

SETHIA LONDON LIMITED
DIRECTORS REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2007

BOYDELL & CO
Chartered Accountants
89 Chiswick High Road
London W4 2EF

Company number 884903

WEDNESDAY



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SETHIA LONDON LIMITED

DIRECTORS REPORT AND FINANCIAL STATEMENTS

The directors submit their report with the financial statements of the company for the year ended 31 July 2007

RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £ 768,965 (2006 £178,262 (restated)) A dividend of £750,000 was paid in the year

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The company is a wholly owned subsidiary of N Sethia Group Limited

The principal activities of the company are acting as commission agents, trading in commodities and goods, commodity futures, shares, currencies and exporting There have been no significant changes in the company's principal activities in the year under review The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year

As shown in the company's profit and loss account on page 5, the company's turnover decreased by 6.1% over the prior year, whilst profit after tax increased by 331%

The balance sheet on page 7 of the financial statements shows that the company's financial position at the year-end is, in both net assets and cash terms, consistent with the prior year Details of amounts owed by and to its parent company and fellow group undertakings are shown in notes 11 and 12 on page 15

There are no significant events since the balance sheet date to report

Given the nature and size of the company's business, the company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business The performance of the company is discussed in the group directors' report and financial statements which do not form part of this report

SETHIA LONDON LIMITED

DIRECTORS REPORT AND FINANCIAL STATEMENTS

(CONTINUED)

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES (continued)

Principal risks and uncertainties

Competitive pressure is a continuing risk for the company and this is managed by providing a value added service to its customers and by maintaining strong relationships with customers

The company sales in Europe are made in Euros and it is therefore exposed to the movement in the Euro to Pound exchange rate. In addition, the company deals in a range of currencies with a view to making a profit. This risk is managed by the directors monitoring exchange rate movements on a daily basis.

The company has, in addition, bank overdrafts and is therefore subject to interest rate exposure. This risk is managed by the directors monitoring interest rate fluctuations on a regular basis.

Group risks are discussed in the group directors' report and financial statements which do not form part of this report.

Employees

Details of the number of employees and related costs can be found in note 3 to the financial statements on page 10.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year, together with and their interests in the ordinary share capital of the holding company were as follows:

	2007	2006
N K Sethia - beneficial holding	121,297	121,297
N K Sethia - non-beneficial holding	981,403	981,403
R Sethia	-	-
A K Pyne	-	-
J P S Booth	-	-

N K Sethia owned both his beneficial and non-beneficial holding jointly with his wife C D Sethia.

SETHIA LONDON LIMITEDDIRECTORS REPORT AND FINANCIAL STATEMENTS(CONTINUED)DIRECTORS RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to

- Select suitable accounting policies and then to apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether applicable accounting standards 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

The directors, or such persons that are directors at the time when the report is approved, attest that

- a) so far as the directors are aware, there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- b) each director has taken all the steps that he ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors Boydell & Co have indicated their willingness to accept reappointment as auditors under Section 385 (2) of the Companies Act 1985.

By order of the board

Anurao Jain

A JAIN
Secretary

28 April 2008

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF

SETHIA LONDON LIMITED

We have audited the financial statements of Sethia London Limited for the year ended 31 July 2007 set out on pages 5 to 17. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

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 auditors' 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 on page 3, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Auditing Standards (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you 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 OPINION

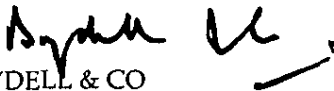
We conducted our audit in accordance with International Auditing Standards (UK and Ireland), issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant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

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

OPINION

In our opinion:

- the financial statements give a true and fair view of the state of the company's affairs as at 31 July 2007 and of its profit for the year then ended,
- the company's financial statements have been properly prepared in accordance with the provisions of the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements.


BOYDELL & CO
Chartered Accountants
& Registered Auditors
89 Chiswick High Road
London W4 2EF

28 April 2008

SETHIA LONDON LIMITEDPROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 JULY 2007

	<u>Notes</u>	<u>2007</u>	<u>2006</u>
TURNOVER			
- continuing operations	(2)	51,124,178	54,458,754
Cost of sales		(48,223,085)	(52,666,076)
		<hr/>	<hr/>
Gross profit	(2)	2,901,093	1,792,678
Selling and distribution costs	(372,831)	(245,913)	
Establishment and administrative expenses	(897,494)	(964,289)	
		<hr/>	<hr/>
		(1,270,325)	(1,210,202)
		<hr/>	<hr/>
OPERATING PROFIT			
- continuing operations	(3)	1,630,768	582,476
Interest receivable	(4)	13,935	13,055
Interest payable and similar charges	(5)	(184,731)	(216,973)
Translation differences on exchange - (loss)/ profit	(6)	(168,541)	(136,431)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,291,431	242,127
Tax on profit on ordinary activities	(7)	(522,466)	(63,865)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		768,965	178,262
Dividend paid		(750,000)	-
		<hr/>	<hr/>
RETAINED PROFIT FOR THE YEAR	(15)	£ 18,965	£ 178,262
		=====	=====

Continuing operations

None of the company's activities were acquired or discontinued during the above two financial periods

SETHIA LONDON LIMITEDSTATEMENT OF TOTAL RECOGNISED GAINS AND LOSSESFOR THE YEAR ENDED 31 JULY 2007

	<u>Notes</u>	<u>2007</u>	<u>2006</u>
Retained profit for the year		18,965	178,262
Capital exchange differences		(8,372)	(39,165)
		<hr/>	<hr/>
Total recognised gains and losses relating to the year		10,593	139,097
Prior year adjustment		-	29,602
		<hr/>	<hr/>
Total recognised gains and losses recognised since last report		£ 10,593 =====	£ 168,699 =====

The notes on pages 8 to 17 form an integral part of these financial statements

SETHIA LONDON LIMITED

BALANCE SHEET

AT 31 JULY 2007

	<u>Notes</u>	<u>2007</u>	<u>2006</u>
FIXED ASSETS			
Tangible assets	(8)	319,901	361,580
Investments	(9)	2,639,842	2,639,842
		<u>2,959,743</u>	<u>3,001,422</u>
CURRENT ASSETS			
Debtors	(10)	8,925,477	4,871,332
Cash at bank and in hand		705,262	728,448
		<u>9,630,739</u>	<u>5,599,780</u>
CREDITORS amounts falling due within one year	(11)	(9,251,192)	(5,238,998)
NET CURRENT ASSETS		<u>379,547</u>	<u>360,782</u>
CREDITORS amounts falling due after more than one year	(12)	(49,996)	(83,503)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>£ 3,289,294</u> =====	<u>£ 3,278,701</u> =====
CAPITAL AND RESERVES (all attributable to equity interests)			
Called up share capital	(14)	1,200,000	1,200,000
Profit and loss account	(15)	2,107,229	2,088,264
Exchange reserve	(15)	(17,935)	(9,563)
		<u>£ 3,289,294</u> =====	<u>£ 3,278,701</u> =====

Approved by the board on 28 April 2008 and signed on its behalf by


N K SETHIA
Director

The notes on pages 8 to 17 form an integral part of these financial statements

SETHIA LONDON LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2007

1 ACCOUNTING POLICIES

a) Accounting convention and change in accounting policy

The financial statements are prepared in accordance with applicable accounting standards and under the historical cost convention. Under Financial Reporting Standard 1 paragraph 8(c) the company is exempt from the requirement to publish a cash flow statement, as it is a wholly owned subsidiary of an UK undertaking.

In preparing the financial statements for the current year, the company has adopted the accounting policy permitted by Statement of Standard Accounting Practice 20 "Foreign currency Translation" relating to equity investments financed by foreign borrowings. Differences arising on the translation to sterling of overseas net assets are taken to reserves.

b) Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life, at the following rates:

Freehold building	- 2% pa straight line basis
Leasehold land and buildings	- over the term of the lease
Furniture and equipment	- 25% pa reducing instalment basis
Motor vehicles	- 25% pa reducing instalment basis

c) Stocks

Stocks are stated at the lower of cost and net realisable value.

d) Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date except for certain non-monetary assets, which are translated at the historic sterling equivalent. Transactions in foreign currencies are recorded at the average rate for the year.

The differences arising on the translation to sterling (using the closing rate of exchange) of overseas net assets at the beginning of the year, after taking into account related foreign currency borrowings, are taken to reserves. Other differences in currency transactions are taken to profit and loss account.

SETHIA LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2007

1 ACCOUNTING POLICIES (continued)

e) Assets acquired by hire purchase or lease

Such assets are capitalised in accordance with Statement of Standard Accounting Practice 21 and are depreciated over their useful lives. Finance charges are calculated on the straight line basis and are charged to profit and loss account.

f) Deferred taxation

Deferred tax is provided on the liability method to take account of timing differences between the treatment of certain items for financial statements purposes and their treatment for tax purposes. Tax deferred is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may crystallise.

2 TURNOVER

The turnover and pre-tax profit is attributable to trading in commodities and goods, commodity futures, shares, currencies, exporting and commission receivable (stated net of VAT). The turnover is attributable to continuing operations.

An analysis of turnover by geographical market is given below

	<u>2007</u> £'000	<u>2006</u> £'000
Europe (ex UK)	4,863	3,011
United Kingdom	46,261	51,448
	<u>£ 51,124</u>	<u>£ 54,459</u>
	=====	=====

Analysis of turnover and gross profit by business activity

	<u>Turnover</u> £'000 <u>2007</u>	<u>Turnover</u> £'000 <u>2006</u>	<u>Gross</u> <u>profit/(loss)</u> £'000 <u>2007</u>	<u>Gross</u> <u>profit/(loss)</u> £'000 <u>2006</u>
Futures trading	45,760	50,927	(237)	(130)
Commissions receivable	4,863	3,011	2,847	1,633
Management fees	500	500	290	290
Other income	1	21	1	-
	<u>£ 51,124</u>	<u>£ 54,459</u>	<u>£ 2,901</u>	<u>£ 1,793</u>
	=====	=====	=====	=====

SETHIA LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2007

3 OPERATING PROFIT

This is stated after charging/(crediting)	<u>2007</u> £	<u>2006</u> £
Directors' remuneration	203,394	289,649
Auditors' remuneration	20,000	18,000
Depreciation	45,979	27,167
Operating lease rentals - plant and machinery	1,237	1,240
	=====	=====

The emoluments of the highest-paid director, excluding pension contributions, were £ 132,500 (2006 £ 150,000)

The emoluments of the other directors fell within the following ranges -

	Group	
	<u>2007</u>	<u>2006</u>
£ 20,000 - £ 25,000	-	1
£ 30,000 - £ 35,000	-	1
£ 40,001 - £ 45,000	1	-
£ 45,001 - £ 50,000	-	1
	=====	=====
Employees (including directors)	<u>2007</u> No	<u>2006</u> No
Average number of people employed during the year		
Sales	-	1
Administration	8	8
Management	6	6
	=====	=====
	14	15
	=====	=====
Cost in respect of these employees		
Salaries	370,297	408,932
Social security costs	59,249	42,532
Other benefits	8,067	8,154
	=====	=====
	£ 437,613	£ 459,618
	=====	=====

SETHIA LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2007

4 <u>INTEREST RECEIVABLE</u>	<u>2007</u>	<u>2006</u>
Bank deposit interest	4,753	494
Other interest receivable	9,182	12,561
	<u>£ 13,935</u>	<u>£ 13,055</u>
	=====	=====

5 <u>INTEREST PAYABLE AND SIMILAR CHARGES</u>	<u>2007</u>	<u>2006</u>
On bank loans and overdrafts	157,188	76,147
On other loans	27,543	140,826
	<u>£ 184,731</u>	<u>£ 216,973</u>
	=====	=====

Included in interest on other loans is £ 4,881 (2006 £ 2,094) in respect of finance charges on finance leases and hire-purchase agreements

6 <u>TRANSLATION DIFFERENCES ON EXCHANGE</u>	<u>2007</u>	<u>2006</u>
Translation differences on exchange		
Retranslation of opening trading balances	(108,604)	(42,181)
Translation differences during the year	(59,937)	(94,250)
	<u> </u>	<u> </u>
Amounts (debited)/credited to profit and loss account	<u>£ (168,541)</u>	<u>£ (136,431)</u>

7 <u>TAX ON PROFIT ON ORDINARY ACTIVITIES</u>	<u>2007</u>	<u>2006</u>
(a) Tax on profit on ordinary activities		
UK Corporation tax 30% (2006 30%)	402,466	83,782
Adjustment in respect of prior years	120,000	(19,917)
	<u>£ 522,466</u>	<u>£ 63,865</u>
	=====	=====

SETHIA LONDON LIMITEDNOTES TO THE FINANCIAL STATEMENTS (CONTINUED)FOR THE YEAR ENDED 31 JULY 20077 TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

(b) Factors affecting the current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2006 30%) The differences are reconciled below

	<u>2007</u>	<u>2006</u>
Profit on ordinary activities before taxation	£ 1,291,431 =====	£ 242,127 =====
Profit on ordinary activities multiplied by tax rate	387,429	72,638
Expenses not deductible for tax purposes	5,453	5,361
Depreciation and amortisation	13,793	8,150
Tax (over)/underprovided in previous years	-	(19,917)
Capital allowances	(3,887)	(4,583)
Profit on disposal of fixed assets	-	-
Loss on disposal of investments	552	-
Prior year adjustment	120,000	-
Other	(874)	2,216
Total current tax (note 7(a))	£ 522,466 =====	£ 63,865 =====

(c) Factors that may affect future tax charges

The company expects to be able to claim capital allowances that are less than depreciation in future years The company has no tax losses (2006 £nil) that are available for offset against future taxable profits

No deferred tax is recognised on the unremitted earnings of overseas subsidiaries, as the company has no liability to additional taxation should such amounts be remitted due to the availability of double taxation relief

SETHIA LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2007

8 TANGIBLE FIXED ASSETS

	Freehold Land and Buildings	Furniture and Equipment	Motor Vehicles	Total
	£	£	£	£
Cost				
At 1 August 2006	207,355	362,580	191,942	761,877
Additions	-	4,300	-	4,300
Disposals	-	-	-	-
At 31 July 2007	207,355	366,880	191,942	766,177
Depreciation				
At 1 August 2006	13,449	333,327	53,521	400,297
Charge for year	2,788	8,586	34,605	45,979
On disposals	-	-	-	-
At 31 July 2007	16,237	341,913	88,126	446,276
Net Book Value				
At 31 July 2007	£ 191,118	£ 24,967	£ 103,816	£ 319,901
At 31 July 2006	£ 193,906	£ 29,253	£ 138,421	£ 361,580

Depreciation has not been charged on freehold land, which is stated at an estimated cost of £ 67,940 (2006 £67,940)

Included in the total net book value of tangible fixed assets held at 31 July 2007 were motor vehicles totalling £ 103,816 (2006: £ 138,421) in respect of assets held under finance leases and hire purchase contracts

9 INVESTMENTS

At cost less provision for diminution in value

At 1 August 2006 and 31 July 2007		£2,639,842
		=====
Summary	<u>2007</u>	<u>2006</u>
Unlisted investments	2,604,246	2,604,246
Listed investments (see below)	35,596	35,596
Total investments	<u>£ 2,639,842</u>	<u>£ 2,639,842</u>
	=====	=====

SETHIA LONDON LIMITEDNOTES TO THE FINANCIAL STATEMENTS (CONTINUED)FOR THE YEAR ENDED 31 JULY 20079 INVESTMENTS (continued)

The company holds more than 10% of the equity of the following companies

<u>Name of company</u>	<u>Country of incorporation</u>	<u>Holding (shares)</u>	<u>Propn held</u>	<u>Nature of business</u>
Pashupati Securities Mauritius Ltd	Mauritius	30,002	100%	Investment company
Newby Teas (UK) Ltd	UK	1,000,000	100%	Tea merchants
Newby Teas Overseas PVT Ltd	India	6,250,000	100% (*)	Tea packing
Intracs Ltd	UK	7,000	70%	Consultancy

(*) 49% held by a subsidiary undertaking

The company is exempted from the requirement to prepare group accounts because it is itself a subsidiary of N Sethia Group Limited, a company incorporated in England and Wales, which prepares and files consolidated accounts

Listed investments

	£
At 1 August 2006	
Stock	35,596
Addition	-
At 31 July 2007	<u>£ 35,596</u> =====

The market value of these investments at 31 July 2007 was £50,179 and the taxation liability on the potential gain if sold would be £4,375

SETHIA LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2007

10 <u>DEBTORS</u>	<u>2007</u>	<u>2006</u>
Amounts owed by group undertakings	8,377,831	3,977,619
Other debtors	348,874	118,349
Prepayments, commission payable in advance and accrued income	173,695	775,364
Taxation - Value added tax	25,077	-
	<u>£ 8,925,477</u>	<u>£ 4,871,332</u>
	=====	=====

11 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>2007</u>	<u>2006</u>
Bank loans and overdrafts	5,902,914	694,534
Obligations under finance leases and hire purchase contracts (note 14)	33,507	33,507
Trade creditors	412,920	16,186
Amounts owed to group undertakings	720,793	346,081
Corporation tax	507,954	83,786
Other taxes and social security costs	17,927	17,324
Other creditors	1,034,405	3,892,439
Accruals	620,772	155,141
	<u>£ 9,251,192</u>	<u>£ 5,238,998</u>
	=====	=====

The bank loans and overdrafts are secured by a charge on group land and buildings

12 CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

Amounts repayable by instalments

	<u>2007</u>	<u>2006</u>
Obligations under finance leases and hire purchase contracts (note 14)		
Payable between 2 and 5 years	49,996	83,503
	<u>£ 49,996</u>	<u>£ 83,503</u>
	=====	=====

SETHIA LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2007

13 OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

	<u>2007</u>	<u>2006</u>
Amounts payable		
Within one year	30,879	38,388
In two to five years	66,215	97,094
	<u>97,094</u>	<u>135,482</u>
Less finance charges allocated to future periods	(13,591)	(18,472)
	<u>£ 83,503</u>	<u>£ 117,010</u>
	=====	=====
Finance leases and hire purchase contracts are analysed as follows		
Current obligations (note 12)	33,507	33,507
Non-current obligations (note 13)	49,996	83,503
	<u>£ 83,503</u>	<u>£ 117,010</u>
	=====	=====

14 SHARE CAPITAL

	Authorised		Authorised	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
	No	No	£	£
Ordinary shares of £1 each	2,000,000	2,000,000	2,000,000	2,000,000
	=====	=====	=====	=====
	Allotted, called up and fully paid		Allotted, called up and fully paid	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
	No	No	£	£
Ordinary shares of £1 each	1,200,000	1,200,000	1,200,000	1,200,000
	=====	=====	=====	=====

15 RESERVES

	Exchange reserve (restated)	Profit and loss account (restated)
At 1 August 2006	(9,563)	2,088,264
Retained profit for the period	-	18,965
Capital exchange differences	(8,372)	-
At 31 July 2007	<u>£ (17,935)</u>	<u>£ 2,107,229</u>
	=====	=====

SETHIA LONDON LIMITEDNOTES TO THE FINANCIAL STATEMENTS (CONTINUED)FOR THE YEAR ENDED 31 JULY 200716 RECONCILIATION OF MOVEMENT
IN SHAREHOLDERS' FUND

	<u>2007</u>	<u>2006</u>
Attributable to equity interests		
Opening shareholders' funds	3,278,701	3,139,604
Profit for the financial year	46,660	178,262
Capital exchange differences	(8,372)	(39,165)
Closing shareholders' funds	<u>£ 3,316,989</u> =====	<u>£ 3,278,701</u> =====

17 RELATED PARTY TRANSACTIONS

Loans from related parties	Balance at 1 August 2006	Balance at 31 July 2007	Maximum outstanding balance
	£	£	£

N K & C D Sethia 1999

Family Settlement Trust	17,020	17,020	17,020
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N K & C D Sethia as Trustees of the following settlements for the benefit of

R R Sethia Settlement	510,262	589	510,262
P R Sethia Settlement	148,557	3,189	148,557
R Sethia Settlement	1,212,383	813,910	1,212,383

Unpaid interest due but unpaid amounted to £nil (2005 £nil) Included in other creditors is a sum of £ 76,725 (2006 £ 245,887) due to the N Sethia Foundation N K Sethia is a trustee of this registered charity

18 OTHER FINANCIAL COMMITMENTS

On 31 July 2007 the company had annual commitments under non-cancellable operating leases as set out below

	<u>2007</u>	<u>2006</u>
Operating leases which expire		
Within one year	1,240	1,240
In two to five years	2,060	3,300
	<u>£ 3,300</u> =====	<u>£ 4,540</u> =====

19 CONTINGENT LIABILITY

The company has given a guarantee of £250,000 covering the liabilities of Newby Teas (UK) Ltd, a subsidiary undertaking

20 IMMEDIATE AND ULTIMATE HOLDING COMPANY

The company's immediate and ultimate holding company is N Sethia Group Limited, a company incorporated in England and Wales