

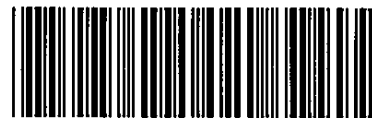
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**THE ALLYNUGGER TEA COMPANY, LIMITED**

**REPORT AND ACCOUNTS**

**31st December 2010**

THURSDAY



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# 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 J FIELD  
A K MATHUR, F C A  
A R BHUIYA  
I AHMED

### Company Secretary

A K MATHUR, F C A

### Independent Auditors

PRICEWATERHOUSECOOPERS LLP  
CHARTERED ACCOUNTANTS AND  
STATUTORY AUDITORS  
1 EMBANKMENT PLACE  
LONDON WC2N 6RH

### Registered Office

LINTON PARK  
LINTON  
MAIDSTONE  
KENT ME17 4AB

### Registered Number

37431

## THE ALLYNUGGER TEA COMPANY, LIMITED

### REPORT OF THE DIRECTORS

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The directors present their report together with the audited accounts for the year ended 31 December 2010

#### Principal Activities

The principal activity of the company is the growing and manufacturing of tea and rubber in Bangladesh

#### Results and dividends

The profit for the financial year amounted to £1,521,070 (2009 £765,700) A dividend of £900,000 (2009 £Nil) was paid during the year

#### Directors

The directors of the company, who are listed on page one, were all directors for the year and remain in office Mr M D Conway resigned as director and company secretary on 29th March 2011, and Mr A K Mathur was appointed company secretary in his place

#### Review of business and changes in corporate structure

The company is part of the Camellia Plc group and undertakes its principal activities through a branch in Bangladesh

#### Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent, and
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

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

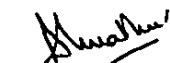
#### Disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are not aware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant information and to establish that the company's auditors are aware of that information

#### Independent Auditors

PricewaterhouseCoopers LLP have indicated that they will be seeking re-appointment as auditor at the forthcoming annual general meeting

This report was approved by order of the board on 12th July 2011



A K Mathur  
Company Secretary

## THE ALLYNUGGER TEA COMPANY, LIMITED

### Independent auditors' report to the members of The Allynugger Tea Company, Limited

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We have audited the financial statements of The Allynugger Tea Company, Limited for the year ended 31 December 2010 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

#### Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

#### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

#### Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit and cash flows for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

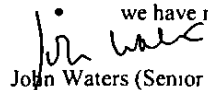
#### Opinion on other matter prescribed by the Companies Act 2006

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

#### Matters on which we are required to report by exception

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

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

  
John Waters (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

16th July 2011

**THE ALLYNUGGER TEA COMPANY, LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME**  
for the year ended 31st December 2010

	Note	2010 £	2009 £
Revenue - continuing operations	2	3,863,902	2,570,347
Cost of sales		<u>(1,722,245)</u>	<u>(1,359,754)</u>
Gross profit		2,141,657	1,210,593
Net operating expenses	4	<u>(158,257)</u>	<u>(190,137)</u>
Operating profit - continuing operations	3	1,983,400	1,020,456
Gains arising from changes in fair value of biological assets	9	425,866	203,460
Investment income	5	13,633	36,912
Profit on disposal of non-current asset		-	-
Finance income		13,184	2,346
Finance costs		<u>(34,300)</u>	<u>(43,278)</u>
Profit on ordinary activities before taxation		2,401,783	1,219,896
Taxation	7	<u>(880,713)</u>	<u>(454,196)</u>
Profit for the year		1,521,070	765,700
Other comprehensive income (expense)			
Foreign exchange translation differences		<u>59,820</u>	<u>(552,472)</u>
Total comprehensive income for the year		<u>1,580,890</u>	<u>213,228</u>

**THE ALLYNUGGER TEA COMPANY, LIMITED**

Registered number 37431

**BALANCE SHEET**  
 as at 31st December 2010

	Note	2010	2009
		£	£
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	162,892	187,099
Biological assets	9	4,273,899	3,752,210
Investments	10	<u>2,218,718</u>	<u>1,295,485</u>
		6,655,509	5,234,794
<b>CURRENT ASSETS</b>			
Inventories	11	378,858	418,077
Trade and other receivables	12	292,183	733,632
Cash at bank and in hand		<u>1,047,688</u>	<u>761,165</u>
		<u>1,718,729</u>	<u>1,912,874</u>
<b>CURRENT LIABILITIES</b>			
Borrowings	13	631,680	716,504
Trade and other payables	14	388,847	220,144
Current income tax liabilities		<u>612,127</u>	<u>332,322</u>
		<u>1,632,654</u>	<u>1,268,970</u>
<b>NET CURRENT ASSETS</b>		<u>86,075</u>	<u>643,904</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		6,741,584	5,878,698
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	13	23,598	29,618
Deferred tax liabilities	15	<u>1,036,999</u>	<u>848,983</u>
		<u>1,060,597</u>	<u>878,601</u>
<b>NET ASSETS</b>		<u>5,680,987</u>	<u>5,000,097</u>
<b>EQUITY</b>			
Called up share capital	16	400,000	400,000
Reserves		<u>5,230,987</u>	<u>4,550,097</u>
		5,630,987	4,950,097
<b>NON-EQUITY</b>			
Called up share capital	16	<u>50,000</u>	<u>50,000</u>
		<u>5,680,987</u>	<u>5,000,097</u>

The notes on pages 8 to 20 form part of the financial statements

 Approved on 12th July 2011 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 2010

	Called up Share Capital £	Reserves £	Total Equity £
At 1 January 2009	400,000	4,336,869	4,736,869
Comprehensive income for the year	-	213,228	213,228
At 1 January 2010	400,000	4,550,097	4,950,097
Dividend		(900,000)	(900,000)
Comprehensive income for the year	-	1,580,890	1,580,890
At 31 December 2010	400,000	5,230,987	5,630,987

The distribution of retained profits is subject to exchange control permission for remittances from Bangladesh. Withholding tax at the rate of 15% (2009 15%) is charged when profits are remitted. Cumulative exchange gains amount to £127,461 (2009 gains £67,642).

# THE ALLYNUGGER TEA COMPANY, LIMITED

## CASH FLOW STATEMENT for the year ended 31st December 2010

	Note	2010 £	2009 £
<b>CASH GENERATED FROM OPERATIONS</b>			
Cash flows from operating activities	17	2,720,132	773,136
Interest paid		(34,816)	(43,381)
Interest received		11,132	2,304
Income taxes paid		(418,504)	(256,579)
Net cash flow from continuing operating activities		2,277,944	475,480
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of property, plant and equipment		(23,453)	(10,313)
Purchases of biological assets		(55,559)	(46,584)
Purchase of investments		(926,625)	-
Dividends received from associates		13,633	36,912
Net cash flow from investing activities		(992,004)	(19,985)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Loan repayments		(6,951)	(8,362)
Dividends paid		(900,000)	-
Net cash flow from financing activities		(906,951)	(8,362)
Net increase in cash and cash equivalents		378,989	447,133
Cash and cash equivalents at beginning of period		51,364	(429,062)
Exchange adjustment on cash		(7,918)	33,293
Cash and cash equivalents at end of period		422,435	51,364
Cash and cash equivalents included in the cash flow statement comprise the following -			
Cash at bank and in hand		1,047,688	761,165
Bank Overdraft		(625,253)	(709,801)
		422,435	51,364

# THE ALLYNUGGER TEA COMPANY, LIMITED

## NOTES TO THE ACCOUNTS

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### 1 ACCOUNTING POLICIES

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

a) Basis of Preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The company has a registered branch in Bangladesh, the trading results of which are consolidated and presented in these financial statements.

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 statement of comprehensive income 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 pass to the customer.

d) Property, plant and equipment

Property, plant and equipment 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 statement of comprehensive income 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.

Useful life of assets are

Buildings	3% to 20%
Plant, machinery and vehicles	7% to 13%
Fixtures, fittings, tools and equipment	5% to 10%

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 statement of comprehensive income.

Costs in respect of operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

## THE ALLYNUGGER TEA COMPANY, LIMITED

### NOTES TO THE ACCOUNTS

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#### 1 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 statement of comprehensive income 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 statement of comprehensive income 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 statement of comprehensive income.

##### 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

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### 1 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 statement of comprehensive income 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 statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company 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 and amended standards adopted by the company

The company has adopted the following new and amended IFRSs as of 1 January 2010:

IFRIC 17                      Distribution of non-cash assets to owners - effective on or after 1 July 2009

The interpretation was published in November 2008. This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. IFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable.

# THE ALLYNUGGER TEA COMPANY, LIMITED

## NOTES TO THE ACCOUNTS

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### 1 ACCOUNTING POLICIES (continued)

#### n) New and amended standards adopted by the company (continued)

IFRS 5                      Non-current assets held for sale and discontinued operations - effective from  
(amendment)              1 January 2010

The amendment clarifies that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirements of IAS 1 still apply, in particular paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty).

#### o) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the company

The following standards and amendments to existing standards have been published and are mandatory for the company's accounting periods beginning on or after 1 January 2011 or later periods, but the company has not early adopted them.

IFRS 9                      Financial instruments - effective from 1 January 2013

This standard is the first step in the process to replace IAS 39, 'Financial instruments recognition and measurement'. IFRS 9 introduces new requirements for classifying and measuring financial assets and is likely to affect the company's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. However, the standard has not yet been endorsed by the EU.

IAS 24                      Related party disclosures - effective from 1 January 2011  
(revised)

It supersedes IAS 24, 'Related party disclosures' issued in 2003. IAS 24 (revised) is mandatory for periods beginning on or after 1 January 2011. Earlier application, in whole or in part, is permitted. However, the standard has not yet been endorsed by the EU. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The company will apply the revised standard from 1 January 2011. When the revised standard is applied, the company will need to disclose any transactions between its associates. The company is currently putting systems in place to capture the necessary information. It is, therefore, not possible at this stage to disclose the impact, if any, of the revised standard on related party disclosures.

# THE ALLYNUGGER TEA COMPANY, LIMITED

## NOTES TO THE ACCOUNTS

	2010	2009
2 REVENUE	£	£
Bangladesh		
Tea Sales	3,445,322	2,384,595
Rubber Sales	418,580	185,752
	<u>3,863,902</u>	<u>2,570,347</u>
3 OPERATING PROFIT	£	£
Is stated after charging		
Depreciation of tangible assets	50,837	34,152
Remuneration of the auditors	1,113	927
Land rent	6,946	6,940
Employee costs	<u>782,400</u>	<u>624,191</u>
4 NET OPERATING EXPENSES		
Administrative expenses	202,076	208,669
Other income	<u>(43,819)</u>	<u>(18,532)</u>
	<u>158,257</u>	<u>190,137</u>
5 INVESTMENT INCOME		
Income from listed investments	<u>13,633</u>	<u>36,912</u>
6 EMPLOYEES AND DIRECTORS		
Staff costs -		
Wages and salaries	723,856	577,274
Pension costs	<u>58,544</u>	<u>46,917</u>
	<u>782,400</u>	<u>624,191</u>
The monthly average number of persons	Number	Number
employed by the company was	<u>3,603</u>	<u>3,604</u>

The directors received no emoluments during the year from the company (2009 £nil) As they are remunerated by other group companies the value of their service to this company was negligible The emoluments of Mr I Ahmed and Mr A R Bhuiya are disclosed in the accounts of Lungla (Sylhet) Tea Company, Limited and the emoluments of the other directors are disclosed in the accounts of the ultimate holding company, Camellia Plc

# THE ALLYNUGGER TEA COMPANY, LIMITED

## NOTES TO THE ACCOUNTS

7	TAXATION	2010	2009
	(a) Current tax	£	£
	UK Corporation tax		
	UK Corporation tax at 28% (2009 28%)	510,049	262,432
	Double tax relief	(510,049)	(262,432)
		-	-
	Foreign tax		
	Corporation tax	700,179	379,912
	Adjustment in respect of previous years	-	(19,483)
	Total current tax	700,179	360,429
	Deferred tax		
	Overseas	180,534	93,767
	Tax on profit on ordinary activities	880,713	454,196

### (b) Factors affecting tax charge for period

The differences between tax calculated at the standard rate of taxation in the UK of 28% (2009 28%) and that charged in the accounts are explained below

	2010	2009
	£	£
Profit on ordinary activities before tax	2,401,783	1,219,896
Profit on ordinary activities at 28% (2009. 28%)	672,499	341,571
Effects of		
Income not subject to taxation	(36,637)	(8,758)
Expenditure not deductible for tax purposes	19,067	31,436
Higher tax rates on overseas earnings	225,784	109,430
Adjustment in respect of previous years	-	(19,483)
	880,713	454,196

### (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.

# THE ALLYNUGGER TEA COMPANY, LIMITED

## NOTES TO THE ACCOUNTS

### 8 PROPERTY, PLANT AND EQUIPMENT

	Buildings £	Plant and Machinery £	Vehicles £	Fixtures, Fittings Tools and Equipment £	Total £
Cost					
At 1st January 2009	481,438	496,258	107,669	256,185	1,341,550
Currency retranslation	(55,299)	(56,659)	(12,292)	(29,278)	(153,528)
Additions	9,479	-	-	834	10,313
At 31st December 2009	435,618	439,599	95,377	227,741	1,198,335
Currency retranslation	5,719	5,888	1,135	3,081	15,823
Additions	9,976	4,928	7,331	1,218	23,453
At 31st December 2010	451,313	450,415	103,843	232,040	1,237,611
Accumulated depreciation					
At 1st January 2009	373,741	427,184	82,637	220,808	1,104,370
Currency retranslation	(43,159)	(49,261)	(9,589)	(25,277)	(127,286)
Provision for the year	13,908	13,926	4,400	1,918	34,152
At 31st December 2009	344,490	391,849	77,448	197,449	1,011,236
Currency retranslation	4,082	5,100	867	2,597	12,646
Provision for the year	27,272	10,920	8,357	4,288	50,837
At 31st December 2010	375,844	407,869	86,672	204,334	1,074,719
Net book value					
At 31st December 2010	75,469	42,546	17,171	27,706	162,892
Net book value					
At 31st December 2009	91,128	47,750	17,929	30,292	187,099

# THE ALLYNUGGER TEA COMPANY, LIMITED

## NOTES TO THE ACCOUNTS

### 9 BIOLOGICAL ASSETS

	Tea	Other horticulture	Total
Fair value			
At 1 January 2009	2,664,000	1,299,460	3,963,460
Exchange differences	(309,521)	(151,773)	(461,294)
Increases due to purchases	41,689	4,895	46,584
Gains arising from changes in fair value less estimated point-of-sale costs	111,195	92,265	203,460
At 1 January 2010	2,507,363	1,244,847	3,752,210
Exchange differences	27,132	13,132	40,264
Increases due to purchases	51,603	3,956	55,559
Gains arising from changes in fair value less estimated point-of-sale costs	260,157	165,709	425,866
At 31 December 2010	2,846,255	1,427,644	4,273,899

Other horticulture comprises rubber production

Biological assets are carried at fair value obtained by professional valuations at the year end

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

	2010 Hectares	2009 Hectares
Tea	1,525	1,519
Rubber	338	328

Output of agricultural produce during the year was

	Metric tonnes	Metric tonnes
Tea	1,931	2,082
Rubber	178	182

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

£	£
3,433,140	2,554,140

# THE ALLYNUGGER TEA COMPANY, LIMITED

## NOTES TO THE ACCOUNTS

	2010	2009
	£	£
10 INVESTMENTS		
Cost at 1st January	1,295,485	1,462,458
Loss on currency fluctuation	(3,392)	(166,973)
Additions	926,625	-
At 31st December	2,218,718	1,295,485
Investments at cost include		
Listed on Dhaka Stock Exchange	97,685	96,370
Market value	2,865,998	1,981,319
Investments consist of		
Subsidiaries of group	2,121,033	1,199,115
Associates of group	97,685	96,370
	2,218,718	1,295,485
11 INVENTORIES		
Stock of tea	240,987	301,408
Stock of rubber	27,064	29,574
Estate stores	110,807	87,095
	378,858	418,077

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

## 12 TRADE AND OTHER RECEIVABLES

Due within one year

Trade debtors	245,583	205,196
Other debtors	3,886	299
Amounts owed by group companies	8,488	493,566
Prepayments and accrued income	15,675	15,464
Interest receivable	2,300	291

Due in more than one year

Other debtors	16,251	18,816
	292,183	733,632

No provision for bad debts was made at 31 December 2010 (2009 £nil) No trade debtors were past their due date at 31 December 2010 (2009 £nil)

# THE ALLYNUGGER TEA COMPANY, LIMITED

## NOTES TO THE ACCOUNTS

	2010	2009
	£	£
<b>13 BORROWINGS</b>		
Current		
Bank overdraft (secured against		
hypothecation of crop)	625,253	709,801
Term loans secured	<u>6,427</u>	<u>6,703</u>
	631,680	716,504
Non-current		
Bank loans (secured against property,		
plant and equipment and biological assets)	<u>23,598</u>	<u>29,618</u>
	<u>655,278</u>	<u>746,122</u>
Bank loans include the following amounts repayable		
over more than five years by instalments		
Aggregate amount of loans	30,025	36,321
Amount due beyond five years	3,641	7,138
The repayments of bank loans and overdrafts fall		
due as follows		
Within 12 months or on demand	631,680	716,504
Between 1 - 2 years	6,427	6,340
Between 2 - 5 years	13,530	16,140
After 5 years	<u>3,641</u>	<u>7,138</u>
	<u>655,278</u>	<u>746,122</u>
Interest rates vary from 9% per annum to 12% per annum		
<b>14 TRADE AND OTHER PAYABLES</b>		
Amounts falling due within one year		
Trade and other creditors	297,779	183,361
Amounts owed to group companies	89,415	34,654
Interest payable	<u>1,653</u>	<u>2,129</u>
	<u>388,847</u>	<u>220,144</u>
<b>15 DEFERRED TAX</b>		
At 1 January	848,983	856,270
Exchange differences	7,482	(101,054)
Charged in statement of comprehensive income	<u>180,534</u>	<u>93,767</u>
At 31 December	<u>1,036,999</u>	<u>848,983</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

	2010	2009
	£	£
16 CALLED UP SHARE CAPITAL		
Authorised, allotted, 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>
17 RECONCILIATION OF PROFIT FROM OPERATIONS TO CASH FLOW		
Profit from operations	1,983,400	1,020,456
Depreciation	50,837	34,152
(Increase)/decrease in inventories	45,971	(37,224)
(Increase)/decrease in debtors	(39,239)	(59,175)
Increase/(decrease) in creditors	114,520	(8,635)
Change in intra-group balances	558,812	(198,130)
Exchange adjustments	5,831	21,692
Cash flow from operating activities	<u>2,720,132</u>	<u>773,136</u>
18 CAPITAL COMMITMENTS		
Contracted for	<u>45,794</u>	<u>Nil</u>
19 LEASING COMMITMENTS		
Total commitment in respect of operating leases are		
Other assets - leases expire within one year	<u>-</u>	<u>6,940</u>

## THE ALLYNUGGER TEA COMPANY, LIMITED

### NOTES TO THE ACCOUNTS

#### 20 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 13, cash and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

##### Categories of financial instruments

	Carrying value	
	2010	2009
	£	£
<b>Financial assets</b>		
Cash at bank and in hand	1,047,688	761,165
Trade and other receivables	276,508	718,168
Investments	<u>2,218,718</u>	<u>1,295,485</u>
	<u>3,542,914</u>	<u>2,774,818</u>
<b>Financial liabilities</b>		
Trade and other payables	388,847	220,144
Borrowings	<u>655,278</u>	<u>746,122</u>
	<u>1,044,125</u>	<u>966,266</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**

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**21 PARENT COMPANY**

The ultimate parent company at 31st December 2010 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

**22 RELATED PARTY TRANSACTIONS**

There were transactions with group companies during the year of £929,543 (2009 £382,627) in respect of inter group sales and recharges which are included within revenue and cost of sales