

## REPORT AND ACCOUNTS 1996

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BROOKE BOND GROUP LIMITEDDIRECTORS' REPORT FOR THE YEAR 1996DIRECTORS

Mr P Neely  
 Mrs V A Roberts  
 Mr I A C Shrimpton  
 Mr R M Tomlinson  
 Mrs C J Hampton-Coutts

Mrs Hampton-Coutts was appointed a director on 1<sup>st</sup> August 1997 and Mr B J Wakefield resigned from the Board on 30<sup>th</sup> September 1997.

REVIEW OF ACTIVITIES

There was no significant change in the principal activity of the Company which is to act as a holding company.

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 1997 significantly different from its present activities.

PROFITS AND DIVIDEND

The profit for the year is £19,218,887 out of which a dividend of £425,476 has been declared.

DIRECTORS' INTERESTS

According to the Register of Directors' Interests, the notifiable interests of the Directors in office at 31st December 1996 in the share and loan capital of the Company's ultimate holding company, Unilever PLC, and its subsidiaries, were as follows:

		<u>At 01.01.96</u>	<u>At 31.12.96</u>
	<u>Unilever PLC</u>		
Mr P Neely	Ordinary shares of 5p each	2,033	1,113
Mrs V A Roberts	Ordinary shares of 5p each	4,817	3,031
Mr I A C Shrimpton	Ordinary shares of 5p each	710	710
Mr R M Tomlinson	Ordinary shares of 5p each	4,019	3,489
Mr B J Wakefield	Ordinary shares of 5p each	-	278

BROOKE BOND GROUP LIMITEDDIRECTORS' REPORT FOR THE YEAR 1996DIRECTORS' INTERESTS (Continued)

Options to acquire the number of Unilever PLC Ordinary shares of 5p each listed below were granted, exercised and held as follows:

		<u>At 01.01.96</u>	<u>Granted</u>	<u>Exercised</u>	<u>At 31.12.96</u>
Mr P Neely	(b)	1,033	Nil	Nil	1,033
Mr V A Roberts	(b)	1,355	Nil	Nil	1,355
Mr I A C Shrimpton	(b)	1,270	310	Nil	1,580
Mr R M Tomlinson	(a)	5,043	5,112	Nil	10,155
	(b)	1,999	Nil	Nil	1,999
Mr B J Wakefield	(b)	1,926	932	1,926	932

- a) under The Unilever PLC 1985 Executive Share Option Schemes and subject to the Rules of those Schemes.
- (b) under The Unilever PLC 1985 Sharesave Scheme and subject to the Rules of that Scheme.

The Directors, in common with all employees of Unilever PLC and its UK subsidiaries have a beneficial interest in the undermentioned Unilever PLC Ordinary Shares of 5p each, acquired by the Unilever Employee Share Trusts for the purpose of satisfying share options granted to employees:

	<u>At 01.01.96</u>	<u>At 31.12.96</u>
The Directors	14,343,232	13,256,358

AUDITORS

Coopers & Lybrand remain in office as Auditors of the Company in accordance with the provisions of Section 386 of the Companies Act 1985.

BY ORDER OF THE BOARD



I A C SHRIMPTON  
DIRECTOR

DATE: 30 OCT 1997

BROOKE BOND GROUP LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES  
FOR PREPARING THE ACCOUNTS

The directors are required by UK company law to prepare accounts for each financial year 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 the profit or loss and total recognised gains or losses of the company for that year.

The directors confirm that suitable accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made, in the preparation of the accounts for the year ended 31st December 1996. The directors also confirm that applicable accounting standards have been followed and that the accounts have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company, and for taking reasonable steps to prevent and detect fraud and other irregularities.

BY ORDER OF THE BOARD



I A C SHRIMPTON  
DIRECTOR

DATE: 30 OCT 1997

BROOKE BOND GROUP LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the accounts on pages 5 to 16.

Respective responsibilities of directors and auditors

As stated on page 3, the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs at 31st December 1996 and of its profit and total recognised gains for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Coopers & Lybrand*

Coopers & Lybrand  
Chartered Accountants and Registered Auditors  
London

*30 October* 1997

BROOKE BOND GROUP LIMITED

PROFIT AND LOSS ACCOUNT - YEAR ENDED 31ST DECEMBER

	<u>NOTES</u>	<u>1996</u> £'000	<u>1995</u> £'000
Administrative expenses		(278)	(94)
Other operating income	(1)	247	338
		-----	-----
Operating (Loss)/Profit - continuing operations	(2)	(31)	244
Profit on disposal of fixed asset investments	(3)	7,918	-
Interest and similar income	(4)	12,228	17,352
		-----	-----
Profit on ordinary activities before taxation - continuing operations		20,115	17,596
Taxation on profit on ordinary activities	(5)	(896)	(1,322)
		-----	-----
Profit for the financial year		19,219	16,274
Dividends proposed		(425)	-
		-----	-----
Profit of the year retained	(12)	18,794	16,274
Profit retained 1st January		88,415	72,141
		-----	-----
Profit retained 31st December	(12)	107,209	88,415
		=====	=====

Statement of total recognised gains and losses

		<u>1996</u> £,000	<u>1995</u> £,000
Profit for the financial year	(12)	19,219	16,274
Transfer from revaluation reserve	(12)	1,703	1,846
		-----	-----
Total recognised gains for the year		20,992	18,120
		=====	=====

The notes on pages 8 to 16 form part of these accounts  
Auditors' Report Page 4

BROOKE BOND GROUP LIMITED  
BALANCE SHEET - 31ST DECEMBER

	<u>NOTES</u>	<u>1996</u>		<u>1995</u>	
		<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Fixed assets					
Tangible Assets	(7)	-	-	-	-
Investments	(8)	95,016		97,470	
Current assets					
Debtors due within one year	(9)	26,932		907	
Debtors due after one year	(9)	2,421		4,146	
Indebtedness with parent company's central services subsidiary		144,042		148,413	
Cash at bank and in hand		<u>72</u>		<u>41</u>	
		173,467		153,507	
Creditors: amounts falling due within one year	(10)	<u>(1,476)</u>		<u>(2,757)</u>	
Net current assets			<u>171,991</u>		<u>150,750</u>
Total assets less current liabilities			<u>267,007</u>		<u>248,220</u>
			=====		=====
Creditors: amount falling due after more than one year	(10)		243		250
Capital and reserves					
Called up share capital	(11)	86,662		86,662	
Revaluation reserve	(12)	38,354		40,057	
Share premium account	(12)	30,990		30,990	
Profit retained	(12)	<u>110,758</u>		<u>90,261</u>	
Equity shareholders' funds	(12)		<u>266,764</u>		<u>247,970</u>
			<u>267,007</u>		<u>248,220</u>
			=====		=====

  
(A.C. HRIMPTON)

DIRECTOR

(Date) 30 OCT 1997

The Notes on pages 8 to 16 form part of these accounts  
Auditors' Report Page 4

BROOKE BOND GROUP LIMITED

PRINCIPAL ACCOUNTING POLICIES

The Accounts are prepared under the historical cost convention and in accordance with applicable accounting standards in the UK.

The company is a wholly owned subsidiary of Unilever PLC and the cash flows of the company are included in the consolidated cash flow statement of Unilever PLC. Consequently the company is exempt under the terms of Financial Reporting Standard No. 1 from publishing a cash flow statement.

**FOREIGN CURRENCIES:** Balances expressed in foreign currencies have been translated at the rates of exchange current at the year end, and profits/losses are taken through the Profit and Loss Account.

**INVESTMENTS IN SUBSIDIARY UNDERTAKINGS AND PARTICIPATING INTERESTS:** The company's investments in its subsidiary undertakings and participating interests are stated at the value attributed to the company's share of their underlying net tangible assets at 30 September 1984, the date treated as the acquisition date of the company by Unilever PLC. Subsequent investments have been recorded at cost. Where the value of an investment is considered to have been permanently impaired, the carrying value is reduced accordingly.

**BONUS ISSUES:** Bonus issues are added to the value of investments at par. The amount of bonus issues, if out of distributable reserves, is credited to the Profit and Loss Account.

**DIVIDENDS:** Dividends due from group undertakings and participating interests are credited to the profit and loss account when declared. In cases where dividend remittances from participating interests are not expected with reasonable certainty within one year, dividends are accounted for on a cash received basis.



BROOKE BOND GROUP LIMITED

NOTES TO THE ACCOUNTS - 31ST DECEMBER 1996

NOTES TO THE PROFIT AND LOSS ACCOUNT

(1) OTHER OPERATING INCOME

	<u>1996</u> £'000	<u>1995</u> £'000
Royalties from third parties	247	283
Debtor balances write off	-	(10)
Creditor balances write off	-	65

(2) OPERATING (LOSS)/PROFIT

The operating (loss)/profit is from continuing operations and is arrived at after charging/ (crediting) the following amounts:

	<u>1996</u> £'000	<u>1995</u> £'000
Exchange adjustments	205	(12)
Auditors' remuneration for audit	9	9
Group service fee for the services of Unilever PLC	21	23

(3) PROFIT/(LOSS) ON DISPOSAL OF FIXED ASSET INVESTMENTS

This profit/(loss) has arisen on the disposal of:

	<u>1996</u> £'000	<u>1995</u> £'000
Lujeri Tea Estates Ltd	(1,196)	-
Gulder International Ltd	436	-
Frageci S.A.	9,778	-
Sayama Tea Estates Ltd	(1,904)	-
Release of provision against investments	804	-
	-----	-----
	7,918	-
	=====	=====

BROOKE BOND GROUP LIMITED

NOTES TO THE ACCOUNTS - 31ST DECEMBER 1996

NOTES TO THE PROFIT AND LOSS ACCOUNT

(4) INTEREST AND SIMILAR INCOME/(CHARGES)

	<u>1996</u> £'000	<u>1995</u> £'000
Income from shares in group undertakings	5,147	3,285
Income from participating interests	2,650	2,365
Bonus issues from group undertakings	1,411	-
Investment in Unilever South Africa	2,890	-
Income from other fixed assets investments	426	-
Net interest receivable on current investments	-	7,054
Other interest receivable and similar income	84	-
Profit on disposal of fixed asset investments	-	525
Release of provision against investments	-	8,622
	-----	-----
Total interest receivable and similar income	12,608	21,851
Other interest payable and similar charges	(125)	(3,375)
Amount written off investments	(51)	-
Provision against investments	(204)	(1,124)
	-----	-----
Total interest payable and similar charges	(380)	(4,499)
	-----	-----
Total	12,228 =====	17,352 =====

(5) TAXATION ON PROFIT ON ORDINARY ACTIVITIES

The charge for taxation is made up as follows:

	<u>1996</u> £'000	<u>1995</u> £'000
On the profit of the year:		
United Kingdom Corporation Tax @ 33% (1995: 33%)	(3,740)	(3,209)
Deferred Taxation	-	33
Foreign Taxation	(676)	(644)
Double Taxation Relief	3,520	2,497
	-----	-----
	(896)	(1,323)
Prior year items:		
United Kingdom Corporation Tax	-	1
	-----	-----
	(896) =====	(1,322) =====

BROOKE BOND GROUP LIMITED

NOTES TO THE ACCOUNTS - 31ST DECEMBER 1996

NOTES TO THE PROFIT AND LOSS ACCOUNT

(6) DIRECTORS' EMOLUMENTS

The Directors are employed as managers by Unilever U.K. 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. Unilever U.K. Central Resources Limited charges the company for management and other services.

(7) TANGIBLE FIXED ASSETS

	<u>Land and buildings</u> £'000
<u>Gross Book Amount</u>	
1st January	-
Additions at cost, less grants	4,500
Disposals	<u>(4,500)</u>
31st December	-
	=====

BROOKE BOND GROUP LIMITED

NOTES TO THE ACCOUNTS - 31ST DECEMBER 1996

NOTES TO THE BALANCE SHEET

(8) FIXED ASSETS - INVESTMENTS

	<u>Shares In Group Under- takings Unlisted</u>	<u>Shares in Participating Interests</u>		<u>Other Investments</u>		<u>Total</u>
	<u>£'000</u>	<u>Listed</u>	<u>Other</u>	<u>Listed</u>	<u>Other</u>	<u>£'000</u>
Cost/Valuation 1st January	103,401	16,550	-	-	-	119,951
Additions	2,355	-	1,551	16,550	9	20,465
Disposals	(6,969)	(16,550)	-	-	-	(23,519)
	-----	-----	-----	-----	---	-----
Cost/Valuation 31st December	98,787	-	1,551	16,550	9	116,897
	=====	=====	=====	=====	==	=====
Provision at 1st January	22,481	-	-	-	-	22,481
Charges	204	-	-	-	-	204
Release	(804)	-	-	-	-	(804)
	-----	-----	-----	-----	---	-----
Provision at 31st December	21,881	-	-	-	-	21,881
	=====	=====	=====	=====	==	=====
Net Book Value						
31st December	76,906	-	1,551	16,550	9	95,016
	=====	=====	=====	=====	==	=====
1st January	80,920	16,550	-	-	-	97,470
	=====	=====	=====	=====	==	=====
Market value of listed investments		0		143,331		
		=====		=====		

BROOKE BOND GROUP LIMITED

NOTES TO THE ACCOUNTS - 31ST DECEMBER 1996

NOTES TO THE BALANCE SHEET

Shares in Group Undertakings

The investment is in subsidiary undertakings of the company. Their names together with their country of incorporation/registration are listed below. The investment is in ordinary and preference shares and the proportion held is also shown below.

<u>Name of Company, and Country of Incorporation/Registration</u>	<u>Description of Shares Held</u>	<u>Proportion of Nominal Value of Shares Held</u>	
		<u>Direct</u>	<u>Indirect</u>
<u>England and Wales</u>			
Aston & Company Ltd.	Ordinary	100%	
BBG Investments (France) Ltd.	Ordinary	100%	
Beefex Products Ltd.	Ordinary	100%	
Brooke Bond Assam Estates Ltd.	Ordinary	100%	
Brooke Bond Batchelors Ltd.	Ordinary	100%	
Brooke Bond Group Investments Ltd.	Ordinary	100%	
Brooke Bond (Overseas) Ltd.	Ordinary	100%	
Brooke Bond South India Estates Ltd.	Ordinary	100%	
Brooke Bond (UK) Ltd.	Ordinary	100%	
Oxo (Zambia) Ltd.	Ordinary	100%	
<u>Malta</u>			
Foster Clark Products Ltd.	'A' Ordinary	100%	
Foster Clark Products Ltd.	'A' 6% Preference	100%	
<u>USA</u>			
Brooke-Bond Group (US) Inc.	Ordinary	100%	
Brooke Bond Group Investments Inc.	Ordinary		100%
Carter Macy Co Inc.	Ordinary		100%
Red Rose Tea & Coffee Co Inc.	Ordinary		100%
Sabrosa Coffee Co Inc.	Ordinary		100%
Unatrac U.S., Inc.	Ordinary		100%
	Preference		100%
<u>Kenya</u>			
Brooke Bond Kenya Ltd.	Ordinary	88.2%	
Brooke Bond Mombasa Ltd.	Ordinary		88.24%
The Buret Tea Co Ltd.	Ordinary		88.24%
Gakomo Estate Ltd.	Ordinary		88.24%
Kenya Tea Blenders Ltd.	Ordinary		88.24%
Kitco Ltd.	Ordinary		88.24%
Mabroukie Tea & Coffee Estates Ltd.	Ordinary		88.24%
Migaa Estate (1964) Ltd.	Ordinary		88.24%
Sulmac Co Ltd.	Ordinary		88.24%
Waitangi Estate (1964) Ltd.	Ordinary		88.24%

BROOKE BOND GROUP LIMITED

NOTES TO THE ACCOUNTS - 31ST DECEMBER 1996

NOTES TO THE BALANCE SHEET

<u>Name of Company, and Country of Incorporation/Registration</u>	<u>Description of Shares Held</u>	<u>Proportion of Nominal Value of Shares Held</u>	
		<u>Direct</u>	<u>Indirect</u>
<u>Tanzania</u> Brooke Bond Tanzania Ltd.	Ordinary	100%	

In the opinion of the Directors, the value of the investment in each subsidiary undertaking, consisting of shares and amounts owing, is not less than the amount at which that investment is stated in the balance sheet. Group accounts have not been prepared because the company is a wholly owned subsidiary of a United Kingdom company.

Shares in Participating Interests

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:

<u>Name of Company, and Country of Incorporation/Registration</u>	<u>Description of Shares Held</u>	<u>Proportion of Nominal Value of Shares Held</u>	
		<u>Direct</u>	<u>Indirect</u>
<u>Côte d'Ivoire</u> Societe Ivoirienne pour la Trituration des Graines Oleagineuses et le Raffinage d'Huiles Vegetales S.A.	Ordinary	25.36%	
<u>Kenya</u> The Limuru Tea Company Ltd.	Ordinary		45.88%
<u>Pakistan</u> Brooke Bond Pakistan Ltd.	Ordinary		40%

The aggregate value of the capital and reserves and the profit/(loss) for those undertakings that principally affect the figures in the financial statements is as follows:

<u>Name of the company</u>	<u>Capital &amp; Reserves at 31 December 1996</u> £'000	<u>Profit/(loss) for the year ended 31 December 1996</u> £'000
<u>Côte d'Ivoire</u> Societe Ivoirienne pour la Trituration des Graines Oleagineuses et le Raffinage d'Huiles Vegetales S.A.	6,040	630

Note:

Where the investment is in a participating interest, the share of results of that company has not been included in these accounts on the same grounds that group accounts have not been prepared.

In the opinion of the Directors, the value of each investment in participating interests is not less than the amount stated in the Balance Sheet.

BROOKE BOND GROUP LIMITED

NOTES TO THE ACCOUNTS - 31ST DECEMBER 1996

(9) DEBTORS

	<u>1996</u> £'000	<u>1995</u> £'000
Amounts due within one year:		
Amounts owed by subsidiary undertakings	22,432	907
Other debtors	<u>4,500</u>	<u>-</u>
	26,932 =====	907 ===
Amounts due after more than one year:		
Amounts owed by subsidiary undertakings	2,421	4,146
	=====	=====
Total Debtors	29,353 =====	5,053 =====

(10) CREDITORS

	<u>1996</u> £'000	<u>1995</u> £'000
Amounts due within one year:		
Taxation on profits	1,138	1,630
Accruals and deferred income	200	-
Other creditors	<u>138</u>	<u>1,127</u>
	1,476 =====	2,757 =====
Amounts falling due after more than one year:		
Amounts owed to subsidiary undertakings	243	250
	===	===

BROOKE BOND GROUP LIMITED

NOTES TO THE ACCOUNTS - 31ST DECEMBER 1996

(11) CALLED UP SHARE CAPITAL

<u>Authorised</u>		<u>Number of Shares</u>		<u>Nominal Value</u>	
1996	1995	1996	1995	1996	1995
£'000	£'000	'000	'000	£'000	£'000
<u>100,000</u>	<u>100,000</u>				
		Ordinary Shares			
		of 25p each			
		<u>346,646</u>	<u>346,646</u>	<u>86,662</u>	<u>86,662</u>
100,000	100,000	346,646	346,646	86,662	86,662
=====	=====	=====	=====	=====	=====

The Directors regard Unilever PLC as being the ultimate holding company. Copies of Unilever group accounts can be obtained from Unilever PLC, Corporate Relations Dept., PO Box 68, Unilever House, London EC4P 4BQ.

(12) RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1996</u>	<u>1995</u>
	£'000	£'000
Profit for the financial year	19,219	16,274
Dividends	<u>(425)</u>	<u>-</u>
Net addition	18,794	16,274
Opening shareholders' funds	<u>247,970</u>	<u>231,696</u>
Closing shareholders' funds	<u>266,764</u>	<u>247,970</u>
	=====	=====

RESERVES

	<u>Revaluation</u>	<u>Share</u>	<u>Profit &amp;</u>	<u>Total</u>
	<u>Reserve</u>	<u>Premium</u>	<u>Loss</u>	
	£'000	£'000	£'000	£'000
At 1st January 1996	40,057	30,990	90,261	161,308
Disposal of investment	(1,703)	-	1,703	-
Transfer from Profit & Loss	<u>-</u>	<u>-</u>	<u>18,794</u>	<u>18,794</u>
At 31st December 1996	<u>38,354</u>	<u>30,990</u>	<u>110,758</u>	<u>180,102</u>
	=====	=====	=====	=====



BROOKE BOND GROUP LIMITED

NOTES TO THE ACCOUNTS - 31ST DECEMBER 1996

(13) RELATED PARTY TRANSACTIONS

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.