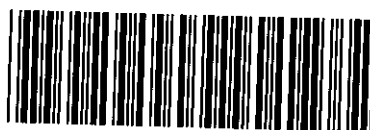


**Tetley GB Limited**  
(Registered Number: 3019950)

**Report and Financial Statements**

**For the 52 weeks ended 1 April 2006**

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# **Tetley GB Limited**

## **Report of the Directors**

The directors present their report and the audited financial statements for the 52 weeks ending 1 April 2006.

### **Principal activities**

The principal activities of the Company are the processing, marketing and distribution of tea.

### **Results, business review, future developments and dividends**

The principal activities of Tetley GB are the processing, marketing and distribution of tea products. The company operates within the UK from where it services the UK grocery and foodservice markets as well as export markets primarily in Canada and Western Europe.

The company is a member of the Ethical Tea Partnership, which promotes social responsibility in the tea trade and ensures the ethical sourcing of tea.

The Directors are pleased to report that it has been a successful and profitable period for the company. The group achieved sales of £155.9m an increase of 2.5% year on year. Profit after tax of £27.4m was slightly ahead of the prior year.

The market performance of the company remains strong. The company retained leadership in the key UK market with share edging ahead from 27.1% to 27.4%. In Canada, the company's largest export market, leadership was also retained with a share of 39.1% up 0.7 percentage points year on year.

The company takes a proactive approach to the management of the various risks that it faces. Of these risks the principal ones are raw tea pricing, currency movements, and the current dependence on black tea. These are managed in the following ways:

Raw tea pricing – raw tea is the company's single largest cost. Climatic conditions in the different countries from which raw tea is source can lead to fluctuations in price. However, these raw teas are blended before packing which allows some flexibility to manage these fluctuations by substitution. Historically the company has been successful in passing on significant increases in input prices to the market.

Currency movements – foreign exchange risk in relation to export revenues and import costs is managed by parent company's Treasury function using forward exchange contracts.

Dependence on black tea - Much of the company's current trading is in black tea, a market that is in slow decline in the UK. Management's strategy is to grow the business in product categories other than black tea, which are currently growing.

The company's activities and future prospects have been reviewed and the company plans to continue trading within the tea market. There are no current plans to diversify into areas outside the tea business.

The company is a wholly owned subsidiary of Tata Tea (GB) Limited. More detail on the performance of the group as a whole can be found in the Directors Report of that company.

# **Tetley GB Limited**

## **Report of the Directors** (Continued)

### **Directors and their interests**

The directors during the period were as follows:

K Pringle  
PD Unsworth  
JR Nicholas (appointed 17 October 2005)

None of the directors hold any disclosable interest in the shares of the Company or any other Group undertaking. Details of the interests of the directors in loans to the parent company are shown in Tata Tea (GB) Limited's directors' report.

### **Health, safety and the environment**

The Company operates in full compliance with all relevant environmental legislation and has a worldwide environmental policy and ISO14001 accreditation for its UK based facilities.

As a responsible employer, the Company is aware of its position and role in the community and is continually committed to improving its environmental performance.

### **Disabled persons**

It is the policy of the Company to employ disabled persons, whenever possible, in jobs suited to their individual circumstances and to give them, together with employees who become disabled while employed, full and fair consideration at all times in career development, training and promotion.

### **Research and development expenditure**

The Company is committed to growth through new product development and geographical expansion. A focused programme of research and product development is in place to meet that strategic need, building on successes, entering new and developing markets, and creating new, differentiated products that will enable the Company to penetrate new markets.

### **Charitable and political contributions**

Charitable donations during the period amounted to £241,469 (2005: £203,151), this amount includes £237,500 (2005: £200,000) paid to the British Heart Foundation in connection with an ongoing promotional campaign launched during 2001/02. No political donations were made in the period (2005: £nil).

### **Supplier payments**

The Company agrees payment terms with its suppliers when it places purchase orders for the supply of goods and services. Tea commodity purchases are subject to industry-wide purchase contracts. The Company expects to meet these payment terms provided it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions.

The trade creditors days are 39 (2005: 22).

# **Tetley GB Limited**

## **Report of the Directors** (Continued)

### **Employee involvement**

The Company believes in effective communication to engage its employees worldwide. This is regularly delivered via its internet site, a monthly Core Brief and World of Tetley, a quarterly in-house magazine, supported by ad hoc mailings and face to face communication events. Together, these ensure all employees are well informed about the Company's performance and key business issues and developments.

### **Fixed assets**

The movements in tangible fixed assets are set out in note 9 to the financial statements.

### **Going concern**

The directors confirm that they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and, having received the assurances referred to in note 14 in respect of the borrowings from Tetley Group Holdings Limited, they have adopted the going concern basis in preparing the financial statements.

### **Statement of disclosure of information to auditors**

In accordance with Section 234ZA of the Companies Act 1985, the directors report that so far as they are aware all relevant audit information has been disclosed to the company's auditors. The directors have taken all the steps that they ought to have taken as directors in order to establish that the company's auditors are aware of that information.

### **Auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office. Pursuant to a shareholders' resolution under section 386 of the Companies Act 1985, the Company is not obliged to re-appoint auditors annually.

# Tetley GB Limited

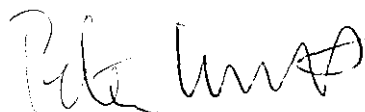
## Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 to 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.

By Order of the Board



PD Unsworth  
Director  
31 May 2006

# Tetley GB Limited

## Independent auditors' report to the members of Tetley GB Limited

We have audited the financial statements of Tetley GB Limited for the 52 weeks ended 1 April 2006, 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

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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 report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, 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 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

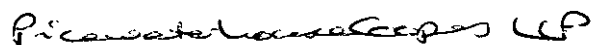
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 1 April 2006 and of its profit for the period 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  
31 May 2006

# **Tetley GB Limited**

## **Statement of accounting policies**

### **Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK accounting standards. The company has consistently applied its accounting policies.

Group financial statements are not required as the Company is a wholly owned subsidiary of Tata Tea (GB) Limited, whose financial statements include the results of the Company and its subsidiary undertakings.

### **Change in accounting policy**

The company has adopted FRS 17, 'Retirement benefits' in these financial statements. The adoption of this standard represents a change in accounting policy and the comparative figures have been restated accordingly.

The effect of the change in accounting policy to adopt FRS 17 was to reduce staff costs in the current period by £191,000 (2005: £124,000), increase tax charge by £57,000 (2005: £37,000) and increase profit after tax for the period by £134,000 (2005: £87,000).

### **Turnover**

Turnover comprises sales of goods after deduction of discounts and sales taxes. Statutory turnover is after the deduction of promotional costs required by FRS5 Application Note G. Turnover is recognised when the risks and rewards of the underlying products and services have been substantially transferred to the customer.

### **Research and development**

Such expenditure is written off to the profit & loss account as incurred in accordance with SSAP 13.

### **Pension and other post retirement benefit arrangements**

Pensions and other post retirement benefit arrangements are accounted for in line with FRS17, this year being the first year of full adoption of the standard.

#### Defined Benefit Schemes

A number of the Company's employees are members of The Tetley GB Final Salary Pension Scheme. Whilst this is a defined benefit scheme, the Company is unable to identify its share of the underlying assets and liabilities of the scheme and the Company accounts for the scheme as a defined contribution scheme, as required by FRS 17 'Retirement benefits'.

Further details on the Group's pension scheme are given in note 18.

#### Defined Contribution Schemes

Pension costs relating to defined contribution schemes represent contributions payable to the scheme for the accounting period. They are recognised in the profit and loss account as they arise. Further details on the Group's pension schemes are given in note 18.

# Tetley GB Limited

## Statement of accounting policies (Continued)

### Goodwill

Goodwill represents the excess of the fair values of the investments made in the tea business in 1995/6, over the fair values of the underlying net assets at the dates of acquisition and has been capitalised in accordance with FRS 10, 'Goodwill and Intangible assets'.

This goodwill was initially amortised over a period of 20 years from acquisition. In the period ended 2 March 2002 the parent company changed the group accounting policy to one where the goodwill arising at a group level has an indefinite useful economic life and as such goodwill has not been amortised. The factors that influenced the directors' view of the durability of the goodwill are the businesses' proven ability to maintain market leadership, and operate profitably, over a long period of time, the strength of the brand, the continuing commitment to high levels of investment in brand building and innovation and the significant financial and technical barriers to new market entrants that have been built. The carrying value of the goodwill will continue to be subject to an annual impairment review based on the expected future cashflows of the businesses and adjusted to the recoverable amount if required.

The accounting treatment represents a departure from the specific requirements of the Companies Act 1985 (Paragraph 3 of Schedule 4). The directors consider this to be necessary for the overriding purpose of providing a true and fair view. If the group had continued to amortise goodwill over a period of 20 years the profit before tax would have been £4.1m lower for the period (2005: £4.1m).

### Depreciation

No depreciation is charged on land. Freehold buildings are depreciated on a straight line basis over 50 years or their remaining life, if less. Leasehold buildings are depreciated on a straight line basis over the remaining term of the lease. Other fixed assets are depreciated on a straight line basis over their expected remaining useful lives at the following rates:

Plant and machinery	5 to 12 years
Commercial and motor vehicles	4 to 6 years
Office furniture and fittings	5 to 10 years
Computer hardware	3 to 5 years

Depreciation is not charged on capital work in progress until the assets are brought into operational use in the business and transferred to the appropriate asset category.

### Leased assets

Tangible fixed assets held under finance leases are capitalised and depreciated in accordance with the Company's depreciation policy. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of the capital repayments outstanding. Operating lease charges are charged to the profit and loss account as incurred.

### Investments

Fixed asset investments are shown at cost less provision for permanent diminution in value and, in the opinion of the directors, their value is not less than the aggregate amount shown in the balance sheet.



# **Tetley GB Limited**

## **Statement of accounting policies (Continued)**

### **Stocks**

Stocks are valued at the lower of cost and net realisable value. Cost comprises that expenditure which has been incurred in the normal course of business in bringing the product to its present location and condition, including attributable overheads.

### **Foreign currencies**

Transactions in foreign currencies are translated at the rate of exchange ruling at the day of the transaction. Any exchange differences are dealt with in the profit and loss account. Period end foreign currency assets and liabilities are translated at period end exchange rates.

### **Deferred tax**

Deferred tax is fully provided in respect of timing differences that have originated but not reversed by the balance sheet date. These are based on average tax rates that are expected to apply at the time of the reversal, which will be the rates that have either been enacted, or substantially enacted, by the balance sheet date. No deferred tax is provided on permanent timing differences. Deferred tax assets are recognised to the extent that they are regarded as recoverable. Deferred tax balances are not discounted.

# Tetley GB Limited

## Profit and loss account for the 52 weeks ended 1 April 2006

	Note	52 weeks ended 1 April 2006 £'000	52 weeks ended 2 April 2005 £'000 (Restated)
Turnover	1	155,870	152,024
Operating profit	1,2,3	41,294	40,244
Net interest payable and similar charges	4	(1,999)	(1,092)
Profit on ordinary activities before taxation		39,295	39,152
Tax on ordinary activities	6	(11,888)	(11,819)
Profit for the financial period		27,407	27,333
Dividend	7	-	(40,000)
Retained profit/(loss) for the period	17	27,407	(12,667)

There is no difference between the results as disclosed in the profit and loss account and the results on a historical cost basis.

All recognised gains and losses relating to the period are included above.

All amounts shown above relate to continuing businesses.

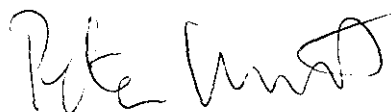
The notes on pages 12 to 23 form part of these financial statements.

# Tetley GB Limited

## Balance sheet as at 1 April 2006

	Note	1 April 2006 £'000	2 April 2005 £'000 (Restated)
<b>Fixed assets</b>			
Intangible assets	8	58,540	58,540
Tangible assets	9	24,394	26,229
Investments	10	1,237	467
		<b>84,171</b>	<b>85,236</b>
<b>Current assets</b>			
Stocks	11	16,399	17,936
Debtors	12	103,401	72,384
Cash at bank and in hand		4	5
		<b>119,804</b>	<b>90,325</b>
<b>Creditors: amounts falling due within one year</b>	13	<b>(65,376)</b>	<b>(64,529)</b>
<b>Net current assets</b>		<b>54,428</b>	<b>25,796</b>
<b>Total assets less current liabilities</b>		<b>138,599</b>	<b>111,032</b>
<b>Creditors: amounts falling due after more than one year</b>	14	<b>(96,136)</b>	<b>(95,929)</b>
<b>Provisions for liabilities and charges</b>	15	<b>(4,445)</b>	<b>(4,492)</b>
<b>Net assets</b>		<b>38,018</b>	<b>10,611</b>
<b>Capital and reserves</b>			
Called up share capital	16	-	-
Profit and loss account	17	38,018	10,611
<b>Equity Shareholders' funds</b>		<b>38,018</b>	<b>10,611</b>

Approved by the Board on 31 May 2006  
and signed on its behalf by:



PD Unsworth  
Director

The notes on pages 12 to 23 form part of these financial statements.

# Tetley GB Limited

## Statement of total recognised gains and losses

	52 weeks ended 1 April 2006 £'000	52 weeks ended 2 April 2005 £'000 (Restated)
Profit for the financial period	27,407	27,333
Dividends	-	(40,000)
	27,407	(12,667)
Prior period adjustment	(214)	-
Total recognised gains/(losses) since the last annual report	27,193	(12,667)

## Reconciliation of movements in shareholders' funds

	52 weeks ended 1 April 2006 £'000	52 weeks ended 2 April 2005 £'000 (Restated)
Profit for the financial period	27,407	27,333
Dividends	-	(40,000)
Net movement in shareholders' funds	27,407	(12,667)
Opening shareholders' funds (originally £10,825,000 before deducting £214,000 prior period adjustment)	10,611	23,278
Closing shareholders' funds	38,018	10,611

The notes on pages 12 to 23 form part of these financial statements.

# Tetley GB Limited

## Notes to the financial statements

### 1 Turnover and profit information

The principal operations of the Company are the processing, marketing and distribution of tea, which is regarded by the directors as a single class of business.

The origin and destination of the Group's statutory turnover is as follows:

Period ended 1 April 2006:	Turnover by origin £'000s	Turnover by destination £'000s
United Kingdom	155,870	127,927
Rest of World	-	27,943
<b>Total</b>	<b>155,870</b>	<b>155,870</b>

Period ended 2 April 2005:	Turnover by origin £'000s	Turnover by destination £'000s
United Kingdom	152,024	125,416
Rest of World	-	26,608
<b>Total</b>	<b>152,024</b>	<b>152,024</b>

The directors consider the segmental analysis for operating net assets by location and profit on ordinary activities before tax to be commercially sensitive information. The disclosure has been excluded from the financial statements on this basis.

Further analysis of the Company's profit and loss account is provided as follows:

	52 weeks 2006 £'000	52 weeks 2005 £'000 (Restated)
Turnover	155,870	152,024
Cost of sales	(86,985)	(82,407)
Gross profit	68,885	69,617
Selling and distribution costs	(18,279)	(18,299)
Administrative expenses	(9,582)	(11,122)
Other operating income/(expenses)	270	48
Operating profit before exceptional items	41,743	41,217
Exceptional items (note 3)	(449)	(973)
<b>Operating profit</b>	<b>41,294</b>	<b>40,244</b>

# Tetley GB Limited

## Notes to the financial statements (Continued)

### 2 Operating profit

	52 weeks 2006 £'000	52 weeks 2005 £'000
The operating profit is stated after charging:		
Staff costs:		
Wages and salaries	17,483	16,395
Social security costs	1,798	1,638
Other pension costs	1,945	2,615
Auditors' remuneration	163	143
Auditors' fees for non audit services	167	249
Depreciation and amortisation of fixed assets	4,469	4,301
Operating lease rentals		
Hire of plant and machinery	1,598	1,647
Other	352	358
Research and development costs	858	820
Exceptional items (see note 3)	449	973

### 3 Exceptional items

During the period £449,000 (2005: £973,000) of reorganisation provisions were charged to operating profit. The restructuring costs incurred during the period related primarily to redundancy associated with the reorganisation of the sales function in the UK.

### 4 Net interest payable and similar charges

	52 weeks 2006 £'000	52 weeks 2005 £'000
Interest payable to Group Undertakings	5,834	4,574
Other interest payable	271	146
Interest payable on finance lease obligation	7	7
	6,112	4,727
Interest receivable from Group Undertakings	(4,113)	(3,635)
Net interest payable	1,999	1,092

# Tetley GB Limited

## Notes to the financial statements (Continued)

### 5 Directors and employees

The average number of persons (full time equivalent) employed, principally in the United Kingdom, during the period was:

	2006 Number	2005 Number
Manufacturing	534	501
Selling & distribution	91	98
Administration	73	74
	<b>698</b>	<b>673</b>

The directors of the Company are directors of the Group's parent undertaking and are remunerated for their services to the Group as a whole. The emoluments of the directors and the details of the highest paid director are included within the Tata Tea (GB) Limited accounts. The directors do not receive any remuneration for their services to the Company (2005: nil).

Directors' pension arrangements at 1 April 2006 are as follows:

Number of directors who are members of:	2006 Number	2005 Number
Defined contribution pension schemes	2	1
Defined benefit pension scheme	-	1
Total	2	2

Following the closure of the defined benefit pension scheme to future accrual, one director became a member of the defined contribution scheme but remained a deferred member of the defined benefit scheme.

The UK based directors hold guaranteed secured loan notes 2006, taken in lieu of cash on the sale of The Tetley Group to Tata Tea (GB) Limited in March 2000. Interest is payable on these loan notes is at 0.25% below LIBOR. The amount held as at 1 April 2006 by the directors of the company are disclosed within the financial statements of Tata Tea (GB) Limited.

# Tetley GB Limited

## Notes to the financial statements (Continued)

### 6 Taxation

	52 weeks 2006 £'000	52 weeks 2005 £'000 (Restated)
Current Tax:		
UK corporation tax on profits in the period		
Current year	11,905	11,708
Prior year	219	-
Total current tax	12,124	11,708
Deferred Tax	(236)	111
	11,888	11,819

#### Factors affecting the tax charge for the period

The current tax charge for the period is higher than at the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2006 £'000	2005 £'000
Profit on ordinary activities before tax	39,295	39,152
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2005: 30%)	11,788	11,746
Effects of:		
Capital allowances for period less than/(in excess of) depreciation	117	(76)
Other items	-	38
Prior year adjustment	219	-
Current tax charge for the period	12,124	11,708

### 7 Dividends

No dividend was paid during the period (2005: £40 million).



# Tetley GB Limited

## Notes to the financial statements (Continued)

### 8 Intangible assets

	Goodwill £'000
Cost	
At 1 April 2006 and at 2 April 2005	81,269
Amortisation	
At 1 April 2006 and at 2 April 2005	22,729
Net book amount	
At 1 April 2006 and at 2 April 2005	<u>58,540</u>

# Tetley GB Limited

## Notes to the financial statements (Continued)

### 9 Tangible assets

	Freehold land and buildings £'000	Short leasehold buildings £'000	Plant, machinery, fixtures, fittings and equipment £'000	Commercial and motor vehicles £'000	Capital work in progress £'000	Total £'000
<b>Cost</b>						
At 2 April 2005	6,212	30	45,708	320	1,790	54,060
Additions	-	-	-	-	2,798	2,798
Transfers	315	-	3,823	29	(4,167)	-
Disposals	-	-	(541)	-	-	(541)
At 1 April 2006	6,527	30	48,990	349	421	56,317
<b>Depreciation</b>						
At 2 April 2005	1,751	17	25,904	159	-	27,831
Charge for the period	401	2	4,168	38	-	4,609
Disposals	-	-	(517)	-	-	(517)
At 1 April 2006	2,152	19	29,555	197	-	31,923
<b>Net book amount</b>						
At 1 April 2006	4,375	11	19,435	152	421	24,394
At 2 April 2005	4,461	13	19,804	161	1,790	26,229

The book value of leased tangible assets held under finance lease arrangements, all of which relate to commercial and motor vehicles, is as follows:

	Total £'000
Cost	98
Accumulated depreciation	37
<b>Net book value at 1 April 2006</b>	<b>61</b>
<b>Net book value at 2 April 2005</b>	<b>83</b>

The depreciation charge on assets held under finance leases was £22,000 (2005: £21,000).

# Tetley GB Limited

## Notes to the financial statements (Continued)

### 10 Investments

Cost	Shares in Group undertakings £'000
At 2 April 2005	467
Acquisition of shares in Group undertakings	770
<b>At 1 April 2006</b>	<b>1,237</b>

The Company's shares in group undertakings at the start of the period are represented by 100% equity holdings in three dormant companies (Lyons Tetley Limited, Stansand Limited and Stansand (Brokers) Limited) and a 82.4% equity holding in Drassington Limited, all of which were incorporated in the UK. The acquisition during the period relates to increased investment in Drassington Limited, to bring the Company's shareholding to 92.5% as at the period end.

### 11 Stocks

	2006 £'000	2005 £'000
Raw materials	10,810	12,844
Work in progress	153	91
Finished goods	5,436	5,001
	<b>16,399</b>	<b>17,936</b>

The difference between the amount shown above and replacement cost is not material.

### 12 Debtors

	2006 £'000	2005 £'000
Amounts due within one year:		
Trade debtors	20,706	17,020
Amounts owed by group undertakings	80,417	53,353
Other debtors, prepayments and accrued income	2,278	2,011
	<b>103,401</b>	<b>72,384</b>

The above pension prepayment is due after more than one year.

# Tetley GB Limited

## Notes to the financial statements (Continued)

### 13 Creditors: amounts falling due within one year

	2006 £'000	2005 £'000
Trade creditors	9,208	4,953
Amounts owed to group undertakings	36,657	37,855
Finance lease obligations	30	30
Other taxation and social security	464	442
Other creditors and accruals	19,017	21,249
	<b>65,376</b>	<b>64,529</b>

### 14 Creditors: amounts falling due after one year

	2006 £'000	2005 £'000
Borrowings owed to Group companies	96,106	95,873
Finance lease obligations:		
- Due between one and two years	30	30
- Due between two and five years	-	26
	<b>96,136</b>	<b>95,929</b>

Borrowings represent a loan from Tetley Group Holdings Limited (formerly Tetley GB Holdings Limited). The loan is at nil interest margin and is unsecured. The loan agreement provides for the principal, and any accrued and unpaid interest, to be repaid on demand by the lender. The Tetley Group Holdings Limited has indicated to the Company that it will not require repayment of the balance of the loan, in the normal course of events, until at least twelve months from the date that these financial statements were approved. The borrowings have, therefore, been treated as repayable after more than one year from the balance sheet date.

# Tetley GB Limited

## Notes to the financial statements (Continued)

### 15 Provisions for liabilities and charges

	Reorganisation costs £'000	Deferred tax £'000	Other provisions £'000	Total £'000
At 2 April 2005	-	4,434	150	4,584
Prior period adjustment	-	(92)	-	(92)
At 2 April 2005 (as restated)	-	4,342	150	4,492
Established in period	189	-	-	189
Released in period	-	(236)	-	(236)
<b>At 1 April 2006</b>	<b>189</b>	<b>4,106</b>	<b>150</b>	<b>4,445</b>

The reorganisation provision relates to the restructure of the UK operations. Utilisation of provisions during the period related mainly to employee severance payments.

The major components of the deferred tax balance are as follows:

	2006 £'000	2005 £'000
Accelerated capital allowances	4,076	4,115
Other timing differences	30	319
	<b>4,106</b>	<b>4,434</b>

There is no unprovided deferred tax in respect of the Company (2005: £nil).

### 16 Called up share capital

	Number	2006 £'000	2005 £'000
<b>Allotted, called up and fully paid</b>			
Ordinary shares of £1 each	1	-	-
<b>Authorised</b>			
Ordinary shares of £1 each	100	-	-

# Tetley GB Limited

## Notes to the financial statements (Continued)

### 17 Profit and loss account

	£'000
At 2 April 2005 (as previously reported)	10,825
Prior period adjustment	(214)
At 2 April 2005 (as restated)	10,611
Retained profit for the period	27,407
<b>At 1 April 2006</b>	<b>38,018</b>

### 18 Pensions

The Company's employees are members of the two Tetley GB Limited pension schemes.

The Company participates in the Tetley GB Final Salary Pension Scheme, which is of the funded defined benefit type providing benefits to certain employees within the Tata Tea (GB) Limited Group; the assets of the scheme are held separately from the Group's assets. The Scheme closed to new entrants in April 1997 and was closed to future accrual with effect from 6 April 2005. All existing Scheme members are eligible to join the UK defined contribution plan.

The contributions paid by the Company are accounted as if the scheme were a defined contribution scheme, as the company is unable to identify its share of the underlying assets and liabilities in the scheme.

The total cost of contributions to the group scheme amount to £1.25m (2005: £2.8m), and are based on pension costs across the group as a whole. Of this, £0.9m (2005: £2.2m) was charged to the company. An actuarial valuation of the Tata Tea (GB) Limited scheme was undertaken on 1 April 2006 and a deficit of £13.4m was identified (after deducting the associated deferred tax).

It has been agreed with the trustees that contributions to the scheme for the period ending 31 March 2007 are to be £2.7m.

Full disclosures relating to this scheme are included within the financial statements of Tata Tea (GB) Limited.

The defined contribution scheme is administered by independent pension advisers and invested by external managers for employees joining the Group after July 1995. Such employees were not eligible to participate in the Tetley defined benefit scheme. The pension cost in the period of the Company's defined contribution scheme was £1,086,000 (2005: £518,000).

# Tetley GB Limited

## Notes to the financial statements (Continued)

### 19 Contingent liabilities

There were contingent liabilities at 1 April 2006 and 2 April 2005 in respect of operating leases undertaken in the normal course of business.

The Company is a wholly owned subsidiary of Tata Tea (GB) Limited ("TTGB"). The main financing for the group of companies owned by TTGB is provided by a series of credit facilities to TTGB and nominated subsidiaries. Under the terms of these arrangements, outstanding liabilities are supported by guarantees and various security provided by the principal subsidiaries of TTGB, including the Company. The company has provided a series of undertakings and covenants to the lenders in connection with the Group's performance consistent with usual practice in such financing arrangements. At 1 April 2006, total amounts outstanding under this arrangement were £142.6 million (2005: £138.7 million).

The directors are of the opinion that these arrangements will not have a material impact on the results and financial position of the Company.

### 20 Leases

The Company had annual commitments under non-cancellable operating leases, as follows:

Commitment expires:	Land and buildings		Other	
	2006 £'000	2005 £'000	2006 £'000	2005 £'000
Within one year	-	46	88	90
Between one and five years	-	-	264	268
After five years	1,598	1,601	-	-
	1,598	1,647	352	358

### 21 Capital commitments

Capital expenditure authorised by the Board and contracted for at 1 April 2006 amounted to £0.2 million (2005: £0.6 million).

### 22 Parent company

The immediate parent company is Tetley Group Holdings Limited. The smallest parent company to include the company's results in their consolidated accounts is Tata Tea (GB) Limited, a company incorporated in the United Kingdom. Copies of that company's financial statements may be obtained from 325 Oldfield Lane North, Greenford, Middlesex, UB6 0AZ. The largest company to consolidate the company's results and the company's ultimate parent undertaking is Tata Tea Limited, a company registered in India.

# **Tetley GB Limited**

## **Notes to the financial statements** (Continued)

### **23 Related party transactions**

As the Company is a wholly owned subsidiary of Tata Tea (GB) Limited advantage has been taken of the exemption afforded by FRS 8 not to disclose any related party transactions with members of the Group or associates and joint ventures of Tata Tea (GB) Limited.

### **24 Cash flow statement**

Tata Tea (GB) Limited has presented in its consolidated financial statements a group cash flow statement drawn up in accordance with the provisions of FRS 1. Accordingly the Company has taken advantage of the exemption available under FRS 1 to dispense with presenting its own cash flow statement.