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DEPARTMENT OF ENTERPRISE
TRADE AND INVESTMENT

29 MAY 2008

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COMPANIES REGISTRY

Nambarrie Tea Company Limited

Directors' report and
financial statements

Year ended 15 September 2007

Company number NI 1317

Nambarrie Tea Company Limited

Directors' report and financial statements

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Nambarrie Tea Company Limited

Directors' and other information

Directors	BW Davis PS Murphy
Secretary	RS Mendelsohn
Auditors	KPMG 17/25 College Square East Belfast BT1 6DH
Bankers	Lloyds Bank Plc City Office Bailey Drive Gillingham Business Park Kent ME8 0PZ Alliance & Leicester Commercial Bank plc Bridle Road Bootle Merseyside G1R 0AA
Solicitors	Tughan & Co Marlborough House 30 Victoria Street Belfast BT1 3GS
Company registration number	NI 1317

Nambarrie Tea Company Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 15 September 2007.

Principal activities

During the period the principal activity of the company was the purchase and sale of tea.

Business review

Nambarrie Tea Company Limited operates as importers, manufacturers and sellers of high quality mainstream and speciality teas throughout Ireland. It also has a strong intercompany business producing mainstream and infusion products for parent company, R Twining and Co. Limited. The Company works towards regional specific strategic objectives within its various marketplaces as well as managing factory volumes and unit costs whilst improving staff capabilities, motivation and retention.

Nambarrie enjoyed another successful year in 2006/07 in all sectors of its business. Revenue increased slightly to £11.7m, operating profit before interest, tax and dividends increased to £2.4m, a very strong 21% return on sales.

Capital employed has increased to £10.3m while fixed assets remain at £1.3m and current ratio is 5:1.

Nambarrie remains committed to the continual training, development and empowerment of its workforce in line with its requirements under the Investment in People accreditation. The focus on employee health and safety continues in line with Group policy.

Post balance sheet event

On 10 April 2008 R Twining and Co. Limited, Nambarrie's parent company, announced the possible cessation of production in Northern Ireland. Management have entered a 30 day consultation period to consider the options. If the option to cease production in Northern Ireland is pursued, it is likely that the assets and trade of Nambarrie will be transferred to Twinings. It is not anticipated that any significant losses will be incurred in Nambarrie Tea Company Limited if the proposal to cease operations of the company is carried forward.

Research and Development

Investment in the factory's machining technology has resulted in an improvement in flexibility, efficiency and quality of output. The Nambarrie factory now enjoys a variety of quality accreditations including ISO 90001:2000, environmental standard ISO 14001, food safety standards ISO 22000 and British Retail Consortium Global food standard as well as Health and Safety standard OHSAS 18001.

Nambarrie Tea Company Limited

Directors' report *(continued)*

Future outlook

The Company will be continuing to add flexibility and improve cost efficiencies within the factory whilst encouraging increased intercompany output for the most part of 2008. However, the future outlook for the supply business may be greatly impacted by the key business risk detailed below around the recent business proposal by parent company R Twining and Co. Limited to potentially cease manufacturing in Northern Ireland.

In the Northern Ireland market, the external commercial environment is expected to remain fiercely competitive as Northern Ireland retailers and competitor suppliers continue to offer strong price promotions throughout local stores. However, the directors remain confident that Nambarrie will maintain the current level of profitability performance into 2008, subject to the key risk identified below regarding the potential cessation of manufacturing in Northern Ireland.

In the Republic of Ireland, the increase and improvement in own label and competitor offerings of speciality teas is a factor to always be monitored and considered. 2007 did realise strong revenue growth (11%) and the region has been set another stretch growth target in 2008 to take revenue over £2m (18% growth). A strengthening of the Republic of Ireland marketing resource is currently under way to assist with the achievement of this target.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks.

Despite continuing to maximise factory outputs and efficiencies to attempt to secure local production of teas in Northern Ireland, the latest key business risk and uncertainty affecting the business is the announcement on 10 April 2008 by R Twining and Co. Limited, Nambarrie's parent company, about the possible cessation of production in Northern Ireland as per the post balance sheet event section above.

The key risk and uncertainty affecting the Nambarrie brand is considered to relate to the continual strong price promotions offered throughout the marketplace by both national and local competitor tea suppliers and any commercial impact on the future brand sales of the proposed transfer of the local production of Nambarrie brands outside of Northern Ireland.

As a wholly-owned subsidiary of a UK parent company, R. Twining & Co. Limited, the principal risks and uncertainties of this Company are integrated with the principal risks of the group which are discussed in the Business Review page of the group's annual report which does not form part of this report.

Key performance indicators ("KPIs")

The main financial KPIs for the business are:

	Target	Actual 2007
Return on sales	17%	21%
Stock days	85	75
Debtor Days	57	50
Creditor days	51	36

The factory also tracks performance against a number of non financial KPIs including complaints, wastage levels, on time in full deliveries, absence and leavers, accidents and training. In 2007 the supply chain made great strides in improving both complaints and absence levels and work in these areas will be ongoing in 2008.

Nambarrie Tea Company Limited

Directors' report *(continued)*

Key performance indicators ("KPIs") *(continued)*

The financial position of the company is underwritten by Associated British Foods plc, the ultimate holding company, to which cash balances are swept daily.

Ethical outsourcing

Nambarrie is a member of the Tea Sourcing Partnership (TSP), which was set up in April 1997 and which represents most of the major UK tea companies. The members have joined together to share responsibility for the social and ethical conditions involved in the sourcing of tea and share three core benefits:

- We have a shared responsibility for the social and ethical conditions involved in sourcing the tea we buy.
- Activities in this area should be non-competitive and apolitical.
- We respect the cultural and legislative differences in tea producing countries and seek to work closely with producers.

Financial risk management objectives and policies

The company is exposed to certain cash flow and credit risks associated with selling on credit, however, this is mitigated by a diverse client portfolio and strong credit control procedures. The nature of the company's financial assets and liabilities mean that they have minimal price risk and liquidity risk. The company does not actively use financial instruments as part of its financial risk management as the majority of trading is conducted in GBP sterling.

Trading results and reserves

The profit and loss account for the period is set out on page 9 and related notes. Profit on ordinary activities before taxation was £2,846,834 (2006: £2,626,570). After charging £853,246 (2006: £787,971) for tax, there was a profit for the year of £ 1,993,588 (2006: £1,838,599).

Dividend

The company paid a dividend of £1,500,000 during the period (2006: £1,000,000).

Fixed assets

The directors are of the opinion that the market value of interests in land and buildings as at the end of the period exceeded that amount included in the balance sheet, but they have not sought to quantify the excess.

Nambarrie Tea Company Limited

Directors' report *(continued)*

Directors and secretary

The directors who held office during the period were as follows:

BW Davis (Managing Director)
PS Murphy

The secretary who held office during the period was as follows:

RS Mendelsohn

Disabled persons

It is the policy of the company to offer equal opportunity to disabled persons in recruitment, training and career development, having due regard to their aptitudes and abilities in relation to the jobs available.

Employee involvement

The company is committed to the further development of employee information and consultation. This is achieved through briefing sessions with groups of employees.

Political and charitable contributions

The company made no political or charitable donations during the period (2006: £373).

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

Pursuant to a shareholders' resolution, the company is not obliged to re-appoint auditors annually and KPMG will therefore continue in office.

By order of the board



BW Davis
Director

6th May 2008

Nambarrie Tea Company Limited

Statement of directors' responsibilities in respect of the Directors' report and financial statements

The directors are responsible for preparing the Directors' 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 UK Accounting Standards.

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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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
- 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies (Northern Ireland) Order 1986. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Under applicable law the directors are also responsible for preparing a Directors' report that complies with that law.

On behalf of the board



BW Davis
Director

6th May 2008



KPMG
Chartered Accountants
Stokes House
17-25 College Square East
Belfast BT1 6DH
Northern Ireland

Independent auditors' report to the members of Nambarrie Tea Company Limited

We have audited the financial statements of Nambarrie Tea Company Limited for the year ended 15 September 2007 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Article 243 of the Companies (Northern Ireland) Order 1986. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of directors' responsibilities on page 6.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 (Northern Ireland) Order 1986. 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 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.



KPMG
Chartered Accountants
Stokes House
17-25 College Square East
Belfast BT1 6DH
Northern Ireland

Independent auditors' report to the members of Nambarrie Tea Company Limited
(continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 15 September 2007 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies (Northern Ireland) Order 1986; and
- the information given in the Directors' report is consistent with the financial statements.

KPMG
Chartered Accountants
Registered Auditors

6th May 2008

Nambarrie Tea Company Limited

Profit and loss account

Year ended 15 September 2007

	<i>Note</i>	2007 £	2006 £
Turnover - continuing operations	4	11,755,728	11,481,820
Operating profit – continuing operations	4	2,429,500	2,299,977
Interest receivable	6	417,334	326,593
Profit on ordinary activities before taxation		2,846,834	2,626,570
Tax on profit on ordinary activities	7	(853,246)	(787,971)
Profit for the financial year	15	1,993,588	1,838,599

A statement of movements on reserves is given in note 15.

The company had no recognised gains or losses in the financial period or the preceding financial period other than those dealt with in the profit and loss account.

There is no material difference between the company's results as reported and on a historical cost basis. Accordingly no note of historical cost profits and losses has been prepared.

The notes on pages 11 to 22 form part of these financial statements.


Nambarrie Tea Company Limited

Balance sheet

At 15 September 2007

	Note	2007		2006	
		£	£	£	£
Fixed assets					
Tangible assets	8	1,330,858		1,311,832	
Current assets					
Stocks	10	1,182,696		1,805,225	
Debtors	11	10,578,517		9,385,182	
Cash at bank and in hand		98,148		145,142	
		<u>11,859,361</u>		<u>11,335,549</u>	
Creditors: Amounts falling due within one year	12	(2,727,645)		(2,682,395)	
Net current assets		<u>9,131,716</u>		<u>8,653,154</u>	
Total assets less current liabilities		10,462,574		9,964,986	
Provisions for liabilities and charges	13	(183,000)		(179,000)	
Net assets		<u><u>10,279,574</u></u>		<u><u>9,785,986</u></u>	
Capital and reserves					
Called up share capital	14	10,020		10,020	
Revaluation reserve	15	2,500		2,693	
Profit and loss account	15	10,267,054		9,773,273	
Shareholders' funds	16	<u><u>10,279,574</u></u>		<u><u>9,785,986</u></u>	

On behalf of the board of directors



BW Davis
Director

6th May 2008

The notes on pages 11 to 22 form part of these financial statements.

Nambarrie Tea Company Limited

Notes

(forming part of the financial statements)

1 Accounting reference date

The accounting reference date of the company is the Saturday nearest to 15 September. Accordingly, these financial statements have been prepared for the year ended 15 September 2007.

2 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain land and buildings, and in accordance with applicable accounting standards.

Under Financial Reporting Standard No.1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking. A group cash flow statement is included in the financial statements of Associated British Foods plc.

Turnover

Turnover represents the amounts (excluding Value Added Tax) derived from the provision of goods and services delivered to or collected by customers during the period. It is stated net of discounts and allowances designed to encourage sales such as over-riders and retro bonuses which are repaid after the event of the sale and other promotional offers made at the time of the sale. The directors are of the opinion that disclosure of the analysis of turnover and profit by geographical market would be seriously prejudicial to the interests of the company.

Fixed assets and depreciation

Tangible fixed assets are stated at historical cost less accumulated depreciation, except for certain items of land and buildings which are carried at revalued amount less accumulated depreciation. The company availed of the transitional provisions of FRS 15, *Tangible Fixed Assets*, in continuing to carry such assets at their previous revalued amount, which is not being updated for subsequent changes in value, except as adjusted for subsequent additions, disposals, depreciation and impairment, if any. Depreciation, calculated on cost or on valuation, is provided on a straight line basis over the anticipated life of the asset to the residual value of the asset. No depreciation is provided on freehold land. The anticipated life of other assets is generally deemed to be no longer than:

Nambarrie Tea Company Limited

Notes

(forming part of the financial statements)

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Land and buildings	-	50 years
Plant and equipment	-	12 years
Fixtures and fittings	-	5 – 12 years
Motor vehicles	-	5 – 8 years

Assets under construction are not depreciated until they are available for use.

Nambarrie Tea Company Limited

Notes (continued)

2 Accounting policies (continued)

Leases

All leases entered into by the company are operating leases whereby substantially all the risks and rewards of ownership of an asset remain with the lessor. Rental payments are charged against profits on a straight line basis over the life of the lease.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due provision for obsolete and slow-moving items. In the case of work in progress and finished goods the term 'cost' includes ingredients, production wages and an appropriate proportion of attributable production overheads.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in taxable profits in periods different from those in which they are recognised in the financial statements.

Pension costs

The company is a member of the Associated British Foods Pension Scheme which operates both a defined contribution and defined benefit pension scheme. Contributions to the defined contribution scheme are charged to the profit and loss account as they become payable. The defined benefit scheme is a multi-employer scheme and the company is unable to identify its share of underlying assets and liabilities on a consistent and reasonable basis. Contributions to the defined benefit scheme are therefore accounted for as if they were contributions to a defined contribution scheme.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Nambarrie Tea Company Limited

Notes (continued)

3 Dividends

	2007 £	2006 £
Final paid	1,500,000	1,000,000

The dividend proposed represents £149.70 per share (2006: £99.80).

4 Turnover and operating profit

	2007 £	2006 £
Turnover - continuing operations	11,755,728	11,481,820
Cost of sales	(7,323,840)	(7,080,751)
Gross profit	4,431,888	4,401,069
Distribution costs	(1,360,644)	(1,477,069)
Administrative expenses	(641,744)	(624,023)
Other operating income	-	-
Operating profit - continuing operations	2,429,500	2,299,977

Operating profit is stated after charging/(crediting):

	2007 £	2006 £
Depreciation of fixed tangible assets	186,986	186,378
Auditors' remuneration:		
- audit	19,500	19,000
- other services	-	-
Operating leases - land and buildings	108,624	127,486
(Profit)/loss on disposal of tangible fixed assets	(70)	9,200

Nambarrie Tea Company Limited

Notes (continued)

5 Directors and employees

The average number of persons employed by the company (including executive directors) analysed by category during the period was as follows:

	2007 No	2006 No
Administration	9	10
Production and distribution	37	35
Sales	7	9
	<hr/>	<hr/>
	53	54
	<hr/>	<hr/>

The aggregate staff costs of these persons were as follows:

	2007 £	2006 £
Wages and salaries	1,106,291	1,134,886
Social security costs	95,454	90,127
Other pension costs	121,562	107,665
	<hr/>	<hr/>
	1,323,307	1,332,678
	<hr/>	<hr/>

	2007 £	2006 £
Directors' emoluments (including benefits in kind)	93,686	95,136
Company pension contributions to defined benefit scheme	16,674	12,781
	<hr/>	<hr/>
	110,360	107,917
	<hr/>	<hr/>

	2007 No	2006 No
Retirement benefits are accruing to the following number of directors under defined benefit schemes	2	2
	<hr/>	<hr/>

No directors exercised share options during either period, and no directors received or became entitled to shares under long term incentive schemes in either period.

Nambarrie Tea Company Limited

Notes (continued)

6 Interest receivable

	2007 £	2006 £
Interest receivable from other group companies	417,334	326,593

Interest receivable is in respect of intercompany balances which are repayable on demand.

7 Tax on profit on ordinary activities

	2007 £	2006 £
UK corporation tax for the period	849,246	778,971
Adjustments relating to earlier years	-	-
Total current tax charge	849,246	778,971
Deferred tax (see note 13)	4,000	9,000
	853,246	787,971

The basis by which taxation is calculated is stated in note 2.

The current tax charge for the period is lower (2006: lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	2007 £	2006 £
Current tax reconciliation		
Profit on ordinary activities before tax	2,846,834	2,626,570
Current tax at 30% (2006: 30%)	854,050	787,971
Effects of:		
Capital allowances for period in excess of depreciation	(4,000)	(9,000)
Other	(804)	-
Total current tax charge	849,246	778,971

The directors are not aware of any factors that may have a significant impact on the future tax charge of the company.

Nambarrie Tea Company Limited

Notes (continued)

8 Tangible fixed assets

	<i>Land and buildings</i> £	<i>Plant and equipment</i> £	<i>Fixture and fittings</i> £	<i>Motor vehicles</i> £	<i>Assets under construction</i> £	<i>Total</i> £
<i>Cost or valuation</i>						
At beginning of period	284,707	3,044,575	209,563	310,356	6,546	3,855,747
Transfers	-	6,546	-	-	(6,546)	-
Additions	-	179,004	11,409	20,236	-	210,649
Disposals	-	(108,322)	-	(13,715)	-	(122,037)
At end of period	284,707	3,121,803	220,972	316,877	-	3,944,359
<i>Depreciation</i>						
At beginning of period	109,949	2,078,143	168,468	187,355	-	2,543,915
Charge for period	5,504	137,276	11,917	32,289	-	186,986
On disposals	-	(107,009)	-	(10,391)	-	(117,400)
At end of period	115,453	2,108,410	180,385	209,253	-	2,613,501
<i>Net book value</i>						
At 15 September 2007	169,254	1,013,393	40,587	107,624	-	1,330,858
At 17 September 2006	174,758	966,432	41,096	123,001	6,546	1,311,832

The net book value of land and buildings comprises:

	2007 £	2006 £
Freehold land and buildings	167,341	172,574
Short leasehold land and buildings	1,914	2,184
	169,255	174,758

Freehold land of £9,500 (2006: £9,500) is not depreciated.

Nambarrie Tea Company Limited

Notes (continued)

9 Capital commitments

The company had £Nil (2006: £Nil) contracted commitments at the period end.

10 Stocks

	2007 £	2006 £
Raw materials and consumables	908,118	1,457,421
Finished goods and goods for re-sale	274,578	347,804
	<hr/>	<hr/>
	1,182,696	1,805,225
	<hr/>	<hr/>

There is no material difference between the replacement cost of stocks and their balance sheet amounts.

Included within raw materials and consumables stocks is £154,650 (2006: £262,837) of consignment stock held on behalf of the company by a third party supplier. Under the terms of the arrangement the risks and rewards of the stock are deemed to have transferred to the company on manufacture.

11 Debtors

	2007 £	2006 £
Trade debtors	782,206	591,062
Amounts owed by parent and fellow subsidiary undertakings	9,698,777	8,711,347
Other debtors	37,407	27,850
Prepayments and accrued income	60,127	54,923
	<hr/>	<hr/>
	10,578,517	9,385,182
	<hr/>	<hr/>

Nambarrie Tea Company Limited

Notes (continued)

12 Creditors: amounts falling due within one year

	2007 £	2006 £
Bank loans and overdraft	7,769	100,540
Trade creditors	537,212	541,940
Amounts owed to parent and fellow subsidiary undertakings	1,156,993	989,570
Accruals	537,425	419,624
Corporation tax	488,246	630,721
	<hr/>	<hr/>
	2,727,645	2,682,395
	<hr/>	<hr/>

Under a letter of set off dated 14 December 1993 the company is party to and, its bank borrowings are secured by, a cross-guarantee of bank facilities for certain companies within the ABF Investments plc group.

13 Provisions for liabilities and charges

	2007 £	2006 £
<i>Deferred taxation</i>		
At beginning of year	179,000	170,000
Charge to the profit and loss for the period (note 7)	4,000	9,000
	<hr/>	<hr/>
At end of year	183,000	179,000
	<hr/>	<hr/>

The basis by which taxation is calculated is stated in note 2. There is no unprovided deferred tax.

The elements of deferred taxation are as follows:

	2007 £	2006 £
Difference between accumulated depreciation and amortisation and capital allowances	183,000	179,000
	<hr/>	<hr/>

Nambarrie Tea Company Limited

Notes (continued)

14 Called up share capital

	2007 £	2006 £
<i>Authorised:</i>		
Ordinary shares of £1 each	15,000	15,000
<i>Allotted, called up and fully paid:</i>		
Ordinary shares of £1 each	10,020	10,020

15 Reserves

	Revaluation reserve £	Profit and loss account £
At beginning of period	2,693	9,773,273
Transfer	(193)	193
Profit for the financial year	-	1,993,588
Dividend on equity shares	-	(1,500,000)
At end of period	2,500	10,267,054

16 Reconciliation of movement on shareholders' funds

	2007 £	2006 £
Profit for the financial year	1,993,588	1,838,599
Dividends	(1,500,000)	(1,000,000)
Net addition to shareholders' funds	493,588	838,599
Opening shareholders' funds	9,785,986	8,947,387
Closing shareholders' funds	10,279,574	9,785,986

Nambarrie Tea Company Limited

Notes (continued)

17 Commitments

Operating leases

The company has minimum annual lease payments under non-cancellable operating leases as at 15 September 2007 as follows:

	<i>Land and Buildings</i> £
Operating leases which expire:	
In the second to fifth years inclusive	107,650
Over five years	-
	<hr/>
	107,650
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18 Contingent liabilities

Under a letter of set off dated 14 December 1993 the company is party to a cross-guarantee of bank facilities for certain companies within the ABF Investments plc group.

19 Pensions

The company is a member of the Associated British Foods Pension Scheme which provides benefits based on final pensionable pay. Because the company is unable to identify its share of the scheme's assets and liabilities on a consistent basis, as permitted by FRS 17 the scheme is accounted for by the company as if it were a defined contribution scheme. On 30 September 2002 the scheme was closed to new members and a defined contribution arrangement was put in place for other employees. For the defined contribution scheme, the pension costs are the contributions payable.

On 6 April 2006, the British Sugar Pension Scheme was merged with the Associated British Foods Pension Scheme. The latest full actuarial valuations of the Associated British Foods Pension Scheme and the British Sugar Pension Scheme were carried out at 5 April 2005 and 1 October 2004 respectively. At the valuation dates the total market value of the assets of the schemes was £1,869m and represented 97% of the benefits that had accrued to members after allowing for expected future increases in earnings.

The actuarial valuations were updated for IAS 19 purposes to 15 September 2007 by an independent qualified actuary. The updated valuation of the merged scheme was a surplus of £284 million. Full IAS 19 disclosures can be found within the financial statements of Associated British Foods plc, which may be obtained from Associated British Foods plc, Weston Centre, 10 Grosvenor Street, London, W1K 4QY. The consolidated accounts of Associated British Foods plc are also available for download on the group's website at www.abf.co.uk

The combined contribution to the defined benefit and defined contribution sections of the Associated British Foods Pension Scheme for the year was £1,655 (2006: £4,473).

Nambarrie Tea Company Limited

Notes *(continued)*

20 Holding company

The ultimate holding company is Wittington Investment Limited which is incorporated in Great Britain and registered in England and Wales.

The largest group in which the results of the company are consolidated is headed by Wittington Investments Limited, incorporated in Great Britain. The smallest group in which they are consolidated is headed by Associated British Foods plc, which is incorporated in Great Britain and registered in England and Wales. The consolidated accounts of these groups are available to the public and may be obtained from Associated British Foods plc, Weston Centre, 10 Grosvenor Street, London, W1K 4QY. The consolidated accounts of Associated British Foods plc are also available for download on the group's website at www.abf.co.uk.

21 Related party transactions

Since more than 90% of the company's voting rights are controlled within the Wittington Investments Limited group of companies, of which it is a member, the company has taken advantage of the exemption not to disclose transactions with entities that are part of the group.

22 Post balance sheet event

On 10 April 2008 R Twining and Co. Limited, Nambarrie's parent company, announced the possible cessation of production in Northern Ireland. Management have entered a 30 day consultation period to consider the options. If the option to cease production in Northern Ireland is pursued, it is likely that the assets and trade of Nambarrie will be transferred to Twinings. It is not anticipated that any significant losses will be incurred in Nambarrie Tea Company Limited if the proposal to cease operations of the company is carried forward.