

Registered Number 481881

BROOKE BOND FOODS LIMITED
REPORT AND ACCOUNTS 1998

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Registered Number : 481881

Brooke Bond Foods Limited

Directors' Report for the Year ended 31 December 1998

Directors

The Directors of the Company during the year were as follows :-

Mr W G Walker (resigned on 31 December 1998)

Mr N G Allen

Dr J C Byrne

Mr J D F Coombs

Mr I G Watson

Mr G E Neath (appointed on 31 December 1998)

Review of Activities

During the year the company changed its principal activity to that of an investment company. It receives fixed assets from group companies prior to sale to third parties.

The Directors consider that in the conditions prevailing during the year, the development of the Company's business and its financial position at the end of the year were satisfactory. The Directors do not expect any development in the Company's business in 1999 significantly different from its present activities.

Profits and Dividend

The profit for the year is £ 68,000 and no dividend has been declared.

Tangible Fixed Assets

The movements in Tangible Fixed Assets are set out in note 5 to the accounts.

Year 2000

The Year 2000 or millennium bug presents a major business challenge, which is extensive because, apart from information systems, the task involves correcting Information Technology infrastructure, factory and process control facilities and telecommunication networks. As part of the Unilever Group strategy, the company is addressing this threat as a critical corporate priority, working both with internal processes and with business partners to ensure the smooth functioning of the supply chain. The Unilever Group has been planning for the Year 2000 issue since 1995 and overall compliance has largely been achieved by the end of 1998. The relevant costs for each year are charged to operating costs as incurred.

Brooke Bond Foods Limited

Directors' Interests

According to the Register of Directors' Interests, the notifiable interests of the Directors in Office at 31 December 1998, in the share capital of the Company's ultimate holding company, Unilever PLC, were as follows :-

	Unilever PLC	At 1.1.1998	At 31.12.1998
Dr J C Byrne	Ordinary shares of 1.25p each	51,592	74,661
Mr J D F Coombs	Ordinary shares of 1.25p each	84	4,128
Mr I G Watson	Ordinary shares of 1.25p each	12,608	14,116

Options to acquire the number of Unilever PLC Ordinary shares of 1.25p each listed below were granted, exercised and held as follows :-

		At 1.1.1998	Granted	Exercised	At 31.12.1998
Mr N G Allen	(a)	20,392	8,250	nil	28,642
	(b)	nil	2,904	nil	2,904
Dr J C Byrne	(a)	88,940	16,500	42,744	62,696
	(b)	1,058	nil	1,058	nil
Mr J D F Coombs	(a)	nil	5,500	nil	5,500
	(b)	7,260	2,323	6,044	3,539
Mr G E Neath	(a)	70,108	nil	nil	70,108
	(on appointment)				
Mr I G Watson	(a)	65,432	16,500	13,560	68,372
	(b)	5,944	580	1,508	5,016

- (a) under the Unilever 1985 and 1997 Executive Share Option Schemes and subject to the Rules of those Schemes.
- (b) under the Unilever PLC 1985 Sharesave Scheme and subject to the Rules of that Scheme.

The Directors, in common with all employees of Unilever PLC and its UK subsidiaries, have a beneficial interest in the undermentioned Unilever PLC ordinary shares of 1.25p each, acquired by the Unilever Employee Share Trusts for the purpose of satisfying share options granted to employees.

	At 1.1.1998	At 31.12.1998
Mr G E Neath	39,623,389	39,623,389
	(on appointment)	
All other Directors	42,951,985	39,623,389

Brooke Bond Foods Limited

Auditors

Coopers & Lybrand merged with Price Waterhouse on 1 July 1998, following which Coopers & Lybrand resigned and the new firm, PricewaterhouseCoopers were appointed as the company's auditors. PricewaterhouseCoopers will remain in office as auditors of the Company in accordance with the provisions of Section 386 of the Companies Act 1985.

BY ORDER OF THE BOARD



Date : 25 May 1999

Mrs C J Hampton-Coutts
Secretary

Brooke Bond Foods Limited

**Statement of Directors' Responsibilities
for preparing the Accounts**

The directors are required by UK company law to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss and total recognised gains or losses of the company for that year.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the accounts for the year ended 31 December 1998. The directors also confirm that applicable accounting standards have been followed, subject to the departure from SSAP 15 disclosed in the statement of principal accounting policies and that the accounts have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and for taking reasonable steps to prevent and detect fraud and other irregularities.

By Order of the Board



Mrs C J Hampton-Coutts
Secretary

Date 25 May 1999

Brooke Bond Foods Limited

Auditors' report to the members of Brooke Bond Foods Limited

We have audited the financial statements on pages 6 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report, including, as described on page 4, the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

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. 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.

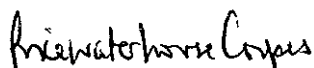
Basis of audit opinion

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 31 December 1998 and of its 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

26 May 1999

Brooke Bond Foods Limited

Profit and Loss Account - Year ended 31 December

	<u>Notes</u>	1998 £000	1997 £000
Other income	(1)	98	-
Profit on ordinary activities before taxation	(2)	<u>98</u>	<u>-</u>
Taxation on profit on ordinary activities	(3)	(30)	-
Profit for the financial year		<u>68</u>	<u>-</u>
Dividends paid or proposed		-	-
Profit retained for the year		<u>68</u>	<u>-</u>
Profit retained 1 January		36,447	36,447
Profit retained 31 December	(9)	<u><u>36,515</u></u>	<u><u>36,447</u></u>

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

Brooke Bond Foods Limited

Balance Sheet - 31 December

	<u>Notes</u>	1998 £000	1997 £000
Current assets			
Debtors	(6)	3,917	-
Indebtedness with parent company's central services subsidiary		46,319	46,319
		<u>50,236</u>	<u>46,319</u>
Creditors : amounts falling due within one year	(7)	(3,849)	(-)
Net current assets		<u>46,387</u>	<u>46,319</u>
Net Assets		<u><u>46,387</u></u>	<u><u>46,319</u></u>
Capital and reserves			
Called up share capital	(8)	4,653	4,653
Share premium account	(9)	5,219	5,219
Profit and loss account	(9)	36,515	36,447
Equity Shareholders' funds		<u><u>46,387</u></u>	<u><u>46,319</u></u>

The financial statements on pages 6 to 12 were approved by the Board of Directors on 25 May 1999 and were signed on its behalf by :



Director

Brooke Bond Foods Limited

Principal Accounting Policies

The Accounts are prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom.

The company is a wholly owned subsidiary of Unilever PLC and its cash flows are included in the consolidated cash flow statement of Unilever PLC. Consequently the company is exempt under the terms of Financial Reporting Standard No 1 from publishing a cash flow statement.

Tangible Fixed Assets : The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Brooke Bond Foods Limited

Notes to the Accounts - 31 December 1998

(1) Other Income

	1998 £000	1997 £000
Other income	98	-
Total other income	<u>98</u>	<u>-</u>
This income relates to the rental of properties		

(2) Profit on Ordinary Activities before taxation

The auditors' remuneration is borne by a fellow group company.

(3) Taxation on Profit on Ordinary Activities

The charge for taxation is made up as follows :-

	1998 £000	1997 £000
On the profit of the year :-		
United Kingdom Corporation Tax at 31% (1997 - 31.5%)	(30)	-
	<u>(30)</u>	<u>-</u>

(4) Directors' Emoluments

The directors are employed as managers by Unilever UK Central Resources Limited and they are remunerated by that company in respect of their services to the group as a whole.

Brooke Bond Foods Limited

(5) Tangible Fixed Assets

	<u>Land and Buildings</u> <u>£000</u>	<u>Total</u> <u>£000</u>
Cost and Net Book Value		
At 1 January 1998	-	-
Transfers from		
group companies	3,250	3,250
Disposals	(3,250)	(3,250)
At 31 December 1998	<u>-</u>	<u>-</u>

Brooke Bond Foods Limited

(6) Debtors

	1998 £000	1997 £000
Amounts due within one year		
Other debtors	44	-
Indebtedness with group company	623	-
Debtors for tangible fixed assets	3,250	-
Total debtors	<u>3,917</u>	<u>-</u>

(7) Creditors

	1998 £000	1997 £000
Amounts due within one year		
Other creditors	3,819	-
Taxation on profits	30	-
	<u>3,849</u>	<u>-</u>

(8) Called Up Share Capital

	1998 £000	1997 £000
Authorised		
4,652,947 ordinary shares of £1 each	<u>4,653</u>	<u>4,653</u>
Alloted, called up and fully paid		
4,652,947 ordinary shares of £1 each	<u>4,653</u>	<u>4,653</u>

(9) Reconciliation of Movements in Shareholders' Funds

	1998 £000	1997 £000
Profit for the financial year	68	-
Net addition	68	-
Opening shareholders' funds	46,319	46,319
Closing shareholders' funds	46,387	46,319

(10) Related Party Transactions

The ultimate parent company is Unilever PLC and the immediate holding company is Unilever UK Holdings Limited. The company has not disclosed transactions with fellow subsidiaries in accordance with the exemption under the terms of Financial Reporting Standard 8. Copies of Unilever group accounts can be obtained from Unilever PLC, Corporate Relations Department, P O Box 68, Blackfriars, London EC4P 4BQ.