

TETLEY GB LIMITED

REPORT AND FINANCIAL STATEMENTS

2 MARCH 2002

REGISTERED NUMBER: 3019950



TETLEY GB LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the financial year ending 2 March 2002.

RESULTS, BUSINESS REVIEW, FUTURE DEVELOPMENTS AND DIVIDENDS

Sales of £206.6 million (2001: £197.0 million) and the result for the year represent a significant improvement year on year and were in line with expectations. The directors do not recommend the payment of a dividend for the period (2001: £nil). Net assets of the company at 2 March 2002 were £22.8 million (2001: £7.6 million - restated).

The company expects to remain profitable in the 2002/2003 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 accounts.

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.

CHARITABLE AND POLITICAL CONTRIBUTIONS

Charitable donations during the year amounted to £239,000 (2001: £1,435), this amount includes £235,000 paid to the British Heart Foundation in connection with a promotional campaign launched in the year. No political donations were made in the period (2001: £nil).

TETLEY GB LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

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

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office. A resolution concerning their re-appointment will be proposed at the Annual General Meeting.

TETLEY GB LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

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;

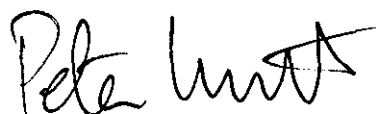
make judgements and estimates that are reasonable and prudent;

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.

On behalf of the Board



PD Unsworth
Director

12 September 2002

TETLEY GB LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TETLEY GB LIMITED

We have audited the financial statements on pages 5 to 18 which have been prepared under the historical cost convention and the accounting policies set out on pages 5 and 6.

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 on page 3.

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.

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.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the 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 affairs of the company as at 2 March 2002 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants
and Registered Auditors
London

12 September 2002

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 2 March 2002 (52 weeks). Comparatives are for the financial year ended 3 March 2001 (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 policies for pension arrangements and deferred taxation. The company has adopted FRS 17 – Retirement Benefits and FRS19 – Deferred Taxation for the first time this year and these new policies have been described 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 arrangements

The company has adopted Financial Reporting Standard No 17 (FRS 17) – Retirement Benefits. Full disclosure has been made in the Financial Statements of TATA TEA (GB).

Defined Benefit Schemes

Pension costs and similar post retirement charges are reflected in the profit and loss account based on the current service costs of employees, interest costs and expected return on the assets of the scheme, together with any past service costs and gains or losses on settlements or curtailments in the period. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

Defined Contribution Schemes

Pension costs relating to defined contribution schemes are recognised in the profit and loss account as they arise.

Accordingly, prior year numbers have been restated. Further details on all the company's pension schemes are given in note 18.

Goodwill

The results and net assets of acquired businesses are accounted for under the acquisition method of accounting from the date of acquisition. Goodwill arising is the difference between the fair value of the consideration given and the fair value of net assets acquired. The goodwill arising in respect of the tea business acquired during 1995/6 is being amortised systematically on a straight line basis over a period of 20 years from acquisition.

TETLEY GB LIMITED

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

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.

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

The company has adopted Financial Reporting Standard No 19 (FRS 19) – Accounting for Deferred Taxation. This requires full provision for accelerated capital allowances and other timing differences. Further details are given in note 15. Accordingly, prior year numbers have been restated.

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 un-remitted 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 2 MARCH 2002**

	Note	2002 £'000	2001 (restated) £'000
TURNOVER	1	206,602	196,981
OPERATING PROFIT	1,2,3	31,396	19,765
Net interest payable and similar charges	4	(7,728)	(7,784)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		23,668	11,981
Tax on ordinary activities	6	(8,502)	(4,566)
PROFIT FOR THE FINANCIAL YEAR		15,166	7,415
Dividend	7	-	-
RETAINED PROFIT FOR THE YEAR	17	15,166	7,415

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.

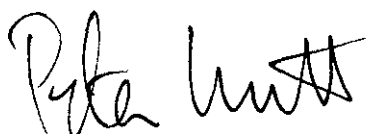
The notes on pages 10 to 18 form part of these financial statements.

TETLEY GB LIMITED

BALANCE SHEETS AS AT 2 MARCH 2002

	Note	2002 £'000	2001 (restated) £'000
FIXED ASSETS			
Intangible assets	8	54,476	58,519
Tangible assets	9	34,176	35,816
Investments	10	57	57
		88,709	94,392
CURRENT ASSETS			
Stocks	11	14,593	13,253
Debtors	12	68,228	44,929
Cash at bank and in hand		31	86
		82,852	58,268
CREDITORS (amounts falling due within one year)	13	(48,245)	(42,090)
NET CURRENT ASSETS		34,607	16,178
TOTAL ASSETS LESS CURRENT LIABILITIES		123,316	110,570
CREDITORS (amounts falling due after more than one year)	14	(96,216)	(96,217)
PROVISIONS FOR LIABILITIES AND CHARGES	15	(4,349)	(6,768)
NET ASSETS		22,751	7,585
CAPITAL AND RESERVES			
Called up share capital	16	-	-
Profit and loss account	17	22,751	7,585
SHAREHOLDERS' FUNDS		22,751	7,585

Approved by the Board on 12 September 2002 and
signed on its behalf by:



PD Unsworth
Director

The notes on pages 10 to 18 form part of these financial statements.

TETLEY GB LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE PERIOD ENDED 2 MARCH 2002

	2002	2001 (restated)
	£'000	£'000
Profit for the financial period	15,166	7,415
Total recognised gains relating to the period	15,166	7,415
Adjustment in respect of prior periods (as explained below)	(5,394)	-
Total recognised gains since last annual report	9,772	7,415

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002	2001 (restated)
	£'000	£'000
Opening shareholders' funds (2001 - originally £5,797,000 before deducting prior period adjustment of £5,627,000)	7,585	170
Profit for the financial period	15,166	7,415
Closing shareholders' funds	22,751	7,585

An adjustment of £2,014,000 has been made to the opening shareholders funds due to the adoption of FRS17 this year and an adjustment of £3,613,000 has been made to opening shareholders funds in relation to the adoption of FRS19 – Deferred Tax.

The company's pension prepayment has been released from the accounts, giving rise to the adjustment of £2,014,000. This amount had been included as a prepayment in periods preceding the comparative period. In addition, £731,000 of pension costs were debited to the prepayment during the year ended 3 March 2001. The comparative figures have therefore been restated to remove the pension prepayment and charge the costs to the P&L account in accordance with FRS17.

Due to the adoption of FRS19 this year, deferred tax liabilities of £3,613,000 have been included in the company's opening shareholders funding at 5 March 2000. In addition, £964,000 was credited to the provision during the year ended 3 March 2001. Further details of deferred tax assets and liabilities are disclosed in Note 15.

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.

	2002	2001
	£'000	(restated) £'000
Turnover	206,602	196,981
Cost of sales	(149,147)	(149,783)
Gross profit	57,455	47,198
Selling and distribution costs	(14,766)	(13,904)
Administrative expenses	(11,240)	(13,067)
Other operating income	(53)	78
Operating profit before exceptional items	31,697	22,354
Exceptional Items (note 3)	(301)	(2,589)
Operating profit	31,396	19,765

2 OPERATING PROFIT

	2002	2001
	£'000	(restated) £'000
The operating profit is stated after charging/(crediting):		
Staff costs:		
Wages and salaries	16,176	16,074
Social security costs	1,607	1,607
Other pension costs	1,191	1,301
Auditors remuneration	65	65
Auditors fees for non audit services	95	54
Depreciation and amortisation of fixed assets	8,846	8,466
Operating lease rentals, including plant and machinery	2,554	3,000
Research and development costs	933	920
Loss/(profit) on disposal of tangible fixed assets	194	(86)
Exceptional items (see note 3)	301	2,589

3 EXCEPTIONAL ITEMS

During the year £301,000 (2001: £2,589,000) 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**

	2002 £'000	2001 £'000
Group borrowings	7,407	7,442
Other interest	310	328
Interest on finance lease obligation	11	14
	7,728	7,784

5 DIRECTORS AND EMPLOYEES

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

	2002 Number	2001 Number
Manufacturing	454	539
Selling & distribution	116	130
Administration	119	92
	689	761

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

Directors' pension arrangements at 2 March 2002 are as follows:

Number of directors who are members of:	2002 Number	2001 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 2 March 2002 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**

	2002	2001 (restated)
	£'000	£'000
Current Tax:		
UK corporation tax on profits in the period	6,826	5,865
Credit for over provision in prior year	-	(335)
Total current tax	6,826	5,530
Deferred Tax	1,676	(964)
	8,502	4,566

The company has adopted Financial Reporting Standard No 19 (FRS 19) – Accounting for Deferred Taxation. This has given rise to the deferred tax charge for the period of £1,676,000. Prior year tax figures have been restated due to the adoption of FRS19.

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:-

	2002	2001 (restated)
	£'000	£'000
Profit on ordinary activities before tax	23,668	11,981
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2001: 30%)	7,100	3,594
Effects of:		
Non-deductible amortisation of goodwill	1,219	1,219
Capital allowances for period in excess of depreciation	(759)	686
Reversal of exceptional items	(977)	152
Prior year credit	-	(335)
Other items	243	214
Current tax charge for the period	6,826	5,530

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

No dividend was paid or proposed during the period (2001: £nil).

TETLEY GB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8 INTANGIBLE ASSETS

Goodwill arising on acquisition:	£'000
Cost	
At 3 March 2001	81,269
Additions	-
At 2 March 2002	81,269
Amortisation	
At 3 March 2001	22,750
Charge for the year	4,043
At 2 March 2002	26,793
Net book amount	
At 2 March 2002	54,476
At 3 March 2001	58,519

9 TANGIBLE ASSETS

	Freehold land and buildings £'000	Short leasehold buildings £'000	Plant, machinery, fixtures, and fittings and equipment £'000	Commercial and motor vehicles £'000	Capital work in progress £'000	Total £'000
Cost						
At 3 March 2001	4,131	30	42,446	318	1,894	48,819
Additions	-	-	-	31	3,376	3,407
Transfers	691	-	2,862	123	(3,676)	-
Disposals	-	-	(1,532)	(111)	-	(1,643)
At 2 March 2002	4,822	30	43,776	361	1,594	50,583
Depreciation						
At 3 March 2001	730	10	12,037	226	-	13,003
Charge for the year	202	2	4,574	25	-	4,803
Disposals	-	-	(1,296)	(103)	-	(1,399)
At 2 March 2002	932	12	15,315	148	-	16,407
Net book amount						
At 2 March 2002	3,890	18	28,461	213	1,594	34,176
At 3 March 2001	3,401	20	30,409	92	1,894	35,816

TETLEY GB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 TANGIBLE ASSETS (CONTINUED)

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

	Plant, machinery, fixtures, fittings and equipment £'000	Commercial and motor vehicles £'000	Total £'000
Cost	-	92	92
Depreciation	-	(25)	(25)
Net book value at 2 March 2002	-	67	67
Net book value at 3 March 2001	57	72	129

The depreciation charge on assets held under finance leases was £244,000

10 INVESTMENTS

	Shares in Group undertakings £'000
Cost and net book amount at 2 March 2002 and 3 March 2001	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

	2002 £'000	2001 £'000
Raw materials	10,743	9,603
Work in progress	453	454
Finished goods	3,397	3,196
	14,593	13,253

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

TETLEY GB LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****12 DEBTORS**

	2002	2001
	£'000	(restated) £'000
Amounts due within one year:		
Trade debtors	17,100	17,132
Amounts owed by group undertakings	49,255	26,196
Other debtors, prepayments and accrued income	1,873	1,601
	68,228	44,929

The 2001 figures have been restated due to the adoption of FRS17. An adjustment has been made to remove a pension prepayment of £2,745,000 that was in place in accordance with SSAP24.

13 CREDITORS (amounts falling due within one year)

	2002	2001
	£'000	£'000
Trade creditors	27,379	25,283
Amounts owed to group undertakings	18,865	14,763
Finance lease obligations	17	51
Other taxation and social security	394	469
Other creditors and accruals	1,590	1,524
	48,245	42,090

14 CREDITORS (amounts falling due after one year)

	2002	2001
	£'000	£'000
Borrowings owed to Group companies	96,164	96,163
Finance lease obligations:		
- Due between one and two years	18	22
- Due between two and five years	34	32
	96,216	96,217

Borrowings represent a loan from The Tetley Group Limited that was made available to finance the acquisition and related costs and to finance the company's trading requirements. The interest margin is currently 1.0% above LIBOR and the loan 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 £'000	Total £'000
At 3 March 2001	4,119	-	4,119
Adjustment in respect of prior periods	-	2,649	2,649
At 3 March 2001 (restated)	4,119	2,649	6,768
Established in period	301	1,055	1,356
Assets/(provisions) utilised in period	(4,394)	619	(3,775)
At 2 March 2002	26	4,323	4,349

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:

	2002 £'000	2001 £'000
Accelerated capital allowances	3,955	2,977
Other timing differences	368	(328)
	4,323	2,649

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

16 CALLED UP SHARE CAPITAL

	Number	2002 £'000	2001 £'000
Allotted, called up and fully paid			
Ordinary shares of £1 each	1	-	-
Authorised			
Ordinary shares of £1 each	100	-	-

17 PROFIT AND LOSS ACCOUNT

	£'000
At 3 March 2001 (as previously stated)	12,979
Adjustment in respect of prior periods	(5,394)
At 3 March 2001 (restated)	7,585
Retained profit for the period	15,166
At 2 March 2002	22,751

TETLEY GB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18 PENSIONS

The pension cost for 2002 is £1,191,000 (2001 restated: £1,301,000).

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 has adopted Financial Reporting Standard No. 17, "Retirement Benefits" (FRS 17).

The company pays contributions to the Tetley GB scheme at the rate set by the trustees of the fund.

The Group is unable to identify the Company's share of the underlying assets and liabilities of the scheme. The most recent full actuarial valuation was performed as at 6 April 2001 and updated to 2 March 2002 by a qualified independent actuary. Results of the FRS 17 valuation as at 2 March 2002 indicated a net deficit for the UK scheme of £5.7 million (after adjusting for deferred tax at 30%).

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

The company also operates 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.

Contributions made by the company on behalf of employees are disclosed in Note 2.

19 CONTINGENT LIABILITIES

There were contingent liabilities at 2 March 2002 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 2 March 2002, total amounts outstanding under this arrangement were £184.2 million (2001: £206.1 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.

TETLEY GB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20 LEASES

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

Commitment expires:	Land and buildings		Other	
	2002 £'000	2001 £'000	2002 £'000	2001 £'000
Within one year	-	895	155	1,233
Between one and five years	60	562	453	20
After five years	1,089	250	-	-
	1,149	1,707	608	1,253

21 CAPITAL COMMITMENTS

Capital expenditure authorised by the Board and contracted for at 2 March 2002 amounted to £85,000 (2001: £844,000).

22 PARENT COMPANY

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.

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.