

**THE LUNGLA (SYLHET) TEA COMPANY, LIMITED**

**REPORT AND ACCOUNTS**

**2000**



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THE LUNGLA (SYLHET) TEA COMPANY, LIMITED

Incorporated 1895

SHARE CAPITAL

Authorised  
£900,000

In ordinary shares of £1 each

Issued  
£900,000

Directors	P.A. LEGGATT, M.B.E. (Chairman) A.S.M.O. SUBHAN K. MAYES P.E. HILL, F.C.I.S. A.K. MATHUR, F.C.A. A.R. BHUIYA
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Secretary	K. MAYES
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Auditors	MOORE STEPHENS ST. PAUL'S HOUSE, WARWICK LANE, LONDON EC4P 4BN
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Bankers	DUNCAN LAWRIE LIMITED
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Registered Office	WROTHAM PLACE, WROTHAM, SEVENOAKS, KENT TN15 7AE
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Registered Number	44242
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# THE LUNGLA (SYLHET) TEA COMPANY, LIMITED

## NOTICE OF MEETING

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NOTICE IS HEREBY GIVEN that the one hundred and seventh annual general meeting of the The Lungla (Sylhet) Tea Company, Limited will be held at Wrotham Place, Wrotham, Sevenoaks, Kent TN15 7AE on Thursday, 19<sup>th</sup> April 2001 at 3.30 p.m. for the following purposes:-

1. To receive and adopt the directors' report and statement of accounts for the year ended 31<sup>st</sup> December 2000
2. To re-elect a director
3. To re-appoint the auditors and authorise the directors to fix their remuneration.

By Order of the Board

K. MAYES

Secretary

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

19<sup>th</sup> April 2001

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 LUNGLA (SYLHET) TEA COMPANY, LIMITED

## REPORT OF THE DIRECTORS

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The directors submit to the members their report together with the accounts for the year ended 31<sup>st</sup> December 2000.

ACCOUNTS	2000	1999
(Loss) on ordinary activities before taxation	(£281,899)	(£199,126)
(Loss) on ordinary activities after taxation	(£154,522)	(£199,126)
Retained (loss) for the year	(£154,522)	(£199,126)

### REVIEW OF ACTIVITIES

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

Due to lower sale prices the company incurred a loss during the year under review.

### DIRECTORS

#### Board

The present board is shown on page one.

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

#### Shareholdings

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

The following director is interested in the undernoted holdings of ordinary shares in Linton Park Plc:

	Beneficial Interests	
	1 <sup>st</sup> January 2000	31 <sup>st</sup> December 2000
P.E. Hill	9,000	10,000

### AUDITORS

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

By Order of the Board

*K. Mayes*  
K. MAYES  
Secretary

19<sup>th</sup> April 2001

**THE LUNGLA (SYLHET) TEA COMPANY, LIMITED**

**PROFIT AND LOSS ACCOUNT**  
for the year ended 31<sup>st</sup> December 2000

	Notes	2000 £	1999 £
Turnover - continuing operations	2	2,731,580	2,374,039
Cost of sales		<u>2,779,066</u>	<u>2,257,351</u>
Gross (loss)/profit		(47,486)	116,688
Net operating expenses	4	<u>248,968</u>	<u>319,115</u>
Operating (loss) - continuing operations		(296,454)	(202,427)
Investment income	5	5,791	2,310
Bank interest receivable		<u>8,764</u>	<u>991</u>
(Loss) on ordinary activities before taxation	3	(281,899)	(199,126)
Taxation on ordinary activities	7	<u>127,377</u>	<u>-</u>
(Loss) on ordinary activities after taxation		(£154,522)	(£199,126)
Retained (loss) for year	16	<u>(£154,522)</u>	<u>(£199,126)</u>

# THE LUNGLA (SYLHET) TEA COMPANY, LIMITED

## BALANCE SHEET as at 31<sup>st</sup> December 2000

	Notes	2000	1999
		£	£
<b>FIXED ASSETS</b>			
Tangible assets	8	6,282,638	6,078,380
Investments	9	153,962	151,358
		<u>6,436,600</u>	<u>6,229,738</u>
<b>LONG TERM DEBTORS</b>	10	375,628	362,533
<b>CURRENT ASSETS</b>			
Stocks	11	866,576	982,957
Debtors	12	912,240	514,165
Cash at bank and in hand		487,645	962,343
		<u>2,266,461</u>	<u>2,459,465</u>
<b>LESS CURRENT LIABILITIES</b>			
Creditors: Amounts falling due within one year	13	4,084,020	3,911,144
		<u></u>	<u></u>
<b>NET CURRENT LIABILITIES</b>		(1,817,559)	(1,451,679)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>4,994,669</u>	<u>5,140,592</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	14	578,903	651,220
<b>NET ASSETS</b>		<u><u>£4,415,766</u></u>	<u><u>£4,489,372</u></u>
<b>EQUITY CAPITAL AND RESERVES</b>			
Called up share capital	15	900,000	900,000
Revaluation reserve	16	3,281,764	3,215,949
Profit and Loss account	16	234,002	373,423
		<u><u>£4,415,766</u></u>	<u><u>£4,489,372</u></u>

Approved on 19<sup>th</sup> April 2001 by the board of directors  
and signed on their behalf by:



P.A. LEGGATT  
Director

**THE LUNGLA (SYLHET) TEA COMPANY, LIMITED**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
for the year ended 31<sup>st</sup> December 2000

	2000 £	1999 £
(Loss) on ordinary activities after taxation	(154,522)	(199,126)
Currency translation differences on foreign currency net investments	80,916	(91,534)
Total recognised gains since last annual report	<u>£(73,606)</u>	<u>£(290,660)</u>

**RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**  
for the year ended 31<sup>st</sup> December 2000

	2000 £	1999 £
Retained (loss) for the year	(154,522)	199,126
Currency translation differences on foreign currency net investments	<u>80,916</u>	<u>91,534</u>
Net (reduction) to shareholders' funds	(73,606)	(290,660)
Opening shareholders' funds	<u>4,489,372</u>	<u>4,780,032</u>
Closing shareholders' funds	<u>£4,415,766</u>	<u>£4,489,372</u>

## THE LUNGLA (SYLHET) TEA COMPANY, LIMITED

### NOTES TO THE ACCOUNTS

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#### 1. ACCOUNTING POLICIES

The company's accounting policies are disclosed below:-

##### a) Basis of Accounting

The accounts have been prepared under the historical cost convention, as modified by the revaluation of the company's plantation and are in accordance with applicable accounting standards.

##### b) Foreign Currencies

The operations of the Bangladesh branch are funded by local finance. Consequently the net assets and results of the branch have been translated using the closing rate method at the rate of Takas 80.81 = £1 (1999 Takas 82.20 = £1). Exchange differences arising on the translation of revalued Planted Tea have been taken to revaluation reserve. Exchange differences arising on other fixed assets and net current assets are taken to profit and loss reserve. Exchange differences arising from trading transactions are included in the results for the year.

##### c) Depreciation

The anticipated life of tea bushes is considered to exceed 50 years. Where bushes have been replaced these have been charged to profit and loss account. Depreciation is deemed to be immaterial and has not been provided. Depreciation of Fixed Assets has been provided so as to write off cost over their expected useful lives at the following annual rates on written down values.

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

##### d) Stocks

###### (i) Tea and Rubber

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

###### (ii) Estate Stores

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

##### e) Deferred Taxation

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

##### f) Operating Leases

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



# THE LUNGLA (SYLHET) TEA COMPANY, LIMITED

## NOTES TO THE ACCOUNTS (continued)

	2000 £	1999 £
2. TURNOVER		
Tea Sales		
Bangladesh	2,646,413	2,195,424
U.K.	-	117,966
Rubber Sales		
Bangladesh	85,167	60,649
	<u>£2,731,580</u>	<u>£2,374,039</u>
3. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		
Is stated after charging:		
Depreciation of tangible assets	£155,200	£151,532
Remuneration of the auditors	£2,675	£2,600
Interest on bank loans and overdrafts	£341,062	£258,171
Land rent	£19,105	£18,782
Hire of other assets: operating leases	£50,743	£17,505
4. NET OPERATING EXPENSES		
Administrative expenses	278,707	335,307
Profit on sale of fixed assets	(11,623)	(1,490)
Sundry receipts	(16,790)	(12,380)
Exchange (gain)	(1,326)	(2,322)
	<u>£248,968</u>	<u>£319,115</u>
5. INVESTMENT INCOME		
Income from listed investments	4,696	1,234
Income from unlisted investments	1,095	1,076
	<u>£5,791</u>	<u>£2,310</u>

# THE LUNGLA (SYLHET) TEA COMPANY, LIMITED

## NOTES TO THE ACCOUNTS (continued)

	2000 £	1999 £
6. EMPLOYEES		
Staff costs:		
Wages and salaries	915,983	850,015
Pension costs	62,497	58,285
	<u>£978,480</u>	<u>£908,300</u>
 The average number of persons employed by the company was	 <u>6,351</u>	 <u>6,370</u>
 7. TAXATION	 £	 £
 Group relief receivable	 <u>£127,377</u>	 <u>-</u>
 Deferred taxation		
There is no potential deferred taxation liability (1999 - Nil).		

# THE LUNGLA (SYLHET) TEA COMPANY, LIMITED

## NOTES TO THE ACCOUNTS (continued)

### 8. TANGIBLE FIXED ASSETS

	Planted Tea and Rubber	Land and Buildings	Plant and Machinery	Vehicles	Fixtures Fittings Tools and Equipment	Assets in Course of Construction	Total
Balance at beginning of year	4,180,902	1,605,812	634,728	274,160	641,857	526,524	7,863,983
Currency retranslation	71,915	27,621	10,918	4,716	11,040	9,057	135,267
Assets brought into use	115,118	4,950	4,543	-	-	(124,611)	-
Additions	13,311	39,615	16,890	16,112	29,724	144,487	260,139
Cost of assets sold and written off	-	(2,784)	(3,660)	(8,151)	-	-	(14,595)
At end of year	<u>4,381,246</u>	<u>1,675,214</u>	<u>663,419</u>	<u>286,837</u>	<u>682,621</u>	<u>555,457</u>	<u>8,244,794</u>
Depreciation at beginning of year	28,257	597,024	502,273	206,922	451,127	-	1,785,603
Currency retranslation	486	10,269	8,640	3,559	7,760	-	30,714
Provision for the year	18,819	63,397	31,812	16,556	24,616	-	155,200
Adjustment in respect of assets sold and written off	-	(334)	(3,187)	(5,840)	-	-	(9,361)
At end of year	<u>47,562</u>	<u>670,356</u>	<u>539,538</u>	<u>221,197</u>	<u>483,503</u>	<u>-</u>	<u>1,962,156</u>
Net book value at 31 <sup>st</sup> December 2000	<u>£4,333,684</u>	<u>£1,004,858</u>	<u>£123,881</u>	<u>£65,640</u>	<u>£199,118</u>	<u>£555,457</u>	<u>£6,282,638</u>
at 31 <sup>st</sup> December 1999	<u>£4,152,645</u>	<u>£1,008,788</u>	<u>£132,455</u>	<u>£67,238</u>	<u>£190,730</u>	<u>£526,524</u>	<u>£6,078,380</u>

# THE LUNGLA (SYLHET) TEA COMPANY, LIMITED

## NOTES TO THE ACCOUNTS (continued)

### 8. TANGIBLE FIXED ASSETS(continued)

	Planted Tea and Rubber	Land and Buildings	Plant and Machinery	Vehicles	Fixtures Fittings Tools and Equipment	Assets in Course of Construction	Total
Fixed assets comprise the following:-							
Valuation 1970 less assets sold and written off	-	204,443	50,578	70	9,324	-	264,415
Valuation 1991	4,362,847	-	-	-	-	-	4,362,847
Cost less assets sold and written off	510,129	2,185,296	964,362	453,127	913,254	555,457	5,581,625
Exchange adjustments on retranslations	(491,730)	(714,525)	(351,521)	(166,360)	(239,957)	-	(1,964,093)
Total valuation or cost	4,381,246	1,675,214	663,419	286,837	682,621	555,457	8,244,794
Aggregate depreciation	(47,562)	(670,356)	(539,538)	(221,197)	(483,503)	-	(1,962,156)
Net book value at end of year	<u>£4,333,684</u>	<u>£1,004,858</u>	<u>£123,881</u>	<u>£65,640</u>	<u>£199,118</u>	<u>£555,457</u>	<u>£6,282,638</u>
Net book value at beginning of year	<u>£4,152,645</u>	<u>£1,008,788</u>	<u>£132,455</u>	<u>£67,238</u>	<u>£190,730</u>	<u>£526,524</u>	<u>£6,078,380</u>

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

For historical cost purposes, the directors' valuation of fixed assets at 1970 is deemed to be cost, as the actual cost cannot be obtained without unreasonable expense. The planted tea was valued at £610,300 in 1970.

Included in Land and Buildings is an amount of £318,418, representing land which has not been depreciated by the company.

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

# THE LUNGLA (SYLHET) TEA COMPANY, LIMITED

## NOTES TO THE ACCOUNTS (continued)

	2000 £	1999 £
9. INVESTMENTS		
Cost at 1 <sup>st</sup> January	157,407	76,699
Profit (loss) on currency fluctuation	2,708	(1,409)
Additions during the year	-	82,117
	<u>160,115</u>	<u>157,407</u>
At 31 <sup>st</sup> December	160,115	157,407
Amounts written off		
At 1 <sup>st</sup> January	(6,049)	(6,162)
Currency fluctuations	(104)	113
	<u>£153,962</u>	<u>£151,358</u>
Investments at cost include:		
Listed on Bangladesh Stock Exchange	<u>£129,378</u>	<u>£127,190</u>
Market value	<u>£125,071</u>	<u>£94,141</u>

Investments also include an unlisted investment of 44,242 (1999 - 44,242) shares of Tk.10 each in Chittagong Warehouses Limited, a company incorporated and operating in Bangladesh, representing 24.51% (1999 - 24.51%) of the issued share capital.

10. LONG TERM DEBTORS		
Other debtors	<u>£375,628</u>	<u>£362,533</u>
11. STOCKS		
Stock of tea	602,574	671,802
Stock of rubber	40,308	25,813
Estate stores	<u>223,694</u>	<u>285,342</u>
	<u>£866,576</u>	<u>£982,957</u>

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

12. DEBTORS		
Due within one year		
Trade debtors	303,292	179,343
Other debtors	570,198	315,659
Amounts owed by group companies	128	28
Prepayments and accrued income	38,420	18,701
Interest receivable	202	434
	<u>£912,240</u>	<u>£514,165</u>

# THE LUNGLA (SYLHET) TEA COMPANY, LIMITED

## NOTES TO THE ACCOUNTS (continued)

	2000 £	1999 £
<b>13. CREDITORS</b>		
Amounts falling due within one year		
Term loans secured (see note 14)	84,763	92,532
Other creditors	297,745	229,003
Amount owed to group companies	673,390	944,474
Interest payable	36,235	37,945
Taxation	3,086	11,084
Bank loans and overdraft (secured against hypothecation of crop)	2,988,801	2,596,106
	<u>£4,084,020</u>	<u>£3,911,144</u>
<b>14. CREDITORS</b>		
Amounts falling due after more than one year		
Bank loans (secured against certain fixed assets)	<u>£578,903</u>	<u>£651,220</u>
Bank loans include the following amounts repayable over more than five years by instalments		
Aggregate amount of loans	£663,666	£743,752
Amounts due beyond five years	£251,740	£319,643
The repayments of bank loans and overdrafts fall due as follows:		
Within 12 months or on demand (included in Creditors: due within one year)	3,073,564	2,688,638
Between 1 - 2 years	86,148	83,228
Between 2 - 5 years	241,015	248,349
After 5 years	251,740	319,643
	<u>£3,652,467</u>	<u>£3,339,858</u>
<b>15. SHARE CAPITAL</b>		
Authorised		
900,000 shares of £1 each	<u>£900,000</u>	<u>£900,000</u>
Allotted, called up and fully paid		
900,000 shares of £1 each	<u>£900,000</u>	<u>£900,000</u>

# THE LUNGLA (SYLHET) TEA COMPANY, LIMITED

## NOTES TO THE ACCOUNTS (continued)

### 16. RESERVES

	Revaluation £	Profit and Loss £
At 1 <sup>st</sup> January 2000	£3,215,949	£373,423
Foreign currency translation gains (losses):-		
On net current assets	-	(14,581)
On fixed assets	65,815	60,396
On depreciation	-	(30,714)
Retained loss for year	-	(154,522)
At 31 <sup>st</sup> December 2000	<u>£3,281,764</u>	<u>£234,002</u>

The distribution of retained profits is subject to exchange control permission for remittances from Bangladesh.

### 17. CAPITAL COMMITMENTS

	2000	1999
Contracted for	<u>£30,071</u>	<u>£30,049</u>

### 18. LEASING COMMITMENTS

Annual commitment in respect of operating  
leases expiring:

Between two and five years		
Other assets	<u>£50,743</u>	<u>£17,504</u>
After more than five years		
Land rent	<u>£19,105</u>	<u>£18,782</u>

### 19. PARENT COMPANY

The parent company at 31<sup>st</sup> December 2000 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 Wrotham Place, Wrotham, Sevenoaks, Kent TN15 7AE.

## THE LUNGLA (SYLHET) TEA COMPANY, LIMITED

### NOTES TO THE ACCOUNTS (continued)

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#### 20. CONTROL OF CAMELLIA PLC

Camellia Holding AG holds 1,420,000 ordinary shares (51.53%) of Camellia Plc.

On 20<sup>th</sup> August 2000, the Libra Foundation (being a private stiftung (foundation) resident in Liechtenstein associated with Mr. Gordon Fox) transferred the ownership of Camellia Holding AG to Camellia Private Trust Company Ltd (being a corporate trustee incorporated in Bermuda to hold on trust the investments of the Camellia Foundation). The Camellia Foundation is a Bermudan Trust, associated with Mr. Gordon Fox, whose income is utilised for charitable, educational and humanitarian causes at the discretion of the Trustees.



## THE LUNGLA (SYLHET) TEA COMPANY, LIMITED

### STATEMENT OF DIRECTORS' RESPONSIBILITIES AND AUDITORS' REPORT

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#### STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

#### AUDITORS' REPORT

to the members of The Lungla (Sylhet) Tea Company, Limited

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

#### Respective responsibilities of directors and auditors

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

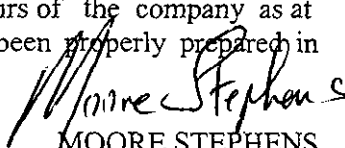
#### Basis of opinion

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

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

#### Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31<sup>st</sup> December 2000 and of the loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
MOORE STEPHENS

Chartered Accountants  
and Registered Auditors

19<sup>th</sup> April 2001