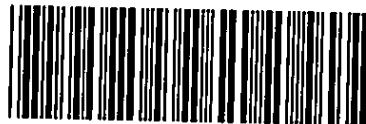


NEWBY TEAS (UK) LIMITED
DIRECTORS REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2012

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

Company number 3904465

TUESDAY



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COMPANIES HOUSE

NEWBY TEAS (UK) LIMITED

(COMPANY NUMBER 3904465)

DIRECTORS REPORT

The directors submit their report with the financial statements of the company for the year ended 31 July 2012

RESULTS AND DIVIDENDS

The profit on ordinary activities for the period, after taxation, amounted to £69,729 (2011 £25,590) The directors do not recommend the payment of a dividend nor any transfer to reserves

REVIEW OF THE BUSINESS

The company's principal activity during the period was the sale of tea The directors are concentrating on sales to the European and Middle East and UK markets in addition to the Russian market

DIRECTORS

The directors at 31 July 2012 who served throughout the year and their interests in the share capital of the holding company were as follows -

		Ordinary shares	
		Number of Shares	
		<u>31 7.12</u>	<u>31 7 11</u>
Nirmal K Sethia	- beneficial holding	121,297	121,297
	- non-beneficial holding	581,403	981,403
J P S Booth		-	-
A Jain		-	-
Richa Sethia	- appointed 17 7 2012	-	-

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 of the company for that period In preparing those financial statements, the directors are required to

- Select suitable accounting policies and then 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 accounts;
- Prepare the accounts 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 2006 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

NEWBY TEAS (UK) LIMITED

DIRECTORS REPORT (continued)

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

AUDITORS

The auditors, Boydell & Co, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

On behalf of the board

Amr Rao Jain

A JAIN
Director

105 St John Street
London
EC1M 4AS

21st January 2013

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OFNEWBY TEAS (UK) LIMITED

We have audited the financial statements of Newby Teas (UK) Limited for the year ended 31 July 2012, which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective April 2008).

This report is made solely to the company's members, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). In forming our opinion we are also required to comply with the Auditing Practice Board's Ethical 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 United Kingdom Generally Accepted Accounting Practice, have been prepared in accordance with the Companies Act 2006, and give a true and fair view. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept adequate accounting records, if we have not received all the information and explanations we require for our audit, or if certain disclosures of directors' remuneration specified by law are not made.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the audited financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (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.

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF

NEWBY TEAS (UK) LIMITED (CONTINUED)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 July 2012 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- the financial statements have been prepared in accordance with the Companies Act 2006, and
- the information given in the Directors' Report is consistent with the financial statements



Malcolm Barry Boydell (Senior Statutory Auditor)

For and on behalf of

Boydell & Co

Chartered Accountants and Statutory Auditors

89 Chiswick High Road

London

W4 2EF

15 February 2013

NEWBY TEAS (UK) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JULY 2012

	<u>Notes</u>	<u>2012</u> £	<u>2011</u> £
TURNOVER	2	2,605,879	2,607,861
Cost of sales		(2,402,744)	(2,459,636)
Gross profit		<u>203,135</u>	<u>148,225</u>
Net operating expenses	3	(111,545)	(115,576)
OPERATING PROFIT		<u>91,590</u>	<u>32,649</u>
PROFIT on ordinary activities before taxation		<u>91,590</u>	<u>32,649</u>
Tax on profit on ordinary activities	4	(21,861)	(7,059)
PROFIT on ordinary activities for the year		<u>69,729</u>	<u>25,590</u>
Profit brought forward		<u>218,025</u>	<u>192,435</u>
Profit carried forward		<u>£ 287,754</u>	<u>£ 218,025</u>

The notes on pages 7 to 11 form an integral part of these financial statements

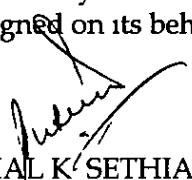
NEWBY TEAS (UK) LIMITEDBALANCE SHEETAT 31 JULY 2012

	Notes	£	<u>2012</u> £	£	<u>2011</u> £
FIXED ASSETS					
Intangible fixed assets	5		15,041		20,054
Tangible fixed assets	6		3,928		5,237
Investments	7		204,518		149,374
			<u>223,487</u>		<u>174,665</u>
CURRENT ASSETS					
Stocks	8	715,952		734,420	
Debtors	9	1,584,971		1,582,975	
Cash at bank		232,569		138,177	
		<u>2,533,492</u>		<u>2,455,572</u>	
CREDITORS amounts falling due within one year	10	(1,469,225)		(1,411,612)	
NET CURRENT ASSETS			1,064,267		1,043,960
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,287,754</u>		<u>1,218,625</u>
Deferred taxation	11		-		(600)
			<u>£ 1,287,754</u>		<u>£ 1,218,025</u>
CAPITAL AND RESERVES					
Called up share capital	12		1,000,000		1,000,000
Profit and loss account			287,754		218,025
			<u>£ 1,287,754</u>		<u>£ 1,218,025</u>

These accounts have been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The directors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with s 386 of the Act and for preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of sections 394 to 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to accounts, so far as applicable to the company

Approved by the board on 21st January 2013
and signed on its behalf by


NIRMAL K SETHIA
Director

The notes on pages 7 to 11 form an integral part of these financial statements

NEWBY TEAS (UK) LIMITEDNOTES TO THE FINANCIAL STATEMENTSFOR THE YEAR ENDED 31 JULY 2012**1 ACCOUNTING POLICIES**Basis of accounting

The financial statements have been prepared under the historical cost convention and the Financial Reporting Standard for Smaller Entities (effective January 2008). They have been prepared on the going concern basis, on the understanding that fellow group undertakings will not seek repayment of sums due to them in excess of the company's available resources.

Amortisation

Amortisation is provided on all intangible 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 annual rates:

Artwork and design 25% (reducing instalment basis)

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 annual rates:

Furniture and equipment 25% (reducing instalment basis)

Computers 25% (reducing instalment basis)

Stock and work in Progress

Stock and work in progress are valued at the lower cost and net realisable value.

Foreign Currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the average rate for the year. Differences in currency transactions are taken to trading account and translation differences on monetary items are taken to trading and profit and loss account.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at the date that will result in an obligation to pay more, or a right to pay less or to receive more tax.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

2 TURNOVER

Turnover represents the invoiced amounts of goods sold and services provided, excluding VAT. An analysis of turnover by geographical market is given below:

	<u>2012</u>	<u>2011</u>
	£	£
Europe (excluding UK)	2,356,836	2,400,220
United Kingdom	249,043	207,641
	<u>£ 2,605,879</u>	<u>£ 2,607,861</u>
	=====	=====

NEWBY TEAS (UK) LIMITEDNOTES TO THE FINANCIAL STATEMENTS (CONT'D)FOR THE YEAR ENDED 31 JULY 2012

3	<u>OPERATING PROFIT</u>	<u>2012</u>	<u>2011</u>
	This is stated after charging	£	£
	Auditors' remuneration current year	6,000	5,016
		=====	=====
	Employees (including directors)		
	Average number of people employed during the year (administration etc)	1	1
	Cost in respect of these employees		
	Salaries	25,774	37,693
	Social security costs	2,906	4,360
		£28,680	£42,053
		=====	=====

4	<u>TAXATION</u>		
	(a) Current taxation		
		<u>2012</u>	<u>2011</u>
	The taxation charge for the year is as follows -	£	£
	Corporation tax for the year @ 24.48% (2011 27.3%)	22,461	7,059
	Deferred taxation provision written back	(600)	-
		21,861	7,059
		=====	=====

(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 26%/24% (2011 28%/26%) The differences are reconciled below

	<u>2012</u>	<u>2011</u>
	£	£
Profit on ordinary activities before taxation	91,590	32,649
	=====	=====
Profit on ordinary activities multiplied by tax rate	22,421	8,913
Depreciation	1,547	2,308
Capital allowances	(286)	(398)
Other	(1,221)	(3,764)
Deferred tax provision written back	(600)	-
	21,861	7,059
	=====	=====

(c) Factors that may affect future tax charges

The company has no tax losses (2011 £nil) that are available for offset against future taxable profits

NEWBY TEAS (UK) LIMITEDNOTES TO THE FINANCIAL STATEMENTS (CONT'D)FOR THE YEAR ENDED 31 JULY 2012

5	<u>INTANGIBLE FIXED ASSETS</u>	<u>Artwork & Design</u> £	<u>Trademark & patents</u> £	<u>Total</u> £
	Cost			
	At 1 August 2011	261,036	143,315	404,351
	Additions/disposals	-	-	-
	Disposals	-	-	-
	At 31 July 2012	261,036	143,315	404,351
	Amortisation			
	At 1 August 2011	240,982	143,315	384,297
	Charge for the year	5,013	-	5,013
	At 31 July 2012	245,995	143,315	389,310
	Net book value			
	At 31 July 2012	15,041	-	15,041
	At 31 July 2011	20,054	-	20,054
6	<u>TANGIBLE FIXED ASSETS</u>	<u>Furniture and equipment</u> £	<u>Computers</u> £	<u>Total</u> £
	Cost			
	At 1 August 2011	55,961	14,775	70,736
	Additions	-	-	-
	Disposals	-	-	-
	At 31 July 2012	55,961	14,775	70,736
	Depreciation			
	At 1 August 2011	51,801	13,698	65,499
	Charge for the period	1,040	269	1,309
	At 31 July 2012	52,841	13,967	66,808
	Net book value			
	At 31 July 2012	3,120	808	3,928
	At 31 July 2011	4,160	1,077	5,237

NEWBY TEAS (UK) LIMITEDNOTES TO THE FINANCIAL STATEMENTS (CONTINUED)FOR THE YEAR ENDED 31 JULY 2012

7	<u>INVESTMENTS</u>	<u>Total</u>
	<u>At cost</u>	
	At 1 August 2011	149,374
	Additions	55,144
	At 31 July 2012	<u>£ 204,518</u>

During the year, the company subscribed for 520,000 additional equity shares of 10 Rupees each in Newby India Private Limited, a company incorporated in India. At 31 July 2012, the company held 1,560,000 equity shares of 10 Rupees each, fully paid in the company, at a cost of £204,518, which represents 26% of the company's issued share capital.

The aggregate amount of this company's capital and reserves together with their profit and loss for the year ended 31 March 2012 (a year-end date required by Indian company law) is as follows

	Capital and Reserves INR	Loss for the year INR
Newby India Private Limited	<u>27,456,387</u>	<u>(11,711,958)</u>

8	<u>STOCKS</u>	<u>2012</u>	<u>2011</u>
		£	£
	Promotional goods and packaging	268,292	146,614
	Raw materials	99,996	193,370
	Finished goods	347,664	394,436
		<u>£ 715,952</u>	<u>£ 734,420</u>

9	<u>DEBTORS</u>	<u>2012</u>	<u>2011</u>
		£	£
	Trade debtors	£1,584,971	£1,582,975

10	<u>CREDITORS amounts falling due within one year</u>	<u>2012</u>	<u>2011</u>
		£	£
	Trade creditors	107,326	62,486
	Corporation tax payable	30,008	4,205
	Amounts owed to Group undertakings	1,297,427	1,342,995
	Accruals	34,464	-
	Social security and other taxes	-	1,926
		<u>£ 1,469,225</u>	<u>£ 1,411,612</u>

NEWBY TEAS (UK) LIMITEDNOTES TO THE FINANCIAL STATEMENTS (CONT'D)FOR THE YEAR ENDED 31 JULY 201211. DEFERRED TAXATION

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	<u>2012</u>	<u>2011</u>
	£	£
Excess of taxation allowances over depreciation on fixed assets	-	£ 600

12. SHARE CAPITAL

Authorised

Allotted
called up and
fully paid

	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	No	No	£	£
Ordinary £1 shares	1,000,000	1,000,000	1,000,000	1,000,000

13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS

	<u>2011</u>	<u>2011</u>
	£	£
Opening shareholders' funds	1,218,025	1,192,435
Profit for the year after tax	69,729	25,590
Closing shareholders' funds	£ 1,287,754	£ 1,218,025

14. IMMEDIATE PARENT COMPANY

The company is a wholly owned subsidiary of Sethia London Limited, a company incorporated in England and Wales. On 1 October 2011, Sethia London Limited transferred 400,000 ordinary £1 shares in the company to Sethia Family-related charitable foundations. In the directors' view, Sethia London Limited continues to be the company's immediate parent company.

15. ULTIMATE PARENT COMPANY

The ultimate parent company is N Sethia Group Limited, a company incorporated in England and Wales.

NEWBY TEAS (UK) LIMITEDPROFIT AND LOSS ACCOUNTFOR THE YEAR ENDED 31 JULY 2012

	£	<u>2012</u> £	£	<u>2011</u> £
Turnover				
Sales		2,605,879		2,607,861
Opening stock	734,420		642,109	
Purchases	2,051,306		2,218,287	
Storage and distribution costs	340,235		336,017	
Closing stock	(715,952)		(734,420)	
Exchange differences on translation	(7,265)		(2,357)	
		<u>(2,402,744)</u>		<u>(2,459,636)</u>
Gross profit		203,135		148,225
Less expenses				
Rent and rates	17,711		17,378	
Wages and salaries	28,680		42,053	
Printing, postage & delivery charges	6,743		3,460	
Telephone and fax	1,061		1,305	
Advertising and promotion	9,131		155	
Travelling	10,325		7,634	
General expenses	8,064		9,168	
Legal & professional fees	12,544		-	
Auditors' remuneration	6,000		5,016	
Bank interest	1,405		1,795	
Bank charges	3,559		3,605	
Provision for bad debts	-		15,551	
Depreciation trade mark and patents	-		27	
Depreciation artwork and design	5,013		6,684	
Depreciation furniture & equipment	1,040		1,386	
Depreciation computers	269		359	
		<u>(111,545)</u>		<u>(115,576)</u>
OPERATING PROFIT		<u>£91,590</u>		<u>£ 32,649</u>

This statement does not form part of the audited statutory financial statements of the company