

BROOKE BOND GROUP LIMITED
REPORT AND ACCOUNTS 2007

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Brooke Bond Group Limited

Directors' report

The Directors present their report and audited financial statements of the Company for the year ended 31 December 2007.

Directors

The Directors of the Company during the year and up to the date of signing the financial statements were as follows -

Mr G B St L Anderson
Mr C Fletcher-Smith
Mrs B S Macaulay

Mrs B S Macaulay resigned as a Director on 1 February 2008 Mr B Chapman and Mr J-G Odada were appointed as Directors on the 18 February 2008

Principal activities, review of business and future developments

The principal activity of the Company is to act as a holding company All of it's out of pocket expenses, including the remuneration of the auditors, were borne by the parent company or a fellow subsidiary

The results of the Company show a pre-tax profit of £3,492,051,000 (2006 £5,611,000)

The Directors consider that in the conditions prevailing during the year, the development of the Company's business and its financial position at the end of the year were satisfactory. The Directors do not expect any development in the Company's business in 2008 which is significantly different from its present activity

Key performance indicators

Given the straightforward nature of the business, the Company's Directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

Principal Risks and Uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks The key business risks and uncertainties affecting the Group and the Company are considered to relate to competitive pricing, commodity, raw and packaging material pricing, consumption levels, physical risks, legislative, fiscal and regulatory conditions Further discussion of these risks and uncertainties in the context of the Unilever group as a whole is provided in the Unilever published annual report

Dividend

The Directors did not recommend the payment of a dividend in the current year (2006 nil).

Brooke Bond Group Limited

Statement of Directors' responsibilities in respect of the Directors' report and financial statements

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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, with the exception of the changes arising on the adoption of new accounting standards in the year, as explained in principal accounting policies,
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary

The Directors confirm that they have complied with the above requirements in preparing the financial statements

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and 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 detecting of fraud and other irregularities.

Statement of provision of information to auditors

Each of the persons who is a Director at the date of approval of this report confirms that

1. so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
2. the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of Section 234ZA of the Companies Act 1985

Brooke Bond Group Limited

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated willingness to continue in office as auditors of the Company in accordance with the provisions of Section 487(2) of the Companies Act 2006

By order of the Board



Mr G B St L Anderson
Company Secretary

6 November 2008

Brooke Bond Group Limited

Independent auditors' report to the members of Brooke Bond Group Limited

We have audited the financial statements of Brooke Bond Group Limited for the year ended 31 December 2007, 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.

Respective responsibilities of Directors and auditors

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We also report to you whether in our opinion 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 information given in the Directors' Report is not consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all their information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions 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 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.

Brooke Bond Group Limited**Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' report is consistent with the financial statements.


PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

London

6 November 2008

Brooke Bond Group Limited

Profit and loss account

	<u>Notes</u>	2007 £000	2006 £000
Impairment of investments	(1)	(3,359)	(1,986)
Administrative income/(expenses)		<u>29</u>	<u>(26)</u>
Operating loss	(2)	(3,330)	(2,012)
Profit on disposal of investments	(3)	-	244
Interest and similar income	(5)	<u>3,495,381</u>	<u>7,379</u>
Profit on ordinary activities before taxation		3,492,051	5,611
Taxation on profit on ordinary activities	(6)	<u>841</u>	<u>1,428</u>
Profit for the financial year	(11)	<u>3,492,892</u>	<u>7,039</u>

All operations in the year and in the comparative year were continuing

There is no material differences between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents

The profit for the financial year represents the total recognised gains of that year and therefore no separate statement of total recognised gains and losses has been presented

Brooke Bond Group Limited
Balance sheet – as at 31 December

	<u>Notes</u>	2007 £000	2006 £000
Fixed assets			
Investments	(7)	3,756,198	277,074
Current assets			
Debtors	(8)	26,333	25,030
Creditors: amounts falling due within one year	(9)	<u>-</u>	<u>-</u>
Net current assets		<u>26,333</u>	<u>25,030</u>
Total assets less current liabilities		3,782,531	302,104
Creditors: amounts falling due after more than one year	(9)	<u>(87,534)</u>	<u>(99,999)</u>
Net assets		<u>3,694,997</u>	<u>202,105</u>
Capital and reserves			
Called up share capital	(10)	86,662	86,662
Share premium account	(11)	30,990	30,990
Revaluation reserve	(11)	33,528	33,528
Retained profit	(11)	<u>3,543,817</u>	<u>50,925</u>
Equity shareholders' funds	(11)	<u>3,694,997</u>	<u>202,105</u>

The financial statements on pages 6 to 15 were approved by the Board of Directors on 6 November 2008 and were signed on its behalf by


G B St L Anderson
Director

Brooke Bond Group Limited

Principal accounting policies

The financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and the applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, except for any changes arising on adoption of the new accounting standards as described below, are set out below.

Basis of preparation

The financial statements contain information about Brooke Bond Group Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under S228 of the Companies Act 1985 from the requirements to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent company, Unilever PLC, a company incorporated in England and Wales.

Cash flow statement

The Company is a subsidiary of Unilever PLC and its cash flows are included in the consolidated financial statement of Unilever PLC, which are publicly available. Consequently the company is exempt under the terms of Financial Reporting Standard No 1 (revised 1996) from publishing a cash flow statement.

Foreign currencies Trading transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling on the date of the transaction or at monthly average rates. Monetary assets and liabilities denominated in foreign currencies have been translated into sterling at the covered rates of exchange and at rates current at the year-end, and profits/losses are taken through the Profit and loss account of the year.

Fixed asset investments: Fixed asset investments are generally carried at cost. Where the value of an investment is considered to have been permanently impaired, a carrying value below this amount is employed.

Dividends Final dividends are only recognised in the profit and loss account when they have been approved by the members and interim dividends are only recognised when paid. Dividend income is recognised when the Company's right to receive payment is established.

Brooke Bond Group Limited

Notes to the accounts – 31 December 2007

(1) Impairment of investments

	2007 £000	2006 £000
Unilever Tea Kenya Ltd	(3,359)	(1,986)
Total impairment of investments	<u>(3,359)</u>	<u>(1,986)</u>

(2) Administrative income/(expenses)

The operating loss is arrived at after (charging)/crediting the following amounts.

	2007 £000	2006 £000
Exchange adjustments	<u>29</u>	<u>(26)</u>

The fees for PricewaterhouseCoopers LLP in respect of the statutory audit for the current and prior year are borne by a fellow group company, Unilever UK Central Resources, Limited. Full details for the year ended 31 December 2007 and prior year comparatives are disclosed in the financial statements of that company.

(3) Profit on disposal of investments

The profit on disposal of investment is made up as follows

	2007 £000	2006 £000
Liquidation of Brooke Bond Bachelors Ltd per 20/10/2006	-	244
The proceeds were £244,000 at a cost of zero		
	<u>-</u>	<u>244</u>

(4) Directors' emoluments

The Directors, including the Chairman, who served during the year ended 31 December 2007 are employed as managers by Unilever UK Central Resources Limited and they are remunerated by that company in respect of their services to the group as a whole. Their emoluments are dealt with in the group accounts and they receive no emoluments from the Company.

(5) Interest and similar income

	2007 £000	2006 £000
Income from shares in group undertakings	3,483,484	636
Income from other fixed assets investments	11,897	6,743
Total interest receivable and similar income	<u>3,495,381</u>	<u>7,379</u>

Brooke Bond Group Limited**(6) Taxation on profit on ordinary activities**

The credit for taxation is made up as follows

	2007 £000	2006 £000
On the profit for the year		
Current tax		
UK corporation tax	(4,839)	(3,233)
Less Double tax relief	<u>5,400</u>	<u>3,414</u>
	561	181
Adjustment for prior years	<u>380</u>	<u>1,311</u>
Total UK taxation	941	1,492
Foreign taxation	<u>(100)</u>	<u>(64)</u>
Total foreign taxation	(100)	(64)
Total taxation credit / (charge)	<u>841</u>	<u>1,428</u>

The current tax for the period is lower (2006 is lower) than the standard rate of corporation tax in the UK (30%) The differences are explained below.

	2007 £000	2006 £000
Profit on ordinary activities before tax	<u>3,492,051</u>	<u>5,611</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in UK of 30% (2006 – 30%)	(1,047,615)	(1,683)
Effects of		
Gross up for underlying tax on overseas dividends	(1,531)	(1,201)
Permanent differences	(438)	(422)
Foreign tax on overseas earnings	(100)	(64)
Double tax relief	5,400	3,414
Adjustments to tax in respect of prior periods	380	1,311
Non taxable income	<u>1,044,745</u>	<u>73</u>
Current tax credit / (charge)	<u>841</u>	<u>1,428</u>

Brooke Bond Group Limited

(7) Fixed assets – Investments

	Shares in group undertakings £000	Shares in associated Companies £000	Other investments listed £000	Total £000
<u>Cost 1 January 2007</u>	232,529	67,752	16,550	316,831
Additions	1,511,979	-	1,970,504	3,482,483
Cost 31 December	1,744,508	67,752	1,987,054	3,799,314
<u>Provisions 1 January 2007</u>	(39,757)	-	-	(39,757)
Impairment charge	(3,359)	-	-	(3,359)
Provisions 31 December 2007	(43,116)	-	-	(43,116)
<u>Net Book Value</u>				
As at 31 December 2007	1,701,392	67,752	1,987,054	3,756,198
As at 31 December 2006	192,772	67,752	16,550	277,074
Market value of listed investments	21,917		288,810	

The listed 43,125,000 shares in group undertakings are held in Unilever Tea Kenya Limited. The listed other investment 106,739,460 shares are held in Hindustan Unilever Ltd. All other investments are not listed.

During the year the Company acquired shares of Brooke Bond South India Estates Ltd for the amount of £ 1,511,978,683.72 and of Unilever US Investments Ltd for the amount of £ 1,970,504,152.99.

Brooke Bond Group Limited**(7) Fixed asset - Investments (continued)****Investment in group undertakings**

The investment is in subsidiary undertakings of the Company. Their names together with their country of incorporation/registration are listed below. A description of the shares and the proportion held is shown below.

Name of company and country of incorporation/registration	Description of shares held	Proportion of nominal value of shares held and of voting rights		Principal activity
		Direct %	Indirect %	
<u>England and Wales</u>				
BBG Investments (France) Ltd	Ordinary	100%		Dormant
Brooke Bond Assam Estates Ltd	Ordinary	100%		Holding Co
Unilever Australia Partnership Ltd	Ordinary	100%		Holding Co
Brooke Bond South India Estates Ltd.	Ordinary	100%		Holding Co
Unilever Australia Investments Ltd	Ordinary	100%		Holding Co
<u>USA</u>				
Brooke Bond Group Investments Inc.	Ordinary		100%	Holding Co
Unatrac U S , Inc.	Ordinary		100%	Foods, Tea and Tea Packaging
	Preference		100%	Foods, Tea and Tea Packaging
<u>Kenya</u>				
Unilever Tea Kenya Ltd	Ordinary	88.24%		Plantations, Tea& Packaging
Brooke Bond Mombasa Ltd	Ordinary		88.24%	Dormant
The Buret Tea Co Ltd	Ordinary		88.24%	Dormant
Kenya Tea Blenders Ltd.	Ordinary		88.24%	Dormant
Kitco Ltd	Ordinary		88.24%	Dormant
Mabroukie Tea & Coffee Estates Ltd.	Ordinary		88.24%	Dormant
<u>Tanzania</u>				
Unilever Tea Tanzania Ltd.	Ordinary	100%		Tea Plantations

In the opinion of the Directors, the value of the investment in subsidiary undertakings, consisting of shares and amounts owing, is not less than the amount at which that investment is stated in the balance sheet.

Brooke Bond Group Limited**(7) Fixed Asset – Investments (continued)****Associated companies and other investments**

Included in investments are the following investments which amount to 20% or more of the nominal value of the allotted shares of the companies concerned or where significant influence is exercised over the investment

Name of company and country of incorporation/registration	Description of shares held	Proportion of nominal value of shares held	
		direct	indirect
<u>England and Wales</u>			
Unilever US Investments Ltd	Ordinary	0.00	
<u>Kenya</u>			
The Limuru Tea Company Ltd	Ordinary		45.88%
<u>India</u>			
Hindustan Unilever Ltd	Ordinary	4.90%	
<u>USA</u>			
Unilever Trumbull Holdings, Inc	Ordinary	23.23%	

The aggregate value of the capital and reserves and the profit/(loss) in the associated companies is as follows -

Name of Company	Capital & reserves as at 31 Dec 2007 £000	Profit/(loss) for year ended 31 Dec 2007 £000
<u>Kenya</u>		
The Limuru Tea Company Ltd	307	23
<u>USA</u>		
Unilever Trumbull Holdings, Inc	367,846	2,857

In the opinion of the Directors, the value of the investment in subsidiary undertakings, associated companies and other investments consisting of shares and amounts owing, is not less than the amount at which the investment is stated in the balance sheet

Brooke Bond Group Limited**(8) Debtors**

	2007	2006
	£000	£000
Amounts due within one year:		
Amounts owed by group undertakings	931	569
Tax provision	1,122	181
	2,053	750
Amounts due after more than one year:		
Amounts owed by group undertakings	2,421	2,421
Amounts owed by ultimate parent undertaking	21,859	21,859
	24,280	24,280
Total Debtors	26,333	25,030

(9) Creditors

	2007	2006
	£000	£000
Amounts due after more than one year		
Amounts owed to group undertakings	(87,490)	(99,948)
Accruals and deferred income	(44)	(51)
Total Creditors	(87,534)	(99,999)

(10) Called up share capital

	2007	2006
	£000	£000
Authorised		
400,000,000 ordinary shares of 25p each	100,000	100,000
Alloted and fully paid		
346,646,201 ordinary shares of 25p each	86,662	86,662

Brooke Bond Group Limited**(11) Reconciliation of movements in Equity shareholders' funds**

	2007	2006
	£000	£000
Opening Equity shareholders' funds	202,105	195,066
Retained profit for the financial year	3,492,892	7,039
Closing Equity shareholders' funds	3,694,997	202,105

Reserves

	<u>Share</u>	<u>Revaluation</u>	<u>Retained</u>	<u>Total</u>
	<u>premium</u>	<u>reserve</u>	<u>profit</u>	
	<u>account</u>			
	£000	£000	£000	£000
As at 1 January 2007	30,990	33,528	50,925	115,443
Profit for the financial year	-	-	3,492,892	3,492,892
As at 31 December 2007	30,990	33,528	3,543,817	3,608,335

(12) Related party transactions and Ultimate parent company

The immediate holding company is Unilever PLC, which is also the ultimate parent company. The Company has not disclosed transactions with fellow subsidiaries in accordance with the exemption under the terms of Financial Reporting Standard No 8 as the ultimate parent company produces publicly available accounts. Copies of Unilever group accounts can be publicly obtained from Unilever PLC, Corporate Relations Department, 100 Victoria Embankment, London EC4Y 0DY.