

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

**Annual report and financial statements**

**52 week period ended 31 March 2007**



# **Tetley GB Limited**

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# **Tetley GB Limited**

## **Directors' report**

The directors present their report and the audited financial statements for the 52 week period ended ended 31 March 2007

### **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 company achieved sales of £156.9m, an increase of 0.7% on the prior year. Profit after tax was £27.0m.

The market performance of the company remains strong. The company retained leadership in the key UK market with a share of 27.1% (2006: 27.2%). In Canada, the company's largest export market, leadership was also retained with a share of 36.7% (2006: 36.0%).

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 sourced can lead to fluctuations in price. However, these raw teas are blended before packing which allows some flexibility to manage these fluctuations by substitution.

**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**

## **Directors' report (Continued)**

### **Directors and their interests**

The directors during the period were as follows

K Pringle  
P D Unsworth  
J R Nicholas

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 and health and safety legislation and has worldwide policies and ISO 14001 accreditation for its UK-based facilities.

As a responsible employer, the Group 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 £228,199 (2006 £241,469). No political donations were made in the period (2006 £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 32 (2006 39).

# **Tetley GB Limited**

## **Directors' report (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.

### **Events after the balance sheet date**

On 25 April 2007, the company completed the purchase of 'Vitax' and related brands for a total consideration of £4.7m. The brands acquired are principally sold in Poland.

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

For each of the persons who were directors at the time this report was prepared, the following applies:

- So far as the directors are aware, there is no relevant information of which the Company's auditors are unaware, and
- The directors have taken steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and 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**

## **Directors' report (Continued)**

### **Statement of directors' responsibilities in respect of the Annual Report and the 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,
- 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

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 detection of fraud and other irregularities.

By Order of the Board



P D Unsworth  
Director  
31 May 2007

# **Tetley GB Limited**

## **Independent auditors' report to the member of Tetley GB Limited**

We have audited the financial statements of Tetley GB Limited for the 52 week period ended 31 March 2007 which comprises 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**

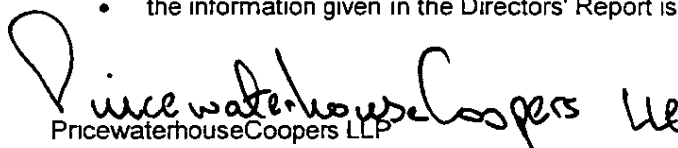
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 31 March 2007 and of its profit for the 52 week 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 2007

# **Tetley GB Limited**

## **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.

### **Consolidation**

The company has taken advantage of the exemption provided by Section 228 of the Companies Act 1985 not to prepare group accounts as the results are included in the consolidated accounts of Tata Tea (GB) Limited.

### **Cash flow statement**

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

### **Turnover**

Turnover comprises sales of goods after deduction of discounts and sales taxes. Statutory turnover is after the deduction of promotional costs required by FRS 5 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 and 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

#### 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'.

#### 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 19.



# **Tetley GB Limited**

## **Accounting policies**

### **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 business's 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 cash flows 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 (2006: £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**

### **Accounting policies**

#### **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 52 week period ended 31 March 2007

	Note	52 weeks ended 31 March 2007 £'000	52 weeks ended 1 April 2006 £'000
<b>Turnover</b>	1	<b>156,889</b>	155,870
<b>Operating profit</b>	1,2,3	<b>37,402</b>	41,294
<b>Net interest payable and similar charges</b>	4	<b>(75)</b>	(1,999)
<b>Profit on ordinary activities before taxation</b>		<b>37,327</b>	39,295
<b>Tax on ordinary activities</b>	6	<b>(10,280)</b>	(11,888)
<b>Retained profit for the financial period</b>		<b>27,047</b>	27,407

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

# Tetley GB Limited

## Balance sheet As at 31 March 2007

	Note	31 March 2007 £'000	1 April 2006 £'000
<b>Fixed assets</b>			
Intangible assets	8	58,540	58,540
Tangible assets	9	20,947	24,394
Investments	10	1,637	1,237
		<b>81,124</b>	<b>84,171</b>
<b>Current assets</b>			
Stocks	11	17,812	16,399
Debtors	12	136,959	103,401
Cash at bank and in hand		6	4
		<b>154,777</b>	<b>119,804</b>
<b>Creditors: amounts falling due within one year</b>	13	<b>(70,269)</b>	<b>(65,376)</b>
<b>Net current assets</b>		<b>84,508</b>	<b>54,428</b>
<b>Total assets less current liabilities</b>		<b>165,632</b>	<b>138,599</b>
<b>Creditors: amounts falling due after more than one year</b>	14	<b>(96,106)</b>	<b>(96,136)</b>
<b>Provisions for liabilities and charges</b>	15	<b>(4,461)</b>	<b>(4,445)</b>
<b>Net assets</b>		<b>65,065</b>	<b>38,018</b>
<b>Capital and reserves</b>			
Called up share capital	16	-	-
Profit and loss account	17	65,065	38,018
<b>Total Shareholders' funds</b>		<b>65,065</b>	<b>38,018</b>

Approved by the Board on 30 May 2007 and signed on its behalf by



P D Unsworth  
Director

# 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 31 March 2007.	Turnover by origin £'000s	Turnover by destination £'000s
United Kingdom	156,889	127,116
Rest of World	-	29,773
<b>Total</b>	<b>156,889</b>	<b>156,889</b>

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>

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

	2007 £'000	2006 £'000
Turnover	156,889	155,870
Cost of sales	(91,711)	(86,985)
Gross profit	65,178	68,885
Selling and distribution costs	(16,048)	(18,279)
Administrative expenses	(11,760)	(9,582)
Other operating income	32	270
Operating profit before exceptional items	38,502	41,743
Exceptional items (note 3)	(1,100)	(449)
<b>Operating profit</b>	<b>37,402</b>	<b>41,294</b>

# Tetley GB Limited

## Notes to the financial statements (Continued)

### 2 Operating profit

	2007 £'000	2006 £'000
The operating profit is stated after charging		
Wages and salaries	17,114	17,483
Social security costs	1,661	1,798
Other pension costs	4,210	1,945
<b>Staff costs:</b>	<b>22,985</b>	<b>21,226</b>
Auditors' remuneration	-	163
Auditors' fees for non audit services	12	167
Depreciation and amortisation of fixed assets	4,566	4,469
Operating lease rentals		
Hire of plant and machinery	-	1,598
Other	1,917	352
Research and development costs	397	858
Exceptional items (see note 3)	1,100	449

### 3 Exceptional items

During the period £1,100,000 (2006 £449,000) 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 supply chain and manufacturing functions in the UK.

### 4 Net interest payable and similar charges

	2007 £'000	2006 £'000
Interest payable to group Undertakings	6,670	5,834
Other interest payable	260	271
Interest payable on finance lease obligation	5	7
	<b>6,935</b>	<b>6,112</b>
Interest receivable from group Undertakings	(6,840)	(4,113)
Other interest receivable	(20)	
<b>Net interest payable</b>	<b>75</b>	<b>1,999</b>

# 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

	2007 Number	2006 Number
Manufacturing	507	534
Selling & distribution	83	91
Administration	66	73
	<b>656</b>	<b>698</b>

The directors of the Company are directors of the Company'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 (2006: nil)

Directors' pension arrangements at 31 March 2007 are as follows

Number of directors who are members of	2007 Number	2006 Number
Defined contribution pension schemes	3	3
Total	3	3

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 previously held 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. These were fully paid during the period.

# Tetley GB Limited

## Notes to the financial statements (Continued)

### 6 Taxation

	2007 £'000	2006 £'000
<b>Current Tax:</b>		
UK corporation tax on profits in the period	10,881	11,905
Adjustments in respect of prior periods	464	219
<b>Total current tax</b>	<b>11,345</b>	<b>12,124</b>
<b>Deferred Tax</b>	<b>(1,065)</b>	<b>(236)</b>
	<b>10,280</b>	<b>11,888</b>

#### 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:

	2007 £'000	2006 £'000
Profit on ordinary activities before tax	37,327	39,295
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2006: 30%)	11,198	11,788
Effects of:		
Capital allowances for period less than/(in excess of) depreciation	412	117
Other items	80	-
Prior year adjustment	464	219
Group relief received for nil consideration	(1,233)	-
Tax on pension contributions taken through deferred tax	424	-
<b>Current tax charge for the period</b>	<b>11,345</b>	<b>12,124</b>

### 7 Dividends

No dividend was paid during the period (2006: nil)



# Tetley GB Limited

## Notes to the financial statements (Continued)

### 8 Intangible assets

	Goodwill £'000
<b>Cost</b>	
At 31 March 2007 and at 1 April 2006	81,269
<b>Amortisation</b>	
At 31 March 2007 and at 1 April 2006	22,729
<b>Net book amount</b>	
At 31 March 2007 and at 1 April 2006	58,540

### 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 1 April 2006	6,527	30	48,990	349	421	56,317
Additions	-	-	-	-	1,144	1,144
Transfers	230	-	825	-	(1,055)	-
Disposals	-	-	(92)	(29)	-	(121)
At 31 March 2007	6,757	30	49,723	320	510	57,340
<b>Depreciation</b>						
At 1 April 2006	2,152	19	29,555	197	-	31,923
Charge for the period	413	2	4,111	40	-	4,566
Disposals	-	-	(90)	(6)	-	(96)
At 31 March 2007	2,565	21	33,576	231	-	36,393
<b>Net book amount</b>						
At 31 March 2007	4,192	9	16,147	89	510	20,947
At 1 April 2006	4,375	11	19,435	152	421	24,394

## Tetley GB Limited

### Notes to the financial statements (Continued)

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	63
<b>Net book value at 31 March 2007</b>	<b>35</b>
Net book value at 1 April 2006	61

The depreciation charge on assets held under finance leases was £26,000 (2006 £22,000)

### 10 Investments

Cost	Shares in Group undertakings £'000
At 2 April 2006	1,237
Additions	400
<b>At 31 March 2007</b>	<b>1,637</b>

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

### 11 Stocks

	2007 £'000	2006 £'000
Raw materials	10,943	10,810
Work in progress	175	153
Finished goods	6,694	5,436
	<b>17,812</b>	<b>16,399</b>

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

# Tetley GB Limited

## Notes to the financial statements (Continued)

### 12 Debtors

	2007 £'000	2006 £'000
Amounts due within one year		
Trade debtors	22,141	20,706
Amounts owed by group undertakings	112,523	80,417
Other debtors, prepayments and accrued income	1,871	2,278
Deferred taxation	424	-
	<b>136,959</b>	<b>103,401</b>

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

	2007 £'000	2006 £'000
Trade creditors	8,014	9,208
Amounts owed to group undertakings	36,878	36,657
Finance lease obligations	35	30
Corporation tax	2,435	-
Other taxation and social security	547	464
Other creditors and accruals	22,360	19,017
	<b>70,269</b>	<b>65,376</b>

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

	2007 £'000	2006 £'000
Borrowings owed to Group companies	96,106	96,106
Finance lease obligations		
- Due between one and two years	-	30
- Due between two and five years	-	-
	<b>96,106</b>	<b>96,136</b>

Borrowings represent a loan from The Tetley Group Limited which are unsecured. Interest is charged at a rate of LIBOR plus 2%. The loan agreement provides for the principal, and any accrued and unpaid interest, to be repaid on demand by the lender. The Tetley Group 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 1 April 2006	189	4,106	150	4,445
Established in period	1,100	-	-	1,100
Utilised in period	(443)	(641)	-	(1,084)
<b>At 31 March 2007</b>	<b>846</b>	<b>3,465</b>	<b>150</b>	<b>4,461</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:

	2007 £'000	2006 £'000
Accelerated capital allowances	2,975	4,076
Other timing differences	490	30
	<b>3,465</b>	<b>4,106</b>

There is no unprovided deferred tax in respect of the company (2006: £nil).

### 16 Share capital

	Number	2007 £'000	2006 £'000
<b>Authorised</b>			
Ordinary shares of £1 each	100 (2006: 100)	-	-
<b>Allotted, called up and fully paid</b>			
Ordinary shares of £1 each	1 (2006: 1)	-	-

# Tetley GB Limited

## Notes to the financial statements (Continued)

### 17 Reserves

	Profit and loss £'000
At 1 April 2006	38,018
Retained profit for the period	27,047
At 31 March 2007	65,065

### 18 Reconciliation of movements in shareholders' funds

	2007 £'000	2006 £'000
Profit for the period	27,047	27,407
Opening shareholder's funds	38,018	10,611
Closing shareholder's funds	65,065	38,018

### 19 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 £4.2m (2006: £1.25m), and are based on pension costs across the group as a whole. Of this, £3.2m (2006: £0.9m) was charged to the company. An actuarial valuation of the scheme was undertaken on 31 March 2007 and a deficit of £8.0m was identified (after deducting the associated deferred tax).

It has been agreed with the trustees that Company's contributions to the scheme for the period ending 5 April 2008 are to be £2.025m.

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 £1,060,000 (2006: £1,086,000).

# Tetley GB Limited

## Notes to the financial statements (Continued)

### 20 Contingent liabilities

There were contingent liabilities at 31 March 2007 and 1 April 2006 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 31 March 2007, total amounts outstanding under this arrangement were £332.7 million (2006: £142.6 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.

### 21 Leases

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

Commitment expires	Land and buildings		Other	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Within one year	-	-	75	88
Between one and five years	-	-	225	264
After five years	1,617	1,598	-	-
	1,617	1,598	300	352

### 22 Capital commitments

Capital expenditure authorised by the Board and contracted for at 31 March 2007 amounted to £0.2 million (2006: £0.2 million).

### 23 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)

### **24 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

### **25 Events after the balance sheet date**

On 25 April 2007, the company completed the purchase of 'Vitax' and related brands for a total consideration of £4.7m. The brands acquired are principally sold in Poland.