December 2021

The directors present their strategic report for the year ended 31 December 2021.

Business review and future developments

The company continues to operate as a holding company and is expected to do so in the future. The results for the year and the financial position of the company are as shown in the annexed financial statements.

At the end of July 2021 the company acquired an 80% controlling stake in Bardsley Horticulture Limited a fruit farming company based in Kent with the remaining 20% purchased in November. The purchase price included deferred consideration of £1,150,000 payable in 2022.

Principal risks and uncertainties and key performance indicators

The company is a holding company within the Camellia Plc group and as such the principal risks and uncertainties, strategy and business model are in line with those of the group as a whole. A review of the principal risks and uncertainties, strategy and business model of the Camellia Plc group can be found in Camellia Plc's 2021 annual report on pages 27 to 30.

COVID-19

Whilst our businesses were able to keep trading throughout the pandemic, they were all affected to some extent, whether through lockdowns and absences interrupting operations, or market disruption. The Group's operations continued to protect employees and communities, whilst taking account of a wide variation in national and cultural responses to the pandemic. All our operations have continued to work closely with local governments, communities and the Group's clients in their response to the COVID pandemic.

Brexit

Extensive preparations were undertaken ahead of Brexit to mitigate the impact on our UK businesses in 2021 and we did not experience any material effect on our trading operations as a whole.

This report was approved by order of the board on 28 June 2022.


Malcolm Perkins
Director

Lawrie Group Plc Directors' report

The directors present their report together with the audited financial statements for the year ended 31 December 2021.

Principal activities

The company is a holding company. It is incorporated and domiciled in England.

Results and dividends

The profit for the year amounted to £1,398,942 (2020: £4,032,550). An interim dividend of £8,000,000 (2020: £10,000,000) has been paid during the year. The directors do not propose a final dividend for the year (2020: £nil).

Directors

The directors of the company are listed on page 1. Tom Franks, Malcolm Perkins and Susan Walker are directors of Camellia Plc and their interest in the shares of group undertakings are disclosed in the financial statements of that company. The directors were in place for the entire duration of the accounting period, up to the date of signing.

Insurance

Camellia Plc purchases insurance to cover its directors and officers, and those of its subsidiaries in respect of legal actions against them in their capacity as directors of the company. All directors have access to independent professional advice at the company's expense.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the IASB. Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company as a whole;
- the strategic report includes a fair review of the development and performance of the business and the position of company as a whole, together with a description of the principal risks and uncertainties that they face; and
- the financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the company's position and performance, business model and strategy.

Lawrie Group Plc
Directors' report - continued

Future developments

A statement on future developments has been included in the strategic report.

Subsequent events

There were no adjusting post balance sheet events.

Going concern

As set out in the strategic report, our businesses are currently operating broadly as normal.

The Directors, at the time of approving the financial statements, considered the Company's business activities together with the main trends and factors likely to affect the Company, the most recent business performance of the Company, including the impacts of the pandemic. The Directors considered the impact of the current COVID environment and the Ukraine conflict on the business for the next 15 months.

The Directors have considered several variables which may impact on revenue, profits and cash flows. In light of the nature of our business and our experience of trading through the pandemic over the last two years, we expect our agriculture businesses will continue to operate broadly as currently.

The Directors have modelled various severe but plausible scenarios using assumptions including the combined effect of reduced sales volumes for tea and reduced partner grower apple volumes during 2022. The revenue and operational impact of such volume reductions across our operations would have a substantially negative impact on Company profitability. We have also considered the risk of price reductions during 2022 for our tea.

Historically in the tea sector, restrictions on, or reductions in the supply of tea either regionally or globally have led to higher selling prices. However, for prudence for the purposes of our downside scenario planning we have not reflected increased selling prices for tea nor any significant reduction to our operating cost base.

The Company has received confirmation that the amounts due to fellow group companies will not be recalled within 12 months from the date of these accounts, unless the sums can be met from available cash resources. The directors believe that the company is well placed to manage its financing and other business risks satisfactorily and, has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The directors therefore continue to adopt the going concern basis in preparing the financial statements.

Financial risk management

Information on the company's financial risk management objectives and policies and on the exposure of the company to relevant risks in respect of financial instruments is set out in note 20 of the financial statements.

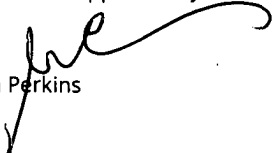
Disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

A resolution proposing the re-appointment of Deloitte LLP will be put to the forthcoming annual general meeting.

This report was approved by order of the board on 28 June 2022.


Malcolm Perkins
Director

Lawrie Group Plc

Independent auditor's report to the members of Lawrie Group plc

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Lawrie Group Plc (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the cash flow statement;
- the statement of changes in equity; and
- the related notes 1 to 23.

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs as issued by the IASB.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Independent auditor's report to the members of Lawrie Group plc (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the Company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included:
 - UK Companies Act 2006
 - UK Laws and Regulation
 - Accounting standards
 - Pensions legislation
 - Tax legislation
 - Bribery Act
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included:
 - Food safety act (1990), food labelling regs, food standards agency)
 - Data protection Act
 - Employment laws
 - Health and Safety Act 1974

We discussed among the audit engagement team including relevant internal specialists such as tax, valuations and pensions specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

Independent auditor's report to the members of Lawrie Group plc (continued)

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

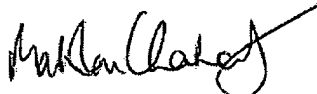
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns;
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Makhan Chahal ACA (Senior Statutory Auditor)

Deloitte LLP

Statutory Auditor

London, United Kingdom

28 June 2022

Lawrie Group Plc
Statement of comprehensive income
for the year ended 31 December 2021

	Notes	2021 £	2020 £
Revenue - Rental income		136,544	162,475
Revenue - Management fee income		184,074	216,704
Administrative expenses		(411,878)	(486,271)
Investment income - dividends received		23,036,862	13,246,894
Impairment of investment in subsidiary	10	(10,491,612)	(8,932,739)
Impairment of amounts due from subsidiary		(10,800,000)	-
Interest payable on leases		(94,810)	(109,633)
Interest payable to parent company	4	(167,990)	(167,671)
Interest receivable from subsidiary		159,488	-
Exchange (losses)/gains on cash balances		24,208	136,167
Net finance cost	4	(79,104)	(141,137)
Profit before tax	2	1,574,886	4,065,926
Taxation	5	(175,944)	(33,376)
Profit attributable to equity shareholders		1,398,942	4,032,550
Other comprehensive (expense)/income:			
Items that will not be reclassified subsequently to profit or loss:			
Financial assets at fair value through other comprehensive income:			
changes in fair value		49,054	216,132
fair value adjustment for financial assets disposed		(113,257)	-
Other comprehensive (expense)/income for the year		(64,203)	216,132
Total comprehensive income for the year		1,334,739	4,248,682

Continuing operations

None of the company's activities were acquired or discontinued during the above two financial years.

Lawrie Group Plc
Balance sheet
at 31 December 2021

	Note	2021 £	2020 £
Non-current assets			
Property, plant and equipment	7	95,004	110,979
Right-of-use assets	8	-	3,516,324
Investment properties	9	1,644,066	1,663,947
Investments in subsidiaries	10	47,452,262	37,482,262
Investments in associated undertaking	11	263,763	263,763
Investment in parent company	12	400,154	400,154
Financial assets at fair value through other comprehensive income	13	1,113,088	2,249,186
Total non-current assets		50,968,337	45,686,615
Current assets			
Trade and other receivables	14	85,149	110,328
Amounts due from group undertakings	19	23,293,218	37,272,768
Cash and cash equivalents	15	184,175	174,446
Assets classified as held for sale	16	3,490,599	-
Total current assets		27,053,141	37,557,542
Current liabilities			
Trade and other payables		(1,443,482)	(277,003)
Amounts due to group undertakings	19	(45,022,263)	(44,736,220)
Lease liabilities	17	(5,715)	(116,938)
Liabilities related to assets classified as held for sale	16	(2,044,376)	-
Total current liabilities		(48,515,836)	(45,130,161)
Net current liabilities		(21,462,695)	(7,572,619)
Total assets less current liabilities		29,505,642	38,113,996
Non-current liabilities			
Amounts due to group undertakings	19	(4,191,777)	(4,191,777)
Lease liabilities	17	(150,252)	(2,093,345)
Total non-current liabilities		(4,342,029)	(6,285,122)
Net assets		25,163,613	31,828,874
Equity			
Share capital	18	1,867,045	1,867,045
Reserves		23,296,568	29,961,829
Total Equity		25,163,613	31,828,874

The notes on pages 12 to 27 form part of the financial statements.

The financial statements on pages 8 to 27 were approved by the board of directors on 28 June 2022 and signed on its behalf by:

Malcolm Perkins
Director

Registered number 01363766

Lawrie Group Plc
Cash flow statement
for the year ended 31 December 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Profit before tax		1,574,886	4,065,926
Adjustments for:			
Depreciation		64,687	102,356
Investment income		(23,036,862)	(13,246,894)
Impairment of investment in subsidiary	10	10,491,612	8,932,739
Impairment of amounts due from subsidiary		10,800,000	-
Net finance costs		79,104	141,137
		<u>(26,573)</u>	<u>(4,736)</u>
Decrease in trade and other receivables		25,179	278,448
Increase/(decrease) in trade and other payables		16,479	(13,351)
Net movement in intra group balances	19	3,465,593	4,031,042
Net cash generated from operations		<u>3,480,678</u>	<u>4,291,403</u>
Interest paid		(167,990)	(167,670)
Income taxes paid		(175,944)	(33,376)
Interest received		159,488	-
Net cash flow generated from operating activities		<u>3,296,232</u>	<u>4,090,357</u>
Cash flows from investing activities			
Proceeds from sale of investments		1,071,895	-
Purchase shares in subsidiary undertaking		(19,311,612)	-
Dividends received		23,036,862	4,283,205
Net cash generated from investing activities		<u>4,797,145</u>	<u>4,283,205</u>
Cash flows from financing activities			
Equity dividends paid	6	(8,000,000)	(10,000,000)
Payment of lease liabilities		(107,856)	(116,938)
Net cash used in financing activities		<u>(8,107,856)</u>	<u>(10,116,938)</u>
Net decrease in cash and cash equivalents		<u>(14,479)</u>	<u>(1,743,376)</u>
Cash and cash equivalents at beginning of year		174,446	1,781,655
Exchange gains on cash balances		24,208	136,167
Cash and cash equivalents at end of year		<u>184,175</u>	<u>174,446</u>

Lawrie Group Plc
Statement of changes in equity
for the year ended 31 December 2021

	Notes	Share capital £	Share premium £	Retained earnings £	Capital redemption reserve £	Total equity £
At 1 January 2020		1,867,045	9,466,732	26,079,649	166,766	37,580,192
Profit for the year		-	-	4,032,550	-	4,032,550
Other comprehensive income for the year		-	-	216,132	-	216,132
Dividends	6	-	-	(10,000,000)	-	(10,000,000)
At 31 December 2020		1,867,045	9,466,732	20,328,331	166,766	31,828,874
Profit for the year		-	-	1,398,942	-	1,398,942
Other comprehensive income for the year		-	-	(64,203)	-	(64,203)
Dividends	6	-	-	(8,000,000)	-	(8,000,000)
At 31 December 2021		1,867,045	9,466,732	13,663,070	166,766	25,163,613

Lawrie Group Plc
Notes to the financial statements
for the year ended 31 December 2021

General information

Lawrie Group plc (the company) is a public company limited by shares incorporated in the United Kingdom under the Companies Act and is registered in England and Wales. The address of the company's registered office is shown on page 1.

(1) Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), IFRS Interpretations Committee (IFRS IC) and the Companies Act 2006 applicable to companies reporting under IFRS. In accordance with the exemption in the Companies Act 2006 Section 400 consolidated financial statements have not been prepared as the Company is a wholly owned subsidiary of Camellia Plc.

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of financial assets, and going concern basis.

Going concern

The Report of the directors on page 4 sets out details of the potential substantial risks to our operations and sales arising from COVID-19 and the potential impact on our profitability and cashflows based on our scenario planning.

The directors have, at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue to operate for the foreseeable future. They therefore continue to adopt the going concern basis of accounting in preparing the financial statements.

Foreign currency translation

The financial statements are presented in pounds Sterling which is the company's functional and presentation currency. Transactions in currencies other than pounds Sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Gains and losses arising on retranslation are included in the income statement, except for exchange differences arising on non-monetary items where the changes in fair value are recognised directly in other comprehensive income.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts, value added tax and other sales related taxes. Revenue from management fees is recognised when earned. Investment income is recognised when the right to receive payment of a dividend is established.

Investment properties and property, plant and equipment

Property, plant and equipment comprises mainly fixtures and fittings attached to a leasehold office building. Fixtures and fittings are shown at cost less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of these assets.

Investment properties consist of leasehold office buildings and car parking. Properties are shown at cost less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of these assets.

Subsequent costs are included in the asset's carrying amount, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. Repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated to write off their cost less residual value on a straight-line basis over their expected useful lives.

The rates of depreciation used for the other assets are as follows:-

Long leasehold buildings	1 per cent. per annum
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The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

(1) Accounting policies (continued)

Right-of-use assets

The company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Investments

Available-for-sale financial assets include shares of listed and unlisted companies. Listed shares are measured at subsequent reporting dates at fair value. The fair values of listed shares are based on current bid values. Unlisted shares and investment in parent are measured at cost.

Gains and losses arising from changes in fair value are recognised directly in equity, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss for the period.

Investments in subsidiary, associated companies and the parent company are included at cost less provision for impairments.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and bank overdrafts.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than in a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related tax asset is realised or the tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the company and it is probable that the temporary difference will not reverse in the foreseeable future.

(1) Accounting policies (continued)

Financial assets

Classification of financial assets

(i) Equity instruments designated as at fair value through other comprehensive income 'FVTOCI'

On initial recognition, the company has made an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI.

Investments in equity instruments designated as FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included as investment income in the consolidated income statement

(ii) Financial assets at fair value through profit or loss 'FVTPL'

Financial assets that do not meet the criteria for being measured FVTOCI or at amortised cost (see (i) above and (iii) below) are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship.

(iii) Amortised cost and effective interest method

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

The effective interest method is a method of calculating the amortised cost and of allocating interest income over the relevant period. Interest income is recognised in profit or loss and is included in the "finance income – interest income" line item (note 4).

Impairment of financial assets

The company recognises a loss allowance for expected credit losses 'ECL' on investments in debt instruments that are measured at amortised cost, lease receivables, trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Company always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

(1) Accounting policies (continued)

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the company's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased: rating

- significant deterioration in external market indicators of credit risk for a particular financial instrument
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations
- an actual or expected significant deterioration in the operating results of the debtor
- significant increases in credit risk on other financial instruments of the same debtor
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations

Irrespective of the outcome of the above assessment, the company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- (i) The financial instrument has a low risk of default,
- (ii) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- (iii) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The company considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying any significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the company, in full (without taking into account any collateral held by the company).

Irrespective of the above analysis, the company considers that default has occurred when a financial asset is more than 90 days past due unless the company has reasonable and supportable information to demonstrate that different default criterion is more appropriate.

(1) Accounting policies (continued)

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event (see (ii) above);
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) a disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.

As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the company expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IAS 17 Leases.

The company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in reserves, and does not reduce the carrying amount of the financial asset in the balance sheet.

Derecognition of financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

(1) Accounting policies

(continued)

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment and whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the assets' carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets' fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Lease liabilities

At the commencement date of the lease, the company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the company and payments of penalties for terminating a lease, if the lease term reflects the company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Critical judgement and key sources of estimation uncertainty

In the view of the Directors, the following accounting judgements and estimations have been made in the process of applying the Company's accounting policies which have a significant effect on the amounts recognised in financial statements.

Accounting judgements

Significant judgement in determining the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has the option, under some of its leases to lease the assets for additional terms. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

Depreciation

Depreciation is based on management's estimates of the future useful life of property, plant and equipment and investment properties. Estimates may change due to technological developments, competition, changes in market conditions and other factors and may result in changes in the estimated useful life and in the depreciation charge.

Key sources of estimation uncertainty

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting will, by definition, seldom equal the actual results. The estimates and assumptions that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below.

Investment in Subsidiaries

The company has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used to determine the recoverable amount for investments in subsidiaries.

The impairment assessment for investment in Bardsley Horticulture Limited is based on discounted cash flows, is sensitive to input assumptions particularly in the rate of growth of partner grower volumes and net margins. The key assumptions and sensitivities are :

	Assumption	Change in assumption Impact on impairment	
		+ 1%	- 1%
		£	£
Rate of growth of partner volumes	5.0%	700,000	(700,000)
Discount rate	9.2%	2,300,000	(3,000,000)

If forecasted margins were to change by +/- 1 per cent, in every year it would have the effect of a decrease/increase in the impairment of £3,300,000.

(1) Accounting policies

(continued)

(i) New and amended standards adopted by the company

The company has adopted the following new and amended IFRSs as of 1 January 2021:

There were no new or amended IFRSs effective for the current year which had a material impact on the financial statements of the

The IFRS interpretations committee (IFRIC) published an agenda decision which clarified how a customer should account for the costs of configuring or customising the suppliers application software in a software as a service arrangement. As a result the Company has revised its accounting policy. This had no material impact on the results.

(ii) Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16 Property, Plant and Equipment	Proceeds before Intended Use
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2
Annual Improvements to IFRS 2018-2020	

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods, except as noted below:

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

Amendments to IFRS 3 – Reference to the Conceptual Framework

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination. The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

Annual Improvements to IFRS Standards 2018-2020

The Annual Improvements include amendments to two applicable Standards.

IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements. As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

(1) Accounting policies (continued)

Changes in accounting policy and disclosures (Continued)

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendment replaces all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

Amendments to IAS 8 Accounting Policies Changes in Accounting Estimates and Errors—Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are 'monetary amounts in financial statements that are subject to measurement

The definition of a change in accounting estimates was deleted. However, the IASB retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- a change in accounting estimate that results from new information or new developments is not the correction of an error
- the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The IASB added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The IASB has deleted one example (Example 3) as it could cause confusion in light of the amendments.

The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The IASB also added an illustrative example to IAS 12 that explains how the amendments are applied.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

- a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
 - right-of-use assets and lease liabilities
 - decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset;
- the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

Lawrie Group Plc
Notes to the financial statements
for the year ended 31 December 2021

2 Profit before tax

Audit fees were incurred in relation to the audit of the financial statements. Auditors' remuneration of £2,000 (2020: £2,000) is borne by another group company, Linton Park Plc.

3 Emoluments of the directors

The directors received no emoluments during the year from the company (2020: £nil). Of the remuneration received from other group companies, none was in respect of their services to this company.

4 Net finance costs

	2021 £	2020 £
Interest payable on leases	(94,810)	(109,633)
Interest payable to parent company	(167,990)	(167,671)
Total borrowing costs	<u>(262,800)</u>	<u>(277,304)</u>
Interest receivable from subsidiary	159,488	-
Net exchange gain on foreign currency balances	24,208	136,167
	<u>183,696</u>	<u>136,167</u>
Net Finance costs	<u>(79,104)</u>	<u>(141,137)</u>

5 Taxation

Analysis of charge in the year

	2021 £	2020 £
Current tax		
UK corporation tax		
UK corporation tax at 19.00 per cent. (2020: 19.00 per cent.)	-	-
Foreign Tax		
Overseas withholding taxes	<u>175,944</u>	<u>33,376</u>
	<u>175,944</u>	<u>33,376</u>
Deferred tax		
Origination and reversal of timing differences	-	-
Taxation charge for the year	<u>175,944</u>	<u>33,376</u>

The tax on the company's profit before tax differs from the theoretical amount that would arise using the weighted average tax applicable to profits of the company as follows:

Factors affecting tax charge for the year

Profit before tax	1,574,886	4,065,926
Tax on profit before tax at the standard rate of corporation tax in the UK of 19.00 per cent. (2020: 19.00 per cent.)	299,228	772,526
Effects of:		
Dividends not charged to tax	(4,042,710)	(2,453,495)
Adjustment in respect of overseas tax rates	(158,350)	(30,039)
Expenses not deductible for tax purposes	-	-
Impairment not deductible for tax purposes	4,045,406	1,697,220
Losses not recognised	32,369	47,164
Total tax charge for the year	<u>175,944</u>	<u>33,376</u>

Unrecognised deferred tax

Deferred tax assets of £329,892 (2020: £326,238) in respect of losses that can be carried forward against future taxable income have not been recognised as it is not anticipated they will be recovered in the foreseeable future.

Lawrie Group Plc
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6 Dividends

	2021	2020
	£	£
Amounts recognised as distributions to equity holders in the year:		
Interim dividend for the year ended 31 December 2021 of		
428.48p (2020: 535.60p) per share	8,000,000	10,000,000

7 Property, plant and equipment

	2021	2020
	Land and buildings	Land and buildings
	£	£
Cost		
At 1 January	186,355	186,355
At 31 December	186,355	186,355
Accumulated depreciation		
At 1 January	75,376	59,401
Charge for the year	15,975	15,975
At 31 December	91,351	75,376
Net book value at 31 December	95,004	110,979

8 Right-of-use assets

	2021	2020
	Land and buildings	Land and buildings
	£	£
Deemed cost		
At 1 January	3,697,070	3,357,795
Transferred to assets held for sale	(3,697,070)	-
Additions	-	339,275
At 31 December	-	3,697,070
Depreciation		
At 1 January	180,746	108,034
Transferred to assets held for sale	(209,577)	-
Charge for the year	28,831	72,712
At 31 December	-	180,746
Net book value at 31 December	-	3,516,324

During the year the decision was made to market leasehold properties held by the company, these are therefore now treated as held for sale.

9 Investment properties

	2021	2020
	£	£
Cost		
At 1 January	1,739,919	1,739,919
At 31 December	1,739,919	1,739,919
Accumulated depreciation		
At 1 January	75,972	62,304
Charge for the year	19,881	13,668
At 31 December	95,853	75,972
Net book value at 31 December - All long leasehold	1,644,066	1,663,947

Rental income generated from investment properties amounted to £136,544 (2020: £162,475). At the end of the year the fair value of investment properties was £1,662,000 (2020: £1,712,000), this was a directors valuation (fair value hierarchy level 2).

Lawrie Group Plc
Notes to the financial statements
for the year ended 31 December 2021

10 Investments in subsidiaries

	2021	2020
	£	£
Cost		
At 1 January	75,536,870	76,429,893
Disposal - Hobart Place Holdings Limited (2020: Shula Limited) liquidated	(130,000)	(893,023)
Addition - Bardsley Horticulture Limited	20,591,612	-
At 31 December	<u>95,998,482</u>	<u>75,536,870</u>
Provision for impairment		
At 1 January	38,054,608	29,121,869
Provided during the year	10,491,612	8,932,739
At 31 December	<u>48,546,220</u>	<u>38,054,608</u>
Net book value	<u>47,452,262</u>	<u>37,482,262</u>

The subsidiary undertakings are listed in note 20.

The provision for impairment during the year comprised write down to current value in use for investment in Bardsley Horticulture Limited (2020 recoverable value for investments in Hobart Place Holdings Limited (formerly Duncan Lawrie Holdings Limited) £8,932,739 which was written down to recoverable value as the company was in the process of liquidation).

11 Investments in associated undertaking

	2021	2020
	£	£
Cost		
At 1 January and 31 December	<u>263,763</u>	<u>263,763</u>
Market value of listed associated undertaking	<u>6,794,724</u>	<u>5,717,699</u>

Details of the associated undertaking are set out in note 21.

12 Investment in parent company

	2021	2020
	£	£
Cost		
At 1 January and 31 December	<u>400,154</u>	<u>400,154</u>
Market value of listed parent company	<u>4,250,000</u>	<u>4,500,000</u>

13 Financial assets at fair value through other comprehensive income

	2021	2020
	£	£
At 1 January	2,249,186	2,033,054
Fair value adjustment	49,054	216,132
Disposals	(1,001,273)	-
Fair value adjustment for disposals	(183,879)	-
At 31 December	<u>1,113,088</u>	<u>2,249,186</u>

At the end of the year the fair value of financial assets at fair value through other comprehensive income was £1,113,088 (2020: £2,249,186) which comprise investments listed in the USA. The fair value of these investments (classified as fair value hierarchy level 1) was derived from quoted prices available on the open market.

Lawrie Group Plc
Notes to the financial statements
for the year ended 31 December 2021

14 Trade and other receivables

	2021	2020
	£	£
Other debtors	85,149	110,328

15 Cash and cash equivalents

	2021	2020
	£	£
Cash at bank	184,175	174,446

16 Assets classified as held for sale/liabilities related to assets classified as held for sale

	2021	2020
	£	£
Reclassified as held for sale from right-of-use assets	3,490,599	-
Reclassified from lease liabilities	(2,044,376)	-

At 31 December 2021, the asset and related lease liability of a London property owned by the company have been classified as held for sale.

17 Leases

	2021	2020
	£	£
Current	5,715	116,938
Non-current:		
Between 1 - 2 years	5,482	116,938
Between 2 - 5 years	15,140	350,814
Onwards	129,630	1,625,593
	150,252	2,093,345

18 Share capital

	2021	2020
	£	£
Authorised: 2,255,307 (2020: 2,255,307) ordinary shares of £1 each	2,255,307	2,255,307
Allotted, called up and fully paid: ordinary shares of £1 each:		
At 1 January and 31 December - 1,867,045 (2020: 1,867,045) shares	1,867,045	1,867,045

19 Related party transactions

At 31 December 2021 £7,761,862 (2020: £27,770,632) was due from Linton Park Plc and £10,900,318 less an impairment of £10,800,000 (2020: £nil) was due from Bardsley Horticulture Limited, fellow group companies.

The company was charged interest of £167,990 (2020: £167,671) on unsecured loan notes due to Camellia Plc.

At 31 December 2021 unsecured loan notes due to Camellia Plc were £20,888,553 (2020: £20,888,553) due on demand and £4,191,777 (2020: £4,191,777) due after 5 years.

Balances payable and receivable to/from other group companies at 31 December 2021 amounted to £24,133,710 (2020: £23,847,667) and £15,431,038 (2020: £9,502,136) respectively.

Apart from unsecured loan notes of £4,191,777 (2020: £4,191,777) and £10,900,318 (2020: £nil) due from Bardsley Horticulture Limited, other amounts due to/from group undertakings are unsecured, interest free and payable on demand.

20 Financial instruments

Capital risk management

The company manages its capital to ensure that the company will be able to continue as a going concern, while maximising the return to stakeholders through the optimisation of its debt and equity balance. The capital structure of the company consists of debt, cash and cash equivalents and equity, comprising issued capital, reserves and retained earnings. The company is not subject to any external capital requirements.

The maturity profile of the company's financial liabilities, excluding short-term creditors such as trade creditors, accruals and provisions, at 31 December was as follows:

	2021 £	2020 £
Within 1 year, or on demand	47,072,354	44,853,158
Between 1 - 2 years	5,482	116,938
Between 2 - 5 years	15,140	350,814
Onwards	4,321,407	5,817,370

Credit risk

The credit quality of the company's assets that are neither past due or impaired has been assessed as strong/good.

Financial risk management objectives

The company finances its operations by a mixture of retained profits and loans. The objective is to maintain a balance between continuity of funding and flexibility through the use of borrowings with a range of maturities. To achieve this, the maturity profile of borrowings are regularly reviewed.

Given the nature of the company's operations, a highly complex use of financial instruments would not be of significant benefit to the company.

Market risk

(i) Foreign exchange risk

The company has no material exposure to foreign currency exchange risk.

(ii) Interest rate risk

The company's interest rate risk arises from interest-bearing financial assets and liabilities.

The interest rate exposure of the company's financial liabilities and assets by currency, at 31 December was:

	Financial liabilities		Financial assets	
	2021 £	2020 £	2021 £	2020 £
Sterling	6,392,120	6,402,060	184,175	174,446

The benchmarks for determining rates of interest on financial assets and liabilities are mainly bank base and six month inter bank rates.

Fair values

The fair value of the company's financial assets and liabilities are equal to their carrying value.

21 Subsidiary and associated undertakings

Subsidiary undertakings

The subsidiary undertakings of the company at 31 December 2021 are listed below. All subsidiaries are wholly owned and incorporated in Great Britain unless otherwise stated.

	Principal country of operation	Registered Office
Agriculture		
*Amgoorie India Limited (Incorporated in India - 99.8 per cent. holding)	India	(ii)
*Amo Tea Company Limited	Bangladesh	(i)
Bardsley & Sons Limited	UK	(i)
Bardsley Fruit Enterprises Limited	UK	(i)
Bardsley Fruit Farming Limited	UK	(i)
Bardsley HiCo Limited	UK	(i)
*Bardsley Horticulture Limited	UK	(i)
C.C. Lawrie Comércio e Participações Ltda. (Incorporated in Brazil)	Brazil	(vi)
Chittagong Warehouse Limited (Incorporated in Bangladesh - 93.3% holding)	Bangladesh	(vii)
Duncan Brothers Limited (Incorporated in Bangladesh)	Bangladesh	(vii)
Eastland Camellia Limited (Incorporated in Bangladesh - 93.8% holding)	Bangladesh	(vii)
*Goodricke Group Limited (Incorporated in India - 74.0 per cent. holding)	India	(iii)
Golden Bardsley Farming Limited	UK	(i)
*Koomber Tea Company Limited (Incorporated in India)	India	(iv)
Newmafruit Limited	UK	(i)
Octavius Steel & Company of Bangladesh Limited (Incorporated in Bangladesh)	Bangladesh	(vii)
*Stewart Holl (India) Limited (Incorporated in India - 92.0 per cent. holding)	India	(v)
Surmah Valley Tea Company Limited (Incorporated in Bangladesh)	Bangladesh	(i)
*The Allynugger Tea Company Limited	Bangladesh	(i)
*The Chandporé Tea Company Limited	Bangladesh	(i)
*The Lungla (Sylhet) Tea Company Limited	Bangladesh	(i)
*The Mazdehee Tea Company Limited	Bangladesh	(i)
Food Service		
Duncan Products Limited (Incorporated in Bangladesh)	Bangladesh	(vii)
Investment Holding		
Assam Dooars Investments Limited	UK	(i)
Duncan Properties Limited (Incorporated in Bangladesh)	Bangladesh	(vii)
*Lawrie (Bermuda) Limited (Incorporated in Bermuda)	Bermuda	(viii)
*Lawrie International Limited (Incorporated in Bermuda)	Bermuda	(viii)
Longbourne Holdings Limited	UK	(i)
Western Dooars Investments Limited	UK	(i)
Other		
Hobart Place Nominees Limited	UK	(i)
*Linton Park Services Limited	UK	(i)

* owned directly by the company

Lawrie Group Plc
Notes to the financial statements
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21 Subsidiary and associated undertakings cont'd

	Principal country of operation	Registered Office
Dormant companies		
*Alex Lawrie & Company Limited	UK	(i)
*Amgoorie Investments Limited	UK	(i)
*Assam-Dooars Holdings Limited	UK	(i)
*Banbury Tea Warehouses Limited	UK	(i)
*British Indian Tea Company Limited	UK	(i)
*Dejoo Tea Company Limited	UK	(i)
*Goodricke Lawrie Consultants Limited	UK	(i)
*Horace Hickling & Company Limited	UK	(i)
*Hudson Brothers Trawlers Limited	UK	(i)
*Humber Commercials Limited	UK	(i)
*Humber St. Andrew's Engineering Company Limited	UK	(i)
*Isa Bheel Tea Company Limited	UK	(i)
*Jatel Plc	UK	(i)
*Jetinga Holdings Limited	UK	(i)
*Jetinga Valley Tea Company Limited	UK	(i)
*Jhanzie Tea Association Ltd	UK	(i)
*Lankapara Tea Company Limited	UK	(i)
*Lawrie Bhutan Limited (in liquidation)	UK	(i)
*Lawrie Plantation Services Limited	UK	(i)
*Longai Valley Tea Company Limited	UK	(i)
*Octavius Steel & Company (London) Limited	UK	(i)
*SIS Securities Limited	UK	(i)
*Sterling Industrial Securities Limited	UK	(i)
*Stewart Holl Investments Limited	UK	(i)
*The Amgoorie Tea Estates Limited	UK	(i)
*The Bagracote Tea Company, Limited	UK	(i)
*The Dhoolie Tea Company Limited	UK	(i)
*The Doolahat Tea Company Limited	UK	(i)
*The Endogram Tea Company Limited	UK	(i)
*The Harmutty Tea Company Limited	UK	(i)
*Vaghamon (Travancore) Tea Company Limited	UK	(i)
*Walter Duncan & Goodricke Limited	UK	(i)
*WDG Properties Limited	UK	(i)
*Western Dooars Tea Holdings Limited	UK	(i)

* owned directly by the company

Associated undertakings

The principal associated undertakings of the company at 31 December 2021 were:

BF&M Limited (Incorporated in Bermuda - 37.4 per cent. holding)	Bermuda	(ix)
United Insurance Company Limited (Incorporated in Bangladesh - 37.0 per cent. holding)	Bangladesh	(vii)
United Finance Limited (Incorporated in Bangladesh - 38.4 per cent. holding)+	Bangladesh	(vii)

+ 20.0 per cent. holding owned directly by the company

21 Subsidiary and associated undertakings cont'd

Registered Offices:

(i)	Linton Park Linton Park Maidstone Kent ME17 4AB England	(iv)	Koomber Tea Garden PO: Kumbhir Cachar - 788 108 Assam India	(vii)	Camellia House 22 Kazi Nazrul Islam Avenue Dhaka 1000 Bangladesh
(ii)	Amgoorie Tea Garden PO: Amguri Haloating - 785 681 Dist: Sibsagar Assam India	(v)	Sessa Tea Garden PO: Dibrugarh - 786001 Dist: Dibrugarh Assam India	(viii)	112 Pitts Bay Road Pembroke Bermuda HM08
(iii)	"Camellia House" 14 Gurusaday Road Kolkata - 700019 West Bengal India	(vi)	Fazenda Maruque s/n sala 03 Bairro Maruque Itaberá São Paulo Brazil	(ix)	Clarendon House 2 Church Street Hamilton Bermuda HM11

22 Ultimate parent company

The immediate and ultimate parent company at 31 December 2021 was Camellia Plc which is registered in England and Wales. The consolidated financial statements of Camellia Plc can be obtained from the Company's registered office at Linton Park, Linton, Maidstone, Kent ME17 4AB. Camellia Plc is the only company to consolidate the company's financial statements. The ultimate controlling company of this entity is the same as its parent's ultimate controlling company.

23 Control of Camellia Plc

Camellia Holding AG holds 1,427,000 ordinary shares of Camellia Plc (representing 51.67% of total voting rights). Camellia Holding AG is owned by The Camellia Private Trust Company Ltd, a private trust company incorporated under the laws of Bermuda to act as a trustee of the Camellia Foundation. The Camellia Foundation is a Bermudian trust, the income of which is utilised for charitable, educational and humanitarian causes at the discretion of the trustees.