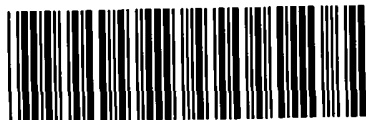


Company registration no. 2654245

Global Tea & Commodities Ltd

**Annual Report and Financial Statements
For the year ended 31 December 2015**

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For the year ended 31 December 2015

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Company information

For the year ended 31 December 2015

Directors	M McBrien F Ahmed N Ahmed
Company secretary	M McBrien
Registered number	2654245
Registered office	United House Mayflower Court Mayflower Street London SE16 4JL
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor 14 th Floor The Plaza 100 Old Hall Street Liverpool L3 9QJ

Strategic Report

For the year ended 31 December 2015

Principal business activities

Global Tea & Commodities Ltd is the holding company of the Global Tea & Commodities group of companies. In addition Global Tea & Commodities Ltd is engaged in the trading of tea, coffee, macadamia nuts and general commodities. Through its subsidiary companies the group operates coffee and macadamia nut plantations in Malawi and tea packing and trading facilities in Kenya.

Principal risks and uncertainties

World demand for the commodities produced by the group continues to increase. Many of the products sold by the group carry a relatively low unit price and world demand for these products is generally unaffected by factors affecting the world economy.

The core of the products sold by the group are agriculture based and world supply of the underlying commodities is largely dependent on the weather patterns in the producing countries. The resultant volatility in world supply can lead to fluctuations in the world price of these commodities.

A proportion of the group's revenues and costs are earned in Sterling and are subject to translation risk.

Financial KPI

In the year under review the world price of tea and coffee were:

Quarterly Averages	Jul-Sep	Oct – Dec	Jan – Mar	Apr – Jun	Jul - Sep	Oct - Dec
US\$/Kg	2014	2014	2015	2015	2015	2015
Tea Average	2.80	2.64	2.43	2.79	2.85	2.77
Coffee Arabica	4.56	4.64	3.89	3.54	3.36	3.31

Revenue in the manufacturing division in Kenya reduced during 2015 with sales, including group transactions, decreasing to US\$43m (2014: US\$51m). The average Sterling exchange rate during the year was \$1.528 (2014: \$1.649) and this decline resulted in lower reported revenues. The manufacturing operations benefitted from increased purchases of tea in the first quarter of 2015 with full year gross margins at 18.4% (2014: 13.0%). The improved margins have continued into 2016.

The trading division operates in a competitive environment with a few select customers worldwide. During 2015 the group continued the policy of only trading with long established customers. Sales volumes during 2015 were in line with previous years at 53.0m kg (2014: 53.6m kg). The higher tea prices prevailing during the year resulted in turnover, including group transactions, increasing to US\$163m (2014: US\$130m). The increase in tea prices resulted in gross margins reducing to 3.0% (2014: 3.9%).

Coffee harvesting season for the group's plantation operations commences in August and finishes in March of the following year. Drought conditions were experienced in Malawi at the end of 2015 with harvesting of the available crop completed by November 2015. The effects of the drought continued into 2016. Average coffee prices achieved by the group during the year decreased to \$2.76 (2014: \$3.42). Coffee prices have improved in 2016 which will partly offset the lower harvest expected.

Strategic Report

For the year ended 31 December 2015

	2015	2014	2013	2012	2011
	MT	MT	MT	MT	MT
Production					
Tea	-	-	-	6,401	8,431
Macadamia	313	296	261	639	526
Coffee	575	682	681	749	655
Sales					
Tea	-	-	-	6,775	8,663
Macadamia	310	315	237	592	473
Coffee	680	766	638	681	822

The low crop and reduced selling price of coffee resulted in gross margins for the plantation division decreasing to 32.5% (2014: 42.9%).

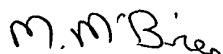
Turnover, including group transactions, for the division was US\$5.4m (2014: US\$6.0m).

Non Financial KPI

The group continues to invest in sustainable development programs to reduce the environmental impact of its operations.

The coffee plantations of the group have been certified under the Rain Forest Alliance certification scheme.

By order of the Board



M McBrien

Director

Date: 24 February 2017

Global Tea & Commodities Ltd
Annual Report and Financial Statements

Directors' Report

For the year ended 31 December 2015

The directors present their directors' report and financial statements of the group for the year ended 31 December 2015.

Principal activities

Global Tea & Commodities Ltd is the holding company of the Global Tea & Commodities group of companies. In addition Global Tea & Commodities Ltd is engaged in the trading of tea, coffee, macadamia nuts and general commodities. Through its subsidiary companies the group operates coffee and macadamia nut plantations in Malawi and tea packing and trading facilities in Kenya.

Results and dividends

The trading results of the group for the year, and the group's and Company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended the payment of a dividend (2014: \$nil).

Future developments

There are no anticipated changes to the nature of the group's operations in 2016. The group's trading and manufacturing operations continue to trade profitably but the drought experienced in Malawi will have adverse effects on the profitability of the plantation division. It is expected that overall performance will be similar to 2015.

Employees

The Group continues to recruit, train and develop disabled employees and make reasonable adjustments where employees become disabled during their employment.

The Group undertakes regular risk assessments to protect the health and safety of its employees.

Employee committees operate in all the companies in the Group to promote the involvement of employees in the management of the company.

Directors

The directors who held office during the year were as follows:

N Ahmed
M McBrien
F Ahmed

Donations

During the year the company made the following contributions:

	2015	2014
	\$	\$
Charitable	<u>35,074</u>	<u>24,250</u>

Directors' Report

For the year ended 31 December 2015

Matters covered in the Strategic Report and Financial Statements

As permitted by Schedule 7 to the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008 certain matters which are required to be disclosed in the Directors' Report have been omitted as they are included in the Strategic Report and in note 27 of the Financial Statements. These matters relate to principal risks and uncertainties, the principal activities of the company and financial risk management of the Group.

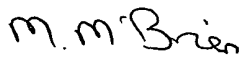
Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Mazars LLP will therefore continue in office.

By order of the Board



M McBrien

Director

Date: 24 February 2017

Statement of Directors' Responsibilities

For the year ended 31 December 2015

The directors are responsible for preparing the Strategic Report, the Directors' 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 have elected to prepare the group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and in accordance with applicable law, and the company financial statements in accordance with Financial Reporting Standard 101 ("FRS 101") and in accordance with applicable law. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether IFRS as adopted by the European Union and FRS 101 have been followed subject to any material departures disclosed and explained in the financial statements;
- provide additional disclosures when compliance with specific requirements in IFRS and FRS 101 are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group and company's financial position and financial performance; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of Global Tea & Commodities Limited

We have audited the financial statements of Global Tea & Commodities Limited for the year ended 31 December 2015 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Company Statement of Financial Position, the Company Statement of Changes in Equity, and the related notes. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. This report is made solely to the parent 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 parent 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 parent company and the parent company's members as a body for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2015 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

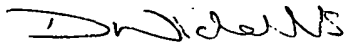
Opinion on the other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- 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.



David Nicholls (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

14th Floor
The Plaza
100 Old Hall Street
Liverpool
L3 9QJ

28 February 2017

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2015

	Notes	2015 \$	2014 \$
Revenue	3	187,562,788	155,197,765
Cost of sales		(164,646,220)	(132,366,298)
Gross profit		22,916,568	22,831,467
Distribution costs		(8,205,068)	(8,378,520)
Administrative expenses		(14,342,475)	(13,095,225)
Rental income	28	2,749,634	2,887,692
Change in the fair value of biological assets	13	2,237,777	1,974,355
Operating profit	4	5,356,436	6,219,769
Finance income	8	311,266	302,214
Finance costs	9	(3,358,849)	(2,815,764)
Other gains and losses	10	18,484	14,915
Profit before taxation		2,327,337	3,721,134
Taxation	11	(589,692)	(1,014,977)
Profit for the year		1,737,645	2,706,157
Other comprehensive income:			
<i>Items that will not be reclassified to profit or loss:</i>			
Gain on property revaluation	12	-	2,685,792
Deferred tax on property revaluation	23	-	(1,531,286)
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		(67,726)	(53,434)
		(67,726)	1,101,072
Total comprehensive income for the year		1,669,919	3,807,229
Profit for the year, attributable to:			
Equity owners of the parent		1,733,270	2,720,865
Non-controlling interests		4,375	(14,708)
		1,737,645	2,706,157
Total comprehensive income, attributable to:			
Equity owners of the parent		1,665,544	3,821,937
Non-controlling interests		4,375	(14,708)
		1,669,919	3,807,229

The notes on pages 14 to 41 form part of these financial statements.

Global Tea & Commodities Ltd
Annual Report and Financial Statements
Company number 2654245

Consolidated Statement of Financial Position

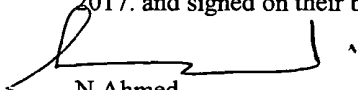
As at 31 December 2015

	Notes	2015 \$	2014 \$	2013 \$
ASSETS				
Non-current assets				
Property, plant and equipment	12	20,798,973	21,528,790	17,248,968
Biological assets	13	12,103,210	9,729,200	7,643,000
Investments	15	34,211	34,211	34,211
Deferred tax asset	23	774,678	1,649,211	1,734,656
Trade and other receivables	17	6,527,674	6,692,284	5,889,826
		<u>40,238,746</u>	<u>39,633,696</u>	<u>32,550,661</u>
Current assets				
Inventories	16	22,581,829	26,107,122	27,099,605
Trade and other receivables	17	35,490,291	28,600,955	30,217,582
Cash and bank balances	18	1,456,367	1,856,200	942,497
		<u>59,528,487</u>	<u>56,564,277</u>	<u>58,259,684</u>
Total assets		<u>99,767,233</u>	<u>96,197,973</u>	<u>90,810,345</u>
LIABILITIES				
Current liabilities				
Trade and other payables	19	18,879,719	15,068,655	19,348,858
Current tax liabilities		149,520	69,498	297,037
Borrowings	20	40,599,424	39,254,149	33,812,507
		<u>59,628,663</u>	<u>54,392,302</u>	<u>53,458,402</u>
Non-current liabilities				
Trade and other payables	19	169,550	145,285	139,113
Borrowings	20	4,223,529	7,293,790	10,030,161
Derivative financial instruments	22	1,378,261	1,103,499	6,468
Deferred tax liabilities	23	6,483,054	6,858,709	4,435,552
Provisions	24	132,124	322,255	465,745
		<u>12,386,518</u>	<u>15,723,538</u>	<u>15,077,039</u>
Total liabilities		<u>72,015,181</u>	<u>70,115,840</u>	<u>68,535,441</u>
Net assets		<u>27,752,052</u>	<u>26,082,133</u>	<u>22,274,904</u>
EQUITY				
Attributable to owners of the parent:				
Share capital	25	9,740,472	9,740,472	9,740,472
Share premium		3,648,302	3,648,302	3,648,302
Capital reserves		1,358,762	1,358,762	1,358,762
Revaluation reserves		6,937,700	6,541,825	5,572,274
Translation reserves		(121,160)	(53,434)	-
Plantation reserves		5,532,008	4,048,346	2,691,456
Retained earnings		642,114	788,381	(760,549)
Total equity attributable to owners of the company		<u>27,738,198</u>	<u>26,072,654</u>	<u>22,250,717</u>
Non-controlling interests		13,854	9,479	24,187
Total equity		<u>27,752,052</u>	<u>26,082,133</u>	<u>22,274,904</u>

Consolidated Statement of Financial Position

As at 31 December 2015

The financial statements were approved by the Board of Directors and authorised for issue on 24 February 2017. and signed on their behalf by:



N Ahmed

Director

The notes on pages 14 to 41 form part of these financial statements.

Global Tea & Commodities Ltd
Annual Report and Financial Statements

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	Share capital	Share premium	Capital reserves	Revaluation reserve	Translation reserve	Plantation reserve	Retained earnings	Total equity attributable to owners of the parent	Non- controlling interests	Total equity
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
At 31 December 2013	9,740,472	3,648,302	1,358,762	5,572,274	-	2,691,456	(760,549)	22,250,717	24,187	22,274,904
Profit for the year	-	-	-	176,850	-	1,356,890	1,187,125	2,720,865	(14,708)	2,706,157
Other comprehensive income	-	-	-	1,154,506	(53,434)	-	-	1,101,072	-	1,101,072
Total comprehensive income	-	-	-	1,331,356	(53,434)	1,356,890	1,187,125	3,821,937	(14,708)	3,807,229
Release to retained earnings on disposal of revalued assets	-	-	-	(20,079)	-	-	20,079	-	-	-
Deferred tax adjustment	-	-	-	3,943	-	-	(3,943)	-	-	-
Transfer of depreciation from revaluation reserve	-	-	-	(414,261)	-	-	414,261	-	-	-
Deferred tax adjustment	-	-	-	68,592	-	-	(68,592)	-	-	-
At 31 December 2014	9,740,472	3,648,302	1,358,762	6,541,825	(53,434)	4,048,346	788,381	26,072,654	9,479	26,082,133
Profit for the year	-	-	-	895,012	-	1,483,662	(645,404)	1,733,270	4,375	1,737,645
Other comprehensive income	-	-	-	-	(67,726)	-	-	(67,726)	-	(67,726)
Total comprehensive income	-	-	-	895,012	(67,726)	1,483,662	(645,404)	1,665,544	4,375	1,669,919
Release to retained earnings on disposal of revalued assets	-	-	-	(59,806)	-	-	59,806	-	-	-
Deferred tax adjustment	-	-	-	17,942	-	-	(17,942)	-	-	-
Transfer of depreciation from revaluation reserve	-	-	-	(649,755)	-	-	649,755	-	-	-
Deferred tax adjustment	-	-	-	192,482	-	-	(192,482)	-	-	-
At 31 December 2015	9,740,472	3,648,302	1,358,762	6,937,700	(121,160)	5,532,008	642,114	27,738,198	13,854	27,752,052

Consolidated Statement of Cash Flows

for the year ended 31 December 2015

	2015 \$	2014 \$
Cash flow from operating activities		
Operating profit	5,356,436	6,219,769
<i>Adjustment for:</i>		
Depreciation of property, plant and equipment	1,619,021	1,302,598
Profit on disposal of property, plant and equipment	(37,268)	(20,393)
Change in fair value of biological assets	(2,237,777)	(1,974,355)
Exchange adjustment	10,879	628
<i>Changes in working capital:</i>		
Decrease in inventories	3,367,762	937,458
(Increase)/decrease in trade and other receivables	(6,776,328)	551,947
Increase/(decrease) in trade and other payables	4,046,539	(4,169,897)
Cash generated from operations	<u>5,349,264</u>	<u>2,847,755</u>
Interest paid	(3,352,575)	(2,757,942)
Interest element of finance lease obligations	(8,932)	(17,595)
Income tax paid	(1,669)	(277,806)
Net cash from/(used in) operating activities	<u>1,986,088</u>	<u>(205,588)</u>
Cash flow from investing activities		
Purchase of property, plant and equipment	(1,631,949)	(2,817,860)
Proceeds from disposal of property, plant and equipment	761,005	82,383
Plantation establishment additions	(136,233)	(111,845)
Interest received	32,031	299,719
Dividends received	2,258	2,515
Net cash used in investing activities	<u>(972,888)</u>	<u>(2,545,088)</u>
Cash flow from financing activities		
Repayment of finance leases	(284,216)	(503,106)
Receipt of new bank loans	500,000	1,500,000
Net receipt of other long term payables	24,264	6,172
Repayment of borrowings	(661,927)	(2,949,209)
Net cash used in investing activities	<u>(421,879)</u>	<u>(1,946,143)</u>
Increase/(decrease) in cash and cash equivalents	<u>591,321</u>	<u>(4,696,819)</u>
Cash and cash equivalents at beginning of the year	(34,197,794)	(29,517,762)
Effect of foreign exchange rate movements	52,537	16,787
Cash and cash equivalents at end of year (note 18)	<u>(33,553,936)</u>	<u>(34,197,794)</u>

Notes to the Financial Statements

for the year ended 31 December 2015

1. Corporate information

Global Tea & Commodities Ltd is a Company incorporated in the United Kingdom. The registered address of the Company is United House, Mayflower Court, Mayflower Street, London, SE16 4JL.

The consolidated financial statements incorporate the financial statements of the Company and entities (its subsidiaries) controlled by the Company (collectively comprising the Group) and the Group's interest in associates.

The principal activities of the Group are included in the Directors' Report on page 4.

2. Accounting policies

2.1. Basis of preparation

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and in accordance with the applicable provisions of the Companies Act 2006. This is the first year the Group has prepared its financial statements in accordance with IFRS, accordingly the financial information as at 1 January 2014 (being the date of transition) and for the year ended 31 December 2014 have been restated to comply with IFRS.

UK generally accepted accounting practices ("UK GAAP") differs in certain respects from IFRS, hence when preparing these financial statements, management has amended certain accounting and measurement bases to comply with IFRS. The disclosures required by IFRS 1 'First-time Adoption of International Financial Reporting Standards' ("IFRS 1") concerning the transition from UK GAAP to IFRS, are given in Note 31.

IFRS 1 permits the Group to take advantage of certain exemptions from applying the requirements on a fully retrospective basis as at the date of transition in certain instances. The Group has chosen to apply the following exemptions which are permitted under IFRS 1:

- Retrospective application of IFRS 3 Business Combinations; and
- Cumulative translation differences for all foreign operations are deemed to be zero at the date of transition to IFRS.

Basis of measurement

The financial statements have been prepared on the historical cost basis, except for certain properties, financial instruments and biological assets that are measured at revalued amounts or fair values at the end of each reporting period.

Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Functional and presentational currency

The financial statements are presented in US Dollars. The Company's functional currency is also US Dollars as this is the currency of the primary economic environment in which the Company operates.

Notes to the Financial Statements

for the year ended 31 December 2015

Use of estimates and judgments

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation uncertainties and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in Note 2.19.

2.2. Foreign currency

Transactions in foreign currencies are translated into the respective functional currencies of the operations at the spot exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at each reporting date are translated into the functional currency at the spot exchange rates as at that date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currency at the spot exchange rate at the date that the fair value was determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are recognised in profit or loss.

On consolidation, the assets and liabilities of foreign subsidiaries are translated into US Dollars at the rate of exchange prevailing at the reporting date and their statements of comprehensive income are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign subsidiary, the component of other comprehensive income relating to that particular foreign subsidiary is recognised in profit or loss.

Any goodwill arising on the acquisition of foreign subsidiaries and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign subsidiaries and translated at the spot rate of exchange at the reporting date.

2.3. Basis of consolidation

The Group financial statements consolidate those of the Parent Company and the subsidiaries that the Parent has control. Control is established when the Parent is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

Where a subsidiary is acquired/disposed of during the year, the consolidated profits or losses are recognised from/until the effective date of the acquisition/disposal.

All inter-company balances and transactions between group companies have been eliminated on consolidation.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net asset that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interest based on their respective ownership interests.

Notes to the Financial Statements

for the year ended 31 December 2015

2.4. Business combinations

The Group applies the acquisition method of accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair value of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquired subsidiary's financial statements prior to the acquisition. Assets acquired and liabilities assumed are measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the fair value of consideration transferred, over the Group's share of the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

2.5. Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting.

Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

2.6. Revenue

Revenue is derived from the trading of loose tea, coffee beans and macadamia nuts and the sale of packaged tea.

Revenue represents the amount receivable for the provision of services and the sale of goods during the year, excluding VAT and trade discounts. Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and the revenue can be measured reliably.

2.7. Income tax

Current income tax assets and/or liabilities comprise obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid/due at the reporting date. Current tax is payable on taxable profits, which may differ from profit or loss in the financial statements. Calculation of current tax is based on the tax rates and tax laws that have been enacted or substantively enacted at the reporting period.

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

Notes to the Financial Statements

for the year ended 31 December 2015

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). However, for deductible temporary differences associated with investments in subsidiaries and associates a deferred tax asset is recognised when the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

2.8. Property plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at cost or their revalued amounts, being their cost or fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

Any revaluation increase arising on the revaluation of property, plant and equipment is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to the income statement to the extent of the decrease previously expensed. A decrease in carrying amount arising on the revaluation of such land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is not depreciated.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and assets under construction) less their residual values over their useful lives, using the straight-line method, on the following bases:

Leasehold land and property	over the remaining lease period
Semi-permanent buildings	over 10 years
Permanent buildings	over 50 years
Tea nursery structures	over 3 years
Motor vehicles	over 5 years
Fixtures, fittings & equipment	over 5 years
Plant and machinery	over 15 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

Notes to the Financial Statements

for the year ended 31 December 2015

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrapping of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.9. Biological assets

Biological assets are measured on initial recognition and at the end of each reporting period at fair value less cost to sell, unless fair value cannot be measured reliably.

Where the Group cannot obtain a reliable fair value, biological assets are measured at cost less accumulated depreciation.

The useful economic lives of the biological assets for which the Group cannot obtain a reliable fair value are as follows:

Tea	53 years
Coffee	10 years
Macadamia nuts	37 years

2.10. Impairment of non-financial assets

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash flows. As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An asset or cash-generating unit is impaired when its carrying amount exceeds its recoverable amount. The recoverable amount is measured as the higher of fair value less cost of disposal and value in use. The value in use is calculated as being net projected cash flows based on financial forecasts discounted back to present value.

The impairment loss is allocated to reduce the carrying amount of the asset, first against the carrying amount of any goodwill allocated to the cash-generating unit, and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

2.11. Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a first-in, first-out basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Notes to the Financial Statements

for the year ended 31 December 2015

2.12. Financial instruments

Financial instruments are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument. Financial instruments are initially recognised at fair value adjusted for any directly attributable transaction costs.

Financial assets carried at amortised cost

Financial assets carried at amortised cost are classified as loans and receivables and comprise trade and other receivables and cash and cash equivalents. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

If there is objective evidence that there is an impairment loss on loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account.

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and reward are transferred.

Investments in equity interests

Investments in equity interests are classified as available for sale financial assets ('AFS'). These AFS equity investments do not have a quoted market price in an active market and the fair value cannot be reliably measured and therefore are measured at cost.

Dividends receivable on AFS equity instruments are recognised in profit or loss when the right to receive the dividend is established.

Financial liabilities carried at amortised cost

These financial liabilities include trade and other payables and borrowings. Financial liabilities are initially recognised at fair value adjusted for any directly attributable transaction costs.

After initial recognition, financial liabilities are measured at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance costs. Discounting is omitted where the effect of discounting is immaterial.

A financial liability is derecognised only when the contractual obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.

Financial assets and liabilities at fair value through profit or loss

The Group uses cross currency swaps to reduce its exposure to risks from interest rates and foreign exchange movements. Such financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value.

2.13. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, other short term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within borrowings in the statement of financial position.

2.14. Employee retirement benefits

The Group operates defined contribution schemes. Payments into the scheme are recognised as an expense when employees have rendered services entitling them to the scheme.

Notes to the Financial Statements

for the year ended 31 December 2015

2.15. Provisions

Provisions are recognised when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.16. Lease arrangements

Finance leases

The economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards of ownership of the leased asset. Where the Group is a lessee in this type of arrangement, the related asset is recognised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognised as a finance lease liability.

This liability is reduced by lease payments net of finance charges. The interest element of lease payments represents a constant proportion of the outstanding capital balance and is charged to profit or loss, as finance costs over the period of the lease.

Operating leases

All other leases are treated as operating leases. Where the Group is a lessee, payments and lease incentives on operating lease agreements are recognised on a straight-line basis within profit or loss over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred. Where the Group is a lessor, receipts and lease incentives on operating lease agreements are recognised on a straight-line basis within profit or loss over the lease term.

2.17. Government grants

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Government grants relating to property, plant and equipment are treated as deferred income and released to profit or loss over the expected useful lives of the assets concerned.

2.18. Equity and reserves

Share capital represents the nominal value of shares that have been issued.

Share premium account represents the difference between the nominal value of shares issued and the issue price.

The capital reserve arose on the conversion of 'B' ordinary shares.

Plantation reserves are stated net of deferred tax calculated in accordance with the tax regulations of the jurisdiction in which they arise and represent the cumulative gains and losses on revaluation of biological assets. The reserve is considered to be distributable to the shareholders.

Translation reserve represents the cumulative foreign exchange differences arising on the translation of foreign operations and subsidiaries.

Notes to the Financial Statements

for the year ended 31 December 2015

Revaluation reserves are stated net of deferred tax calculated in accordance with the tax regulations of the jurisdiction in which they arise and represent cumulative gains net of losses on revaluation of property, plant and equipment. The reserve is not considered to be distributable to the shareholders.

Retained earnings include all current and prior period retained profits.

2.19. Significant management judgements in applying accounting policies and estimation uncertainty

When preparing the financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgements

The following are significant management judgements in applying the accounting policies of the Group that have the most effect on the financial statements.

Recognition of deferred tax assets

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on the recognition of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment of non-financial assets

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and using an interest rate to discount them. Estimation uncertainty relates to the assumptions about future operating results and the determination of a suitable discount rate.

Fair value measurement

Management uses valuation techniques to determine the fair value of assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management base the assumptions on observable data as far as possible but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual process that would be achievable in arm's length transaction at the reporting date.

Determining residual values and useful economic lives of fixed assets

Certain property, plant and equipment is depreciated over its estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes.

Recoverability of receivables

A provision for receivables is established where it is estimated that the receivables are not considered to be fully recoverable. When assessing recoverability the directors consider factors such as the ageing of receivables, past experience of recoverability, and the credit profile of the counterparty from whom the debt is owed.

Notes to the Financial Statements

for the year ended 31 December 2015

2.20. Standards amendments and interpretations adopted in the current financial year ended 31 December 2015

*EU effective date – periods
beginning on or after*

Annual Improvements to IFRS (2011 - 2013)

1 January 2015

2.21. Standards, amendments and interpretations in issue but not yet effective

The adoption of the following mentioned standards, amendments and interpretations in future years are not expected to have a material impact on the Group's financial statements. The Group is however continuing to assess the full impact that adopting the amendment to IAS 16 in relation to Bearer Plants, IFRS 9, IFRS 15 and IFRS 16 will have on future financial statements, and therefore the full effect is yet to be determined.

*EU effective date – periods
beginning on or after*

<i>IAS 1 (amendment) 'Presentation of Financial Statements' - Disclosure initiative</i>	<i>1 January 2016</i>
<i>IAS 16 (amendment) 'Property, Plant and Equipment' and IAS 38 (amendment) 'Intangible Assets' - Clarification of acceptable methods of depreciation and amortisation</i>	<i>1 January 2016</i>
<i>IAS 16 (amendment) 'Property, Plant and Equipment' and IAS 41 (amendment) 'Agriculture' - Agriculture: Bearer plants</i>	<i>1 January 2016</i>
<i>IAS 19 (amendment) 'Employee Benefits' - Defined benefit plans: Employee contributions</i>	<i>1 February 2015</i>
<i>IAS 27 (amendment) 'Separate Financial Statements' - Equity method in separate financial statements</i>	<i>1 January 2016</i>
<i>IFRS 10 (amendment) 'Consolidated Financial Statements', IFRS 12 (amendment) 'Disclosure of Interests in Other Entities' and IAS 28 (amendment) 'Investments in Associates and Joint Ventures' - Investment entities: Applying the consolidation exception</i>	<i>Endorsement by the EU has been postponed</i>
<i>Annual Improvements to IFRS (2010 - 2012)</i>	<i>1 February 2015</i>
<i>Annual Improvements to IFRS (2012 - 2014)</i>	<i>1 January 2016</i>
<i>IAS 7 (amendment) 'Statement of Cash Flows' - Disclosure initiative</i>	<i>Expected to be endorsed 2017</i>
<i>IAS 12 (amendment) 'Income Taxes' - Recognition of deferred tax assets for unrealised losses</i>	<i>Expected to be endorsed 2017</i>
<i>IFRS 9 'Financial Instruments'</i>	<i>1 January 2018</i>
<i>IFRS 15 'Revenue from Contracts with Customers'</i>	<i>1 January 2018</i>
<i>Clarifications to IFRS 15 'Revenue from Contracts with Customers'</i>	<i>Expected to be endorsed 2017</i>
<i>IFRS 16 'Leases'</i>	<i>Expected to be endorsed 2017</i>
<i>IFRS 10 (amendment) 'Consolidated Financial Statements' and IAS 28 (amendment) 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture</i>	<i>Endorsement has been postponed indefinitely</i>

Notes to the Financial Statements
for the year ended 31 December 2015

3. Revenue

All of the Group's revenue relate to the sale of goods.

4. Operating profit

	2015	2014
	\$	\$
Operating profit is stated after charging/(crediting):		
Depreciation of property, plant and equipment	1,619,021	1,302,598
Profit on disposal of property, plant and equipment	(37,268)	(20,393)
Cost of inventories recognised as expense	147,837,959	114,079,797
Net foreign exchange losses	1,825,976	540,409
Operating lease expenses	<u>311,987</u>	<u>328,934</u>

5. Auditor's remuneration

The analysis of the auditor's remuneration is as follows:

	2015	2014
	\$	\$
Fees payable to the company's auditor and their associates for the audit of the company's annual accounts	80,664	75,535
Fees payable to the company's auditor and their associates for other services to the Group		
- Audit of the Company's subsidiaries	12,902	13,828
Total audit fees	<u>93,566</u>	<u>89,363</u>
- Other taxation advisory services	11,308	14,126
Total non-audit fees	<u>11,308</u>	<u>14,126</u>

Notes to the Financial Statements

for the year ended 31 December 2015

6. Directors' remuneration

	2015 \$	2014 \$
Directors' emoluments	595,619	672,578
Pension contributions	44,333	49,559
	<u>639,952</u>	<u>722,137</u>

The number of directors for whom entitlements are accruing under the money purchase pension scheme is 3 (2014: 3).

The aggregate of emoluments and amounts receivable under long term incentive scheme of the highest paid director was \$232,052 (2014: \$263,973), and pension contributions of \$17,085 (2014: \$18,438) were made to a money purchase scheme on his behalf.

7. Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2015 Number	2014 Number
Production and distribution	2,582	2,566
Administration	144	139
Sales and marketing	48	37
	<u>2,774</u>	<u>2,742</u>

Employment costs

	2015 \$	2014 \$
Wages and salaries	4,920,726	5,749,183
Social security costs	145,948	154,827
Pension costs	70,981	80,768
	<u>5,137,655</u>	<u>5,984,778</u>

Notes to the Financial Statements

for the year ended 31 December 2015

8. Finance income

	2015	2014
	\$	\$
Interest on bank deposits	309,008	299,699
Dividends received	2,258	2,515
	<u>311,266</u>	<u>302,214</u>

9. Finance costs

	2015	2014
	\$	\$
Interest on bank overdrafts and bank loans	3,349,917	2,798,169
Interest on obligations under finance leases	8,932	17,595
	<u>3,358,849</u>	<u>2,815,764</u>

10. Other gains and losses

	2015	2014
	\$	\$
Foreign exchange gain on retranslation of hedged bank loan	293,246	1,111,946
Fair value loss on cross currency swap (note 22)	(274,762)	(1,097,031)
	<u>18,484</u>	<u>14,915</u>

11. Income tax

	2015	2014
	\$	\$
Corporation tax:		
Current year	103,842	45,871
Adjustments in respect of prior years	9,238	(3)
	<u>113,080</u>	<u>45,868</u>
Deferred tax:		
Current year	1,964,629	1,232,054
Currency adjustment	(1,488,017)	(262,945)
	<u>476,612</u>	<u>969,109</u>
Total tax expense	<u>589,692</u>	<u>1,014,977</u>

The tax rate used for the reconciliation is the corporate tax rate of 20.25% (2014: 21.5%) payable by the corporate entities in the UK on taxable profits under UK tax law.

Notes to the Financial Statements

for the year ended 31 December 2015

11. Income tax (continued)

The total tax expense for the year can be reconciled to the profit for the year as follows:

	2015 \$	2014 \$
Profit before taxation	<u>2,327,337</u>	<u>3,721,134</u>
Income tax calculated at 20.25% (2014: 21.5 %)	471,286	800,044
Expenses not deductible for tax	342,303	257,125
Depreciation for period in excess of capital allowances	86,845	235,834
Short term timing differences	8,339	(130,248)
Utilisation/increase of tax losses	193,517	295,344
Adjustments to tax charge in respect of previous periods	9,238	(3)
Differences in tax rates on overseas earnings	198,322	(341,180)
Exchange adjustment	(639,141)	(109,825)
Other	<u>(81,017)</u>	<u>7,886</u>
Total tax expense	<u>589,692</u>	<u>1,014,977</u>

Factors that will affect future tax charges:

- The Corporation Tax rate in the United Kingdom will decrease to 19% from 1 April 2017
- The Corporation Tax rate in the United Kingdom will decrease to 18% from 1 April 2020

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12. Property, plant and equipment

	Land	Buildings & construction	Short term leasehold improvements	Plant & machinery	Tractors & agricultural equipment	Motor vehicles	Fixtures, fittings & equipment	Assets in the course of Construction	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost or valuation									
As at 1 January 2014	7,071,536	3,884,473	294,790	6,215,259	808,634	1,990,029	1,171,661	497,201	21,933,583
Additions	-	4,066	-	2,322,016	6,744	421,227	82,638	142,050	2,978,741
Revaluation	1,499,300	(95,290)	-	186,887	15,097	(12,439)	12,589	-	1,606,144
Transfers	-	-	-	-	94,984	49,752	-	(144,736)	-
Disposals	-	-	-	-	-	(183,981)	-	-	(183,981)
Currency adjustment	-	-	(197)	(9,943)	-	(27,634)	(6,002)	-	(43,776)
As at 31 December 2014	8,570,836	3,793,249	294,593	8,714,219	925,459	2,236,954	1,260,886	494,515	26,290,711
Additions	-	70,351	-	915,922	69,560	408,837	168,904	37,986	1,671,560
Reclassification	-	3,431	-	-	-	-	-	(3,431)	-
Transfers	-	-	-	94,678	16,901	-	-	(111,579)	-
Disposals	-	-	(4,181)	(742,081)	-	(503,976)	-	-	(1,250,238)
Currency adjustment	-	-	-	(27,493)	-	(71,291)	(15,376)	-	(114,160)
As at 31 December 2015	8,570,836	3,867,031	290,412	8,955,245	1,011,920	2,070,524	1,414,414	417,491	26,597,873
Depreciation									
At 1 January 2014	180,658	327,839	256,987	1,760,746	164,855	1,116,599	876,931	-	4,684,615
Charge	53,909	128,502	13,747	550,221	164,855	301,951	89,413	-	1,302,598
Depreciation on revaluation	-	(159,713)	-	(431,043)	(329,710)	(99,968)	(59,214)	-	(1,079,648)
Disposals	-	-	-	-	-	(121,992)	-	-	(121,992)
Currency adjustment	-	-	(197)	(3,357)	-	(17,012)	(3,086)	-	(23,652)
As at 31 December 2014	234,567	296,628	270,537	1,876,567	-	1,179,578	904,044	-	4,761,921
Charge	53,909	133,604	13,747	767,812	229,648	303,200	117,101	-	1,619,021
Disposals	-	-	(4,181)	(200,920)	-	(319,616)	-	-	(524,717)
Currency adjustment	-	-	-	(10,288)	-	(38,756)	(8,281)	-	(57,325)
As at 31 December 2015	288,476	430,232	280,103	2,433,171	229,648	1,124,406	1,012,864	-	5,798,900
Carrying amount									
As at 31 December 2015	8,282,360	3,436,799	10,309	6,522,074	782,272	946,118	401,550	417,491	20,798,973
As at 31 December 2014	8,336,269	3,496,621	24,056	6,837,652	925,459	1,057,376	356,842	494,515	21,528,790
As at 31 December 2013	6,890,878	3,556,634	37,803	4,454,513	643,779	873,430	294,730	497,201	17,248,968

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12. Property, plant and equipment (continued)

The net book value of assets held under finance leases is as follows

	2015	2014	2013
	\$	\$	\$
Plant & Machinery	313,271	832,818	1,327,119
Motor Vehicles	96,945	179,272	213,999
	<u>410,216</u>	<u>1,012,090</u>	<u>1,541,118</u>

The depreciation charged on assets held under finance leases was \$58,152 (2014: \$332,120).

The Company did not have any capital commitments at the balance sheet date (2014: Nil).

Fair value measurement of the Group's property, plant and equipment

Certain of the group's property, plant and equipment are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value measurements of the Group's property, plant and equipment as at 31 December 2014 was performed by Charles Chifambe, MRICS, a qualified valuer of Interval Services (Proprietary) Limited, Botswana. The valuation conforms to International Valuation Standards.

The fair value of certain property, plant and equipment was determined based on market value assuming continuing present usage. The resultant revaluation gains/losses are taken to revaluation reserve and are not available for distribution until realised. There has been no change to the valuation technique during the year.

No valuations were performed during the year ended 31 December 2015. The directors believe the carrying value as at 31 December 2015 approximates to their fair value.

Had these items of property, plant and equipment been measured at the historical basis, the carrying amount would be as follows, note there is no difference reported for short term leasehold improvements and assets in the course of construction which are measured at historic cost.

	2015	2014	2013
	\$	\$	\$
<i>At revaluation</i>			
Land	8,282,360	8,336,269	6,890,878
Building & construction	3,436,799	3,496,621	3,556,634
Plant and machinery	6,522,074	6,837,652	4,454,513
Tractors & agricultural equipment	782,272	925,459	643,779
Motor vehicles	946,118	1,057,376	873,430
Fixtures, fittings & equipment	401,550	356,842	294,730
	<u>20,371,173</u>	<u>21,010,219</u>	<u>16,713,964</u>
<i>At cost</i>			
Land	1,718,885	1,772,794	1,826,704
Building & construction	2,516,025	2,500,107	2,556,284
Plant and machinery	5,243,239	5,295,318	3,365,358
Tractors & agricultural equipment	436,357	367,345	287,350
Motor vehicles	905,385	904,080	775,465
Fixtures, fittings & equipment	397,446	307,177	290,857
	<u>11,217,337</u>	<u>11,146,821</u>	<u>9,102,018</u>

Notes to the Financial Statements

for the year ended 31 December 2015

13. Biological assets

	Plantations	Total
	\$	\$
As at 1 January 2014	7,643,000	7,643,000
Fair value adjustment	1,974,355	1,974,355
Additions	111,845	111,845
As at 31 December 2014	9,729,200	9,729,200
 Fair value adjustment	 2,237,777	 2,237,777
Additions	136,233	136,233
As at 31 December 2015	12,103,210	12,103,210

The biological asset comprises plantations for the purposes of the production of tea, coffee and macadamia nuts.

In accordance with the benchmark treatment described in IAS 41, Agriculture, the company's plantations have been accounted for at fair value less point of sale costs. The fair value has been arrived at by using a discounted cash flow (DCF) methodology whereby the company uses the present value of expected net cash flows from each plantation discounted at a current market-determined pre-tax rate in determining fair value. The discount rate adopted represents an estimate of the risk free rate available in the market locally plus a risk premium. For the year ended December 2015, the company has adopted a risk free rate of 8% and a risk premium of 2%, giving a total discount rate of 10%. Where inflation is not applied to the cash flows, the inflation rate is deducted. It is assumed that the inflation rate relevant to sales proceeds will not be less than local cost inflation. For the year under review, an average inflation rate of 24.8% is estimated as applicable to both pre-tax cash inflows and outflows over the period of the cash flows. The inflation rate has not been applied to the cash flows and, accordingly, a net discount rate of 10% has been utilised to discount the net cash flows. Crop yields have been estimated based on the age of the plants in the fields and the average yields obtained in the immediate past. The period covered by the cash flows reflects the average life of the crops which are 10 and 36 years for coffee and macadamia, respectively. In determining the crop prices, the estates have considered recent prices. These being the average prices over the last three years where there were stable market conditions with a bias towards current prices where the market conditions are unstable. It is assumed these prices will remain constant over the period of the cash flows and no attempt has been made to estimate future prices. In computing cash out flows, the estates have used average costs over recent years where operating conditions were stable with a bias towards more recent costs where operating conditions were unstable. As with crop prices, it is assumed these prices will remain constant over the period of the cash flows. No attempt has been made to estimate future costs. Where the DCF results in negative cash flows, the relevant biological asset has been assigned a nominal value.

Livestock have been valued using current market prices.

There were no biological assets whose title were restricted. As per note 20, the Group has borrowings which are secured by a fixed and floating charge over the assets of the Company and its subsidiaries.

As at the year end, there were no capital commitments for the development or acquisition of biological assets.

There are no financial risk management strategies related to agricultural activity.

Notes to the Financial Statements

for the year ended 31 December 2015

14. Subsidiaries

The group consists of the parent company, Global Tea & Commodities Ltd, incorporated in the UK, and a number of subsidiaries held directly and indirectly by Global Tea & Commodities Ltd, which operate and are incorporated around the world.

Information about the composition of the Group at the end of the reporting period is as follows:

Company	Country of registration or incorporation	Nature of business	Percentage shareholding
Global Tea & Commodities (Kenya) Limited	Kenya	Trading	100%
Sable Farming Company Limited	Malawi	Plantation	100%
Global Tea & Commodities (Malawi) Limited	Great Britain	Trading	100%
Gold Crown Beverages (Kenya) Limited	Kenya	Manufacture	100%
Gold Crown Foods (EPZ) Limited	Kenya	Manufacture	100%
Tea Brokers Central Africa Limited	Malawi	Tea Broking	82%
Gold Crown Speciality Foods Limited	Great Britain	Manufacture	100%
Wilson Smithett & Company Limited	Great Britain	Holding	100%
Gold Crown Foods (Tanzania) Limited	Tanzania	Dormant	100%

15. Investments

	2015	2014	2013
	\$	\$	\$
Investment in associates	26,098	26,098	26,098
Equity investments	8,113	8,113	8,113
	<u>34,211</u>	<u>34,211</u>	<u>34,211</u>

The Group has a participating interest by way of a 5% shareholding of Anglo-Dal Trading Sp. z.o.o, which is a trading company incorporated in Poland at a cost of \$5,000

The Group has a participating interest by way of a 33% shareholding of Blue Mountain Tea & Commodities Limited, which is a trading company incorporated in India.

Gold Crown Beverages (Kenya) Limited holds shares in Uchumi Supermarket Limited at a cost of \$3,113. Uchumi Supermarket Limited is listed on the Nairobi Securities Exchange.

Notes to the Financial Statements

for the year ended 31 December 2015

16. Inventories

	2015	2014	2013
	\$	\$	\$
Raw materials	19,788,835	23,922,529	25,287,567
Work in progress	388,098	456,827	299,790
Finished goods	2,404,896	1,727,766	1,512,248
	<u>22,581,829</u>	<u>26,107,122</u>	<u>27,099,605</u>

17. Trade and other receivables

	2015	2014	2013
	\$	\$	\$
Current			
Trade receivables	27,204,467	21,231,234	22,140,129
VAT recoverable	270,351	102,157	76,135
Other receivables	6,300,630	6,054,619	6,744,009
Accrued interest receivable	582,418	305,440	305,460
Prepayments and accrued income	1,132,425	906,132	951,849
Directors' loan accounts	-	1,373	-
	<u>35,490,291</u>	<u>28,600,955</u>	<u>30,217,582</u>
Non-Current			
Other receivables	<u>6,527,674</u>	<u>6,692,284</u>	<u>5,889,826</u>

The movement in the allowance for doubtful debts during the year is as follows:

	2015	2014
	\$	\$
Balance at 1 January	196,293	177,374
Impairment loss made during the year	25,669	41,685
Reversal of impairment loss	(40,571)	(14,123)
Currency adjustments	(19,959)	(8,643)
Balance at 31 December	<u>161,432</u>	<u>196,293</u>

Debts that are past due, but not impaired are analysed as follows:

	2015	2014	2013
	\$	\$	\$
0-30 days	7,281,699	4,106,611	6,539,182
30-60 days	2,160,939	2,809,091	3,375,095
60-90 days	2,809,837	1,093,488	1,736,251
90-120 days	1,495,279	419,219	2,472,582
+120 days	<u>1,667,512</u>	<u>1,173,426</u>	<u>3,737,608</u>
	<u>15,415,266</u>	<u>9,601,835</u>	<u>17,860,718</u>

The Company does not hold any collateral over the above and the directors consider that the carrying amount of trade and other receivables approximates to their fair value.

Notes to the Financial Statements

for the year ended 31 December 2015

18. Cash and cash equivalents

	2015	2014	2013
	\$	\$	\$
Cash and bank balances	1,456,367	1,856,200	942,497
Overdrafts (note 20)	(35,010,303)	(36,053,994)	(30,460,259)
	<u>(33,553,936)</u>	<u>(34,197,794)</u>	<u>(29,517,762)</u>

19. Trade and other payables

	2015	2014	2013
	\$	\$	\$
Current			
Trade payables	16,927,526	13,408,220	17,291,901
Other taxation and social security costs	50,364	89,394	188,777
Accruals and deferred income	1,860,854	1,519,540	1,735,853
Other payables	39,879	51,501	128,075
Directors' loan accounts	1,096	-	4,252
	<u>18,879,719</u>	<u>15,068,655</u>	<u>19,348,858</u>
Non-Current			
Other payables	<u>169,550</u>	<u>145,285</u>	<u>139,113</u>

The carrying amount of trade and other payables approximates to their fair value.

20. Borrowings

	2015	2014	2013
	\$	\$	\$
Current			
Bank overdraft (note 18)	35,010,303	36,053,994	30,460,259
Bank loans	5,448,865	2,944,203	2,958,219
Finance lease obligations	140,256	255,952	394,029
	<u>40,599,424</u>	<u>39,254,149</u>	<u>33,812,507</u>
Non-current			
Bank loans	3,990,071	6,931,423	9,463,646
Hire purchase & finance leases	233,458	362,367	566,515
	<u>4,223,529</u>	<u>7,293,790</u>	<u>10,030,161</u>

Bank loans and overdrafts are secured by an unlimited company cross guarantee and unlimited multilateral cross guarantees given by group companies, a general letter of pledge, a letter of set-off and a debenture secured by a fixed and floating charge over the assets of the Company and its subsidiaries.

The carrying amount of borrowings approximates to their fair value.

Notes to the Financial Statements

for the year ended 31 December 2015

21. Commitments under finance leases

	Minimum lease payments		
	2015	2014	2013
	\$	\$	\$
Amounts payable under finance leases			
In one year or less	174,175	318,583	548,681
Between one and five years	256,284	386,478	551,244
	<u>430,459</u>	<u>705,061</u>	<u>1,099,925</u>
Future finance charges	(56,745)	(86,742)	(139,381)
Present value of lease obligation	<u>373,714</u>	<u>618,319</u>	<u>960,544</u>
	Present value of minimum lease payments		
	2015	2014	2013
	\$	\$	\$
Amounts payable under finance leases			
In one year or less	140,256	255,952	394,029
Between one and five years	233,458	362,367	566,515
In five years or more	-	-	-
Present value of lease obligation	<u>373,714</u>	<u>618,319</u>	<u>960,544</u>

Finance leases relate to the purchase of motor vehicles and plant and machinery.

Ownership of the assets will transfer to the group on final settlement of the obligations under the finance leases.

There are no restrictions imposed on the use of the assets.

22. Derivative financial instruments

	2015	2014	2013
	\$	\$	\$
Cross currency swap			
Fair value of cross currency swap	<u>1,378,261</u>	<u>1,103,499</u>	<u>6,468</u>

On 19 March 2013 the Company borrowed EUR 9,330,236 at a variable interest rate of 2.9% over the 3m EURIBOR rate.

On 20 December 2013 the Company entered into a contract to purchase EUR 9,330,236 for \$12,733,906 between 2013 and 2017 to hedge against the scheduled repayments of the EUR bank loan.

On 20 December 2013 the company entered into a contract to receive an EUR amount equivalent to its interest payment obligations under the EUR loan and to pay an amount equivalent to 4.05% of \$12,050,000 to hedge against the interest rate risk of the EUR loan.

The fair value of the derivative contract is a mark to market valuation obtained from the counter-party to the derivative contract.

The amounts charged to profit or loss in respect of derivative financial instruments was \$274,762 (2014: \$1,097,031).

Notes to the Financial Statements

for the year ended 31 December 2015

23. Deferred tax (asset)/liability

	Accelerated capital allowances	Tax Losses	Other	Total
	\$		\$	\$
As at 1 January 2014	4,385,310	(1,384,081)	(300,333)	2,700,896
Charge to profit or loss	787,208	18,596	163,305	969,109
Charge to other comprehensive income	1,531,286	-	-	1,531,286
Translation adjustments	(609)	10,192	(1,376)	8,207
As at 31 December 2014	<u>6,703,195</u>	<u>(1,355,293)</u>	<u>(138,404)</u>	<u>5,209,498</u>
Charge/(credit) to profit or loss	(263,213)	785,131	(45,306)	476,612
Translation adjustments	(1,526)	12,820	10,972	22,266
As at 31 December 2015	<u>6,438,456</u>	<u>(557,342)</u>	<u>(172,738)</u>	<u>5,708,376</u>
		2015	2014	2013
		\$	\$	\$
Deferred tax asset		(774,678)	(1,649,211)	(1,734,656)
Deferred tax liability		<u>6,483,054</u>	<u>6,858,709</u>	<u>4,435,552</u>
		<u>5,708,376</u>	<u>5,209,498</u>	<u>2,700,896</u>

The Group has \$1,316,382 (2014: \$1,243,293, 2013: \$1,041,046) in relation to unrecognised tax losses.

The asset will be recognised when a suitable trading record has been established and it is probable that this will not reverse in the future.

These tax losses are not expected to expire.

24. Provisions

	2015	2014
	\$	\$
Provision for onerous lease commitments		
As at 1 January	322,255	465,745
Currency adjustment	(136)	-
Released to income statement	<u>(189,995)</u>	<u>(143,490)</u>
As at 31 December	<u>132,124</u>	<u>322,255</u>

The Company has entered into a property lease which expires in December 2022. The property is wholly sublet to tenants under formal lease agreements that expire in September 2016 and December 2022. The September 2016 sub lease has been extended through to September 2022 commensurate with the head lease at an increased rental, thereby removing the requirement for the onerous lease provision at the point that the old lease expires.

Notes to the Financial Statements

for the year ended 31 December 2015

25. Share capital

	2015	2014	2013
	\$	\$	\$
Authorised, allocated, called up and fully paid			
2 ordinary shares of £1 each	3	3	3
9,740,469 ordinary shares of \$1 each	<u>9,740,469</u>	<u>9,740,469</u>	<u>9,740,469</u>
	<u>9,740,472</u>	<u>9,740,472</u>	<u>9,740,472</u>

The 2 ordinary shares of £1 rank pari passu with the 9,740,469 ordinary shares of \$1.

26. Capital management

The directors consider the company's capital to comprise of share capital, long-term loans and reserves stated on the statement of financial position.

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

27. Financial instruments

Categories of financial instruments

	2015	2014	2013
	\$	\$	\$
Financial assets:			
- Cash and bank balances	1,456,367	1,856,200	942,497
- Loans and receivables	40,885,540	34,387,107	35,155,559
- Available-for-sale financial assets	8,113	8,113	8,113
Financial liabilities			
- Fair value through profit or loss	1,378,261	1,103,499	6,468
- Amortised cost	<u>61,637,654</u>	<u>59,624,020</u>	<u>60,634,242</u>

Financial risk management objectives and policies

The Group's principal financial instruments comprise borrowings, cash and short term deposits, derivatives, receivables and payables. The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

The main financial risks faced by the Group relate to availability of funds to meet business needs and the risk of default by a counterparty in a financial transaction. The Group manages borrowing, liquidity, foreign exchange and banking relationships in accordance with Board approved policies designed to minimise exposures. The undertaking of financial transactions of a speculative nature is not permitted.

Notes to the Financial Statements

for the year ended 31 December 2015

27. Financial instruments (continued)

The Group finances its operations by a combination of internally-generated cashflow, shareholder loans and bank borrowings. Refinancing risk is controlled by ensuring the Group has sufficient bank facilities to meet increases in projected borrowings over the following 12-month period.

Interest rate risk

The Group is exposed to cash flow interest rate risk on bank overdrafts and short term borrowings. The Group seeks to mitigate this risk by fixing interest bearing liabilities wherever possible. Fixed interest rates are used for all finance lease borrowing.

The Group uses derivative instruments to reduce its exposure to changes in interest rates.

At 31 December 2015, it is estimated that a general increase/decrease of 1% in interest rates, with all other variables held constant, would decrease/increase the Company's profit after tax and retained earnings by approximately \$80,239 (2014: \$82,358).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of reporting date and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The 1% increase or decrease represents management's assessment of the likely maximum change in interest rates over the period until the next reporting date.

Foreign currency risk

The Group's principal foreign currency exposures arise from the purchase and sale of products in different currencies and from the translation of overseas assets and liabilities.

Group policy allows for but does not demand that the transactional exposures are hedged by the use of spot and forward contracts but seeks to match the aggregate position of foreign currency assets and liabilities to reduce exposure. The Group operates in countries that have historically been subject to devaluation. The group policy is to undertake frequent revaluations of the underlying assets to minimise the effects of the translation loss.

The following table details the Group's sensitivity to a 5 % increase in US Dollars against the relevant foreign currencies. 5 % is the sensitivity rate which represents management's assessment of the reasonably possible change in foreign exchange rates.

	2015 \$	2014 \$
Profit or loss (Pound Sterling)	(224,128)	(187,281)
Profit or loss (Euros)	344,069	400,657
Profit or loss (Kenya Shilling)	(284,281)	(242,996)
Profit or loss (Malawi Kwacha)	253,938	244,598

The above excludes the retranslation of the hedged Euro loan, as any exchanges gains or losses are expected to be substantially offset by the change in the fair value of the cross currency swap (note 22).

Credit risk

The Group's credit risk is primarily attributable to its trade and other receivables. The amounts included in the balance sheet are net of allowances for doubtful debts, which have been estimated by management based on known factors at the reporting date which may indicate that a provision is required.

Notes to the Financial Statements

for the year ended 31 December 2015

27. Financial instruments (continued)

Liquidity risk

The Group manages its cash and borrowing requirement to ensure the Group has sufficient bank facilities to meet increases in projected borrowings over the following 12-month period.

The following table details the remaining contractual maturities at the end of the reporting date of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of reporting date) and the earliest date the Company can be required to pay.

	Carrying amount	Total contractual Undiscoun- ted amount	Within 1 year or on demand	Between 1 & 2 years	Between 2 & 5 years	In 5 years or more
	\$	\$	\$	\$	\$	\$
2015						
Trade and other payables	17,188,415	17,188,415	17,018,865	-	-	169,550
Bank overdraft	35,010,303	35,010,303	35,010,303	-	-	-
Bank loans	9,438,936	9,816,019	5,693,928	4,015,465	106,626	-
	<u>61,637,654</u>	<u>62,014,737</u>	<u>57,723,096</u>	<u>4,015,465</u>	<u>106,626</u>	<u>169,550</u>
2014						
Trade and other payables	13,694,400	13,694,400	13,549,115	-	-	145,285
Bank overdraft	36,053,994	36,053,994	36,053,994	-	-	-
Bank loans	9,875,626	10,526,403	3,256,569	3,068,245	4,201,589	-
	<u>59,624,020</u>	<u>60,274,797</u>	<u>52,859,678</u>	<u>3,068,245</u>	<u>4,201,589</u>	<u>145,285</u>
2013						
Trade and other payables	17,752,118	17,752,118	17,613,005	-	-	139,113
Bank overdraft	30,460,259	30,460,259	30,460,259	-	-	-
Bank loans	12,421,865	13,434,982	3,310,774	3,065,333	7,058,875	-
	<u>60,634,242</u>	<u>61,647,359</u>	<u>51,384,038</u>	<u>3,065,333</u>	<u>7,058,875</u>	<u>139,113</u>

Notes to the Financial Statements

for the year ended 31 December 2015

28. Operating lease arrangements

The Group as a lessee

At 31 December 2015, the Group's future minimum rentals payable under non-cancellable operating leases were as follows:

	2015 \$	2014 \$	2013 \$
Land and building			
In one year or less	1,919,186	2,026,180	2,113,639
Between one and five years	7,465,150	7,970,685	8,407,949
In five years or more	3,669,096	5,810,469	8,081,700
	<u>13,053,432</u>	<u>15,807,334</u>	<u>18,603,288</u>
Other			
In one year or less	28,964	30,578	40,234
Between one and five years	25,473	57,472	51,534
In five years or more	-	-	-
	<u>54,437</u>	<u>88,050</u>	<u>91,768</u>

The company entered into a property lease in 2008 which expires in December 2022. The lease is subject to a rent review in December 2017.

The Group as a lessor

	2015 \$	2014 \$	2013 \$
Land and building			
In one year or less	1,614,012	1,760,818	1,836,823
Between one and five years	5,810,154	6,304,543	6,813,788
In five years or more	2,905,077	4,600,550	6,398,841
	<u>10,329,243</u>	<u>12,665,911</u>	<u>15,049,452</u>

The Group entered into a leasing arrangement of offices which it subsequently sublet to third parties. A provision for the difference between the contractual operating lease charge and the rental income has been created (note 24). The signing of a new lease with one of the third parties in 2016 has eliminated the need for further provision.

Notes to the Financial Statements

for the year ended 31 December 2015

29. Related party transactions

Key management personnel compensation

Key management personnel are considered to be the directors of the Company. Their remuneration has been disclosed in note 6.

Other related parties

During the year, the Group had the following transactions with other related parties:

	2015 \$	2014 \$
Sales		
Typhoo Tea Limited	32,780,444	35,143,359
Global Foods - Somaliland	612,551	216,852
Barsha Tea Packaging and Distribution Enterprises	190,548	-
	<u>33,583,543</u>	<u>35,360,211</u>
Purchases		
Typhoo Tea Limited	844,115	543,345
Peerless Logistics Ltd	45,699	12,232
Peerless Tea Services Ltd	168,994	296,752
Blue Mountain Tea and Commodities Limited	155,369	428,924
Sandhurst Management Inc.	87,818	95,410
	<u>1,301,995</u>	<u>1,376,663</u>

At the year end, the Group had the following balances with other related parties

	2015 \$	2014 \$	2013 \$
Amounts due from Related Parties			
Typhoo Tea Limited	25,038,450	22,805,194	21,292,692
Peerless Logistics Limited	405,681	388,889	263,968
Peerless Tea Services Limited	89,221	81,406	97,271
Blue Mountain Tea and Commodities Limited	-	-	-
Global Foods - Somaliland	376,230	279,829	211,400
Sandhurst Management Inc.	377,978	72,854	4,379
Barsha Tea Packaging and Distribution Enterprises	16,024	-	-
	<u>26,303,584</u>	<u>23,628,172</u>	<u>21,869,710</u>
Amounts due to Related Parties			
Typhoo Tea Limited	2,811,825	2,353,248	1,908,121
Peerless Logistics Limited	58,812	83,110	57,153
Peerless Tea Services Limited	90,156	156,384	247,832
Blue Mountain Tea and Commodities Limited	28,405	167,059	-
Global Foods - Somaliland	9,308	-	-
	<u>2,998,506</u>	<u>2,759,801</u>	<u>2,213,106</u>

The above related parties are considered to be "other related parties" as defined by IAS 24 Related Party Disclosures with the exception of Blue Mountain Tea and Commodities Limited, which is an associate.

Notes to the Financial Statements

for the year ended 31 December 2015

30. Ultimate controlling party

The Group was under the ultimate control of the shareholders and their representatives on the board of directors throughout the current and previous year.

31. Transition to IFRS

Reconciliation of equity

	31 December 2014	1 January 2014
	\$	\$
Reconciliation to equity:		
UK GAAP as previously reported	30,784,680	23,707,182
Change of reporting currency*	1,162,408	2,516,608
UK GAAP before IFRS adjustments	31,947,088	26,233,790
Adjustment (a) – goodwill	212,160	243,779
Adjustment (b) – derivative financial instruments	(99,155)	(114,071)
Adjustment (c) – deferred tax	(5,977,960)	(4,078,594)
IFRS	<u>26,082,133</u>	<u>22,274,904</u>

*Five of the subsidiaries of the Group changed functional currency to US Dollars.

Reconciliation of total comprehensive income

Total comprehensive income reported in IFRS is not a statutory definition under old UK GAAP. In the reconciliation below the starting UK GAAP position is the net increase in shareholders funds from the prior year statutory financial statements comprising the profit for the year (\$996,769), exchange losses on translation adjustments (-\$1,676,660), increase in revaluation reserve (\$7,772,126), and decrease in minority interest (-\$14,737).

	31 December 2014
	\$
Reconciliation to total comprehensive income:	
UK GAAP	7,077,498
Change of reporting currency*	(1,354,200)
UK GAAP before IFRS adjustments	5,723,298
Adjustment (a) – goodwill	(31,620)
Adjustment (b) – derivative financial instruments	14,916
Adjustment (c) – deferred tax	(1,899,365)
IFRS	<u>3,807,229</u>

*Five of the subsidiaries of the Group changed functional currency to US Dollars.

Reconciliation of cash flows

There are no material differences between the cash flow statement prepared under UK GAAP and the cash flow statement prepared under IFRS for any years concerned, but rather only minor presentational changes. For this reason, no cash flow statement reconciliation table has been included.

Notes to the Financial Statements

for the year ended 31 December 2015

31. Transition to IFRS (continued)

Explanation of the effect of the transition to IFRS

(a) Goodwill

This adjustment relates to the derecognition of negative goodwill. Under IFRS, negative goodwill is not permitted.

This adjustment has resulted in an increase in equity by \$243,779 as at 1 January 2014 and \$212,160 as at 31 December 2014.

This adjustment has resulted in a decrease in profit of \$31,620 for the year ended 31 December 2014.

(b) Derivative financial instruments

Under UK GAAP, the Group applied synthetic hedge accounting for its derivative financial instruments. This transitional adjustment relates to the recognition of the fair value of derivative financial instruments held by the Company and the retranslation of the hedged loan.

This adjustment has resulted in a decrease in equity by \$114,071 as at 1 January 2014 and \$99,155 as at 31 December 2014.

This adjustment has resulted in an increase in profit of \$14,916 for the year ended 31 December 2014.

(c) Deferred tax

This adjustment relates to the recognition of a deferred tax liability for revaluation adjustments. IFRS requires the recognition of deferred tax for all temporary differences.

This adjustment has resulted in a decrease in equity by \$4,078,594 as at 1 January 2014 and \$5,977,960 as at 31 December 2014.

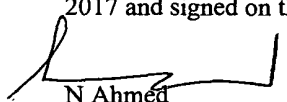
This adjustment has resulted in a decrease in profit of \$1,899,365 for the year ended 31 December 2014.

Company Statement of Financial Position

as at 31 December 2015

	Notes	2015 \$	2014 \$
ASSETS			
Non-current assets			
Property, plant and equipment	34	1,955,077	2,182,721
Investments	35	14,427,439	13,327,439
Trade and other receivables	37	6,527,674	6,692,284
		<u>22,910,190</u>	<u>22,202,444</u>
Current assets			
Inventories	36	2,940,554	1,438,836
Trade and other receivables	37	15,836,692	13,448,006
Cash and bank balances		808,763	41,075
		<u>19,586,009</u>	<u>14,927,917</u>
Total assets		<u>42,496,199</u>	<u>37,130,361</u>
LIABILITIES			
Current liabilities			
Trade and other payables	38	11,152,083	8,042,568
Borrowings	39	10,628,900	7,977,206
		<u>21,780,983</u>	<u>16,019,774</u>
Non-current liabilities			
Trade and other payables	38	104,992	104,992
Borrowings	39	3,541,619	6,649,565
Derivative financial instruments	40	1,378,261	1,103,499
Provisions	41	132,124	322,255
		<u>5,156,996</u>	<u>8,180,311</u>
Total liabilities		<u>26,937,979</u>	<u>24,200,085</u>
Net assets		<u>15,558,220</u>	<u>12,930,276</u>
EQUITY			
Share capital	42	9,740,472	9,740,472
Share premium		3,648,302	3,648,302
Capital reserve		1,358,762	1,358,762
Retained earnings		810,684	(1,817,260)
Total equity		<u>15,558,220</u>	<u>12,930,276</u>

The financial statements were approved by the Board of Directors and authorised for issue on 24 February 2017 and signed on their behalf by:


N Ahmed

Director

The notes on pages 44 to 49 form part of these financial statements

Global Tea & Commodities Ltd
Annual Report and Financial Statements

Company Statement of Changes in Equity
for the year ended 31 December 2015

	Share capital \$	Share premium \$	Capital reserves \$	Retained earnings \$	Total equity \$
At 31 December 2013	9,740,472	3,648,302	1,358,762	(993,499)	13,754,037
Loss for the year	-	-	-	(823,761)	(823,761)
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	(823,761)	(823,761)
Dividends paid	-	-	-	-	-
At 31 December 2014	9,740,472	3,648,302	1,358,762	(1,817,260)	12,930,276
Profit for the year	-	-	-	2,627,944	2,627,944
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	2,627,944	2,627,944
Dividends paid	-	-	-	-	-
At 31 December 2015	9,740,472	3,648,302	1,358,762	810,684	15,558,220

Notes to the Company Financial Statements

for the year ended 31 December 2015

32. Accounting policies of the Company

Statement of compliance

The separate financial statements of the Company are have been prepared in accordance with Financial Reporting Standard 101 “Reduced Disclosure Framework” (“FRS 101”) and in accordance with the applicable provisions of the Companies Act 2006. Except for certain disclosure exemptions detailed below, the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU (EU-adopted IFRSs) have been applied to these financial statements and, where necessary, amendments have been made in order to comply with the Companies Act 2006 and The Large and Medium-sized Companies and Groups Regulations 2008/410 (‘Regulations’).

This is the first year the Company has prepared its financial statements in accordance with FRS 101, accordingly the financial information as at 1 January 2014 (being the date of transition) and for the year ended 31 December 2014 have been restated to comply with FRS 101.

UK Generally Accepted Accounting Practices (“UK GAAP”) differs in certain respects from FRS 101, hence when preparing these financial statements, management has amended certain accounting and measurement bases to comply with FRS 101. The disclosures required by IFRS 1 ‘First-time Adoption of International Financial Reporting Standards’ (“IFRS 1”) concerning the transition, are given in Note 43.

IFRS 1 permits the Company to take advantage of certain exemptions from applying the requirements on a fully retrospective basis as at the date of transition in certain instances. The Company has chosen not to apply any of the exemptions.

Amendments to FRS 101

In July 2015, amendments were made to FRS 101 as a consequence of changes made to EU-adopted IFRS and to maintain consistency with Company law. The Company has adopted these amendments early as permitted by the standard. The amendments applied are detailed as follows:

- (i) The amendments to paragraphs 5, 7A and 8(j) of the standard arising from the 2014/2015 cycle allows the Company to take advantage of the exemption from the requirement to present an opening statement of financial position at the date of transition and the requirement to disclose key management personnel compensation.
- (ii) The amendments to The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015(SI 2015/980) which permits a qualifying entity choosing to apply 1A(1) and 1A(2) of Schedule 1 to The Large and Medium-sized Companies and Groups (Accounts and Report) (SI 2008/410) the option to apply the relevant presentation requirements of IAS 1 Presentation of Financial Statements.

Notes to the Company Financial Statements

for the year ended 31 December 2015

Disclosure exemptions applied

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS101 paragraph 8:

- (i) The requirement of IFRS 7 'Financial Instruments: Disclosures' relating to the disclosure of financial instruments and the nature and extent of risks arising from such instruments;
- (ii) The requirement of IFRS 13 'Fair Value Measurement' paragraphs 91 to 99 relating to the fair value measurement disclosures of financial assets and financial liabilities that are measured at fair value;
- (iii) The applicable requirements of IAS 1 'Presentation of Financial Statements' relating to the disclosure of comparative information in respect of the reconciliation of the carrying amount of property, plant and equipment (IAS 16.73(e)).
- (iv) The requirement of IAS 1 'Presentation of Financial Statements' paragraphs 134 to 136 relating to the disclosure of capital management policies and objectives;
- (v) The requirements of IAS 7 'Statement of Cash Flows' and IAS 1 'Presentation of Financial Statements' paragraph 10(d), 111 relating to the presentation of a Cash Flow Statement;
- (vi) The requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' paragraphs 30 and 31 relating to the disclosure of standards, amendments and interpretations in issue but not yet effective; and
- (vii) The requirements of IAS 24 'Related Party Disclosures' relating to the disclosure of key management personnel compensation and relating to the disclosure of related party transactions entered into between the Company and other wholly-owned subsidiaries of the group.

For the disclosure exemptions listed in points (i) to (ii), the equivalent disclosures are included in the consolidated financial statements of the group into which the Company is consolidated.

Further, as permitted by FRS 101 paragraph 7A, the Company has not presented an opening statement of financial position at the date of transition.

The principal accounting policies adopted are the same as those set out in note 2 to the consolidated financial statements except as noted below.

Investments in subsidiaries and associates are stated at cost less, where appropriate, provisions for impairment.

33. Profit for the year

As permitted by section 408 of the Companies Act 2006 the company has elected not to present its own profit and loss account for the year. The company reported a profit for the financial year ended 31 December 2015 of \$2,627,944 (2014: loss of \$823,761).

The auditor's remuneration for audit and other services is disclosed in note 5 to the consolidated financial statements.

Notes to the Company Financial Statements

for the year ended 31 December 2015

34. Property, plant and equipment

	Land	Short term leasehold improvements	Plant & machinery	Fixtures, fittings & equipment	Assets under Constr- uction	Total
	\$	\$	\$	\$	\$	\$
Cost						
As at 1 January 2015	21,306	290,412	2,145,088	423,278	-	2,880,084
Additions	-	-	-	14,120	7,454	21,574
As at 31 December 2015	21,306	290,412	2,145,088	437,398	7,454	2,901,658
Depreciation						
As at 1 January 2015	-	266,356	53,627	377,380	-	697,363
Charge	-	13,747	214,508	20,963	-	249,218
As at 31 December 2015	-	280,103	268,135	398,343	-	946,581
Carrying amount						
As at 31 December 2015	21,306	10,309	1,876,953	39,055	7,454	1,955,077
As at 31 December 2014	21,306	24,056	2,091,461	45,898	-	2,182,721

35. Investments

Details of the Company investments in subsidiaries and other participating interests are listed in notes 14 and 15.

	2015	2014
	\$	\$
Investment in subsidiaries	14,396,341	13,296,341
Other participating interests	31,098	31,098
	14,427,439	13,327,439
		\$
As at 1 January 2015		13,327,439
Increased investment		1,100,000
As at 31 December 2015		14,427,439

Notes to the Company Financial Statements

for the year ended 31 December 2015

36. Inventories

	2015	2014
	\$	\$
Raw materials	2,922,634	1,404,027
Work in progress	-	-
Finished goods	17,920	34,809
	<u>2,940,554</u>	<u>1,438,836</u>

37. Trade and other receivables

	2015	2014
	\$	\$
Current		
Trade receivables	428,187	2,560,484
Amounts owed by subsidiary undertakings	8,334,716	4,375,602
VAT recoverable	169,356	28,565
Other receivables	5,633,196	5,442,540
Prepayments and accrued income	1,271,237	1,039,442
Directors' loan accounts	-	1,373
	<u>15,836,692</u>	<u>13,448,006</u>
Non-Current		
Other receivables	<u>6,527,674</u>	<u>6,692,284</u>

38. Trade and other payables

	2015	2014
	\$	\$
Current		
Trade payables	4,816,745	3,480,101
Amounts owed to subsidiary undertakings	5,370,725	3,534,606
Other taxation and social security	49,561	89,144
Accruals and deferred income	913,956	938,717
Directors' loan accounts	1,096	-
	<u>11,152,083</u>	<u>8,042,568</u>
Non-current		
Other payables	<u>104,992</u>	<u>104,992</u>

Notes to the Company Financial Statements

for the year ended 31 December 2015

39. Borrowings

	2015 \$	2014 \$
Current		
Bank overdrafts	5,561,943	5,217,380
Bank loans	<u>5,066,957</u>	<u>2,759,826</u>
	<u>10,628,900</u>	<u>7,977,206</u>
Non-current		
Bank loans	<u>3,541,619</u>	<u>6,649,565</u>
Total borrowings	<u>14,170,519</u>	<u>14,626,771</u>
Analysis of borrowings		
	2015 \$	2014 \$
In one year or less, or on demand	10,628,900	7,977,206
Between one and two years	3,541,619	2,759,826
Between two and five years	-	3,889,739
In five years or more	-	-
	<u>14,170,519</u>	<u>14,626,771</u>

Borrowings is made up of an overdraft, and two bank loans, bearing interest at 4% and 2.9% over 3 month LIBOR. The bank loans are repayable in the next two years.

40. Derivative financial instruments

For further details of the Company's derivative financial instruments, please see note 22.

41. Provisions

For further details of the Company's provisions, please see note 24.

42. Share capital

For further details of the Company's share capital, please see note 25.

Notes to the Company Financial Statements

for the year ended 31 December 2015

43. Transition to IFRS

Reconciliation of equity

	31 December 2014 \$	1 January 2014 \$
Reconciliation to equity:		
UK GAAP as previously reported	13,029,431	13,868,108
Adjustment (a) – derivative financial instruments	(99,155)	(114,071)
IFRS	<u>12,930,276</u>	<u>13,754,037</u>

Reconciliation of total comprehensive income

	31 December 2014 \$
Reconciliation to total comprehensive income:	
UK GAAP as previously reported	(838,677)
Adjustment (a) – derivative financial instruments	14,916
IFRS	<u>(823,761)</u>

Reconciliation of cash flows

There are no material differences between the cash flow statement prepared under UK GAAP and the cash flow statement prepared under IFRS for any years concerned, but rather only minor presentational changes. For this reason, no cash flow statement reconciliation table has been included.

Explanation of the effect of the transition to IFRS

(a) – Derivative financial instruments

Under UK GAAP, the Company applied synthetic hedge accounting for its derivative financial instruments. This transitional adjustment relates to the recognition of the fair value of derivative financial instruments held by the Company and the retranslation of the hedged loan.

This adjustment has resulted in a decrease in equity by \$114,071 as at 1 January 2014 and \$99,155 as at 31 December 2014.

This adjustment has resulted in a decrease in loss of \$14,916 for the year ended 31 December 2014.