

THE LUNGLA (SYLHET) TEA COMPANY, LIMITED

REPORT AND ACCOUNTS

2001



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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

Secretary K. MAYES

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

Bankers DUNCAN LAWRIE LIMITED

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

Registered Number 44242

THE LUNGLA (SYLHET) TEA COMPANY, LIMITED

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the one hundred and eighth annual general meeting of the The Lungla (Sylhet) Tea Company, Limited will be held at Wrotham Place, Wrotham, Sevenoaks, Kent TN15 7AE on Thursday, 18th April 2002 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 31st December 2001
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

18th April 2002

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

The directors submit to the members their report together with the accounts for the year ended 31st December 2001.

ACCOUNTS	2001	2000
(Loss) on ordinary activities before taxation	(£356,909)	(£281,899)
(Loss) on ordinary activities after taxation	(£240,207)	(£154,522)
Retained (loss) for the year	(£240,207)	(£154,522)

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 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 st January 2001	31 st December 2000
P.E. Hill	10,000	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
Secretary

18th April 2002

THE LUNGLA (SYLHET) TEA COMPANY, LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 31st December 2001

	Notes	2001 £	2000 £
Turnover - continuing operations	2	2,625,471	2,731,580
Cost of sales		2,705,835	2,779,066
Gross (loss)		(80,364)	(47,486)
Net operating expenses	4	284,049	248,968
Operating (loss) - continuing operations		(364,413)	(296,454)
Investment income	5	6,155	5,791
Bank interest receivable		1,349	8,764
(Loss) on ordinary activities before taxation	3	(356,909)	(281,899)
Taxation on ordinary activities	7	116,702	127,377
(Loss) on ordinary activities after taxation		(£240,207)	(£154,522)
Retained (loss) for year	16	£(240,207)	(£154,522)

THE LUNGLA (SYLHET) TEA COMPANY, LIMITED

BALANCE SHEET

as at 31st December 2001

	Notes	2001	2000
		£	£
FIXED ASSETS			
Tangible assets	8	6,290,046	6,282,638
Investments	9	364,539	153,962
		<u>6,654,585</u>	<u>6,436,600</u>
LONG TERM DEBTORS	10	290,543	375,628
CURRENT ASSETS			
Stocks	11	925,368	866,576
Debtors	12	583,933	912,240
Cash at bank and in hand		211,380	487,645
		<u>1,720,681</u>	<u>2,266,461</u>
LESS CURRENT LIABILITIES			
Creditors: Amounts falling due within one year	13	4,120,405	4,084,020
		<u></u>	<u></u>
NET CURRENT LIABILITIES		(2,399,724)	(1,817,559)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,545,404</u>	<u>4,994,669</u>
CREDITORS: Amounts falling due after more than one year	14	483,140	578,903
NET ASSETS		<u>£4,062,264</u>	<u>£4,415,766</u>
EQUITY CAPITAL AND RESERVES			
Called up share capital	15	900,000	900,000
Revaluation reserve	16	3,184,099	3,281,764
Profit and Loss account	16	(21,835)	234,002
		<u>£4,062,264</u>	<u>£4,415,766</u>

Approved on 18th April 2002 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 31st December 2001

	2001 £	2000 £
(Loss) on ordinary activities after taxation	(240,207)	(154,522)
Currency translation differences on foreign currency net investments	(113,295)	80,916
Total recognised losses since last annual report	<u>(£353,502)</u>	<u>(£73,606)</u>

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS
for the year ended 31st December 2001

	2001 £	2000 £
Retained (loss) for the year	(240,207)	(154,522)
Currency translation differences on foreign currency net investments	<u>(113,295)</u>	<u>80,916</u>
Net (reduction) to shareholders' funds	(353,502)	(73,606)
Opening shareholders' funds	<u>4,415,766</u>	<u>4,489,372</u>
Closing shareholders' funds	<u>£4,062,264</u>	<u>£4,415,766</u>

THE LUNGLA (SYLHET) TEA COMPANY, LIMITED

NOTES TO THE ACCOUNTS

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 82.89 = £1 (2000 Takas 80.81 = £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

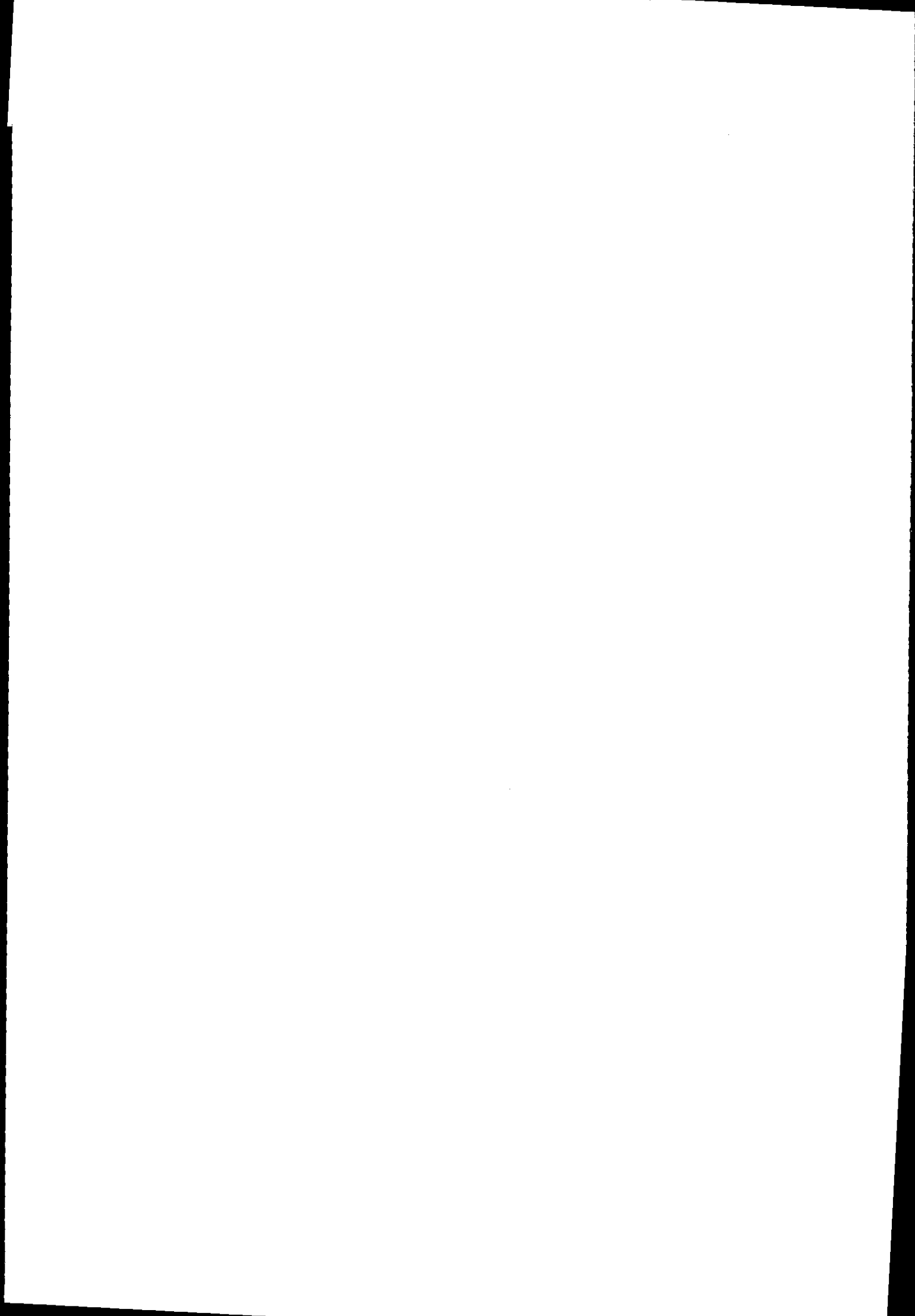
Estate stores have been valued at the lower of cost or net realisable value.

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

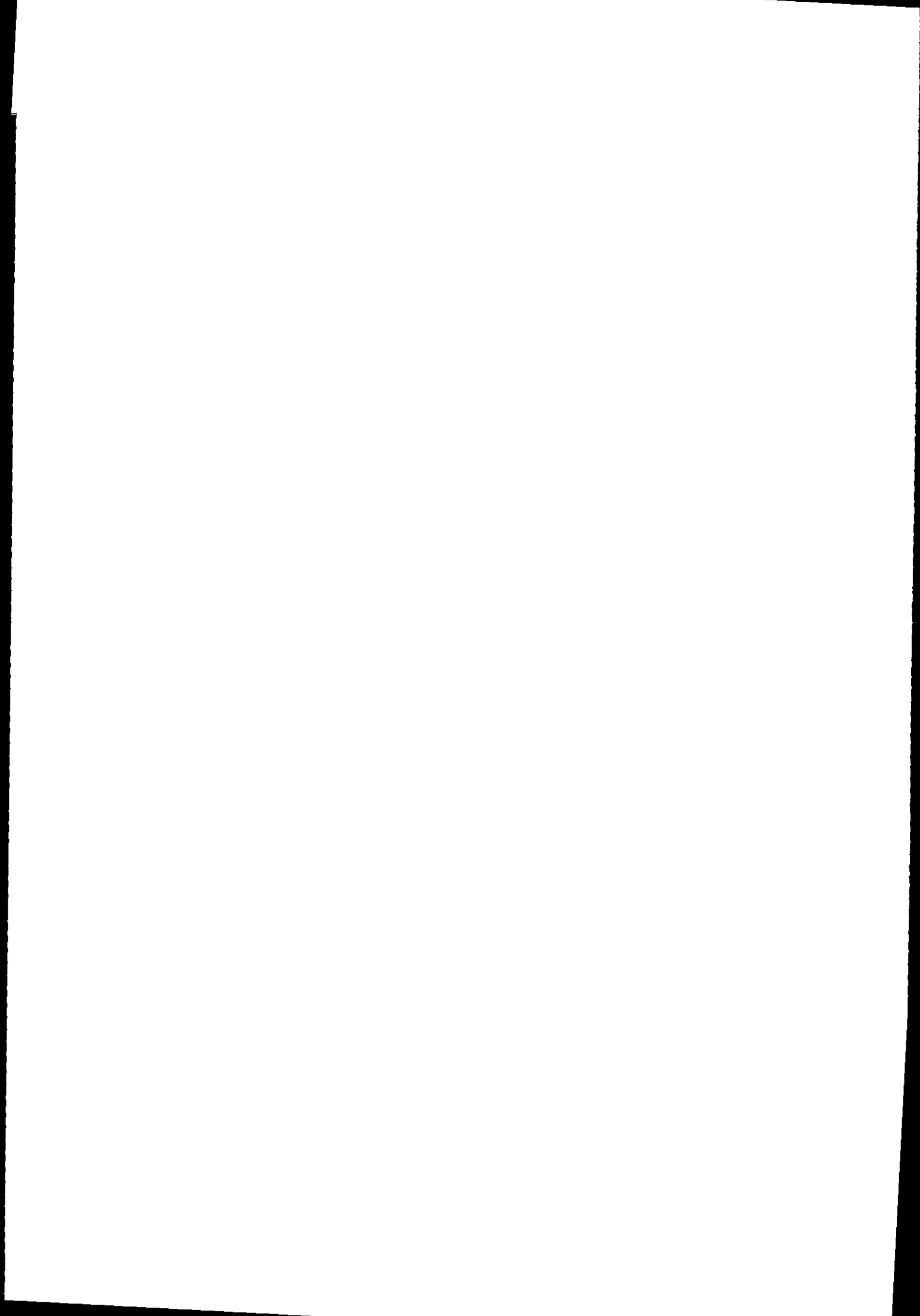
Costs in respect of operating leases are charged in the year in which they are incurred.



THE LUNGLA (SYLHET) TEA COMPANY, LIMITED

NOTES TO THE ACCOUNTS (continued)

	2001 £	2000 £
2. TURNOVER		
Tea Sales		
Bangladesh	2,504,528	2,646,413
Rubber Sales		
Bangladesh	120,943	85,167
	<u>£2,625,471</u>	<u>£2,731,580</u>
3. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		
Is stated after charging:		
Depreciation of tangible assets	£154,706	£155,200
Remuneration of the auditors	£2,700	£2,675
Interest on bank loans and overdrafts	£376,866	£341,062
Land rent	£18,626	£19,105
Hire of other assets: operating leases	£68,135	£50,743
4. NET OPERATING EXPENSES		
Administrative expenses	297,833	278,707
Loss/(profit) on sale of fixed assets	1,046	(11,623)
Sundry receipts	(13,116)	(16,790)
Exchange (gain)	(1,714)	(1,326)
	<u>£284,049</u>	<u>£248,968</u>
5. INVESTMENT INCOME		
Income from listed investments	5,088	4,696
Income from unlisted investments	1,067	1,095
	<u>£6,155</u>	<u>£5,791</u>



THE LUNGLA (SYLHET) TEA COMPANY, LIMITED

NOTES TO THE ACCOUNTS (continued)

	2001 £	2000 £
6. EMPLOYEES		
Staff costs:		
Wages and salaries	1,106,711	915,983
Pension costs	<u>62,388</u>	<u>62,497</u>
	<u>£1,169,099</u>	<u>£978,480</u>
 The average number of persons employed by the company was	 <u>6,337</u>	 <u>6,351</u>

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.

The charge to the profit and loss account for the year ended 31st December 2001 of £62,388 (2000 £62,497) is based upon contributions in the current year.

At 31st December 2001 the fund was valued as follows:

	£
Market Value of Assets	1,120,280
Present value of Liabilities	<u>(1,321,028)</u>
Net Pension Scheme deficit	<u>£(200,748)</u>

Valuations were completed by Zafir Halim, Associate of the Institute of Actuaries in Bangladesh.

	£	£
7. TAXATION		
Group relief receivable	141,964	127,377
Adjustments previous years U.K.	<u>(25,262)</u>	<u>-</u>
	<u>£116,702</u>	<u>£127,377</u>

Deferred taxation

There is no potential deferred taxation liability (2000 - 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	4,381,246	1,675,214	663,419	286,837	682,621	555,457	8,244,794
Currency retranslation	(109,941)	(42,037)	(16,648)	(7,198)	(17,129)	(13,938)	(206,891)
Assets brought into use	110,028	2,097	-	-	4,103	(116,228)	-
Additions	10,541	33,418	62,970	10,130	14,579	192,794	324,432
Cost of assets sold and written off	-	-	-	(6,686)	-	-	(6,686)
At end of year	<u>4,391,874</u>	<u>1,668,692</u>	<u>709,741</u>	<u>283,083</u>	<u>684,174</u>	<u>618,085</u>	<u>8,355,649</u>
Depreciation at beginning of year	47,562	670,356	539,538	221,197	483,503	-	1,962,156
Currency retranslation	(1,193)	(16,822)	(13,539)	(5,550)	(12,133)	-	(49,237)
Provision for the year	23,576	55,948	37,685	14,006	23,491	-	154,706
Adjustment in respect of assets sold and written off	-	-	-	(2,022)	-	-	(2,022)
At end of year	<u>69,945</u>	<u>709,482</u>	<u>563,684</u>	<u>227,631</u>	<u>494,861</u>	<u>-</u>	<u>2,065,603</u>
Net book value at 31 st December 2001	<u>£4,321,929</u>	<u>£959,210</u>	<u>£146,057</u>	<u>£55,452</u>	<u>£189,313</u>	<u>£618,085</u>	<u>£6,290,046</u>
at 31 st 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>

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	630,698	2,220,811	1,027,332	456,192	931,936	618,085	5,885,054
Exchange adjustments on retranslations	(601,671)	(756,562)	(368,169)	(173,179)	(257,086)	-	(2,156,667)
Total valuation or cost	4,391,874	1,668,692	709,741	283,083	684,174	618,085	8,355,649
Aggregate depreciation	(69,945)	(709,482)	(563,684)	(227,631)	(494,861)	-	(2,065,603)
Net book value at end of year	<u>£4,321,929</u>	<u>£959,210</u>	<u>£146,057</u>	<u>£55,452</u>	<u>£189,313</u>	<u>£618,085</u>	<u>£6,290,046</u>
Net book value at beginning 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>

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

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

	2001 £	2000 £
9. INVESTMENTS		
Cost at 1 st January	160,115	157,407
(Loss) profit on currency fluctuation	(4,018)	2,708
Additions during the year	214,441	-
	<u>370,538</u>	<u>160,115</u>
At 31 st December	370,538	160,115
Amounts written off		
At 1 st January	(6,153)	(6,049)
Currency fluctuations	154	(104)
	<u>£364,539</u>	<u>£153,962</u>
Investments at cost include:		
Listed on Bangladesh Stock Exchange	<u>£340,572</u>	<u>£129,378</u>
Market value	<u>£291,599</u>	<u>£125,071</u>

Investments also include an unlisted investment of 44,242 (2000 - 44,242) shares of Tk.10 each in Chittagong Warehouses Limited, a fellow subsidiary incorporated and operating in Bangladesh, representing 24.51% (2000 - 24.51%) of the issued share capital.

10. LONG TERM DEBTORS

Other debtors	<u>£290,543</u>	<u>£375,628</u>
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11. STOCKS

Stock of tea	710,821	602,574
Stock of rubber	37,250	40,308
Estate stores	<u>177,297</u>	<u>223,694</u>
	<u>£925,368</u>	<u>£866,576</u>

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

12. DEBTORS

Due within one year		
Trade debtors	148,818	303,292
Other debtors	387,244	570,198
Amounts owed by group companies	11,142	128
Prepayments and accrued income	36,439	38,420
Interest receivable	194	202
Taxation recoverable	96	-
	<u>£583,933</u>	<u>£912,240</u>

Other debtors include £16,120 recoverable from Mr. A.S.M.O. Subhan, a director of the company.

THE LUNGLA (SYLHET) TEA COMPANY, LIMITED

NOTES TO THE ACCOUNTS (continued)

	2001 £	2000 £
13. CREDITORS		
Amounts falling due within one year		
Term loans secured (see note 14)	80,931	84,763
Other creditors	251,417	297,745
Amount owed to group companies	610,968	673,390
Interest payable	148,391	36,235
Taxation	-	3,086
Bank loans and overdraft (secured against hypothecation of crop)	3,028,698	2,988,801
	<u>£4,120,405</u>	<u>£4,084,020</u>
14. CREDITORS		
Amounts falling due after more than one year		
Bank loans (secured against certain fixed assets)	<u>£483,140</u>	<u>£578,903</u>
Bank loans include the following amounts repayable over more than five years by instalments		
Aggregate amount of loans	£564,070	£663,666
Amounts due beyond five years	£179,332	£251,740
The repayments of bank loans and overdrafts fall due as follows:		
Within 12 months or on demand (included in Creditors: due within one year)	3,109,629	3,073,564
Between 1 - 2 years	83,787 ³	86,148
Between 2 - 5 years	220,020	241,015
After 5 years	179,332	251,740
	<u>£3,592,768⁹</u>	<u>£3,652,467</u>
15. SHARE CAPITAL		
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 st January 2001	3,281,764	234,002
Foreign currency translation gains (losses):-		
On net current assets	-	30,421
On fixed assets	(97,665)	(95,288)
On depreciation	-	49,237
Retained loss for year	-	(240,207)
At 31 st December 2001	<u>£3,184,099</u>	<u>(£21,835)</u>

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

17. CAPITAL COMMITMENTS

	2001	2000
Contracted for	<u>£17,252</u>	<u>£30,071</u>

18. LEASING COMMITMENTS

Annual commitment in respect of operating
leases expiring:

Between two and five years
Other assets

£52,479	£50,743
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After more than five years
Land rent

£18,626	£19,105
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19. PARENT COMPANY

The parent company at 31st December 2001 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)

20. RELATED PARTY TRANSACTIONS

The company is included within the consolidated accounts of Camellia Plc. Transactions with entities in the group headed by Camellia Plc are not disclosed on the grounds that 100% of the voting rights are controlled within that group.

21. CONTROL OF CAMELLIA PLC

Camellia Holding AG holds 1,420,000 ordinary shares of Camellia Plc (representing 53.32 per cent of the issued share capital). Camellia Holding AG is owned by Camellia Private Trust Company Ltd (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

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.

THE LUNGLA (SYLHET) TEA COMPANY, LIMITED

AUDITORS' REPORT

Independent Auditors' Report

to the shareholders of The Lungla (Sylhet) Tea Company Limited

We have audited the financial statements of The Lungla (Sylhet) Tea Company Limited for the year ended 31st December 2001 set out on pages four to fifteen. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page seven.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the company 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.

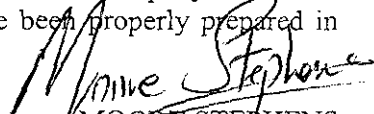
Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practises 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 of the state of the company's affairs as at 31st December 2001 and of its 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

18th April 2002