

The New Sylhet Tea Estates Limited

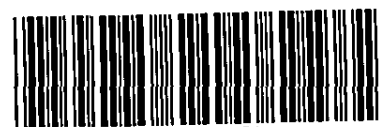
Abbreviated Accounts

31 December 2007

Company Registration Number 00050639

**Chowdhury Ahammad & Co
Chartered Accountants
36 Eastcastle Street
London W1W 8DP**

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The New Sylhet Tea Estates Limited
Year ended 31 December 2007

Financial Statements

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The New Sylhet Tea Estates Limited
Year ended 31 December 2007

Chartered Accountants' Report to the Board of Directors on the
Unaudited Financial Statements of The New Sylhet Tea Estates Limited

In accordance with our terms of engagement, and in order to assist you to fulfil your duties under the Companies Act 1985, we have compiled the financial statements of the company set out on pages 3 to 8 from the accounting records and information and explanations you have given to us

This report is made to the Board of Directors, as a body, in accordance with the terms of our engagement. Our work has been undertaken so that we might compile the financial statements that we have been engaged to compile, report to the Company's Board of Directors that we have done so, and state those matters that we have agreed to state to them in this 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 Board of Directors, as a body, for our work or for this report

We have carried out this engagement in accordance with technical guidance issued by the Institute of Chartered Accountants in England and Wales and we have complied with the ethical guidance laid down by the Institute relating to members undertaking the compilation of financial statements

You have acknowledged on the balance sheet as at 31 December 2007 your duty to ensure that the company has kept proper accounting records and to prepare financial statements that give a true and fair view under the Companies Act 1985. You consider that the company is exempt from the statutory requirement for an audit for the year

We have not been instructed to carry out an audit of the financial statements. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion of the financial statements

36 Eastcastle Street
London
W1W 8DP


Chowdhury Ahmad & Co
Chartered Accountants

Date 13 October 2008

The New Sylhet Tea Estates Limited
Year ended 31 December 2007

Abbreviated Balance Sheet as at 31 December 2007

2006

| | Note | £ | £ | £ |
|--|------|----------------|------------------|------------------|
| Tangible Fixed Assets | | | | |
| in Bangladesh | 2 | | 51,452 | 43,069 |
| Investments | | | <u>56</u> | <u>57</u> |
| | | | 51,508 | <u>43,126</u> |
| Current Assets | | | | |
| Stock | | 112,660 | | 97,022 |
| Debtors | | 304,002 | | 338,987 |
| Loans and Advances | 3 | 127,640 | | 86,621 |
| Cash in hand and at bank | | <u>6,473</u> | | <u>3,532</u> |
| | | <u>550,775</u> | | <u>526,162</u> |
| Creditors | | | | |
| Amounts falling due within one year | | 140,577 | | 121,014 |
| Bank Overdraft | | <u>118,550</u> | | <u>153,011</u> |
| | | <u>259,127</u> | | <u>274,025</u> |
| Net Current Assets | | | <u>291,648</u> | <u>252,137</u> |
| Total Assets less Current Liabilities | | | 343,156 | 295,263 |
| Creditors | | | | |
| Amounts failing due after more than one year | 4 | | <u>15,297</u> | <u>18,187</u> |
| | | | <u>£ 327,859</u> | <u>£ 277,076</u> |
| Capital and Reserves | | | | |
| Called up Share Capital | 5 | | 204,000 | 204,000 |
| Exchange Adjustment Reserve | | - | 340,230 | - 338,743 |
| Profit and Loss Account | | | <u>464,089</u> | <u>411,819</u> |
| Shareholders' funds - equity interest | | | <u>£ 327,859</u> | <u>£ 277,076</u> |

The directors are satisfied that the company is entitled to exemption from the provisions of the Companies Act 1985(the Act) relating to the audit of the financial statements for the year by virtue of section 249A(1) and that no member or members have requested an audit pursuant to section 249B(2) of the Act

The directors acknowledge their responsibilities for

The New Sylhet Tea Estates Limited
Year ended 31 December 2007


Abbreviated Balance Sheet as at 31 December 2007

continued.....

- (i) ensuring that the company keeps proper accounting records which comply with section 221 of the Act, and
- (ii) preparing financial statements 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 section 226, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the company

These abbreviated accounts have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985

These abbreviated accounts were approved by the directors on 10/10/2008
and are signed on their behalf by


M Rafique
Director

The New Sylhet Tea Estates Limited
Year ended 31 December 2007

Notes to the Financial Statements

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005)

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom accounting standards (UK GAAP) which have been applied consistently (except as otherwise stated)

1.3 Turnover

Turnover represent the proceeds of sale of tea before deducting sales tax and cesses, and other selling expenses

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

| | Rate (%) |
|---------------------|----------|
| Building | 5 |
| Plant and Machinery | 10 |
| Motor Vehicles | 25 |

No depreciation is charged in respect of expenditure on land and its extension as the cost of maintenance is charged to revenue

1.5.1 Stock of tea

The stock of tea has been valued at amount subsequently realised. The treatment relates to the proceeds of sale of the crop to the cost of production, and as a consequence, in the directors' opinion, give the fairest measure of the results for the year. This is a departure from Statement of Standard Accounting Practice No. 9

1.5.2 Stock of stores

The stocks of stores have been valued at average cost

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Year ended 31 December 2007

Notes(continued)...

1.6 Foreign currencies

- 1.6.1** Assets and liabilities relating to the company's operations in Bangladesh and denominated in foreign currency are accounted for on the net investment basis and are translated for balance sheet purposes at the closing rate of exchange
- 1.6.2** The results for the year are translated at the average rate of exchange for the period
- 1.6.3** Exchange differences arising from the re-translation of the opening net investment at the closing rate of exchange are shown as a movement on Exchange adjustment reserve
- 1.6.4** The difference between the result for the year calculated at the average rate of exchange and the corresponding amount calculated at the closing rate of exchange as shown as a movement in the Exchange adjustment reserve

The New Sylhet Tea Estates Limited
Year ended 31 December 2007

Notes (continued)...

2. Tangible Fixed Assets in Bangladesh

| | Tea Estates | Building | Plant and Machinery | Vehicles | Total |
|---------------------------|-----------------|----------------|------------------------|-----------------|------------------|
| Cost at 1.1.07 | 20,175 | 10,066 | 126,149 | 13,681 | 170,071 |
| Additions during the year | | | - | 15,479 | 15,479 |
| Adjustment | - 167 | - 83 | - 1,045 | - 113 | - 1,408 |
| Cost at 31 12 07 | <u>£ 20,008</u> | <u>£ 9,983</u> | <u>£ 125,104</u> | <u>£ 29,047</u> | <u>£ 184,142</u> |
| Depreciation | | | | | |
| at 1 1 07 | - | 9,512 | 103,809 | 13,681 | 127,002 |
| Charge for the year | - | 46 | 2,834 | 3,886 | 6,766 |
| Adjustment | - | - 79 | - 870 | - 129 | - 1,078 |
| | <u>£ -</u> | <u>£ 9,479</u> | <u>£ 105,773</u> | <u>£ 17,438</u> | <u>£ 132,690</u> |
| Net Book Value | | | | | |
| 31.12.07 | <u>£ 20,008</u> | <u>£ 504</u> | <u>£ 19,331</u> | <u>£ 11,609</u> | <u>£ 51,452</u> |
| 31 12 06 | <u>£ 20,175</u> | <u>£ 554</u> | <u>£ 22,340</u> | <u>£ -</u> | <u>£ 43,069</u> |

The cost of the tea estates represents the cost of the land together with the development cost of cultivation

3 Loans and Advances

| | 2007 £ | 2006 £ |
|------------------------------|------------------|---------------|
| Jafflong Tea Company Limited | 55,810 | 56,276 |
| Burjan Tea Estates | 71,830 | 30,345 |
| | <u>£ 127,640</u> | <u>86,621</u> |

These loans are unsecured and are considered irrecoverable but against which no provision has been made in the accounts

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Year ended 31 December 2007

Notes (continued)....

| 4. Creditors | 2007 | | 2006 | |
|--|------------------------|-----------------------|------------------------|-----------------------|
| | Due within one year | Due after one year | Due within one year | Due after one year |
| Bank Loans | 2,740 | 15,297 | 5,460 | 18,187 |
| Amount due to ultimate holding company | 5,146 | | 3,147 | |
| Other creditors and accruals(incl H O) | <u>132,691</u> | <u>-</u> | <u>112,407</u> | <u>-</u> |
| | <u>£ 140,577</u> | <u>£ 15,297</u> | <u>£ 121,014</u> | <u>£ 18,187</u> |

The bank loans are from Bangladesh Krishi Bank for Taka counterpart released against U K and EEC grants They are secured by mortgages of the fixed Assets of the company and bear interest ranging from 0 5% to 10%

| 5. Called up Share Capital | 2007 | 2006 |
|--|------------------|------------------|
| Authorised, allotted, issued and fully paid | | |
| 4 2% (formerly 16%) cumulative preference shares of 1 each | 12,000 | 12,000 |
| Ordinary shares 1 each | <u>192,000</u> | <u>192,000</u> |
| | <u>£ 204,000</u> | <u>£ 204,000</u> |