

NEWBY TEAS (UK) LIMITED
DIRECTORS REPORT AND FINANCIAL STATEMENTS
31 JULY 2008



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

Company number: 3904465

NEWBY TEAS (UK) LIMITED

DIRECTORS REPORT

The directors submit their report with the financial statements of the company for the year ended 31 July 2008.

RESULTS AND DIVIDENDS

The profit on ordinary activities for the period, after taxation, amounted to £19,231 (2007: profit £64,292). 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 2008 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>31.7.08</u>	<u>31.7.07</u>
Nirmal K Sethia	- beneficial holding	121,297	121,297
	- non-beneficial holding	981,403	981,403
A K Pyne		-	-
J P S Booth		-	-
A Jain		-	-

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;
- 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.

NEWBY TEAS (UK) LIMITEDDIRECTORS REPORT (continued)SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies within Part VII of the Companies Act 1985.

AUDITORS

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

On behalf of the Board



A JAIN
Director

105 St John Street
London
EC1M 4AS

28 May 2009

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

We have audited the financial statements on pages 4 to 9 which have been prepared under the historical cost convention on the basis of accounting policies set out on page 6 and in accordance with the Financial Reporting Standard for Smaller Entities.

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 on page one 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 International Standards on Auditing (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 misstatement within it.

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.

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 2008 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies, and the information given in the directors' report is consistent with the financial statements.



Boydell & Co
Chartered Accountants
and Registered Auditors
89 Chiswick High Road
London W4 2EF

28 May 2009

NEWBY TEAS (UK) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JULY 2008

	<u>Notes</u>	2008 £	2007 £
TURNOVER	2	1,579,631	1,734,026
Cost of sales		(1,267,781)	(1,237,013)
Gross profit		<u>311,850</u>	<u>497,013</u>
Net operating expenses	3	(283,966)	(399,758)
OPERATING PROFIT		<u>27,884</u>	<u>97,255</u>
PROFIT on ordinary activities before taxation		<u>27,884</u>	<u>97,255</u>
Tax on profit on ordinary activities	5	(8,653)	(32,963)
PROFIT on ordinary activities for the year		<u>19,231</u>	<u>64,292</u>
Profit brought forward		<u>65,867</u>	<u>1,575</u>
Profit carried forward		<u>£ 85,098</u>	<u>£ 65,867</u>

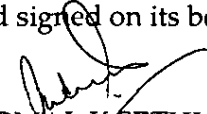
The notes on pages 6 to 9 form an integral part of these financial statements.

NEWBY TEAS (UK) LIMITEDBALANCE SHEETAT 31 JULY 2008

	Notes	£	2008 £	£	2007 £
FIXED ASSETS					
Intangible fixed assets	6		76,224		106,400
Tangible fixed assets	7		12,414		16,553
Investments	8		63,316		-
			<u>151,954</u>		<u>122,953</u>
CURRENT ASSETS					
Stock	9	363,145		369,244	
Debtors	10	1,461,215		1,445,357	
Cash at bank		137,008		2,231	
		<u>1,961,368</u>		<u>1,816,832</u>	
CREDITORS: amounts					
falling due within one year	11	(1,027,624)		(873,318)	
		<u></u>		<u></u>	
NET CURRENT ASSETS			933,744		943,514
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,085,698</u>		<u>1,066,467</u>
PROVISIONS FOR LIABILITIES AND CHARGES					
Deferred taxation	12		(600)		(600)
			<u>£ 1,085,098</u>		<u>£ 1,065,867</u>
CAPITAL AND RESERVES					
Called up share capital	13		1,000,000		1,000,000
Profit and loss account			85,098		65,867
			<u>£ 1,085,098</u>		<u>£ 1,065,867</u>

These financial statements have been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985 and the Financial Reporting Standard for Smaller Entities (effective January 2007).

Approved by the board on 28 May 2009.
and signed on its behalf by


NIRMAL K SETHIA
Director

The notes on pages 6 to 9 form an integral part of these financial statements.

NEWBY TEAS (UK) LIMITEDNOTES TO THE FINANCIAL STATEMENTSFOR THE YEAR ENDED 31 JULY 20081. ACCOUNTING POLICIESBasis of accounting

The financial statements have been prepared under the historical cost convention and the Financial Reporting Standard for Smaller Entities (effective January 2007). 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.

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:

Furniture and equipment	25% pa reducing instalment basis
Computers	25% pa reducing instalment basis
Artwork and design	25% pa reducing instalment basis
Trademark	10% pa straight line

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 excluding VAT.

An analysis of turnover by geographical market is given below:

	2008	2007
	£	£
Europe (excl UK)	1,433,991	1,556,400
United Kingdom	145,640	177,626
	<u>£ 1,579,631</u>	<u>£ 1,734,026</u>
	=====	=====

3. NET OPERATING EXPENSES

	2008	2007
	£	£
Administrative expenses	283,966	399,758
	=====	=====

NEWBY TEAS (UK) LIMITEDNOTES TO THE FINANCIAL STATEMENTS (CONT'D)FOR THE YEAR ENDED 31 JULY 2008

4	<u>OPERATING PROFIT</u>	2008	2007
	This is stated after charging:	£	£
	Auditors' remuneration	3,300	2,800
		=====	=====
	Employees (including directors):		
	Average number of people employed during the year (administration etc)	7	8
	Cost in respect of these employees:		
	Salaries	132,052	162,672
	Social security costs	14,369	17,557
		<u>£ 146,421</u>	<u>£ 180,229</u>
		=====	=====

5.	<u>TAXATION</u>	2008	2007
	The taxation charge for the year is as follows:-	£	£
	Corporation tax for the year @ 20%/21% (2007 - 30%)	8,653	32,963
		=====	=====

6.	<u>INTANGIBLE FIXED ASSETS</u>	<u>Artwork & Design</u>	<u>Trademark & patents</u>	<u>Total</u>
		£	£	£
	Cost:			
	At 1 August 2007	261,036	143,315	404,351
	Additions	-	-	-
	Disposals	-	-	-
		<u>261,036</u>	<u>143,315</u>	<u>404,351</u>
	At 31 July 2008			
	Depreciation:			
	At 1 August 2007	197,659	100,292	297,951
	Charge for the year	<u>15,844</u>	<u>14,332</u>	<u>30,176</u>
	At 31 July 2008	<u>213,503</u>	<u>114,624</u>	<u>328,127</u>
	Net book value:			
	At 31 July 2008	47,533	28,691	76,224
	At 31 July 2007	63,377	43,023	106,400

NEWBY TEAS (UK) LIMITEDNOTES TO THE FINANCIAL STATEMENTS (CONT'D)FOR THE YEAR ENDED 31 JULY 20087. TANGIBLE FIXED ASSETS

	Furniture and equipment	Computers	Total
	£	£	£
Cost:			
At 1 August 2007	55,961	14,775	70,736
Additions	-	-	-
Disposals	-	-	-
At 31 July 2008	55,961	14,775	70,736
Depreciation:			
At 1 August 2007	42,814	11,369	54,183
Charge for the period	3,287	852	4,139
At 31 July 2008	46,101	12,221	58,322
Net book value:			
At 31 July 2008	9,860	2,554	12,414
At 31 July 2007	13,147	3,406	16,553

8. INVESTMENT

	<u>Total</u>
<u>At cost</u>	
Addition during the year	63,316
At 31 July 2008	63,316

On 12 November 2007, the company subscribed for 494,000 equity shares of 10 rupees each, fully paid in Newby India Private Limited, representing 24% of the company's issued share capital.

9. STOCKS

	<u>2008</u>	<u>2007</u>
	£	£
Raw materials	41,769	51,768
Finished goods	289,520	292,301
Work-in-progress	31,856	25,175
	<u>£ 363,145</u>	<u>£ 369,244</u>

10. DEBTORS

	<u>2008</u>	<u>2007</u>
	£	£
Trade debtors	1,461,142	1,438,857
Other debtors	73	-
Prepayments	-	6,500
	<u>£ 1,461,215</u>	<u>£ 1,445,357</u>

NEWBY TEAS (UK) LIMITEDNOTES TO THE FINANCIAL STATEMENTS (CONT'D)FOR THE YEAR ENDED 31 JULY 200811. CREDITORS: amounts falling due within one year

	<u>2008</u>	<u>2007</u>
	£	£
Bank loans and overdrafts	475,373	613,289
Trade creditors	143,214	88,656
Taxation	9,415	32,908
Group undertakings	386,994	122,354
Accruals	12,628	16,043
Social security and other taxes	- 68	
	<u>£ 1,027,624</u>	<u>£ 873,318</u>

The bank overdraft is secured by a floating charge on the assets of the company.

12. DEFERRED TAXATION

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

	<u>2008</u>	<u>2007</u>
	£	£
Excess of taxation allowances over depreciation on fixed assets	<u>£ 600</u>	<u>£ 600</u>

13. SHARE CAPITAL

Authorised

Allotted
called up and
fully paid

	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	No.	No.	£	£
Ordinary £1 shares	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>

14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS

	<u>2008</u>	<u>2007</u>
	£	£
Opening shareholders' funds	1,065,867	1,001,575
Profit for the year after tax	<u>19,231</u>	<u>64,292</u>
Closing shareholders' funds	<u>1,085,098</u>	<u>£ 1,065,867</u>

15. HOLDING COMPANY

The company is a wholly owned subsidiary of Sethia London Limited. The ultimate holding company is N Sethia Group Limited, a company incorporated in the UK.