

Tetley GB Limited
(Registered Number: 3019950)

REPORT AND FINANCIAL STATEMENTS

1 MARCH 2003



Tetley GB Limited

Report of the Directors

The directors present their report and the audited financial statements for the financial year ending 1 March 2003.

Results, business review, future developments and dividends

Sales of £228.0 million (2002: £206.6 million) and the result for the year represent a significant improvement year on year and were in line with expectations. The directors recommended the payment of a final dividend of £35 million for the period (2002: £nil). The dividend was paid on 31 March 2003. Net assets of the company at 1 March 2003 were £18.2 million (2002 as restated: £28.2 million).

The company expects to remain profitable in the 2003/2004 trading year.

Principal activities

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

Directors and their interests

The directors during the year were as follows:

K Pringle
T Pascall
PD Unsworth

None of the directors hold beneficial shareholdings in the company. 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 has a positive approach to health and safety at work and regards compliance with statutory requirements as a minimum standard.

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, and for training and promotion.

Research and development expenditure

The company is committed to growth through new product development. A focused programme of research and product development is in place to meet that strategic need, building on successes such as round tea bags and the drawstring tea bag, and creating new, differentiated products that will enable the company to penetrate new markets.

Tetley GB Limited

Report of the Directors (Continued)

Charitable and political contributions

Charitable donations during the year amounted to £217,000 (2002: £239,000), this amount includes £211,000 (2002: £235,000) paid to the British Heart Foundation in connection with a promotional campaign launched in the prior year. No political donations were made in the period (2002: £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 23 (2002: 31).

Employee involvement

The company believes in regular communication with its employees, principally through monthly business briefs and the regular house magazine "The World of Tetley". Circulars on business developments are designed to ensure that all employees are well informed about the world-wide business.

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 The Tetley Group Limited, they have adopted the going concern basis in preparing the financial statements.

Auditors

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 2 February 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors. A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

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

4 September 2003

Tetley GB Limited

Independent auditors' report to the members of Tetley GB Limited

We have audited the financial statements which comprise the statement of accounting policies, the profit and loss account, the balance sheet, statement of total recognised gains and losses, reconciliation of shareholders' funds, and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards issued by the Auditing Practices Board. 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 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 annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

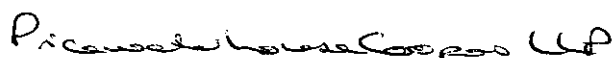
Basis of audit opinion

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 1 March 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

4/9/2003

Tetley GB Limited

Statement of accounting policies

Accounting dates

The company's financial year runs to the first Saturday in March. Periodically, this results in a year of 53 weeks. These financial statements are for the financial year ended 1 March 2003 (52 weeks). Comparatives are for the financial year ended 2 March 2002 (52 weeks).

Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable UK accounting standards. The company has consistently applied its accounting policies with the exception of its policy for pension and other post retirement benefit arrangements and amortisation of goodwill, which are discussed further below.

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.

Turnover

Turnover is shown before deducting trade discounts and excludes value added tax.

Research and development

Such expenditure is written off to the profit and loss account as incurred.

Pension and other post retirement benefit arrangements

Following the Accounting Standard Board's announcement that full implementation of FRS 17, 'Retirement Benefits' has been deferred in order for a consensus to be reached with the International Accounting Standards Board, the Directors have decided to revert to the transitional arrangements of FRS17. Prior to this FRS17 had been fully implemented. The reason for change is to provide clarity to the shareholders of the parent company, Tata Tea GB Limited who are primarily based in India. The SSAP 24 pension accounting methodology is comparable to Indian accounting practices. Prior year results have been restated, as follows;

Balance Sheet

£

Debtors	1,947,000
Provision for Deferred tax	(584,000)
Change in net assets	<u>1,363,000</u>

Profit and Loss

Administration cost	426,000
Taxation	(128,000)
	<u>299,000</u>

Defined Benefit Schemes

Pension costs and similar post retirement charges are reflected in the profit and loss account on a systematic basis over the average service life of employees. Further details on the Company's pension schemes are given in note 18.

Tetley GB Limited

Statement of accounting policies (Continued)

Defined Contribution Schemes

Pension costs relating to defined contribution schemes are recognised in the profit and loss account as they arise. Further details on all the company's pension schemes are given in note 18.

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 year 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 Tetley GB Limited accounts for the year ended 2002 did not reflect this policy change in error resulting in an inconsistency with the Group's parent company accounts. An adjustment to the carrying value of goodwill has been made impacting both 2002/03 and the prior year 2001/02, which has been dealt with by way of a prior year adjustment to correct the fundamental error.

This 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 year. (2002: £4.1m).

Depreciation

No depreciation is provided 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 provided on capital work in progress until the assets are brought into operational use in the business and transferred to the appropriate asset category.

Tetley GB Limited

Statement of accounting policies (Continued)

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.

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 on unremitted earnings of foreign subsidiaries is only provided if dividends have been accrued as receivable or there is a binding agreement to distribute past earnings in the future. Deferred tax balances are not discounted.

Tetley GB Limited

Profit and loss account For the year ended 1 March 2003

	Note	2003 £'000	2002 restated £'000
Turnover	1	228,042	206,602
Operating profit	1,2,3	37,443	30,970
Net interest payable and similar charges	4	(1,647)	(7,728)
Profit on ordinary activities before taxation		35,796	23,242
Tax on ordinary activities	6	(10,786)	(8,374)
Profit for the financial year		25,009	14,867
Dividend	7	(35,000)	-
Retained (loss)/ profit for the year	17	(9,991)	14,867

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 year are included above.

All amounts shown above relate to continuing businesses.

The notes on pages 10 to 21 form part of these financial statements.

Tetley GB Limited

Balance sheet as at 1 March 2003

	Note	2003 £'000	2002 restated £'000
Fixed assets			
Intangible assets	8	58,540	58,540
Tangible assets	9	29,676	34,176
Investments	10	57	57
		88,272	92,773
Current assets			
Stocks	11	14,374	14,593
Debtors	12	99,977	70,175
Cash at bank and in hand		36	31
		114,387	84,799
Creditors: amounts falling due within one year	13	(83,201)	(48,245)
Net current assets		31,186	36,554
Total assets less current liabilities		119,459	129,327
Creditors: amounts falling due after more than one year	14	(96,164)	(96,216)
Provisions for liabilities and charges	15	(5,109)	(4,933)
Net assets		18,186	28,177
Capital and reserves			
Called up share capital	16	-	-
Profit and loss account	17	18,186	28,177
Equity Shareholders' funds		18,186	28,177

Approved by the Board on 4 September 2003 and
signed on its behalf by:



PD Unsworth
Director

The notes on pages 10 to 21 form part of these financial statements.

Tetley GB Limited

Statement of total recognised gains and losses for the period ended 1 March 2003

	2003 £'000	2002 restated £'000
Profit for the financial period	25,718	14,867
Total recognised gains relating to the period	25,718	14,867
Adjustment in respect of prior periods (as explained below)	5,427	-
Total recognised gains since last annual report	31,145	14,779

Reconciliation of movements in shareholders' funds

	2003 £'000	2002 restated £'000
Profit for the financial period	25,009	14,867
Dividends	(35,000)	-
Net (decrease)/ addition to shareholders' funds	(9,991)	14,867
Opening shareholders' funds (originally £22,750,000 before adding prior year adjustment of £5,427,000)	28,177	13,310
Closing shareholders' funds	18,186	28,177

Certain prior year comparatives have been restated due to (i) the adoption of the transitional requirements of FRS 17, 'Retirement benefits' and (ii) the change in accounting policy for the amortisation of goodwill, as explained in the accounting policies note on pages 6.

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 company's turnover is principally within the United Kingdom.

	2003 £'000	2002 restated £'000
Turnover	228,042	206,602
Cost of sales	(163,758)	(149,147)
Gross profit	64,284	57,455
Selling and distribution costs	(17,490)	(14,766)
Administrative expenses	(8,718)	(11,666)
Other operating expenses	(633)	(53)
Operating profit before exceptional items	38,319	31,271
Exceptional items (note 3)	(876)	(301)
Operating profit	37,443	30,970

2 Operating profit

	2003 £'000	2002 £'000
The operating profit is stated after charging/(crediting):		
Staff costs:		
Wages and salaries	16,661	16,176
Social security costs	1,473	1,607
Other pension costs	1,594	1,618
Auditors remuneration	78	65
Auditors fees for non audit services	150	95
Depreciation and amortisation of fixed assets	5,242	8,846
Operating lease rentals, including plant and machinery	2,670	2,554
Research and development costs	869	933
Loss/(profit) on disposal of tangible fixed assets	-	194
Exceptional items (see note 3)	876	301

3 Exceptional items

During the year £876,000 (2002: £301,000) of reorganisation provisions were charged to the profit and loss account. These charges relate to the Group's cost reduction programme and comprise mainly of redundancy costs.

Tetley GB Limited

Notes to the financial statements (Continued)

4 Net interest payable and similar charges

	2003 £'000	2002 £'000
Other interest	267	310
Interest on finance lease obligation	12	11
Interest receivable from Group Undertakings	(5,609)	-
Interest payable to Group Undertakings	6,977	7,407
Net interest payable to Group Undertakings	1,368	7,407
	1,647	7,728

5 Directors and employees

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

	2003 Number	2002 Number
Manufacturing	511	454
Selling & distribution	105	116
Administration	123	119
	739	689

There were no emoluments paid to Directors during the year in respect of services provided to the company.

Directors' pension arrangements at 1 March 2003 are as follows:

Number of directors who are members of:	2003 Number	2002 Number
Defined contribution pension schemes	2	2
Defined benefit pension scheme	1	1
Total	3	3

The 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 on these loan notes is below market rates. The amount held as at 1 March 2003 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

	2003 £'000	2002 restated £'000
Current Tax:		
UK corporation tax on profits in the period	10,670	6,826
Total current tax	10,670	6,826
Deferred Tax	116	1,548
	10,786	8,374

Factors affecting the tax charge for the period

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

	2003 £'000	2002 £'000
Profit on ordinary activities before tax	35,796	23,242
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2002: 30%)	10,739	6,973
Effects of:		
Non-deductible amortisation of goodwill	-	1,219
Capital allowances for period in excess of depreciation	(175)	(759)
Other timing differences	(59)	-
Reorganisation cost timing differences	-	(977)
Other items	165	370
Current tax charge for the period	10,670	6,826

Factors that may affect future tax charges

Recent legislation within the United Kingdom grants an increased tax credit for research and development expenditure. The company is currently assessing the impact of this legislation.

7 Dividends

A dividend of £35 million was proposed during the period (2002: £nil).

Tetley GB Limited

Notes to the financial statements (Continued)

8 Intangible assets

Goodwill arising on acquisition:	£'000
Cost	
At 2 March 2002	81,269
Additions	-
At 1 March 2003	81,269
Amortisation	
At 2 March 2002 as previously stated	26,793
Prior year adjustment	(4,064)
At 2 March 2002 as restated	22,729
Charge for the year	-
At 1 March 2003	22,729
Net book amount	
At 1 March 2003	58,540
At 2 March 2002 as restated	58,540

The prior year adjustment has been made to correct a fundamental error in the prior year accounts, where the goodwill was amortised contrary to group accounting policies, which requires that goodwill has an indefinite useful economic life and as such goodwill should not have been amortised. Further details are included within the statement of accounting policies on page 6.

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
Cost						
At 2 March 2002	4,822	30	43,776	361	1,594	50,583
Additions	-	-	-	-	1,080	1,080
Transfers	70	-	1,446	-	(1,516)	-
Disposals	(55)	-	(2,852)	(2)	-	(2,909)
At 1 March 2003	4,837	30	42,370	359	1,158	48,754
Depreciation						
At 2 March 2002	932	12	15,315	148	-	16,407
Charge for the year	226	2	4,958	56	-	5,242
Disposals	(38)	-	(2,533)	-	-	(2,571)
At 1 March 2003	1,120	14	17,740	204	-	19,078
Net book amount						
At 1 March 2003	3,717	16	24,630	155	1,158	29,676
At 2 March 2002	3,890	18	28,461	213	1,594	34,176

The book value of leased tangible assets held under finance lease arrangements is as follows:

	Commercial and motor vehicles £'000	Total £'000
Cost	92	92
Depreciation	(42)	(42)
Net book value at 1 March 2003	50	50
Net book value at 2 March 2002	67	67

The depreciation charge on assets held under finance leases was £37,000 (2002: £25,000)

Tetley GB Limited

Notes to the financial statements (Continued)

10 Investments

Shares in Group undertakings
£'000

Cost and net book amount at 1 March 2003 and 2 March 2002 **57**

The company's shares in group undertakings are represented by 100 per cent equity holdings in five dormant companies which did not trade during the period and which are incorporated in the UK. A full list of these companies will be included within the companies next annual return.

11 Stocks

	2003 £'000	2002 £'000
Raw materials	11,190	10,743
Work in progress	407	453
Finished goods	2,777	3,397
	14,374	14,593

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

12 Debtors

	2003 £'000	2002 restated £'000
Amounts due within one year:		
Trade debtors	18,902	17,100
Amounts owed by group undertakings	74,639	49,255
Pension prepayment	1,752	1,947
Other debtors, prepayments and accrued income	4,684	1,873
	99,977	70,175

Of the balance above, the 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)

	2003 £'000	2002 £'000
Trade creditors	7,692	10,577
Amounts owed to group undertakings	21,401	18,865
Dividend payable	35,000	-
Finance lease obligations	18	17
Other taxation and social security	378	394
Other creditors and accruals	18,712	18,392
	83,201	48,245

14 Creditors (amounts falling due after one year)

	2003 £'000	2002 £'000
Borrowings owed to Group companies	96,107	96,164
Finance lease obligations:		
- Due between one and two years	18	18
- Due between two and five years	39	34
	96,164	96,216

Borrowings represent a loan from 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 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 cost £'000	Deferred Tax restated £'000	Total £'000
At 2 March 2002	26	4,323	4,349
Adjustment in respect of prior periods		584	584
At 2 March 2002 (restated)	26	4,907	4,933
Established in period	876	-	876
Assets/(provisions) utilised in period	(816)	(116)	(932)
At 1 March 2003	86	5,023	5,109

The reorganisation provision relates to the restructure of the UK operations. Utilisation of provisions during the period related in the main to employee severance payments. The year end provisions are substantially expected to be utilised within the next financial year.

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

	2003 £'000	2002 restated £'000
Accelerated capital allowances	4,130	3,955
Other timing differences	893	952
	5,023	4,907

There is no unprovided deferred tax in respect of the company.

16 Called up share capital

	Number	2003 £'000	2002 £'000
Allotted, called up and fully paid			
Ordinary shares of £1 each	1	-	-
Authorised			
Ordinary shares of £1 each	100	-	-

Tetley GB Limited

Notes to the financial statements (Continued)

17 Profit and loss account

	£'000
At 2 March 2002 (as previously stated)	22,750
Adjustment in respect of prior periods	5,427
At 2 March 2002 (restated)	28,177
Retained profit for the period	(9,991)
At 1 March 2003	18,186

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 Tetley Group; the assets of the scheme are held separately from the Group's assets. The Scheme closed to new entrants in April 1997.

The company pays contributions to the Tetley GB scheme at the rate set by the trustees of the fund and the pension cost in the year was £1,131,000 (2002: £1,197,000).

The latest actuarial valuation of the Tetley GB scheme was carried out at 6 April 2001 by an independent, professionally qualified actuary using the projected unit method. The valuation showed a funding level of 101% of the actuarial valuation of the scheme liabilities. The surplus is being amortised over the average remaining service lives of active members. The market value of the scheme's assets at 6 April 2001 was £47.6m. The principal assumptions used in the valuation are an investment return of 7% per annum, annual wage and salary increases of 4.5% per annum and increase in pensions in payment of 3% per annum.

The Company has also established a defined contribution scheme, administered by independent pension advisers and invested by external managers for employees joining the Group after July 1995. Such employees are not eligible to participate in the Tetley defined benefit scheme. The pension cost in the year of the Company's defined contribution scheme was £463,000 (2002: £421,000)

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

Tetley GB Limited

Notes to the financial statements (Continued)

19 Contingent liabilities

There were contingent liabilities at 1 March 2003 in respect of forward exchange contracts, operating leases, and outstanding letters of credit 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. At 1 March 2003, total amounts outstanding under this arrangement were £167.9 million (2002: £184.2 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	
	2003	2002	2003	2002
	£'000	£'000	£'000	£'000
Within one year	-	-	122	155
Between one and five years	-	60	884	453
After five years	1,541	1,089	-	-
	1,541	1,149	1,006	608

21 Capital commitments

Capital expenditure authorised by the Board and contracted for at 1 March 2003 amounted to £106,000 (2002: £85,000).

22 Parent company

The immediate parent company is Tetley GB 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 Financial Reporting Standard 8 (FRS8) 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 Financial Reporting Standard 1 (FRS1). Accordingly the company has taken advantage of the exemption available under FRS1 to dispense with presenting its own cash flow statement.