

5758

THE ALLYNUGGER TEA COMPANY, LIMITED
REPORT AND ACCOUNTS
1998



THE ALLYNUGGER TEA COMPANY, LIMITED

Incorporated 1892

SHARE CAPITAL

Authorised		Issued
50,000	In 6% cumulative preference shares of £1 each	50,000
<u>400,000</u>	In ordinary shares of £1 each	<u>400,000</u>
<u>£450,000</u>		<u>£450,000</u>

Directors P.A. LEGGATT, M.B.E. (Chairman)
 A.S.M.O. SUBHAN
 K. MAYES
 P.E. HILL, F.C.I.S.
 A.K. MATHUR, F.C.A.
 A.R. BHUIYA

Secretary K. MAYES

Auditors MOORE STEPHENS
 ST. PAUL'S HOUSE,
 WARWICK LANE,
 LONDON EC4P 4BN

Bankers DUNCAN LAWRIE LIMITED

Registered Office WROTHAM PLACE,
 WROTHAM,
 SEVENOAKS,
 KENT TN15 7AE

Registered Number 37431

THE ALLYNUGGER TEA COMPANY, LIMITED

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the one hundred and eighth annual general meeting of The Allynugger Tea Company, Limited will be held at Wrotham Place, Wrotham, Sevenoaks, Kent TN15 7AE on Tuesday, 18th May 1999 at 2.15 p.m. for the following purposes:-

1. To receive and adopt the directors' report and statement of accounts for the year ended 31st December 1998
2. To re-elect a director
3. To declare a dividend
4. To re-appoint the auditors and authorise the directors to fix their remuneration.

By Order of the Board

K. MAYES

Secretary

Wrotham Place,
Wrotham,
Sevenoaks,
Kent, TN15 7AE

18th May 1999

A member entitled to attend and vote at the annual general meeting is entitled to appoint a proxy to attend and, on a poll, vote instead of him and such proxy need not be a member of the company.

THE ALLYNUGGER TEA COMPANY, LIMITED

REPORT OF THE DIRECTORS

The directors submit to the members their report together with the accounts for the year ended 31st December 1998.

ACCOUNTS	1998	1997
Profit on ordinary activities before taxation	<u>£471,572</u>	<u>£647,935</u>
Profit on ordinary activities after taxation	<u>£349,645</u>	<u>£430,708</u>
Preference dividend	<u>£2,100</u>	<u>£2,100</u>
Ordinary dividend - proposed	<u>£284,000</u>	<u>£366,000</u>
Retained profit for year	<u>£63,545</u>	<u>£62,608</u>

REVIEW OF ACTIVITIES

The principal activity of the company is the growing and manufacturing of tea and rubber in Bangladesh and it is the directors' intention to continue this policy.

Due to lower sale prices and a weakening Bangladesh currency, the profit on ordinary activities was lower than that recorded for the previous year notwithstanding the record production that arose in 1998.

At this stage it is not possible to forecast the results for 1999.

DIRECTORS

Board

The present board is shown on page one.

Mr. P.A. Leggatt retires by rotation and, being eligible, offers himself for re-election.

Shareholdings

Neither at the end of the year, nor at any time during the year, has any director held a beneficial interest in any shares of the company.

YEAR 2000

The directors are continuing to review the risks associated with the Year 2000 problem, both with regard to internal use of computer systems and embedded chips and in connection with relationships with third parties. They are satisfied that these steps will be completed in sufficient time to eliminate any potential problems. The total costs of ensuring Year 2000 compliance have not yet been quantified, but are not expected to be significant.

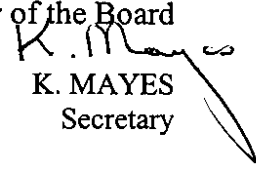
THE ALLYNUGGER TEA COMPANY, LIMITED

REPORT OF THE DIRECTORS

AUDITORS

Moore Stephens have expressed their willingness to continue as auditors of the company and a resolution proposing their re-appointment and empowering the directors to fix their remuneration will be put before the annual general meeting.

By Order of the Board


K. MAYES
Secretary

18th May 1999

THE ALLYNUGGER TEA COMPANY, LIMITED**PROFIT AND LOSS ACCOUNT**for the year ended 31st December 1998

	Notes	1998 £	1997 £
Turnover - continuing operations	2	1,780,064	2,026,887
Cost of sales		<u>1,159,433</u>	<u>1,257,652</u>
Gross profit		620,631	769,235
Net operating expenses	4	<u>151,664</u>	<u>122,226</u>
Operating profit - continuing operations		468,967	647,009
Investment income	5	373	392
Bank interest receivable		<u>2,232</u>	<u>534</u>
Profit on ordinary activities before taxation	3	471,572	647,935
Taxation on ordinary activities	7	<u>121,927</u>	<u>217,227</u>
Profit on ordinary activities after taxation		349,645	430,708
Preference dividend	14	2,100	2,100
Ordinary dividend - proposed	14	<u>284,000</u>	<u>366,000</u>
Retained profit for year	16	<u><u>£63,545</u></u>	<u><u>£62,608</u></u>

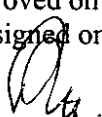
THE ALLYNUGGER TEA COMPANY, LIMITED

BALANCE SHEET

as at 31st December 1998

	Notes	1998	1997
		£	£
FIXED ASSETS			
Tangible assets	8	2,793,498	2,933,019
Investments	9	4,942	5,332
		<u>2,798,440</u>	<u>2,938,351</u>
CURRENT ASSETS			
Stocks	10	422,788	290,815
Debtors	11	821,490	529,656
Cash at bank and in hand		43,759	189,069
		<u>1,288,037</u>	<u>1,009,540</u>
LESS CURRENT LIABILITIES			
Creditors: Amounts falling due within one year	12	<u>1,223,277</u>	<u>851,977</u>
NET CURRENT ASSETS		<u>64,760</u>	<u>157,563</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,863,200</u>	<u>3,095,914</u>
CREDITORS: Amounts falling due after more than one year	13	<u>399,480</u>	<u>479,957</u>
NET ASSETS		<u><u>£2,463,720</u></u>	<u><u>£2,615,957</u></u>
EQUITY CAPITAL AND RESERVES			
Called up share capital	15	400,000	400,000
Revaluation reserve	16	1,706,322	1,869,355
Profit and Loss account	16	307,398	296,602
		<u>2,413,720</u>	<u>2,565,957</u>
NON-EQUITY CAPITAL			
Called up share capital	15	50,000	50,000
		<u><u>£2,463,720</u></u>	<u><u>£2,615,957</u></u>

Approved on 18th May 1999 by the board of directors
and signed on their behalf by:



P.A. LEGGATT
Director

THE ALLYNUGGER TEA COMPANY, LIMITED**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**
for the year ended 31st December 1998

	1998 £	1997 £
Profit on ordinary activities after taxation	349,645	430,708
Currency translation differences on foreign currency net investments	(215,782)	(76,213)
Total recognised gains (losses) since last annual report	<u>£133,863</u>	<u>£354,495</u>

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS
for the year ended 31st December 1998

	1998 £	1997 £
Profit on ordinary activities after taxation	349,645	430,708
Dividend	286,100	368,100
Retained profit for the year	<u>63,545</u>	<u>62,608</u>
Currency translation differences on foreign currency net investments	(215,782)	(76,213)
Net (reduction) to shareholders' funds	<u>(152,237)</u>	<u>(13,605)</u>
Opening shareholders' funds	<u>2,615,957</u>	<u>2,629,562</u>
Closing shareholders' funds	<u>£2,463,720</u>	<u>£2,615,957</u>

THE ALLYNUGGER TEA COMPANY, LIMITED

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

a) Basis of Accounting

The accounts are prepared on the historical cost basis of accounting and are in accordance with applicable accounting standards.

b) Foreign Currencies

The operations of the Bangladesh branch are funded by local finance. Consequently the net assets and results of the branch have been translated using the closing rate method at the rate of Takas 80.69 = £1 (1997 Takas 74.78 = £1). Exchange differences arising on the translation of revalued Planted Tea have been taken to revaluation reserve. Exchange differences arising on other fixed assets and net current assets are taken to profit and loss reserve. Exchange differences arising from trading transactions are included in the results for the year.

c) Depreciation

Depreciation of tea estates development is provided for by charging the cost of replacement of tea bushes to profit and loss account. Depreciation of other fixed assets has been provided so as to write off the cost over their expected useful lives at the following annual rates on written down values.

	<u>Annual</u>
Rubber Plantation	5%
Buildings	12% to 24%
Plant and Machinery	18%
Vehicles	20%
Fixtures and Fittings	10% to 18%

d) Stocks

(i) Tea and Rubber

Stocks of tea and rubber have been valued at the lower of cost or net realisable value.

(ii) Estate Stores

Estate stores have been valued at the lower of cost or net realisable value.

e) Deferred Taxation

Deferred taxation is provided in respect of material timing differences, using the liability method, where, in the opinion of the directors, the liability will arise in the foreseeable future.

f) Operating Leases

Costs in respect of operating leases are charged in the year in which they are incurred.

THE ALLYNUGGER TEA COMPANY, LIMITED

NOTES TO THE ACCOUNTS (continued)

	1998 £	1997 £
2. TURNOVER		
Tea Sales		
Bangladesh	1,638,643	1,837,291
U.K.	126,551	174,729
Rubber Sales		
Bangladesh	14,870	14,867
	<u>£1,780,064</u>	<u>£2,026,887</u>
3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		
Is stated after charging:		
Depreciation of tangible assets	£56,019	£70,751
Remuneration of the auditors	£2,560	£2,490
Interest on bank loans and overdrafts	£69,381	£92,959
Land rent	£9,509	£10,284
4. NET OPERATING (INCOME) EXPENSES		
Administrative expenses	153,668	135,387
Sundry receipts	(1,297)	(2,723)
Exchange (gain) loss on remittances	915	(2,343)
Other exchange gains	(3,975)	(10,640)
	<u>149,311</u>	<u>119,681</u>
Exchange gain provided in reserves	2,353	2,545
	<u>£151,664</u>	<u>£122,226</u>
5. INVESTMENT INCOME		
Income from listed investments	124	123
Income from unlisted investments	249	269
	<u>£373</u>	<u>£392</u>

THE ALLYNUGGER TEA COMPANY, LIMITED

NOTES TO THE ACCOUNTS (continued)

	1998 £	1997 £
6. EMPLOYEES		
Staff costs:		
Wages and salaries	509,201	532,621
Pension costs	26,854	23,615
	<u>£536,055</u>	<u>£556,236</u>
 The average number of persons employed by the company was:	 <u>3,573</u>	 <u>3,564</u>

7. TAXATION

	£	£
On profits for the year		
U.K. Corporation tax	148,842	226,387
Bangladesh taxation	149,957	236,694
	<u>298,799</u>	<u>463,081</u>
 Less double taxation relief	 <u>148,842</u>	 <u>226,387</u>
	<u>149,957</u>	<u>236,694</u>
 Taxation adjustment in respect of previous years (Bangladesh)	 <u>(28,030)</u>	 <u>(19,467)</u>
	<u>£121,927</u>	<u>£217,227</u>

Deferred taxation

There is no potential deferred taxation liability (1997 - Nil)

THE ALLYNUGGER TEA COMPANY, LIMITED

NOTES TO THE ACCOUNTS (continued)

3. TANGIBLE FIXED ASSETS

	Planted Tea and Rubber	Buildings	Plant and Machinery	Vehicles	Fixtures Fittings Tools and Equipment	Assets in Course of Construction	Total
Balance at beginning of year	2,260,532	390,325	324,303	84,873	282,829	376,464	3,719,326
Currency retranslation	(165,569)	(28,589)	(23,753)	(6,216)	(20,716)	(27,574)	(272,417)
Assets brought into use	28,031	-	-	-	172	(28,203)	-
Additions	5,092	30,092	6,971	7,101	12,008	70,416	131,680
Cost of assets sold and written off	-	-	-	(7,559)	-	-	(7,559)
At end of year	<u>2,128,086</u>	<u>391,828</u>	<u>307,521</u>	<u>78,199</u>	<u>274,293</u>	<u>391,103</u>	<u>3,571,030</u>
Depreciation at beginning of year	7,530	254,072	246,290	81,545	196,870	-	786,307
Currency retranslation	(552)	(18,609)	(18,039)	(5,973)	(14,419)	-	(57,592)
Provision for the year	3,260	25,161	14,615	1,972	11,011	-	56,019
Adjustments in respect of assets sold and written off	-	-	-	(7,202)	-	-	(7,202)
At end of year	<u>10,238</u>	<u>260,624</u>	<u>242,866</u>	<u>70,342</u>	<u>193,462</u>	<u>-</u>	<u>777,532</u>
Net book value at 31 st December 1998	<u>£2,117,848</u>	<u>£131,204</u>	<u>£64,655</u>	<u>£7,857</u>	<u>£80,831</u>	<u>£391,103</u>	<u>£2,793,498</u>
at 31 st December 1997	<u>£2,253,002</u>	<u>£136,253</u>	<u>£78,013</u>	<u>£3,328</u>	<u>£85,959</u>	<u>£376,464</u>	<u>£2,933,019</u>

THE ALLYNUGGER TEA COMPANY, LIMITED

NOTES TO THE ACCOUNTS (continued)

8. TANGIBLE FIXED ASSETS

	Planted Tea and Rubber	Buildings	Plant and Machinery	Vehicles	Fixtures Fittings Tools and Equipment	Assets in Course of Construction	Total
Fixed assets comprise the following:-							
Valuation 1970 less assets sold and written off	-	105,612	2,754	-	7,456	-	115,822
Valuation 1991	2,308,973	-	-	-	-	-	2,308,973
Cost less assets sold and written off	74,439	613,665	458,498	150,141	383,587	391,103	2,071,433
Exchange adjustments on retranslations	(255,326)	(327,449)	(153,731)	(71,942)	(116,750)	-	(925,198)
Total valuation or cost	2,128,086	391,828	307,521	78,199	274,293	391,103	3,571,030
Aggregate depreciation	(10,238)	(260,624)	(242,866)	(70,342)	(193,462)	-	(777,532)
Net book value at end of year	<u>£2,117,848</u>	<u>£131,204</u>	<u>£64,655</u>	<u>£7,857</u>	<u>£80,831</u>	<u>£391,103</u>	<u>£2,793,498</u>
Net book value at beginning of year	<u>£2,253,002</u>	<u>£136,253</u>	<u>£78,013</u>	<u>£3,328</u>	<u>£85,959</u>	<u>£376,464</u>	<u>£2,933,019</u>

The lease of the land is for a term of 35 years commencing 15th August 1972 with a right to negotiate renewal for a further term. The directors are of the opinion that the company will be granted a renewal by the Government of Bangladesh.

For historical cost purposes, the directors' valuation of fixed assets at 1970 is deemed to be cost, as the actual cost cannot be obtained without unreasonable expense. The planted tea was valued at £369,900 in 1970.

No provision has been made for capital gains tax on the revaluations as it is not the board's intention to sell the plantations.

THE ALLYNUGGER TEA COMPANY, LIMITED

NOTES TO THE ACCOUNTS (continued)

	1998 £	1997 £
9. INVESTMENTS		
Cost at 1 st January	5,332	5,489
(Loss) on currency fluctuation	(390)	(157)
At 31 st December	<u>£4,942</u>	<u>£5,332</u>
Investments at cost include:		
Listed on Dhaka Stock Exchange	<u>£775</u>	<u>£836</u>
Market value	<u>£4,729</u>	<u>£8,885</u>

Investments also include an unlisted investment of 10,056 (1997 - 10,056) shares of Tk.10 each in Chittagong Warehouses Limited, a company incorporated and operating in Bangladesh, representing 5.57% (1997 - 5.57%) of the issued share capital.

10. STOCKS

Stock of tea	262,180	139,763
Stock of rubber	7,091	6,414
Estate stores	153,517	144,638
	<u>£422,788</u>	<u>£290,815</u>

There was no material difference between the replacement cost and value shown in stocks.

11. DEBTORS

Due within one year		
Trade debtors	178,336	177,860
Other debtors	376,512	289,273
Amounts owed by group companies	245,480	34,830
Prepayments and accrued income	7,787	13,096
Interest receivable	305	534
Due in more than one year		
Other debtors	<u>13,070</u>	<u>14,063</u>
	<u>£821,490</u>	<u>£529,656</u>

THE ALLYNUGGER TEA COMPANY, LIMITED

NOTES TO THE ACCOUNTS (continued)

	1998 £	1997 £
12. CREDITORS		
Amounts falling due within one year		
Term loans secured (see note 13)	45,323	60,756
Other creditors	147,724	105,639
Amounts owed to group companies	342,885	68,608
Dividend payable	284,000	366,000
Taxation	110,364	146,938
Interest payable	21,708	24,615
Bank loans and overdraft (secured against hypothecation of crop)	271,273	79,421
	<u>£1,223,277</u>	<u>£851,977</u>

13. CREDITORS

Amounts falling due after more than one year		
Bank loans (secured against certain fixed assets)	<u>£399,480</u>	<u>£479,957</u>
Bank loans include the following amounts repayable over more than five years by instalments		
Aggregate amount of loans	£444,803	£540,713
Amount due beyond five years	£178,905	£289,702

The repayments of bank loans and overdrafts fall
due as follows:

Within 12 months or on demand (included in Creditors: due within one year)	316,596	140,177
Between 1 - 2 years	44,527	48,907
Between 2 - 5 years	176,048	141,348
After 5 years	178,905	289,702
	<u>£716,076</u>	<u>£620,134</u>

14. DIVIDENDS

Preference dividend 4.2%	<u>£2,100</u>	<u>£2,100</u>
Ordinary dividend - proposed	<u>£284,000</u>	<u>£366,000</u>

THE ALLYNUGGER TEA COMPANY, LIMITED

NOTES TO THE ACCOUNTS (continued)

	1998 £	1997 £
15. SHARE CAPITAL		
Authorised		
50,000 6% (now 4.2% plus tax credit) cumulative preference shares of £1 each	50,000	50,000
400,000 Ordinary shares of £1 each	400,000	400,000
	<u>£450,000</u>	<u>£450,000</u>
Allotted, called up and fully paid		
50,000 6% (now 4.2% plus tax credit) cumulative preference shares of £1 each	50,000	50,000
400,000 Ordinary shares of £1 each	400,000	400,000
	<u>£450,000</u>	<u>£450,000</u>
16. RESERVES	Revaluation	Profit and Loss
At 1 st January 1998	1,869,355	296,602
Foreign currency translation gains (losses):		
On net current assets	-	(28,532)
On fixed assets	(163,033)	(81,809)
On depreciation	-	57,592
Retained profit for year	-	63,545
	<u>£1,706,322</u>	<u>£307,398</u>
At 31 st December 1998		
The distribution of retained profits is subject to exchange control permission for remittances from Bangladesh.		
17. CAPITAL COMMITMENTS	1998	1997
Contracted for	<u>£20,573</u>	<u>£41,990</u>
18. LEASING COMMITMENTS		
Annual commitment in respect of operating leases expiring after more than five years:		
Land rent	<u>£9,509</u>	<u>£10,284</u>
Other assets	<u>£96,666</u>	<u>-</u>

19. PARENT COMPANY

The parent company is Longbourne Holdings Limited, a subsidiary of Lawrie Group Plc and the ultimate parent company is Camellia Plc. The accounts of all three companies are filed with the Registrar of Companies, Companies House, Crown Way, Cardiff CF4 3UZ.

THE ALLYNUGGER TEA COMPANY, LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES AND AUDITORS' REPORT

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required by the Companies Act 1985 to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for the financial year. The directors consider that in preparing the accounts, the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates. In addition the directors confirm that the going concern basis is appropriate and all applicable accounting standards have been followed.

The directors have responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy at any time the financial position of the company and which enable them to ensure that the accounts comply with the Companies Act 1985. The directors also have responsibility for safeguarding the assets of the company and for the prevention and detection of fraud and other irregularities.

AUDITORS' REPORT

to the members of The Allynugger Tea Company, Limited

We have audited the accounts on pages five to fifteen which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page eight.

Respective responsibilities of directors and auditors

As described above, the directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

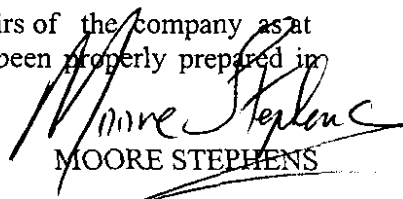
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31st December 1998 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



MOORE STEPHENS

Chartered Accountants
and Registered Auditors

18th May 1999