

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

**REPORT AND ACCOUNTS**

**2003**



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  
                                    A.K. MATHUR, F.C.A.  
                                    A.R. BHUIYA

Secretary                     M.D. CONWAY, F.C.I.S.

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

Bankers                        DUNCAN LAWRIE LIMITED

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

Registered Number          44242

# THE LUNGLA (SYLHET) TEA COMPANY, LIMITED

## NOTICE OF MEETING

---

NOTICE IS HEREBY GIVEN that the one hundred and tenth annual general meeting of the The Lungla (Sylhet) Tea Company, Limited will be held at Linton Park, Linton, Maidstone, Kent ME17 4AB on Wednesday, 23<sup>rd</sup> June 2004 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 2003
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

M.D. CONWAY

Secretary

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

23<sup>rd</sup> June 2004

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 31<sup>st</sup> December 2003.

ACCOUNTS	2003	2002
Profit/(loss) on ordinary activities before taxation	<u>£222,716</u>	<u>£(159,433)</u>
Profit/(loss) on ordinary activities after taxation	<u>£186,506</u>	<u>£(87,918)</u>
Retained profit/(loss) for the year	<u>£186,506</u>	<u>£(87,918)</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. P.E. Hill retired as director and company secretary on 28<sup>th</sup> November 2003.

Mr. A.S.M.O. Subhan 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.

## 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



M.D. CONWAY  
Secretary

23<sup>rd</sup> June 2004

# THE LUNGLA (SYLHET) TEA COMPANY, LIMITED

## PROFIT AND LOSS ACCOUNT for the year ended 31st December 2003

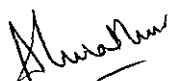
	Notes	2003 £	2002 £
Turnover - continuing operations	2	2,430,129	2,809,089
Cost of sales		<u>1,758,997</u>	<u>2,391,749</u>
Gross profit		671,132	417,340
Net operating expenses	4	<u>199,674</u>	<u>267,831</u>
Operating profit - continuing operations	3	471,458	149,509
Investment income	5	20,792	20,607
Net finance costs	6	<u>(269,534)</u>	<u>(329,549)</u>
Profit/(loss) on ordinary activities before taxation		222,716	(159,433)
Taxation on ordinary activities	8	<u>(36,210)</u>	<u>71,515</u>
Profit/(loss) on ordinary activities after taxation		<u>£ 186,506</u>	<u>£ (87,918)</u>
Retained profit/(loss) for the year	17	<u>£ 186,506</u>	<u>£ (87,918)</u>

# THE LUNGLA (SYLHET) TEA COMPANY, LIMITED

## BALANCE SHEET as at 31st December 2003

	Notes	2003	2002
		£	£
<b>FIXED ASSETS</b>			
Tangible assets	9	5,216,690	5,739,536
Investments	10	<u>286,699</u>	<u>324,178</u>
		5,503,389	6,063,714
<b>LONG TERM DEBTORS</b>	11	173,144	201,432
<b>CURRENT ASSETS</b>			
Stocks	12	554,382	525,523
Debtors	13	537,797	790,463
Cash at bank and in hand		<u>88,092</u>	<u>153,858</u>
		1,180,271	1,469,844
<b>LESS CURRENT LIABILITIES</b>			
Creditors: Amounts falling due within one year	14	<u>(3,253,664)</u>	<u>(3,835,609)</u>
<b>NET CURRENT (LIABILITIES)</b>		<u>(2,073,393)</u>	<u>(2,365,765)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		3,603,140	3,899,381
<b>CREDITORS:</b>			
Amounts falling due after more than one year	15	<u>(291,298)</u>	<u>374,131</u>
<b>NET ASSETS</b>		<u>£3,311,842</u>	<u>£3,525,250</u>
<b>EQUITY CAPITAL AND RESERVES</b>			
Called up share capital	16	900,000	900,000
Revaluation reserve	17	2,373,881	2,763,992
Profit and loss account	17	<u>37,961</u>	<u>(138,742)</u>
		<u>£3,311,842</u>	<u>£3,525,250</u>

Approved on 23rd June 2004 by the board of directors and signed on their behalf by:



A.K. MATHUR  
Director

# THE LUNGLA (SYLHET) TEA COMPANY, LIMITED

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31st December 2003

	2003 £	2002 £
Profit/(loss) on ordinary activities after taxation	186,506	(87,918)
Currency translation differences on foreign currency net investments	<u>(399,914)</u>	<u>(449,096)</u>
Total recognised losses for the year	<u>£ (213,408)</u>	<u>£ (537,014)</u>

## RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS for the year ended 31st December 2003

	2003 £	2002 £
Retained profit/(loss) for year	186,506	(87,918)
Currency translation differences on foreign currency net investments	<u>(399,914)</u>	<u>(449,096)</u>
Net movement in shareholders' funds	(213,408)	(537,014)
Opening shareholders' funds	<u>3,525,250</u>	<u>4,062,264</u>
Closing shareholders' funds	<u>£ 3,311,842</u>	<u>£ 3,525,250</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. In accordance with FRS 18 the directors have considered whether the company will continue in operational existence for the foreseeable future. As in previous years the company's balance sheet discloses that the company has net current liabilities. Included in creditors, amounts falling due within one year, are bank overdrafts secured on the company's net assets. The directors believe the facilities will continue to be provided for the foreseeable future.

#### b) Turnover

Turnover is based on proceeds receivable and sales at invoiced values excluding value added tax.

#### c) 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 105.40 = £1 (2002 Takas 93.21 = £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.

#### d) Tangible Fixed Assets

Fixed assets are stated at cost or valuation. Fixed assets revalued prior to the implementation of FRS15 in 2000 are stated at revalued amounts. A policy of annual revaluation has not been adopted.

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%

#### e) Fixed Asset Investments

Investments are stated at cost less provision for permanent diminution in value.

#### f) 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.



# THE LUNGLA (SYLHET) TEA COMPANY, LIMITED

## NOTES TO THE ACCOUNTS (continued)

### 1. ACCOUNTING POLICIES continued

#### g) Deferred Taxation

Deferred taxation is recognised as an asset or liability, at appropriate rates, in respect of transactions and events recognised in the accounts of the current and previous periods which give a right to pay less, or an obligation to pay more, in future tax periods. Deferred tax assets are only recognised to the extent that it is probable that there will be suitable taxable profits from which they can be recovered.

#### h) Leases

Assets held under finance bases are included as tangible fixed assets and the capital element of future lease payments is included within creditors. Such assets are depreciated in accordance with the company's accounting policy. The interest element of rentals payments is charged to the profit and loss account over the life of the lease. Costs in respect of operating leases are charged to the profit and loss account as incurred.

	2003 £	2002 £
<b>2. TURNOVER</b>		
Tea Sales - Bangladesh	2,208,754	2,649,777
Rubber Sales - Bangladesh	<u>221,375</u>	<u>159,312</u>
	<u>£ 221,375</u>	<u>£ 159,312</u>
<b>3. OPERATING PROFIT</b>		
Is stated after charging:		
Depreciation of tangible assets	£137,006	£150,676
Remuneration of the auditors	£1,539	£2,780
Land rent	£14,649	£16,564
Hire of other assets: operating leases	£42,225	£58,665
<b>4. NET OPERATING EXPENSES</b>		
Administrative expenses	226,131	281,288
Profit on sale of fixed assets	(2,358)	(1,737)
Sundry receipts	(23,614)	(10,594)
Exchange gains	<u>(485)</u>	<u>(1,126)</u>
	<u>£ 199,674</u>	<u>£ 267,831</u>
<b>5. INVESTMENT INCOME</b>		
Income from listed investments	19,952	19,658
Income from unlisted investments	<u>840</u>	<u>949</u>
	<u>£ 20,792</u>	<u>£ 20,607</u>

# THE LUNGLA (SYLHET) TEA COMPANY LIMITED

## NOTES TO THE ACCOUNTS (continued)

	2003 £	2002 £
6. NET FINANCE COSTS		
Interest payable on bank loans and overdrafts	(265,213)	(330,123)
Interest payable on finance leases	(4,488)	-
Less interest receivable on bank deposits	167	574
	<u>(269,534)</u>	<u>(329,549)</u>

	2003 £	2002 £
7. EMPLOYEES		
Staff costs:		
Wages and salaries	836,935	993,899
Pension costs	55,814	61,800
	<u>£ 892,749</u>	<u>£ 1,055,699</u>

The average number of persons employed by the company was:

	<u>6,567</u>	<u>6,340</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 2003 of £55,814 (2002 £61,800) is based upon contributions in the current year.

At 31st December 2003 the fund was valued as follows:

	2003 £	2002 £
Market Value of Assets	1,032,068	1,027,250
Present Value of Liabilities	<u>(1,177,419)</u>	<u>(1,226,263)</u>
Net Pension Scheme deficit	<u>£ (145,351)</u>	<u>£ (199,013)</u>

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

	2003 £	2002 £
8. TAXATION		
(a) Current year tax charge		
On profit/(loss) for the year		
U.K. Corporation tax	35,208	(71,801)
Less double taxation relief	<u>(2,992)</u>	<u>-</u>
	32,216	(71,801)
Taxation adjustments in respect of previous years - Group relief	3,994	286
	<u>£ 36,210</u>	<u>£ (71,515)</u>

# THE LUNGLA (SYLHET) TEA COMPANY LIMITED

## NOTES TO THE ACCOUNTS (continued)

8. TAXATION continued	2003 £	2002 £
(b) Factors affecting tax charge for period		
The differences between tax calculated at the standard rate of taxation in the UK of 30% and that charged in the accounts are explained below:		
Profit/(loss) on ordinary activities before tax	<u>£ 222,716</u>	<u>£ (159,433)</u>
Profit/(loss) on ordinary activities multiplied by 30%	66,815	(47,830)
Effects of:		
Expenditure not deductible for tax purposes	-	(338)
Fixed asset timing differences	(31,607)	(23,633)
Withholding tax paid on overseas dividends	(2,992)	-
Prior year adjustment	3,994	286
	<u>£ 36,210</u>	<u>£ (71,515)</u>

### (c) Other factors affecting tax charge

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. A deferred tax asset arising from cumulative losses recorded to 31st December 2003 of £441,359 (2002 £521,562) has not been recognised due to uncertainty of being able to utilise these losses in the foreseeable future.

The results of the company are subject to taxation in the UK. Where profits arise UK tax can be offset through double tax relief against tax payable in Bangladesh and by losses surrendered by other UK companies. It is group practice to pay for all losses surrendered at the tax rate prevailing in the year of transfer. There are no UK losses carried forward. However there is a potential deferred tax asset arising due to the tax written down value of assets being greater than the net book value of the equivalent assets. This has not been recognised in the accounts as there is no likelihood of being able to utilise capital losses in the foreseeable future.

A deferred tax liability of £712,164 has not been recognised in respect of the revaluation of planted tea as there is no intention for the assets to be sold.

# THE LUNGLA (SYLHET) TEA COMPANY, LIMITED

## NOTES TO THE ACCOUNTS (continued)

### 9. TANGIBLE FIXED ASSETS

	Planted Tea and Rubber	Buildings	Plant and Machinery	Vehicles	Fixtures Fittings Tools and Equipment	Assets in Course of Construction	Total
Balance at 1st January 2003	3,933,332	1,516,170	686,950	259,739	617,222	713,431	7,726,844
Currency retranslation	(454,743)	(175,288)	(79,420)	(30,029)	(71,359)	(82,482)	(893,321)
Assets brought into use	37,470	1,063	51,996	-	-	(90,529)	-
Additions	-	35,837	7,267	38,994	7,149	190,832	280,079
Disposals	-	-	(16,556)	(3,122)	(569)	-	(20,247)
Balance at 31st December 2003	<u>£3,516,059</u>	<u>£1,377,782</u>	<u>£650,237</u>	<u>£265,582</u>	<u>£552,443</u>	<u>£731,252</u>	<u>£7,093,355</u>
Depreciation at 1st January 2003	83,795	675,839	555,880	213,774	458,020	-	1,987,308
Currency retranslation	(9,688)	(78,135)	(64,267)	(24,715)	(52,953)	-	(229,758)
Provision for the year	19,097	40,335	53,136	10,691	13,747	-	137,006
Disposals	-	-	(15,577)	(1,872)	(442)	-	(17,891)
Balance at 31st December 2003	<u>£ 93,204</u>	<u>£ 638,039</u>	<u>£529,172</u>	<u>£197,878</u>	<u>£418,372</u>	<u>£ -</u>	<u>£1,876,665</u>
Net book value At 31st December 2003	<u>£3,422,855</u>	<u>£ 739,743</u>	<u>£121,065</u>	<u>£ 67,704</u>	<u>£134,071</u>	<u>£ 731,252</u>	<u>£5,216,690</u>
Net book value At 31st December 2002	<u>£3,849,537</u>	<u>£ 840,331</u>	<u>£131,070</u>	<u>£ 45,965</u>	<u>£159,202</u>	<u>£ 713,431</u>	<u>£5,739,536</u>

Vehicles includes assets held under finance leases. The depreciation charge for the year in respect of these assets was £5,078 and their net book value was £20,312.

# THE LUNGLA (SYLHET) TEA COMPANY, LIMITED

## NOTES TO THE ACCOUNTS (continued)

### 9. TANGIBLE FIXED ASSETS

	Planted Tea and Rubber	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	695,884	2,289,943	1,107,487	499,043	946,865	731,252	6,270,474
Exchange adjustments on retranslations	(1,542,672)	(1,116,604)	(507,828)	(233,531)	(403,746)	-	(3,804,381)
Total valuation or cost	3,516,059	1,377,782	650,237	265,582	552,443	731,252	7,093,355
Aggregate depreciation	(93,204)	(638,039)	(529,172)	(197,878)	(418,372)	-	(1,876,665)
Net book value at 31st December 2003	<u>£ 3,422,855</u>	<u>£ 739,743</u>	<u>£ 121,065</u>	<u>£ 67,704</u>	<u>£ 134,071</u>	<u>£ 731,252</u>	<u>£ 5,216,690</u>
Net book value at 31st December 2002	<u>£ 3,849,537</u>	<u>£ 840,331</u>	<u>£ 131,070</u>	<u>£ 45,965</u>	<u>£ 159,202</u>	<u>£ 713,431</u>	<u>£ 5,739,536</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.

# THE LUNGLA (SYLHET) TEA COMPANY, LIMITED

## NOTES TO THE ACCOUNTS (continued)

	2003 £	2002 £
10. INVESTMENTS		
Cost at 1st January	329,513	370,538
Loss on currency fluctuation	<u>(38,096)</u>	<u>(41,025)</u>
At 31st December	291,417	329,513
Amounts written off		
At 1st January	(5,335)	(5,999)
Currency fluctuations	<u>617</u>	<u>664</u>
Net book value at 31st December	<u>£ 286,699</u>	<u>£ 324,178</u>
Investments at cost include:		
Listed on Dhaka Stock Exchange	<u>£267,850</u>	<u>£302,865</u>
Market value	<u>£405,432</u>	<u>£336,839</u>
Investments also include an unlisted investment of 44,242 (2002 - 44,242) shares of Tk.10 each in Chittagong Warehouses Limited, a fellow subsidiary, incorporated and operating in Bangladesh, representing 24.51% (2002 - 24.51%) of the issued share capital.		
11. LONG TERM DEBTORS		
Other debtors	<u>£173,144</u>	<u>£ 291,432</u>
12. STOCKS		
Stock of tea	392,500	313,884
Stock of rubber	34,815	44,188
Estate stores	<u>127,067</u>	<u>167,451</u>
	<u>£ 554,382</u>	<u>£ 525,523</u>
There was no material difference between the replacement cost and value shown in stocks.		
13. DEBTORS		
Due within one year		
Trade debtors	195,250	375,371
Other debtors	253,168	301,079
Amounts owed by group companies	41,364	71,228
Prepayments and accrued income	28,633	33,753
Interest receivable	11	97
Taxation recoverable	<u>19,371</u>	<u>8,935</u>
	<u>£ 537,797</u>	<u>£ 790,463</u>

# THE LUNGLA (SYLHET) TEA COMPANY, LIMITED

## NOTES TO THE ACCOUNTS (continued)

	2003 £	2002 £
<b>14. CREDITORS</b>		
Amounts falling due within one year		
Term loans secured (see note 14)	64,055	73,907
Finance leases	2,298	-
Other creditors	214,212	216,924
Amounts owed to group companies	620,891	651,753
Interest payable	95,946	127,947
Bank loans and overdraft (secured against hypothecation of crop)	<u>2,256,262</u>	<u>2,765,078</u>
	<u>£ 3,253,664</u>	<u>£ 3,835,609</u>
<b>15. CREDITORS</b>		
Amounts falling due after more than one year		
Bank loans (secured against certain fixed assets)	268,206	374,131
Finance leases	<u>23,092</u>	<u>-</u>
	<u>£ 291,298</u>	<u>£ 374,131</u>
Bank loans include the following amounts repayable over more than five years by instalments		
Aggregate amount of loans	£332,261	£448,038
Amount due beyond five years	£97,512	£128,540
The repayments of bank loans and overdrafts fall due as follows:		
Within 12 months or on demand (included in		
Creditors: due within one year)	2,320,317	2,838,985
Between 1 - 2 years	56,209	72,400
Between 2 - 5 years	112,588	173,191
After 5 years	<u>97,512</u>	<u>128,540</u>
	<u>£2,586,626</u>	<u>£3,213,116</u>
The repayment of finance leases fall due as follows:		
Within 12 months or on demand (included in		
Creditors: due within one year)	2,298	-
Between 1 - 2 years	6,239	-
Between 2 - 5 years	16,853	-
After 5 years	<u>-</u>	<u>-</u>
	<u>£ 25,390</u>	<u>£ -</u>

Interest rates vary from 9% per annum to 12% per annum.

# THE LUNGLA (SYLHET) TEA COMPANY, LIMITED

## NOTES TO THE ACCOUNTS (continued)

16. SHARE CAPITAL	2003 £	2002 £
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>
17. RESERVES	Revaluation	Profit and Loss
At 1st January 2003	2,763,992	(138,742)
Foreign currency translation gains/(losses):		
On net current assets	-	181,168
On fixed assets	(390,111)	(420,729)
On depreciation	-	229,758
Retained profit for year	<u>-</u>	<u>186,506</u>
At 31st December 2003	<u>£ 2,373,881</u>	<u>£ 37,961</u>
The distribution of retained profits is subject to exchange control permission for remittances from Bangladesh. Withholding tax at the rate of 15% (2002 15%) is charged when profits are remitted.		
18. CAPITAL COMMITMENTS	2003	2002
Contracted for	<u>£31,311</u>	<u>£19,419</u>
19. LEASING COMMITMENTS		
Annual commitment in respect of operating leases expiring:		
Between two and five years		
Other assets	<u>£55,247</u>	<u>£58,665</u>
After more than five years		
Land rent	<u>£14,649</u>	<u>£16,564</u>



## THE LUNGLA (SYLHET) TEA COMPANY, LIMITED

### NOTES TO THE ACCOUNTS (continued)

---

#### 20. PARENT COMPANY

The ultimate parent company at 31<sup>st</sup> December 2003 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.

#### 21. 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.

#### 22. CONTROL OF CAMELLIA PLC

Camellia Holding AG held 1,421,000 ordinary shares of Camellia Plc (representing 54.75 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

## 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 31<sup>st</sup> December 2003 set out on pages four to sixteen. These financial statements have been prepared under the historical cost convention and the accounting policies set out on pages seven and eight.

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

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.

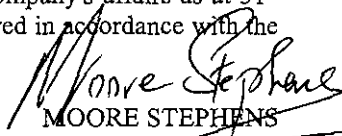
### Basis of audit opinion

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 31<sup>st</sup> December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
MOORE STEPHENS

Chartered Accountants  
and Registered Auditors

23<sup>rd</sup> June 2004