

**BROOKE BOND GROUP LIMITED**

**REPORT AND ACCOUNTS 1998**

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**Brooke Bond Group Limited****Directors' Report for the Year ended 31 December 1998****Directors**

The directors of the Company during the year were as follows:

Mr G B St L Anderson (appointed on 20 November 1998)  
 Mrs C J Hampton-Coutts  
 Mr P. Neely (resigned on 20 July 1998)  
 Mrs V A Roberts  
 Mr I A C Shrimpton  
 Mr R M Tomlinson

Mrs Roberts resigned as a Director on 26 February 1999.

**Review of Activities**

There was no significant change in the principal activities of the Company which are to act as a holding company, and to receive commission income.

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 1999 significantly different from its present activities.

**Profits and Dividend**

The profit for the year is £5,658,717 and no dividend has been declared.

**Directors' Interests**

According to the Register of Directors' Interests, the notifiable interests of the Directors in office at 31 December 1998 in the share capital of the Company's ultimate holding company, Unilever PLC, were as follows:

<u>Unilever PLC</u>		<u>At 1.1.1998</u>	<u>At 31.12.1998</u>
Mr G B St L Anderson	Ordinary shares of 1.25p each	6,020	6,020
	(on appointment)		
Mrs V A Roberts	Ordinary shares of 1.25p each	17,044	17,085
Mr I A C Shrimpton	Ordinary shares of 1.25p each	4,896	4,903
Mr R M Tomlinson	Ordinary shares of 1.25p each	16,088	16,088

**Brooke Bond Group Limited**

Options to acquire the number of Unilever PLC Ordinary shares of 1.25p each listed below were granted, exercised and held as follows: -

		<u>At 1.1.1998</u>	<u>Granted</u>	<u>Exercised</u>	<u>At 31.12.1998</u>
Mr G B St L Anderson	(b)	4,933	-	-	4,933
		(on appointment)			
Mrs C J Hampton-Coutts	(b)	6,440	-	-	6,440
Mr V A Roberts	(b)	5,724	-	-	5,724
Mr I A C Shrimpton	(b)	4,256	-	-	4,256
Mr R M Tomlinson	(a)	56,520	16,500	-	73,020
	(b)	5,724	-	-	5,724

- (a) under the Unilever PLC 1985 and 1997 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 1.25p each, acquired by the Unilever Employee Share Trusts for the purpose of satisfying share options granted to employees.


	<u>At 1.1.1998</u>	<u>At 31.12.1998</u>
Mr G B St L Anderson	40,086,797	39,623,389
	(on appointment)	
All other Directors	42,951,985	39,623,389

**Auditors**

Coopers & Lybrand merged with PricewaterhouseCoopers on 1 July 1998, following which Coopers & Lybrand resigned and the new firm, PricewaterhouseCoopers, was appointed as the company's auditors. PricewaterhouseCoopers will 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

Date: 6 September 1999

  
G B St L Anderson  
Director

**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 31 December 1998. 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



G B St L Anderson  
Director

Date: 6 September 1999

## **Brooke Bond Group Limited**

### **Auditors' report to the members of Brooke Bond Group Limited**

We have audited the financial statements on pages 5 to 13 which have been prepared in accordance with the accounting policies set out on page 7.

### **Respective responsibilities of directors and auditors**

The directors are responsible for preparing the Report and Accounts, including, as described on page 3, the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

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. 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 is not disclosed.

We read the other information contained in the Report and Accounts and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### **Basis of audit 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 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 at 31 December 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers  
Chartered Accountants and Registered Auditors  
London

28 Sept 1999

**Brooke Bond Group Limited****Profit and Loss Account – Year ended 31 December**

	<u>Notes</u>	1998 £000	1997 £000
Administrative expenses		(50)	(60)
Other operating income	(1)	<u>192</u>	<u>209</u>
Operating Profit	(2)	142	149
Interest and similar income	(3)	<u>6,129</u>	<u>3,425</u>
Profit on ordinary activities before taxation		6,271	3,574
Taxation on profit on ordinary activities	(4)	<u>(613)</u>	<u>(459)</u>
Profit of the year retained	(10)	5,658	3,115
Profit retained 1 January		<u>113,873</u>	<u>110,758</u>
Profit retained 31 December	(10)	<u><u>119,531</u></u>	<u><u>113,873</u></u>

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

There is no difference 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 each financial year represents the total recognised gains of that year.

**Brooke Bond Group Limited****Balance Sheet – 31 December**

	<u>Notes</u>	1998 £000	1997 £000
<b>Fixed assets</b>			
Investments	(6)	95,016	95,016
<b>Current assets</b>			
Debtors due within one year	(7)	765	538
Debtors due after one year	(7)	24,279	24,279
Indebtedness with parent company's central services subsidiary due after more than one year		<u>156,094</u>	<u>151,864</u>
		<u>181,138</u>	<u>176,681</u>
<b>Creditors: amounts falling due within one year</b>	(8)	<u>(374)</u>	<u>(1,575)</u>
<b>Net current assets</b>		<u>180,764</u>	<u>175,106</u>
<b>Total assets less current liabilities</b>		<u>275,780</u>	<u>270,122</u>
<b>Creditors: amount falling due after more than one year</b>	(8)	<u>(243)</u>	<u>(243)</u>
<b>Net Assets</b>		<u><u>275,537</u></u>	<u><u>269,879</u></u>
<b>Capital and reserves</b>			
Called up share capital	(9)	86,662	86,662
Revaluation reserve	(10)	38,354	38,354
Share premium account	(10)	30,990	30,990
Profit and loss account	(10)	<u>119,531</u>	<u>113,873</u>
<b>Equity shareholders' funds</b>	(10)	<u><u>275,537</u></u>	<u><u>269,879</u></u>

The financial statements on pages 5 to 13 were approved by the Board of Directors on  
6/9/99 and were signed on behalf by:

  
G B St L Anderson  
Director

**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 United Kingdom.

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.

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 section 228 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.

**Foreign Currencies:** Assets and liabilities denominated in foreign currencies have been translated into sterling at the rates of exchange 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. However, in the case of certain investments, the investments 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. Where the value of an investment is considered to have been permanently impaired, a carrying value below this amount is employed.

**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 – 31 December 1998**
**(1) Other Operating Income**

	1998 £000	1997 £000
Royalties from third parties	192	209

**(2) Operating Profit**

The operating profit is arrived at after charging/(crediting) the following amounts: -

	1998 £000	1997 £000
Exchange adjustments	(26)	(6)
Auditors' remuneration for audit	7	7
Group service fee for the services of Unilever PLC	17	17

**(3) Interest and Similar Income**

	1998 £000	1997 £000
Income from shares in group undertakings	3,163	916
Income from other fixed assets investments	<u>2,966</u>	<u>2,509</u>
Total interest receivable and similar income	<u>6,129</u>	<u>3,425</u>

**(4) Taxation on Profit on Ordinary Activities**

The charge for taxation is made up as follows:

	1998 £000	1997 £000
On the profit of the year: -		
United Kingdom Corporation Tax at 31% (1997 - 31.5%)	(2,540)	(1,450)
Foreign Taxation	(435)	(59)
Double Taxation Relief	2,213	1,050
Prior year item:		
United Kingdom Corporate Tax	<u>149</u>	<u>-</u>
	<u>(613)</u>	<u>(459)</u>

## Brooke Bond Group Limited

### (5) 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. Unilever U.K. Central Resources Limited charges the company for management and other services.

### (6) Fixed Assets – Investments

	<u>Shares in Group Undertakings</u>		<u>Shares in Associated Companies</u>	<u>Other Investments</u>		<u>Total</u>
	<u>Listed</u> £000	<u>Other</u> £000	<u>Other</u> £000	<u>Listed</u> £000	<u>Other</u> £000	£000
Cost/Valuation 1 January and 31 December	<u>37,043</u>	<u>61,744</u>	<u>1,551</u>	<u>16,550</u>	<u>9</u>	<u>116,897</u>
Provision at 1 January	-	21,881	-	-	-	21,881
Provision at 31 December	<u>-</u>	<u>21,881</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,881</u>
Net Book Value 31 December	<u>37,043</u>	<u>39,863</u>	<u>1,551</u>	<u>16,550</u>	<u>9</u>	<u>95,016</u>
1 January	<u>37,043</u>	<u>39,863</u>	<u>1,551</u>	<u>16,550</u>	<u>9</u>	<u>95,016</u>
Market value of listed investments	<u>52,438</u>			<u>251,147</u>		

## Brooke Bond Group Limited

### 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.

<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>Principal Activity</u>
		<u>Direct</u>	<u>Indirect</u>	
<u>England and Wales</u>				
Aston & Company Ltd.	Ordinary	100%		Non-Active
BBG Investments (France) Ltd.	Ordinary	100%		Investm. Co.
Beefex Products Ltd.	Ordinary	100%		Dormant
Brooke Bond Assam Estates Ltd.	Ordinary	100%		Holding Co.
Brooke Bond Batchelors Ltd.	Ordinary	100%		Dormant
Brooke Bond Group Investments Ltd.	Ordinary	100%		Dormant
Brooke Bond (Overseas) Ltd.	Ordinary	100%		Dormant
Brooke Bond South India Estates Ltd.	Ordinary	100%		Holding Co.
Brooke Bond (UK) Ltd.	Ordinary	100%		Dormant
Oxo (Zambia) Ltd.	Ordinary	100%		Dormant
<u>Malta</u>				
Foster Clark Products Ltd.	'A' Ordinary	100%		Foods
Foster Clark Products Ltd.	'A' 6% Pref.	100%		
<u>USA</u>				
Brooke-Bond Group (US) Inc.	Ordinary	100%		Holding Co.
Brooke Bond Group Investments Inc.	Ordinary		100%	Holding Co.
Carter Macy Co Inc.	Ordinary		100%	Tea and Tea Packaging
Red Rose Tea & Coffee Co Inc.	Ordinary		100%	Non Active
Sabrosa Coffee Co Inc.	Ordinary		100%	Non-Active
Unatrac U.S., Inc.	Ordinary		100%	Tea and Tea Packaging
	Preference		100%	Foods
<u>Kenya</u>				
Brooke Bond Kenya Ltd.	Ordinary	88.24%		Plantations Tea and Tea Packaging
Brooke Bond Mombasa Ltd.	Ordinary		88.24%	Non Active
The Buret Tea Co Ltd.	Ordinary		88.24%	Non Active
Gakomo Estate Ltd.	Ordinary		88.24%	Non Active
Kenya Tea Blenders Ltd.	Ordinary		88.24%	Non Active
Kitco Ltd.	Ordinary		88.24%	Non Active

**Brooke Bond Group Limited**

<u>Name of Company and Country of Incorporation/Registration</u>	<u>Description of Shares Held</u>	<u>Proportion of Nominal Value of Shares Held and of Voting Rights</u> <u>Direct</u> <u>Indirect</u>	<u>Principal Activity</u>
<u>Kenya</u> (continued)			
Mabroukie Tea & Coffee Estates Ltd.	Ordinary	88.24%	Non Active
Migaa Estate (1964) Ltd.	Ordinary	88.24%	Non Active
Sulmac Co Ltd.	Ordinary	88.24%	Plantations
Waitangi Estate (1964) Ltd.	Ordinary	88.24%	Non Active
<u>Tanzania</u>			
Brooke Bond Tanzania Ltd.	Ordinary	100%	Plantations

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.

**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.

<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%

**Brooke Bond Group Limited**

The aggregate value of the capital and reserves and the profit 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 Dec 1998 £000</u>	<u>Profit for year ended 31 Dec 1998 £000</u>
<u>Côte d'Ivoire</u> Societe Ivoirienne pour la Trituration des Graines Oleagineuses et le Raffinage d'Huiles Vegetales S.A.	9,066	1,800

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.

**(7) Debtors**

	1998 £000	1997 £000
Amounts due within one year		
Amounts owed by group undertaking	765	538
Amounts due after more than one year		
Amounts owed by subsidiary undertakings	2,421	2,421
Amounts owed by ultimate parent undertaking	21,858	21,858
	24,279	24,279
Total Debtors	25,044	24,817

**(8) Creditors**

	1998 £000	1997 £000
Amounts due within one year		
Taxation on profits	327	1,518
Accruals and deferred income	47	57
	374	1,575
Amounts falling due after more than one year:		
Amounts owed to subsidiary undertakings	243	243

**Brooke Bond Group Limited****(9) Called Up Share Capital**

	1998 £000	1997 £000
<b>Authorised</b>		
400,000,000 ordinary shares of 25p each	<u>100,000</u>	<u>100,000</u>
<b>Allotted, called up and fully paid</b>		
346,646,201 ordinary shares of 25p each	<u>86,662</u>	<u>86,662</u>

**(10) Reconciliation of Movements in Shareholders' Funds**

	1998 £000	1997 £000
Profit for the financial year	5,658	3,115
Opening shareholders' funds	<u>269,879</u>	<u>266,764</u>
Closing shareholders' funds	<u>275,537</u>	<u>269,879</u>

**Reserves**

	<u>Revaluation Reserve</u> £000	<u>Share Premium Account</u> £000	<u>Profit &amp; Loss Account</u> £000	<u>Total</u> £000
At 1.1.1998	38,354	30,990	113,873	183,217
Transfer from Profit & Loss	<u>-</u>	<u>-</u>	<u>5,658</u>	<u>5,658</u>
At 31.12.1998	<u>38,354</u>	<u>30,990</u>	<u>119,531</u>	<u>188,875</u>

**(11) 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. Copies of the Unilever group accounts can be obtained from Unilever PLC, Corporate Relations Department, P O Box 68, Blackfriars, London EC4 4BQ.