

THE ALLYNUGGER TEA COMPANY, LIMITED

REPORT AND ACCOUNTS

2008

TUESDAY



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28/07/2009

COMPANIES HOUSE

179

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.
I. AHMED

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 eighteenth annual general meeting of The Allynugger Tea Company, Limited will be held at Linton Park, Linton, Maidstone, Kent ME17 4AB on Thursday 28th May 2009 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 2008
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

28th May 2009

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 2008.

ACCOUNTS	2008	2007
Profit on ordinary activities before taxation	<u>£1,422,383</u>	<u>£409,950</u>
Profit on ordinary activities after taxation	<u>£1,054,661</u>	<u>£227,732</u>
Preference dividend	<u>£3,000</u>	<u>£3,000</u>
Retained profit for year	<u>£1,051,661</u>	<u>£224,732</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.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

28th May 2009

THE ALLYNUGGER TEA COMPANY, LIMITED

INCOME STATEMENT for the year ended 31st December 2008

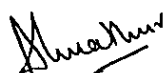
	Notes	2008 £	2007 £
Revenue - continuing operations	3	1,705,000	1,373,130
Cost of sales		<u>(1,085,310)</u>	<u>(914,010)</u>
Gross profit		619,690	459,120
Net operating expenses	5	<u>(142,523)</u>	<u>(129,546)</u>
Operating profit - continuing operations	4	477,167	329,574
Gains arising from changes in fair value of biological assets	11	512,972	89,002
Investment income	6	16,745	15,401
Profit on disposal of non-current asset		449,303	-
Bank interest receivable		451	232
Interest on bank loans and overdrafts		<u>(34,255)</u>	<u>(24,259)</u>
Profit on ordinary activities before taxation		1,422,383	409,950
Taxation on ordinary activities	8	<u>(367,722)</u>	<u>(182,218)</u>
Profit on ordinary activities after taxation		1,054,661	227,732
Preference dividend	9	<u>(3,000)</u>	<u>(3,000)</u>
Retained profit for the year	20	<u>£ 1,051,661</u>	<u>£ 224,732</u>

THE ALLYNUGGER TEA COMPANY, LIMITED

BALANCE SHEET as at 31st December 2008

	Notes	2008		2007	
		£	£	£	£
NON-CURRENT ASSETS					
Property, plant and equipment	10		237,180		175,261
Biological assets	11		3,963,460		2,332,333
Investments	12		<u>1,462,458</u>		<u>404,054</u>
			5,663,098		2,911,648
CURRENT ASSETS					
Inventories	13	431,415		211,627	
Trade and other receivables	14	549,214		212,939	
Cash at bank and in hand		<u>1,256,957</u>		<u>166,483</u>	
		<u>2,237,586</u>		<u>591,049</u>	
CURRENT LIABILITIES					
Borrowings	15	1,695,128		244,874	
Trade and other payables	16	259,380		152,139	
Current income tax liabilities		<u>262,034</u>		<u>107,142</u>	
		<u>2,216,542</u>		<u>504,155</u>	
NET CURRENT ASSETS/(LIABILITIES)			<u>21,044</u>		<u>86,894</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			5,684,142		2,998,542
NON-CURRENT LIABILITIES					
Borrowings	15	41,003		35,859	
Deferred tax liabilities	17	<u>856,270</u>		<u>452,047</u>	
			897,273		487,906
NET ASSETS			<u>£ 4,786,869</u>		<u>£ 2,510,636</u>
EQUITY					
Called up share capital	18		400,000		400,000
Reserves	20		<u>4,336,869</u>		<u>2,060,636</u>
			4,736,869		2,460,636
NON-EQUITY					
Called up share capital	18		<u>50,000</u>		<u>50,000</u>
			<u>£ 4,786,869</u>		<u>£ 2,510,636</u>

Approved on 28th May 2009 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 2008

	2008 £	2007 £
Retained profit for the year	1,051,661	224,732
Exchange gains (losses)	<u>1,224,572</u>	<u>(54,741)</u>
Net movement in shareholders' funds	2,276,233	169,991
Opening shareholders' funds	<u>2,460,636</u>	<u>2,290,645</u>
Closing shareholders' funds	<u>£ 4,736,869</u>	<u>£ 2,460,636</u>

THE ALLYNUGGER TEA COMPANY, LIMITED

CASH FLOW STATEMENT

for the year ended 31st December 2008

	Notes	2008 £	2007 £
CASH GENERATED FROM OPERATIONS			
Cash flows from operating activities	19	200,326	255,701
Interest paid		(41,200)	(39,955)
Interest received		271	303
Income taxes paid		(105,012)	(154,861)
Dividends received from associates		16,745	15,401
Net cash flow from continuing operating activities		71,130	76,589
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(30,285)	(35,636)
Purchases of biological assets		(36,136)	(40,926)
Purchase of investments		(884,473)	-
Proceeds from sale of fixed asset investments		633,575	-
Net cash flow from investing activities		(317,319)	(76,562)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to group companies		(3,000)	-
Loan repayments		(7,320)	(18,625)
Net cash flow from financing activities		(10,320)	(18,625)
Net (decrease)/increase in cash and cash equivalents		(256,509)	(18,598)
Cash and cash equivalents at beginning of period		(71,675)	(54,351)
Exchange adjustment on cash		(100,878)	1,274
Cash and cash equivalents at end of period		£ (429,062)	£ (71,675)

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. Invoices are raised when goods are despatched or when the risks and rewards of ownership otherwise irrevocably passes 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.

THE ALLYNUGGER TEA COMPANY, LIMITED

NOTES TO THE ACCOUNTS

2. ACCOUNTING POLICIES (continued)

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.

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 2008:

New Standards and Interpretations

IFRIC 15	Agreements on the construction of real estate
IFRIC 16	Hedges of a net investment in a foreign operation
IFRIC 17	Distributions of non-cash assets to owners
IFRS 8	Operating segments

These pronouncements are unlikely to have a material impact on the financial statements.

THE ALLYNUGGER TEA COMPANY, LIMITED

NOTES TO THE ACCOUNTS

2. ACCOUNTING POLICIES (continued)

n) New standards and interpretations not in force (continued)

A large number of existing standards and interpretations were revised during the year, many as a result of the IASB's annual improvement project for 2007, published in May 2008. Most of the new standards and interpretations and changes to existing standards will have no impact on the financial statements. However the following should be noted:

IAS 1 Presentation of financial statements

The revisions to this standard will prohibit the presentation of items of income and expenditure within the statement of changes in equity. All items of income and expenditure will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the 'statement of comprehensive income') or two statements (the 'income statement' and 'statement of comprehensive income'). Also, where entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the beginning of the comparative period in addition to the current requirement to present balance sheets at the end of the current period and the comparative period. The revisions to this standard are effective for accounting periods beginning on or after 1 January 2009.

IAS 23 Borrowing costs

The revisions to this standard will require capitalisation of borrowing costs incurred on qualifying assets together with transitional provisions for companies who have previously written off such costs. The company's current accounting policy is to expense all borrowing costs as they are incurred. The revisions to this standard are effective for accounting periods beginning on or after 1 January 2009.

IAS 41 Agriculture

The revisions to this standard allow the use of either pre or post tax discount rates when measuring fair values. The IASB has also clarified that the impact of additional biological transformation or harvest may be taken into account in determining cash flows for the purpose of estimating fair values. The revisions to this standard are effective for accounting periods beginning on or after 1 January 2009.

The changes to IAS 23 and IAS 41 are not retrospective and the impact on future financial statements is not reasonably estimable.

3. REVENUE	2008 £	2007 £
Bangladesh		
Tea Sales	1,570,667	1,242,639
Rubber Sales	134,333	130,491
	<u>£ 1,705,000</u>	<u>£ 1,373,130</u>

THE ALLYNUGGER TEA COMPANY, LIMITED

NOTES TO THE ACCOUNTS

	2008	2007
	£	£
4. OPERATING PROFIT		
Is stated after charging:		
Depreciation of tangible assets	£36,326	£38,350
Hire of plant and machinery	£0	£2,441
Remuneration of the auditors	£787	£725
Land rent	£6,413	£5,480
Employee benefit expenditure	<u>£520,552</u>	<u>£451,069</u>
5. NET OPERATING EXPENSES		
Administrative expenses	143,740	137,415
Sundry receipts	<u>(1,217)</u>	<u>(7,869)</u>
	<u>£ 142,523</u>	<u>£ 129,546</u>
6. INVESTMENT INCOME		
Income from listed investments	<u>£ 16,745</u>	<u>£ 15,401</u>
7. EMPLOYEES - Staff costs:		
Wages and salaries	488,684	421,289
Pension costs	<u>31,868</u>	<u>29,780</u>
	<u>£ 520,552</u>	<u>£ 451,069</u>
The average number of persons employed by the company was:	<u>3,604</u>	<u>3,606</u>

No compensation was paid to directors or key management by the company. Costs in respect of the directors and key management are paid by other group companies.

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 2008 of £31,868 (2007: £29,780) is based upon contributions in the current year.

At 31st December 2008 the fund was valued as follows:

	2008	2007
	£	£
Market value of assets	2,079,225	1,323,453
Present value of liabilities	<u>(1,316,169)</u>	<u>(783,642)</u>
Net pension scheme surplus	<u>£ 763,056</u>	<u>£ 539,811</u>

Valuations were completed by Watson Wyatt India Pvt. Ltd..

THE ALLYNUGGER TEA COMPANY, LIMITED

NOTES TO THE ACCOUNTS

8. TAXATION	2008 £	2007 £
(a) Current tax		
UK Corporation tax:		
UK Corporation tax at 28% (2007: 30%)	113,231	106,362
Double tax relief	<u>(113,231)</u>	<u>(106,362)</u>
	-	-
Foreign tax:		
Corporation tax	186,705	130,247
Adjustment in respect of previous years	<u>5,895</u>	<u>-</u>
Total current tax	192,600	130,247
Deferred tax:		
Overseas	<u>175,122</u>	<u>51,971</u>
Tax on profit on ordinary activities	<u>£ 367,722</u>	<u>£ 182,218</u>

(b) Factors affecting tax charge for period

The differences between tax calculated at the standard rate of taxation in the UK of 28% (2007: 30%) and that charged in the accounts are explained below:

	2008 £	2007 £
Profit on ordinary activities before tax	<u>£1,422,383</u>	<u>£409,950</u>
Profit on ordinary activities multiplied by 28% (2007:30%)	398,267	122,985
Effects of:		
Income not subject to taxation	(174,543)	(2,679)
Expenditure not deductible for tax purposes	7,549	2,055
Higher tax rates on overseas earnings	130,554	59,857
Prior year adjustment	<u>5,895</u>	<u>-</u>
	<u>£ 367,722</u>	<u>£ 182,218</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.

9. DIVIDENDS	2008 £	2007 £
Preference dividend	<u>£ 3,000</u>	<u>£ 3,000</u>

THE ALLYNUGGER TEA COMPANY, LIMITED

NOTES TO THE ACCOUNTS

10. PROPERTY, PLANT AND EQUIPMENT

	Buildings £	Plant and Machinery £	Vehicles £	Fixtures Fittings Tools and Equipment £	Total £
Cost					
At 1st January 2007	327,042	340,509	63,225	187,340	918,116
Currency retranslation	(7,709)	(8,042)	(1,503)	(4,394)	(21,648)
Additions	12,116	17,165	5,748	607	35,636
At 31st December 2007	331,449	349,632	67,470	183,553	932,104
Currency retranslation	136,316	139,981	30,838	72,026	379,161
Additions	13,673	6,645	9,361	606	30,285
At 31st December 2008	<u>£ 481,438</u>	<u>£ 496,258</u>	<u>£ 107,669</u>	<u>£ 256,185</u>	<u>£ 1,341,550</u>
Depreciation provision					
At 1st January 2007	250,383	276,756	52,878	155,861	735,878
Currency retranslation	(5,912)	(6,562)	(1,251)	(3,660)	(17,385)
Provision for the year	11,990	21,333	3,222	1,805	38,350
At 31st December 2007	256,461	291,527	54,849	154,006	756,843
Currency retranslation	104,281	118,792	23,116	65,012	311,201
Provision for the year	12,999	16,865	4,672	1,790	36,326
At 31st December 2008	<u>£ 373,741</u>	<u>£ 427,184</u>	<u>£ 82,637</u>	<u>£ 220,808</u>	<u>£ 1,104,370</u>
Net book value					
At 31st December 2008	<u>£ 107,697</u>	<u>£ 69,074</u>	<u>£ 25,032</u>	<u>£ 35,377</u>	<u>£ 237,180</u>
Net book value					
At 31st December 2007	<u>£ 74,988</u>	<u>£ 58,105</u>	<u>£ 12,621</u>	<u>£ 29,547</u>	<u>£ 175,261</u>

THE ALLYNUGGER TEA COMPANY, LIMITED

NOTES TO THE ACCOUNTS

11. BIOLOGICAL ASSETS

	Tea	Other horticulture	Total
Fair value			
At 1 January 2007	1,654,612	601,129	2,255,741
Exchange differences	(38,865)	(14,471)	(53,336)
Increases due to purchases	34,800	6,126	40,926
(Losses)/gains arising from changes in fair value less estimated point-of-sale costs	<u>(13,369)</u>	<u>102,371</u>	<u>89,002</u>
At 1 January 2008	1,637,178	695,155	2,332,333
Exchange differences	733,518	348,501	1,082,019
Increases due to purchases	31,897	4,239	36,136
Gains arising from changes in fair value less estimated point-of-sale costs	<u>261,407</u>	<u>251,565</u>	<u>512,972</u>
At 31 December 2008	<u>£ 2,664,000</u>	<u>£ 1,299,460</u>	<u>£ 3,963,460</u>

Other horticulture comprises rubber production.

Biological assets are carried at fair value. At 31st December 2008 professional valuations were obtained for all biological assets. Prior to this, biological assets were valued using the net present value of expected future cashflows.

THE ALLYNUGGER TEA COMPANY, LIMITED

NOTES TO THE ACCOUNTS

11. BIOLOGICAL ASSETS (continued)

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

	2008 Hectares	2007 Hectares
Tea	1,501	1,529
Rubber	<u>313</u>	<u>305</u>

Output of agricultural produce during the year was:

	Metric tonnes	Metric tonnes
Tea	1,795	2,015
Rubber	<u>163</u>	<u>161</u>

£

£

Fair value of agricultural output after deducting
estimated point-of-sale costs

£ 1,676,164

£ 1,346,918

THE ALLYNUGGER TEA COMPANY, LIMITED

NOTES TO THE ACCOUNTS

	2008	2007
	£	£
12. INVESTMENTS		
Cost at 1st January	404,054	413,754
Gain (loss) on currency fluctuation	358,204	(9,700)
Additions	884,473	-
Disposals	(184,273)	-
At 31st December	<u>£ 1,462,458</u>	<u>£ 404,054</u>
Investments at cost include:		
Listed on Dhaka Stock Exchange	<u>£ 108,791</u>	<u>£ 246,920</u>
Market value	<u>£ 1,043,523</u>	<u>£ 765,830</u>
Investments consist of:		
Subsidiaries of group	1,353,667	157,134
Associates of group	<u>108,791</u>	<u>246,920</u>
	<u>£ 1,462,458</u>	<u>£ 404,054</u>
13. INVENTORIES		
Stock of tea	234,084	125,659
Stock of rubber	34,229	14,562
Estate stores	<u>163,102</u>	<u>71,406</u>
	<u>£ 431,415</u>	<u>£ 211,627</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	163,582	73,317
Other debtors	8,850	11,821
Amounts owed by group companies	342,709	104,065
Prepayments and accrued income	18,052	12,271
Interest receivable	283	38
Due in more than one year		
Other debtors	<u>15,738</u>	<u>11,427</u>
	<u>£ 549,214</u>	<u>£ 212,939</u>

No provision for bad debts was made at 31 December 2008 (2007: £nil). No trade debtors were past their due date at 31 December 2008 (2007: £nil).

THE ALLYNUGGER TEA COMPANY, LIMITED

NOTES TO THE ACCOUNTS

	2008	2007
	£	£
15. BORROWINGS		
Current:		
Bank overdraft (secured against		
hypothecation of crop)	1,686,019	238,158
Term loans secured	9,109	6,717
	<u>1,695,128</u>	<u>244,875</u>
Non-current:		
Bank loans (secured against property,		
plant and equipment and biological assets)	41,003	35,859
	<u>£ 1,736,131</u>	<u>£ 280,734</u>
Bank loans include the following amounts repayable		
over more than five years by instalments		
Aggregate amount of loans	£41,003	£28,893
Amount due beyond five years	£12,111	£13,683
The repayments of bank loans and overdrafts fall		
due as follows:		
Within 12 months or on demand	1,695,128	244,875
Between 1 - 2 years	7,567	6,518
Between 2 - 5 years	21,325	15,658
After 5 years	12,111	13,683
	<u>£ 1,736,131</u>	<u>£ 280,734</u>
Interest rates vary from 9% per annum to 12% per annum.		
16. TRADE AND OTHER PAYABLES		
Amounts falling due within one year		
Other creditors	216,400	135,128
Amounts owed to group companies	40,464	8,838
Interest payable	2,516	8,173
	<u>£ 259,380</u>	<u>£ 152,139</u>
17. DEFERRED TAX		
At 1 January	452,047	409,866
Exchange differences	229,101	(9,790)
Charged in income statement	175,122	51,971
At 31 December	<u>£ 856,270</u>	<u>£ 452,047</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

	2008	2007
	£	£
18. SHARE CAPITAL		
Authorised, 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	477,167	329,574
Depreciation	36,326	38,350
(Increase)/decrease in inventories	(105,811)	33,570
(Increase)/decrease in debtors	(42,213)	(4,094)
Increase/(decrease) in creditors	21,495	49,800
Change in intra-group balances	(131,934)	(142,042)
Exchange adjustments	<u>(54,704)</u>	<u>(49,457)</u>
Cash flow from operating activities	<u>£ 200,326</u>	<u>£ 255,701</u>
20. RESERVES		
At 1st January	2,060,636	1,890,645
Foreign currency translation gains (losses)	1,224,572	(54,741)
Retained profit for year	<u>1,051,661</u>	<u>224,732</u>
At 31st December	<u>£ 4,336,869</u>	<u>£ 2,060,636</u>
The distribution of retained profits is subject to exchange control permission for remittances from Bangladesh. Withholding tax at the rate of 15% (2007: 15%) is charged when profits are remitted. Cumulative exchange gains amount to £620,114 (2007: losses £604,458).		
21. CAPITAL COMMITMENTS	2008	2007
Contracted for	<u>£ Nil</u>	<u>£ 22,625</u>
22. LEASING COMMITMENTS		
Total commitment in respect of operating leases are:		
Other assets - leases expire within one year	<u>£ Nil</u>	<u>£ 4,173</u>

THE ALLYNUGGER TEA COMPANY, LIMITED

NOTES TO THE ACCOUNTS

23. FINANCIAL INSTRUMENTS

Capital risk management

The company manages its capital to ensure it will be able to continue as a going concern, while maximising the return to stakeholders through the optimisation of its debt and equity balance. The capital structure of the company consists of debt, which includes the borrowings disclosed in note 15, cash and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

Categories of financial instruments

	Carrying value	
	2008	2007
Financial assets	£	£
Cash at bank and in hand	1,256,957	166,483
Trade and other receivables	531,162	200,668
Investments	1,462,458	404,054
	<u>£ 3,250,577</u>	<u>£ 771,205</u>
Financial liabilities		
Trade and other payables	259,380	152,139
Borrowings	1,736,131	280,734
	<u>£ 1,995,511</u>	<u>£ 432,873</u>

Financial risk management objectives

The company finances its operations by a mixture of retained profits, bank borrowings and long-term loans. The objective is to maintain a balance between continuity of funding and flexibility, through the use of borrowings. To achieve this, the borrowings and facilities are regularly reviewed. The company also seeks to maintain sufficient undrawn committed borrowing facilities to provide flexibility in the management of the company's liquidity.

(A) Market risk

(i) Foreign exchange risk

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

(ii) Price risk

The company's exposure to price risk is not significant.

(iii) Cash flow and interest rate risk

The company's interest rate risk arises from interest-bearing assets and short and long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest rate risk. The company has no fixed rate exposure.

(B) Credit risk

The company has policies in place to limit its exposure to credit risk. Credit risk arises from cash at bank, as well as credit exposures to customers, including outstanding receivables and committed transactions. Management assesses the credit quality of the customer taking into account its financial position, past experience and other factors and monitors the utilisation of credit limits regularly.

(C) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors. The company manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

THE ALLYNUGGER TEA COMPANY, LIMITED

NOTES TO THE ACCOUNTS (continued)

24. PARENT COMPANY

The ultimate parent company at 31st December 2008 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.

25. CONTROL OF CAMELLIA PLC

Camellia Holding AG holds 1,427,000 ordinary shares of 10 pence each in Camellia Plc (representing 51.34 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.

26. RELATED PARTY TRANSACTIONS

The company was charged £252,382 (2007: £122,636) 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 2008 set out on pages four to twenty-one. These financial statements have been prepared under the accounting policies set out on pages eight to eleven.

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 2008 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

3rd July 2009