

37431

THE ALLYNUGGER TEA COMPANY, LIMITED

REPORT AND ACCOUNTS

2006

WEDNESDAY



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COMPANIES HOUSE

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 K MATHUR, F C A
 A R BHUIYA
 M D CONWAY, F C I S

Secretary M D CONWAY, F C I S

Auditors MOORE STEPHENS LLP
 ST PAUL'S HOUSE,
 WARWICK LANE,
 LONDON EC4M 7BP

Bankers DUNCAN LAWRIE LIMITED

Registered Office LINTON PARK,
 LINTON,
 MAIDSTONE,
 KENT ME17 4AB

Registered Number 37431

THE ALLYNUGGER TEA COMPANY, LIMITED

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the one hundred and sixteenth annual general meeting of The Allynugger Tea Company, Limited will be held at Linton Park, Linton, Maidstone, Kent ME17 4AB on Thursday, 21st June 2007 at 2 10 p m. for the following purposes -

- 1 To receive and adopt the directors' report and statement of accounts for the year ended 31st December 2006
2. To re-elect directors
- 3 To re-appoint the auditors and authorise the directors to fix their remuneration

By Order of the Board

M D CONWAY

Secretary

Linton Park,
Linton,
Maidstone,
Kent, ME17 4AB

21st June 2007

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 2006

ACCOUNTS	2006	2004
Profit on ordinary activities before taxation	<u>£680,932</u>	<u>£627,043</u>
Profit on ordinary activities after taxation	<u>£455,049</u>	<u>£365,004</u>
Preference dividend	<u>£3,000</u>	<u>£3,000</u>
Retained profit for year	<u>£452,049</u>	<u>£362,004</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

DIRECTORS

Board

The present board is shown on page one Mr A S M O Subhan retired from the board on 28 February 2007

Mr A K Mathur and Mr A R Bhuiya retire by rotation and, being eligible, offer themselves 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

AUDITORS

Moore Stephens LLP 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

Each of the persons who are directors at the time when this report is approved confirms that

- (a) so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (b) each director has taken all the steps that ought to have been taken as a director, including making appropriate enquiries of fellow directors and of the company's auditors for that purpose, in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information

By Order of the Board



M D. CONWAY
Secretary

21st June 2007

THE ALLYNUGGER TEA COMPANY, LIMITED

INCOME STATEMENT for the year ended 31st December 2006


	Notes	2006 £	2005 £
Revenue - continuing operations	3	1,584,559	1,643,361
Cost of sales		<u>(890,414)</u>	<u>(1,011,125)</u>
Gross profit		694,145	632,236
Net operating expenses	5	<u>(180,501)</u>	<u>(166,985)</u>
Operating profit - continuing operations	4	513,644	465,251
Gains arising from changes in fair value of biological assets	11	74,539	209,933
Investment income	6	25,191	25,886
Profit on disposal of non-current asset		128,040	-
Bank interest receivable		307	1,177
Interest on bank loans and overdrafts		<u>(60,789)</u>	<u>(75,204)</u>
Profit on ordinary activities before taxation		680,932	627,043
Taxation on ordinary activities	8	<u>(225,883)</u>	<u>(262,039)</u>
Profit on ordinary activities after taxation		455,049	365,004
Preference dividend	9	<u>(3,000)</u>	<u>(3,000)</u>
Retained profit for the year	20	<u>452,049</u>	<u>362,004</u>

THE ALLYNUGGER TEA COMPANY, LIMITED

BALANCE SHEET as at 31st December 2006

	Notes	2006	2005
		£	£
NON-CURRENT ASSETS			
Property, plant and equipment	10	182,238	341,970
Biological assets	11	2,255,741	2,525,029
Investments	12	413,754	303,660
		<u>2,851,733</u>	<u>3,170,659</u>
CURRENT ASSETS			
Inventories	13	251,083	273,530
Trade and other receivables	14	161,318	293,012
Cash at bank and in hand		164,593	231,693
		<u>576,994</u>	<u>798,235</u>
CURRENT LIABILITIES			
Borrowings	16	(237,950)	(767,841)
Trade and other payables	15	(261,914)	(301,343)
Current income tax liabilities		(134,755)	(107,317)
		<u>(634,619)</u>	<u>(1,176,501)</u>
NET CURRENT (LIABILITIES)		<u>(57,625)</u>	<u>(378,266)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,794,108	2,792,393
NON-CURRENT LIABILITIES			
Borrowings	16	(43,597)	(74,452)
Deferred tax liabilities	17	(409,866)	(424,381)
		<u>(453,463)</u>	<u>(498,833)</u>
NET ASSETS		<u>£2,340,645</u>	<u>£2,293,560</u>
EQUITY			
Called up share capital	18	400,000	400,000
Reserves	20	1,890,645	1,843,560
		<u>£2,290,645</u>	<u>£2,243,560</u>
NON-EQUITY			
Called up share capital	18	50,000	50,000
		<u>£2,340,645</u>	<u>£2,293,560</u>

Approved on 21st June 2007 by the board of directors and signed on their behalf by


A K MATHUR
Director

THE ALLYNUGGER TEA COMPANY, LIMITED

STATEMENT OF CHANGES IN EQUITY
for the year ended 31st December 2006

	2006 £	2005 £
Retained profit for the year	452,049	362,004
Exchange (losses)/gains	<u>(404,964)</u>	<u>25,253</u>
Net movement in shareholders' funds	47,085	387,257
Opening shareholders' funds	<u>1,843,560</u>	<u>1,456,303</u>
Closing shareholders' funds	<u>£1,890,645</u>	<u>£1,843,560</u>

There are no recognised gains or losses other than those included in the above

THE ALLYNUGGER TEA COMPANY, LIMITED

CASH FLOW STATEMENT
for the year ended 31st December 2006

	Notes	2006 £	2005 £
CASH GENERATED FROM OPERATIONS			
Cash flows from operating activities	19	641,607	417,199
Interest paid		(48,913)	(95,498)
Interest received		271	1,158
Income taxes paid		(164,632)	(119)
Dividends received from associates		25,033	25,714
Dividends received from group companies		158	172
Net cash flow from continuing operating activities		453,524	348,626
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(73,317)	(39,879)
Purchases of biological assets		(66,767)	(79,078)
Purchase of investments		(158,420)	-
Proceeds from sale of property, plant and equipment		243,011	-
Net cash flow from investing activities		(55,493)	(118,957)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan repayments		(25,445)	(29,131)
Net cash flow from financing activities		(25,445)	(29,131)
Net increase in cash and cash equivalents		372,586	200,538
Cash and cash equivalents at beginning of period		(507,742)	(702,736)
Exchange gains/(losses) on cash		80,805	(5,544)
Cash and cash equivalents at end of period		£ (54,351)	£ (507,742)

THE ALLYNUGGER TEA COMPANY, LIMITED

NOTES TO THE ACCOUNTS

1 GENERAL INFORMATION

The Allynugger Tea Company, Limited is a company incorporated in the United Kingdom under the Companies Act 1985

2 ACCOUNTING POLICIES

The company's accounting policies are disclosed below -

a) Basis of Preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and therefore comply with Article 4 of the EU IAS Regulation

b) Foreign currency translation

The presentation currency of the company is pounds sterling, the currency of the country in which the company is incorporated. The operations of the company are based in Bangladesh and the functional currency is Bangladesh takas. The income statement and cash flows are translated into pounds sterling at average exchange rates for the year and balance sheet items are translated at exchange rates ruling at the balance sheet date. Exchange differences arising from translation of the net investment in the foreign operation are taken to shareholders' equity.

c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, value added tax and other sales related taxes and after eliminating intra-group sales. Invoices are raised when goods are despatched or when the risks and rewards of ownership otherwise irrevocably pass to the customer.

d) Property, plant and equipment

Property, plant and equipment (PPE) is shown at cost less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of these assets. On transition to IFRS, the group has followed the transitional provisions and elected that previous UK GAAP revaluations be treated as deemed cost. Subsequent costs are included in the asset's carrying amount, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. Repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Depreciation of assets is calculated to write off their cost less residual value on a straight-line basis over their expected useful lives.

Rates of depreciation are

Buildings	10% to 20%
Plant, machinery and vehicles	20%
Fixtures and Fittings	10% to 18%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is included in the income statement.

THE ALLYNUGGER TEA COMPANY, LIMITED

NOTES TO THE ACCOUNTS

2 ACCOUNTING POLICIES (continued)

e) Biological assets

Biological assets are measured on initial recognition and at each balance sheet date at fair value. Any changes in fair value are recognised in the income statement in the year in which they arise. All costs of planting, upkeep and maintenance of biological assets are set against the fair value movement.

f) Investments

Investments in group and associated companies are included at cost.

g) Impairment of assets

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

h) Inventories

Agricultural produce at the point of harvest is measured at fair value less estimated point-of-sale costs. Any changes arising on initial recognition of agricultural produce at fair value less estimated point-of-sale costs are recognised in the income statement in the year in which they arise.

Other inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and selling expenses.

i) Trade receivables

Trade receivables are carried at original invoice amount less provision made for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms. The amount of the provision is recognised in the income statement.

j) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

k) Borrowings

Interest-bearing bank loans and overdrafts are initially recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis to the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

THE ALLYNUGGER TEA COMPANY, LIMITED

NOTES TO THE ACCOUNTS

l) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than in a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related tax asset is realised or the tax liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

m) Financial instruments

Financial risk management policies are set by the Board. Various financial instruments arise directly from the company's operations, for example cash, trade debtors, trade creditors and accruals, in addition to the company using financial instruments to finance its operations. The company finances its operations by a mixture of retained profits, bank borrowings and long term loans. The objective for the company is to maintain a balance between continuity of funding and flexibility through the use of borrowings, which are regularly reviewed.

n) New standards and interpretations not in force

The following standards and interpretations are in issue but not in force at 31 December 2006

New Standards and Interpretations

IFRS 7	Financial instruments disclosure
IFRS 8	Operating segments
IFRIC 7	Applying the restatement approach under IAS 29
IFRIC 8	Scope of IFRS 2 Share-based payment
IFRIC 9	Reassessment of embedded derivatives
IFRIC 10	Interim financial reporting and impairment
IFRIC 11	Group and treasury share transactions
IFRIC 12	Service concession arrangements

Revisions to existing standards

IAS 1	Changes re capital disclosures
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The directors do not expect the new standards and interpretations, or the revisions to existing standards, to have any impact on the primary financial statements. However

IFRS 7 This standard will require additional disclosures concerning the company's financial instruments, to enable users of the financial statements to appreciate the financial risks to which the company is subject. This standard is effective for accounting periods beginning on or after 1 January 2007.

IAS 1 The revisions to this standard will require additional disclosures, both qualitative and quantitative, concerning the capital of the company. The revisions to this standard are effective for accounting periods beginning on or after 1 January 2007.

THE ALLYNUGGER TEA COMPANY, LIMITED

NOTES TO THE ACCOUNTS (continued)

	2006 £	2005 £
3 REVENUE		
Tea Sales		
Bangladesh	1,422,535	1,501,901
Rubber Sales		
Bangladesh	<u>162,024</u>	<u>141,460</u>
	<u>£ 1,584,559</u>	<u>£ 1,643,361</u>
4 OPERATING PROFIT		
Is stated after charging		
Depreciation of tangible assets	£54,660	£46,735
Hire of plant and machinery	£7,961	£10,483
Remuneration of the auditors	£788	£857
Land rent	£6,007	£6,563
Employee benefit expenditure	<u>£480,723</u>	<u>£444,486</u>
5 NET OPERATING EXPENSES		
Administrative expenses	200,446	168,700
Sundry receipts	<u>(19,945)</u>	<u>(1,715)</u>
	<u>£ 180,501</u>	<u>£ 166,985</u>
6 INVESTMENT INCOME		
Income from listed investments	25,033	25,714
Income from unlisted investments	<u>158</u>	<u>172</u>
	<u>£ 25,191</u>	<u>£ 25,886</u>
7 EMPLOYEES		
Staff costs		
Wages and salaries	454,173	411,438
Pension costs	<u>26,550</u>	<u>33,048</u>
	<u>£ 480,723</u>	<u>£ 444,486</u>
The average number of persons employed by the company was	<u>3,589</u>	<u>3,606</u>

THE ALLYNUGGER TEA COMPANY, LIMITED
NOTES TO THE ACCOUNTS (continued)

7 EMPLOYEES (continued)

None of the directors received remuneration during the year (2005 £nil)

The company makes contributions on behalf of its employees into the Lungla (Sylhet) Tea Company Limited Bangladesh Superannuation Fund. This fund provides pensions to the company's employees and employees of fellow subsidiaries operating in Bangladesh on a defined benefit basis. Disclosures relating to the defined benefit scheme can be found in the accounts of The Lungla (Sylhet) Tea Company Limited.

The charge to the profit and loss account for the year ended 31st December 2006 of £26,550 (2005 £33,048) is based upon contributions in the current year.

At 31st December 2006 the fund was valued as follows

	2006 £	2005 £
Market value of assets	1,199,024	1,234,476
Present value of liabilities	(883,884)	(1,386,905)
Net pension scheme surplus/(deficit)	<u>£ 315,140</u>	<u>£ (152,429)</u>

Valuations were completed by Watson Wyatt India Pvt Ltd

	2006 £	2005 £
8 TAXATION		
(a) Current tax		
UK Corporation tax		
UK Corporation tax at 30% (2005 30%)	156,999	130,756
Double tax relief	<u>(156,999)</u>	<u>(130,756)</u>
	-	-
Foreign tax		
Corporation tax	<u>169,397</u>	<u>128,569</u>
Total current tax	169,397	128,569
Deferred tax		
Overseas	56,486	133,470
Tax on profit on ordinary activities	<u>225,883</u>	<u>262,039</u>

THE ALLYNUGGER TEA COMPANY, LIMITED

NOTES TO THE ACCOUNTS (continued)

8 TAXATION (continued)

(b) Factors affecting tax charge for period

The differences between tax calculated at the standard rate of taxation in the UK of 30% and that charged in the accounts are explained below

	2006 £	2005 £
Profit on ordinary activities before tax	<u>£680,932</u>	<u>£627,043</u>
Profit on ordinary activities multiplied by 30%	204,280	188,113
Effects of		
Income not subject to taxation	(42,495)	(83,921)
Permanent timing differences	10,508	-
Fixed asset timing differences	14,122	133,470
Higher tax rates on overseas earnings	<u>39,468</u>	<u>24,377</u>
	<u>£225,883</u>	<u>£ 262,039</u>

(c) The results of the company's branch in Bangladesh are subject to local taxation at rates in excess of those charged in the UK. Tax losses in Bangladesh can be carried forward and offset against future profits generated by the branch.

The results of the company are subject to taxation in the UK. Where profits arise UK tax arising can be offset through double tax relief against tax payable in Bangladesh and by losses surrendered by other UK companies. There are no UK losses carried forward.

	2006 £	2005 £
9 DIVIDENDS		
Preference dividend	<u>£ 3,000</u>	<u>£ 3,000</u>

THE ALLYNUGGER TEA COMPANY, LIMITED

NOTES TO THE ACCOUNTS (continued)

10 PROPERTY, PLANT AND EQUIPMENT

	Buildings	Plant and Machinery	Vehicles	Fixtures Fittings Tools and Equipment	Total
Cost					
At 1st January 2005	493,245	326,673	73,805	215,802	1,109,525
Currency retranslation	3,892	2,578	582	1,703	8,755
Additions	21,982	12,808	198	4,891	39,879
At 31st December 2005	519,119	342,059	74,585	222,396	1,158,159
Currency retranslation	(75,466)	(57,892)	(11,903)	(35,415)	(180,676)
Additions	16,073	56,342	543	359	73,317
Disposals	(132,684)	-	-	-	(132,684)
At 31st December 2006	<u>£ 327,042</u>	<u>£ 340,509</u>	<u>£ 63,225</u>	<u>£ 187,340</u>	<u>£ 918,116</u>
Depreciation provision					
At 1st January 2005	265,131	265,473	55,472	177,354	763,430
Currency retranslation	2,092	2,095	438	1,399	6,024
Provision for the year	17,412	21,270	3,831	4,222	46,735
At 31st December 2005	284,635	288,838	59,741	182,975	816,189
Currency retranslation	(46,020)	(48,180)	(9,680)	(29,251)	(133,131)
Provision for the year	13,608	36,098	2,817	2,137	54,660
Disposals	(1,840)	-	-	-	(1,840)
At 31st December 2006	<u>£ 250,383</u>	<u>£ 276,756</u>	<u>£ 52,878</u>	<u>£ 155,861</u>	<u>£ 735,878</u>
Net book value					
At 31st December 2006	<u>£ 76,659</u>	<u>£ 63,753</u>	<u>£ 10,347</u>	<u>£ 31,479</u>	<u>£ 182,238</u>
Net book value					
At 31st December 2005	<u>£ 234,484</u>	<u>£ 53,221</u>	<u>£ 14,844</u>	<u>£ 39,421</u>	<u>£ 341,970</u>

THE ALLYNUGGER TEA COMPANY, LIMITED

NOTES TO THE ACCOUNTS (continued)

11 BIOLOGICAL ASSETS

	Tea	Other horticulture	Total
Fair value			
At 1 January 2005	1,592,711	620,349	2,213,060
Exchange differences	9,759	13,199	22,958
Increases due to purchases	79,078	-	79,078
Gains arising from changes in fair value less estimated point-of-sale costs	190,811	19,122	209,933
At 1 January 2006	1,872,359	652,670	2,525,029
Exchange differences	(303,216)	(107,287)	(410,503)
Increases due to purchases	57,463	9,213	66,676
Gains arising from changes in fair value less estimated point-of-sale costs	28,006	46,533	74,539
At 31 December 2006	1,654,612	601,129	2,255,741

Other horticulture comprises rubber production

Biological assets are carried at fair value less estimated point-of-sale costs. Where meaningful market-determined prices do not exist to assess the fair value of biological assets, the fair value has been determined based on the net present value of expected future cash flows from those assets, discounted at appropriate pre-tax rates. In determining the fair value of biological assets where the discounting of expected future cash flows has been used, the directors have made certain assumptions about expected life-span of the plantings, yields, selling prices and costs.

The discount rates used reflect the cost of capital, an assessment of country risk and the risks associated with individual crops. The discount rates used are

	Tea	Rubber
2006	12.50%	12.00%
2005	12.50%	12.00%

THE ALLYNUGGER TEA COMPANY, LIMITED

NOTES TO THE ACCOUNTS (continued)

11 BIOLOGICAL ASSETS (continued)

The areas planted to the various crop types at the end of the year were

	2006 Hectares	2005 Hectares
Tea	1,524	1,504
Rubber	308	265

Output of agricultural produce during the year was

	2006 Metric tonnes	2005 Metric tonnes
Tea	2,433	2,403
Rubber	217	190

	2006 £	2005 £
Fair value of agricultural output after deducting estimated point-of-sale costs	2,037,369	1,751,785

THE ALLYNUGGER TEA COMPANY, LIMITED

NOTES TO THE ACCOUNTS (continued)

	2006 £	2005 £
12 INVESTMENTS		
Cost at 1st January	303,660	301,283
(Loss)/gain on currency fluctuation	(48,326)	2,377
Additions	<u>158,420</u>	<u>-</u>
At 31st December	<u>£ 413,754</u>	<u>£ 303,660</u>
Investments at cost include		
Listed on Dhaka Stock Exchange	<u>£ 252,848</u>	<u>£ 300,703</u>
Market value	<u>£ 591,834</u>	<u>£ 725,566</u>
Investments consist of		
Subsidiaries of group	160,906	2,957
Associates of group	<u>252,848</u>	<u>300,703</u>
	<u>£ 413,754</u>	<u>£ 303,660</u>
13 INVENTORIES		
Stock of tea	181,457	195,109
Stock of rubber	5,313	10,855
Estate stores	<u>64,313</u>	<u>67,566</u>
-	<u>£ 251,083</u>	<u>£ 273,530</u>
There was no material difference between the replacement cost and value shown in stocks		
14 TRADE AND OTHER RECEIVABLES		
Due within one year		
Trade debtors	73,320	130,719
Other debtors	9,704	6,424
Amounts owed by group companies	54,028	127,585
Prepayments and accrued income	12,532	15,095
Interest receivable	33	48
Due in more than one year		
Other debtors	<u>11,701</u>	<u>13,141</u>
	<u>£ 161,318</u>	<u>£ 293,012</u>

THE ALLYNUGGER TEA COMPANY, LIMITED

NOTES TO THE ACCOUNTS (continued)

	2006 £	2005 £
15 TRADE AND OTHER PAYABLES		
Amounts falling due within one year		
Other creditors	136,078	195,032
Amounts owed to group companies	101,967	91,181
Interest payable	23,869	15,130
	<u>£ 261,914</u>	<u>£ 301,343</u>
16 BORROWINGS		
Current		
Bank overdraft (secured against hypothecation of crop)	218,944	739,435
Term loans secured	19,006	28,406
	<u>237,950</u>	<u>767,841</u>
Non-current		
Bank loans (secured against property, plant and equipment and biological assets)	43,597	74,452
	<u>£ 281,547</u>	<u>£ 842,293</u>
Bank loans include the following amounts repayable over more than five years by instalments		
Aggregate amount of loans	£62,603	£102,858
Amount due beyond five years	£19,255	£29,137
The repayments of bank loans and overdrafts fall due as follows		
Within 12 months or on demand	237,950	767,841
Between 1 - 2 years	6,878	22,603
Between 2 - 5 years	17,464	22,712
After 5 years	19,255	29,137
	<u>£ 281,547</u>	<u>£ 842,293</u>
Interest rates vary from 9% per annum to 12% per annum		
17 DEFERRED TAX		
At 1 January	424,381	285,167
Exchange differences	(71,001)	5,744
Charged in income statement	56,486	133,470
At 31 December	<u>£ 409,866</u>	<u>£ 424,381</u>

The deferred tax liability at the start and end of the year relates to timing differences on the fair value of biological assets

THE ALLYNUGGER TEA COMPANY, LIMITED

NOTES TO THE ACCOUNTS (continued)

	2006	2005
	£	£
18 SHARE CAPITAL		
Authorised		
50,000 6% 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% 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>
19 RECONCILIATION OF PROFIT FROM OPERATIONS TO CASH FLOW		
Profit from operations	513,644	465,251
Depreciation	54,660	46,735
(Increase) in inventories	(21,084)	(13,961)
Decrease/(increase) in debtors	31,803	(22,794)
(Decrease)/increase in creditors	(27,916)	30,884
Change in intra-group balances	78,549	(97,213)
Exchange adjustments on operating profits	11,951	8,297
Cash flow from operating activities	<u>£ 641,607</u>	<u>£ 417,199</u>
20 RESERVES		Reserves
		£
At 1st January 2006		1,456,303
Foreign currency translation gains		25,253
Retained profit for year		<u>362,004</u>
At 1st January 2006		1,843,560
Foreign currency translation (losses)		(404,964)
Retained profit for year		<u>452,049</u>
At 31st December 2006		<u>1,890,645</u>
The distribution of retained profits is subject to exchange control permission for remittances from Bangladesh. Withholding tax at the rate of 15% (2005 15%) is charged when profits are remitted. Cumulative exchange losses amount to £549,717 (2005 £144,753).		
21 CAPITAL COMMITMENTS	2006	2005
Contracted for	<u>£ 29,547</u>	<u>£ 111,839</u>
22 LEASING COMMITMENTS		
Total commitment in respect of operating leases are		
Other assets - leases expire within one year	2,491	8,887
- leases expires between 2 to 5 years	-	2,963
	<u>£ 2,491</u>	<u>£ 11,850</u>

THE ALLYNUGGER TEA COMPANY, LIMITED

NOTES TO THE ACCOUNTS (continued)

23 PARENT COMPANY

The ultimate parent company at 31st December 2006 was Camellia Plc which is registered in England and Wales. The consolidated financial statements of Camellia Plc can be obtained from the Company's registered office at Linton Park, Linton, Maidstone, Kent, ME17 4AB.

24 CONTROL OF CAMELLIA PLC

Camellia Holding AG holds 1,426,000 ordinary shares of Camellia Plc (representing 51.30 per cent of the total voting rights). Camellia Holding AG is owned by The Camellia Private Trust Company Ltd (a private trust company incorporated under the laws of Bermuda to act as trustee of the Camellia Foundation). The Camellia Foundation is a Bermudian Trust, the income of which is utilised for charitable, educational and humanitarian causes at the discretion of the Trustees.

25 RELATED PARTY TRANSACTIONS

The company was charged £157,221 (charged 2005: £241,432) by group companies during the year in respect of inter group sales and recharges which are included within cost of sales.

THE ALLYNUGGER TEA COMPANY, LIMITED

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.

INDEPENDENT AUDITORS' REPORT
to the Shareholders of The Allynugger Tea Company, Limited

We have audited the financial statements of The Allynugger Tea Company, Limited for the year ended 31st December 2006 set out on pages four to twenty. These financial statements have been prepared under the accounting policies set out on pages eight to ten.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, 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 financial statements 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 financial statements.

Opinion

In our opinion

- the financial statements give a true and fair view in accordance with IFRSs of the state of the company's affairs as at 31st December 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.


MOORE STEPHENS LLP

Chartered Accountants
and Registered Auditors

21st June 2007