

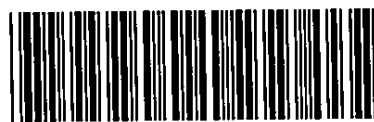
Company Number: 3835716

TATA TEA (GB) LIMITED

Annual report and financial statements

Year ended 31 March 2010

TUESDAY



ABH46PCD

A44

23/11/2010

264

COMPANIES HOUSE

TATA TEA (GB) LIMITED
Year ended 31 March 2010

CONTENTS	Page
Report of the Directors	2
Statement of Directors' responsibilities	7
Independent Auditors' report to the members of Tata Tea (GB) Limited	8
Accounting policies	10
Group profit and loss account	14
Group balance sheet	15
Group cash flow statement	16
Company balance sheet	17
Statement of total recognised gains and losses	18
Reconciliation of movements in shareholders funds	19
Notes to the financial statements	20
Principal subsidiaries and associates	49

TATA TEA (GB) LIMITED

REPORT OF THE DIRECTORS

The directors present their annual report and the audited financial statements for the year ended 31 March 2010

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The principal activities of the Group are the processing, marketing and distribution of tea products. The Group operates in the UK and has significant businesses in the US, Canada, Australia, Poland and the Czech Republic as well as joint ventures in South Africa, Pakistan, Bangladesh and Russia

The Group is a member of the Ethical Tea Partnership which promotes social responsibility in the tea trade and ensures the ethical sourcing of tea. During the year, the group also announced a commitment to source all of the tea for its branded and loose tea products from Rainforest Alliance Certified farms

The Directors are pleased to report that it has been a successful and profitable year for the Group. The Group achieved sales of £263.0m (2009: 238.0m) and pre-exceptional operating profit of £20.3m (2009: £31.9m).

The reported profit after tax of £11.8m was £89.6m lower than last year mainly on account of an exchange gain on US dollar denominated deposits and loans in the prior year of £102.2m versus an equivalent loss of £13.3m in the current year.

The Group continues to be significantly cash generative with cash flows from operating activities of £23.0m (2009: £26.6m).

The market performance of the Group's principal subsidiaries remains strong. The Group has a UK market share in value terms of 25.1% (2009: 26.1%) which reflects better quality sales at the expense of a marginal loss in volumes. In Canada, the Group's second largest market, leadership was maintained with a share of 35.9% (2009: 37.0%). Market performance in the Group's other markets was satisfactory.

During the year, the Group entered into a joint venture in Russia to establish a platform for growth in one of the world's largest tea and coffee markets. In addition, the Group purchased its Polish distributor to improve its route to market for its existing tea business in that market. A programme to integrate the Group's US commercial operations under one management structure with Eight O'clock Coffee (a company under common control of Tata Tea Limited, the group's ultimate parent company) was completed during the year. It is envisaged that Tata Tea group companies engaged in branded business outside India, including acquisitions as and when they arise, will be held directly by the Group in due course.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group takes a proactive approach to the management of the various risks that it faces. Of these risks the principal ones are raw tea pricing, currency movements, interest rate movements and the current dependence on black tea. These are managed in the following ways.

Raw tea pricing – raw tea is the Group's single largest cost. Climatic conditions in the different countries from which raw tea is sourced can lead to fluctuations in price. However, these raw teas are blended before packing which allows some flexibility to manage these fluctuations by substitution. Historically the Group has been successful in passing on significant increases in input prices to the market.

Currency movements – foreign exchange risk in relation to export revenues and import costs is managed by Group Treasury using forward exchange contracts and options.

TATA TEA (GB) LIMITED

REPORT OF THE DIRECTORS – CONTINUED

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Interest rate movements – Interest rate risk has been reduced by the use of interest rate swaps fixing the level of interest payable on a proportion of the Group's debt

Dependence on dry black tea products - Much of the Group's current sales are from dry black tea products in markets that are in slow decline. Management's strategy is to develop the business in growing product categories other than black tea and to expand into new geographies

The Group's activities and future prospects have been reviewed and the Group plans to continue trading within the tea and related beverage market. The Group is looking to maximise the value of its portfolio of brands and to increase its presence in the wider beverage space.

TREASURY POLICY AND FINANCIAL RISK MANAGEMENT

The Group's operations and debt financing expose it to a variety of financial risks that include the effects of changes in foreign currency exchange rates, interest rates, credit risks and liquidity. The board approves treasury policies that seek to limit the adverse effect of these risks on financial performance. The application of the policies, together with the management of day-to-day treasury operations, is managed by the Group's central treasury function. Treasury activities are reported to the board on a regular basis and are subject to periodic independent reviews and audits, both internal and external.

Treasury policies are designed to manage the main financial risks faced by the Group in relation to funding and hedging. These policies ensure that the borrowings and investments are with investment grade counterparties and are limited to specific instruments. They also ensure that the exposure to any one counterparty or type of instrument is controlled and the Group's exposure to interest rate and exchange rate movements is maintained within set limits.

The treasury function enters into derivative transactions, principally interest rate swaps, forward currency contracts and options. The purpose of these transactions is to manage the interest rate and currency risks arising from the Group's underlying business operations.

In the context of the Group's business operations, no transactions are undertaken which are speculative in nature.

With regard to the proceeds arising from the Group's disposal of Energy Brands Inc in 2008, the Group has continued to pursue a number of acquisitions in which to invest the remaining proceeds. In the interim, the group has invested the remaining cash in a combination of short term bank deposits and loans to other corporations.

Liquidity risk

The Group ensures that there are always sufficient borrowings available to fund growth and has committed borrowing facilities comfortably exceeding its expected peak funding requirements.

Interest rate risk

The Group seeks to partially limit the exposure arising from its sterling borrowings to changes in sterling interest rates which is achieved through the use of interest rate swaps. No change to the existing hedging structure is permitted without approval of the Board. Group treasury is responsible for monitoring long-term interest exposures of the Group and for recommending appropriate action to the Board.

TATA TEA (GB) LIMITED

REPORT OF THE DIRECTORS – CONTINUED

TREASURY POLICY AND FINANCIAL RISK MANAGEMENT (CONTINUED)

Currency risk

Foreign exchange risk is divided into transaction risk, which arises from income and expenses denominated in foreign currencies, translation risk, which arises from equity investments and related profit or losses denominated in foreign currencies, and economic risk where the business has ongoing exposures to certain currencies as part of its commercial operations

The Group's transaction and economic risk consists mainly of a deficit in US dollars for purchasing tea and a surplus in Canadian dollars arising from export activities.

The Group hedges its economic exposures with a combination of forward contracts and options. Transactions are fully hedged at the point they are entered into. Group treasury monitors exposures through cashflow forecasts up to three months forward

The Group has a growing exposure to Euros through export growth and stable sourcing of raw materials from the Eurozone, leaving a net residual value which is fully hedged

The maximum period for which economic exposures may be hedged under Group policy is eighteen months.

The Group has an exposure on its US dollar denominated deposits which it has been managing through the use of forward contracts. The currency mix in which cash assets are held is subject to review and approval by the board.

The currency impact on the Group's net investment in overseas subsidiaries, joint ventures and joint arrangements is calculated from the shareholders' equity and accumulated profit of foreign subsidiaries and associated companies in the consolidated balance sheet

In accordance with the treasury policy, this net currency position is reviewed periodically

Credit risk

The Group's credit risks are spread both geographically and through customer market areas. While the majority of customers have good credit ratings, where this is not the case other measures are used to mitigate credit risks for example risk monitoring services and credit insurance. The Group recognized no significant credit losses during 2009/10

Price risk

The Group is exposed to changes in the price of raw tea. While the Group is not able to hedge its exposure through forward contracts, it manages its exposure through blending which enables it to source teas from different geographies limiting its exposure to supply-driven price increases in any given region

DIVIDENDS

The company paid a dividend of £8.5m in the period. (2009: £17.8m)

HEALTH, SAFETY AND THE ENVIRONMENT

The Group operates in compliance with all relevant environmental and health and safety legislation and has worldwide policies and ISO14001 accreditation for its UK based facilities

TATA TEA (GB) LIMITED

REPORT OF THE DIRECTORS – CONTINUED

As a responsible employer, the Group is aware of its position and role in the community and is continually committed to improving its environmental performance

DISABLED PERSONS

It is the policy of the Group to employ disabled persons, whenever possible, in jobs suited to their individual circumstances and to give them, together with employees who become disabled while employed, full and fair consideration at all times in career development, training and promotion

RESEARCH AND DEVELOPMENT EXPENDITURE

The Group is committed to growth through new product development and geographical expansion. A focused programme of research and product development is in place to meet that strategic need, building on successes, entering new and developing markets, and creating new, differentiated products that will enable the Group to penetrate new markets.

CHARITABLE AND POLITICAL CONTRIBUTIONS

The Group believes in adding value to the communities that help make its business a success and is proud of its commitment in this area. It contributes time, skills and money through a range of partnerships with charities and non-government organisations. It chooses partners with a relevance to its business.

The Group made financial contributions of £1,916,000 (2009: £131,000) to a range of causes in the countries where it operates, the biggest recipient being the Charities Aid Foundation, a UK registered charity.

There were no political donations during the year (2009: £nil)

SUPPLIER PAYMENTS

The Group 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 Group 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 Company has no trade creditors (2009: £nil)

EMPLOYEE INVOLVEMENT

The Group believes in effective communication to engage its employees worldwide. This is regularly delivered via its intranet site, a monthly Core Brief supported by ad hoc mailings and face to face communication events. Together, these ensure all employees are well informed about the Group's performance and key business issues and developments.

FIXED ASSETS

The movements in tangible fixed assets are set out in note 10 to the accounts.

TATA TEA (GB) LIMITED

REPORT OF THE DIRECTORS – CONTINUED

DIRECTORS AND THEIR INTEREST

The directors during the period were as follows

S A Hasan
F K Kavarana
R K Krishna Kumar
J R Nicholas
P T Siganporia
P D Unsworth
A R Gandhi
L Krishna Kumar

S A Hasan is an alternate director to F K Kavarana.

Details of directors' emoluments are given in note 6 of the financial statements

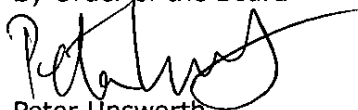
GOING CONCERN

The directors confirm that they have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason they have adopted the going concern basis in preparing the accounts

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

In accordance with Section 418 of the Companies Act 2006, the directors report that so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware. The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

By Order of the Board



Peter Unsworth
Chief Executive Officer
17 May 2010

TATA TEA (GB) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the company and group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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;
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By Order of the Board



Peter Unsworth
Chief Executive Officer
17 May 2010

TATA TEA (GB) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TATA TEA (GB) LIMITED

We have audited the group and parent company financial statements (the "financial statements") of Tata Tea (GB) Limited for the year ended 31 March 2010 which comprise the Group Profit and Loss Account, the Group and Parent Company Balance Sheets, the Group Cash Flow Statement, the Group Statement of Total Recognised Gains and Losses, the Group and Parent Company Reconciliation of Movements in Shareholders' Funds, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 7 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2010 and of the group's profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006

TATA TEA (GB) LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TATA TEA (GB) LIMITED
(Continued)**

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Jonathan Hook (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London, UK

21 May 2010

TATA TEA (GB) LIMITED

ACCOUNTING POLICIES

Financial Period

This financial period ended 31 March 2010 is a 365 day period (360 day period ended 31 March 2009)

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable UK accounting standards. The directors consider that, for the overriding purpose to provide a true and fair view, goodwill should not be amortised where it is considered to have an indefinite useful life. The principal accounting policies are set out below.

Consolidation

The Group accounts include the results and balance sheets of its subsidiary undertakings together with the results and net assets of the Group's joint ventures, associate and joint arrangement. The results and net assets of the subsidiaries have been accounted for under the acquisition method of accounting from the date of acquisition.

Joint ventures and associates have been accounted for under the gross equity method in accordance with FRS9, 'Associates and Joint Ventures'. The Group also has certain contractual agreements with another participant to engage in joint activities in Southern Tea LLC in the United States. Southern Tea LLC meets the definition of a joint arrangement under FRS 9. The Group includes its share of assets, liabilities and cash flows in such joint arrangements, measured in accordance with the terms of the agreement governing the arrangement.

Goodwill

Goodwill represents a combination of the excess of the fair values of the investments made in The Tetley Group in March 2000, in Empirical Group LLC in September 2002, in Good Earth Corporation and Good Earth Teas Inc (formerly Fmali Herb Inc) in October 2005, in Jemca a s in May 2006, in Joekels Tea Packers (Proprietary) Limited in October 2006, in Suntyco Holding Limited in September 2009 and in the Premium Foods asset purchase in April 2009.

Initial goodwill arising from the acquisition of the Tetley Group of £246.6m was amortised by £12.0m during 2000/01. The directors concluded that this goodwill and the goodwill arising on the Empirical joint venture, in Good Earth Corporation and Good Earth Teas Inc, in Jemca a s, in Joekels Tea Packers (Proprietary) Limited and in Suntyco Holding Limited has an indefinite useful economic life. 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 strong market positions, operate profitably over a long period of time, the strength of the brands, 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.

Whilst this accounting treatment represents a departure from the specific requirements of the Companies Act 2006, the directors consider this to be necessary for the overriding purpose of providing a true and fair view in accordance with the Companies Act 2006 (Section 404(5)). If the Group had continued to amortise goodwill over a period of 20 years the profit before tax would have been £14.0m lower for the period (2008: £14.0m).

During the year Goodwill on the Premium Foods assets purchase totalling £1.2m was amortised by £58,000 and will be written off over a 20 year period.

TATA TEA (GB) LIMITED

ACCOUNTING POLICIES (Continued)

Intangible Assets

Intangible Assets held represents the purchase of Vitax and Flosana brands for £4.8m in April 2007

The intangible brand assets have not been amortised as the directors have concluded that the brands have an indefinite useful life

The primary factors that influenced the directors' view of the durability of the brands are the strength of the brands acquired and their respective market positions

Pension and other post retirement benefit arrangements

Pensions and other post retirement benefit arrangements are accounted for in line with FRS17

Defined Benefit Schemes

Under FRS 17, the surplus/deficit in a defined benefit scheme is the excess/shortfall of the value of the assets in the scheme over/below the present value of the scheme liabilities. The surplus/benefit is recognised in the Balance Sheet

The change in the defined benefit asset or liability can be analysed as current service cost, the interest cost, the expected return on assets, actuarial gains and losses, past service costs and settlements and curtailments. Each of the above is recognised in the profit and loss account with the exception of the actuarial gains and losses which are recognised in the Statement of total recognised gains and losses

Defined Contribution Schemes

Pension costs relating to defined contribution schemes represent contributions payable to the scheme for the accounting period. They are recognised in the profit and loss account as they arise

Further details on the Group's pension schemes are given in note 21

Turnover

Group turnover comprises sales of goods after deduction of discounts and sales taxes. Statutory turnover is after the deduction of promotional costs required by FRS 5 Application Note G. Turnover is recognised on delivery of the products and services

Tangible fixed assets and depreciation

Fixed assets are recorded at costs less accumulated depreciation. No depreciation is provided on freehold land. Freehold buildings are depreciated on a straight line basis over 50 years or their estimated remaining useful 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	10 years
Computer hardware and software	3 to 5 years

Depreciation is not charged on capital work in progress until the assets are brought into operational use in the business and transferred to the appropriate asset category.

TATA TEA (GB) LIMITED

ACCOUNTING POLICIES (Continued)

Leased Assets

Tangible fixed assets held under finance leases are capitalised and depreciated in accordance with the Group's depreciation policy or the term of the lease (if shorter). 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.

Research and development

Such expenditure is written off to the profit and loss account as incurred in accordance with SSAP 13.

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.

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 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 is only provided to the extent that tax is ultimately expected to become payable and 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.

Foreign Currencies

The profits of overseas subsidiary and associate undertakings are translated at the weighted average of month end exchange rates. The closing balance sheets of overseas subsidiary and associate undertakings and foreign currency assets and liabilities are translated at period end exchange rates. Exchange differences arising from the restatement of opening balance sheets and profits for the period of overseas undertakings to closing exchange rates are dealt with through reserves, net of differences on related currency borrowings. Exchange differences arising on trading transactions are taken to the profit and loss account at the transaction date.

TATA TEA (GB) LIMITED

ACCOUNTING POLICIES (Continued)

Financial Instruments

Financial instruments are used for the management of foreign currency and interest rate exposures and are held off balance sheet. Net interest receipts and payments under interest rate swap agreements are recognised over the term of the hedging instrument as part of interest payable. Foreign currency forward contracts are entered into to hedge transactional and economic exposures. Foreign currency forward contracts are retranslated at the period end rate and gains and losses arising on the contracts are matched against foreign currency gains and losses arising on the underlying transaction. Foreign currency forward contracts hedging future transactions at the balance sheet date are not retranslated and are held off balance sheet. Foreign currency options are recorded at cost.

Costs incurred in arranging debt facilities are deducted from the amount raised and amortised over the life of the instrument in accordance with FRS 4. Any unamortised costs relating to financing arrangements repaid during the year are written off to the profit and loss account.

There is no difference between the results as disclosed in the profit and loss account and the results on an historical cost basis.

TATA TEA (GB) LIMITED

GROUP PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2010

		Year ended 31 March 2010	Period ended 31 March 2009
CONTINUING OPERATIONS	Note	£m	£m
TURNOVER			
Group and share of joint ventures and associate		353.7	296.2
Less: share of joint venture turnover		(42.8)	(21.8)
GROUP TURNOVER		310.9	274.4
Deduction of promotional costs		(47.9)	(36.4)
STATUTORY TURNOVER	2	263.0	238.0
OPERATING PROFIT		18.4	30.5
Analysed as:			
GROUP OPERATING PROFIT before exceptional items		20.3	31.9
Exceptional items	3	(1.9)	(1.4)
Share of operating profit from joint ventures		5.7	3.2
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		24.1	33.7
Interest receivable and similar income	4	16.4	120.2
Interest payable and similar charges			
Group	4a	(20.3)	(10.8)
Joint ventures		(0.5)	(0.2)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		19.7	142.9
Tax on profit on ordinary activities			
Group	7	(7.9)	(41.5)
PROFIT AFTER TAXATION		11.8	101.4
Minority interests		(0.5)	-
PROFIT FOR THE FINANCIAL PERIOD	20	11.3	101.4

There is no difference between the results as disclosed in the profit and loss account and the results on an historical cost basis.

TATA TEA (GB) LIMITED

GROUP BALANCE SHEET AS AT 31 MARCH 2010

	Note	31 March 2010 £m	31 March 2009 £m
FIXED ASSETS			
Intangible assets	9	273.1	272.0
Tangible assets	10	20.8	21.7
Investments in joint ventures	11		
Goodwill arising on acquisition		13.8	0.9
Share of joint venture gross assets		21.2	5.4
		35.0	6.3
Share of joint venture gross liabilities		(10.2)	(4.2)
		24.8	2.1
Investments in associates		-	-
		318.7	295.8
CURRENT ASSETS			
Stocks	12	39.2	33.4
Debtors (amounts falling due within one year)	13	97.2	255.6
Debtors (amounts falling due after more than one year)	14	57.2	85.3
Cash at bank and in hand	16	269.5	135.5
		463.1	509.8
CREDITORS (amounts falling due within one year)	15	(115.1)	(97.6)
NET CURRENT ASSETS		348.0	412.2
TOTAL ASSETS LESS CURRENT LIABILITIES		666.7	708.0
CREDITORS (amounts falling due after more than one year)			
Borrowings and finance lease obligations	16	(88.9)	(131.3)
		(88.9)	(131.3)
PROVISIONS FOR LIABILITIES AND CHARGES			
Reorganisation costs	18(i)	(0.4)	(1.5)
Other provisions	18(ii)	(4.3)	(4.3)
		(4.7)	(5.8)
NET ASSETS EXCLUDING PENSIONS LIABILITY		573.1	570.9
PENSION LIABILITY	21	(12.4)	(11.9)
NET ASSETS		560.7	559.0
CAPITAL AND RESERVES			
Called up share capital	19	235.1	235.1
Profit and loss reserve	20	322.3	323.9
TOTAL SHAREHOLDERS' FUNDS		557.4	559.0
Minority interests		3.3	-
CAPITAL EMPLOYED		560.7	559.0

The financial statements on pages 10 - 49 were approved by the board of directors on 17 May 2010 and were signed on its behalf by.



L. Krishna Kumar
Group Chief Financial Officer
Tata Tea (GB) Limited Registered no 3835716


PD Unsworth
Chief Executive Officer

TATA TEA (GB) LIMITED

GROUP CASHFLOW STATEMENT FOR THE PERIOD ENDED 31 MARCH 2010

	Note	Year ended 31 March 2010	Period ended 31 March 2009
		£m	£m
RECONCILIATION OF OPERATING PROFIT TO NET CASHFLOW FROM OPERATING ACTIVITIES			
Operating profit		18.4	30.5
Depreciation		5.4	5.1
Amortisation of Goodwill		0.1	-
(Increase) / decrease in working capital	22A	5.1	(6.5)
(Decrease) / increase in (expenditure against) reorganisation provisions	18	(1.1)	1.0
Net movement on other provisions		-	(0.8)
Defined benefit scheme cash contribution		(4.9)	(2.7)
Cash flow from operating activities		23.0	26.6
Dividends received from Joint Ventures	11	2.5	2.9
Returns on investments and servicing of finance	22B	16.6	4.8
Taxation	22C	(25.6)	(23.8)
Capital expenditure	22D	(4.1)	(2.6)
Acquisitions and disposals	22E	(19.5)	(0.5)
Equity dividend paid	8	(8.5)	(17.8)
Financing	22F	147.5	(123.2)
Increase in cash	17	131.9	(133.6)
RECONCILIATION OF CASHFLOW TO MOVEMENT IN NET DEBT / CASH			
Increase in cash	17	131.9	(133.6)
Decrease / (Increase) in borrowings	17	28.5	11.7
Change in net debt from cash flows	17	160.4	(121.9)
Borrowings net of short term deposits acquired in the year	17	0.2	-
Non-cash movements	17	0.6	11.3
Movement in cash / net debt		161.2	(110.6)
Opening cash / (net debt)	17	(11.8)	98.8
Closing cash / (net debt)	17	149.4	(11.8)

TATA TEA (GB) LIMITED

COMPANY BALANCE SHEET AS AT 31 MARCH 2010

	Notes	31 March 2010 £m	31 March 2009 £m
FIXED ASSETS			
Investments	11	774.0	774.0
CURRENT ASSETS			
Debtors (amounts falling due within one year)	13	1.3	1.2
Debtors (amounts falling due after more than one year)	14	20.3	18.8
Cash at bank and in hand		-	-
		21.6	20.0
CREDITORS (amounts falling due within one year)	15	(30.4)	(14.8)
NET CURRENT ASSETS / (LIABILITIES)		(8.8)	5.2
TOTAL ASSETS LESS CURRENT LIABILITIES		765.2	779.2
CREDITORS (amounts falling due after more than one year)			
Borrowings	16	(495.7)	(535.9)
		(495.7)	(535.9)
NET ASSETS		269.5	243.3
CAPITAL AND RESERVES			
Called up share capital	19	235.1	235.1
Profit and loss reserve	20	34.4	8.2
TOTAL SHAREHOLDERS' FUNDS		269.5	243.3

Approved by the Board on 17 May 2010 and signed on its behalf by:


Krishna Kumar
 Group Chief Financial Officer


PD Unsworth
 Chief Executive Officer

TATA TEA (GB) LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MARCH 2010

		Group	Company	Group	Company
		Year ended	Year ended	Period ended	Period ended
	Note	31 March 2010	31 March 2010	31 March 2009	31 March 2009
		£m	£m	£m	£m
Profit/(loss) for the financial period		11.3	(3.7)	101.4	(6.4)
Actuarial loss on retirement schemes and post retirement benefits	21	(4.8)	-	(7.6)	-
Deferred tax relating to pension liability		-	-	1.4	-
Current tax relating to pension liability		1.4	-	0.8	-
Movement on current tax relating to foreign exchange gain on long-term intercompany funding balances		-	-	(0.5)	-
Foreign exchange gain on long-term intercompany funding balances		(0.3)	-	1.7	-
Currency translation differences on foreign currency net assets and liabilities		(0.7)	-	(0.7)	-
Total recognised gains/(losses) for the year		6.9	(3.7)	96.5	(6.4)
- Group		3.1	(3.7)	96.3	(6.4)
- Joint Ventures		3.8	-	0.2	-
Total recognised gains/(losses) for the year		6.9	(3.7)	96.5	(6.4)

TATA TEA (GB) LIMITED

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS FOR THE YEAR ENDED 31 MARCH 2010

	Group Period ended 31 March 2010	Company Period ended 31 March 2010	Group Period ended 31 March 2009	Company Period ended 31 March 2009
	£m	£m	£m	£m
Profit for the financial period	11.3	(3.7)	101.4	(6.4)
Dividends paid	(8.5)	(8.5)	(17.8)	(17.8)
Dividends received	-	38.4	-	29.8
Retained profit for the financial period	2.8	26.2	83.6	5.6
Actuarial (loss)/gain on retirement schemes and post retirement benefits	(4.8)	-	(7.6)	-
Deferred tax relating to pension liability	-	-	1.4	-
Current tax relating to pension liability	1.4	-	0.8	-
Movement on current tax relating to foreign exchange gain on long-term intercompany funding balances	-	-	(0.5)	-
Foreign exchange gain on long-term intercompany funding balances	(0.3)	-	1.7	-
Currency translation differences on foreign currency net assets and liabilities	(0.7)	-	(0.7)	-
Net addition in shareholders' funds in the year	(1.6)	26.2	78.7	5.6
Opening shareholders' funds	559.0	243.3	480.3	237.7
Closing shareholders' funds	557.4	269.5	559.0	243.3

TATA TEA (GB) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 FINANCIAL PERIOD

This financial period under review runs from 1 April 2009 to 31 March 2010 and is therefore a 365 day period (prior year: 360 day period ended 31 March 2009)

2 STATUTORY TURNOVER, NET ASSETS AND OPERATING PROFIT INFORMATION

The principal operations of the Group are the processing, marketing and distribution of tea products and are regarded by the directors as a single class of business.

The origin and destination of the Group's statutory turnover is as follows:

Year ended 31 March 2010:

	Turnover by origin £m	Turnover by destination £m
<i>Continuing Operations</i>		
United Kingdom	179.2	147.6
USA	20.7	21.4
Rest of the World	63.1	94.0
Total Group	263.0	263.0

Period ended 31 March 2009:

	Turnover by origin £m	Turnover by destination £m
<i>Continuing Operations</i>		
United Kingdom	162.3	130.7
USA	20.9	23.5
Rest of the World	54.8	83.8
Total Group	238.0	238.0

The United Kingdom's turnover by origin is shown after deducting inter-segmental turnover to the Rest of the World of £24.8m (2009: £21.0m)

The directors consider the segmental analysis for operating net assets by location and profit on ordinary activities before tax is commercially sensitive information. The disclosure has been excluded from the financial statements on this basis.

TATA TEA (GB) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 STATUTORY TURNOVER, NET ASSETS AND OPERATING PROFIT INFORMATION (Continued)

GROUP TURNOVER AND PROFIT INFORMATION

Further analysis of the Group's profit and loss account is provided as follows:

Year ended 31 March 2010:

	2010 £m	2009 £m
Group turnover	310.9	274.4
Deduction of promotional costs	(47.9)	(36.4)
Statutory turnover	263.0	238.0
Cost of sales	(169.9)	(149.1)
Gross profit	93.1	88.9
Selling and distribution costs	(40.5)	(32.4)
Administrative expenses	(32.3)	(24.6)
Group operating profit (before exceptionals)	20.3	31.9
Exceptional items	(1.9)	(1.4)
Operating profit	18.4	30.5

All turnover is derived from continuing activities.

The operating profit is stated after charging

	2010 £m	2009 £m
Depreciation	5.4	5.1
Operating lease rentals for plant and machinery	0.2	0.3
Other operating lease rentals, including land and buildings	2.5	2.8
(Profit) / loss on disposal of fixed assets	-	(0.1)
Research and development costs	0.6	0.8

TATA TEA (GB) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 STATUTORY TURNOVER, NET ASSETS AND OPERATING PROFIT INFORMATION (Continued)

During the year the group (including its overseas subsidiaries) obtained the following services from the company's auditor and its associates:

	2010 £m	2009 £m
Fees payable to company auditor for the audit of parent company and consolidated accounts	0.2	0.1
Fees payable to the company's auditor and its associates for other services:		
The audit of company's subsidiaries pursuant to legislation	0.3	0.3
Tax services	0.4	0.8
Other	0.1	0.1
	1.0	1.3

The Company's audit fee was £nil (2009: £nil), fees for non-audit services were £nil (2009: £nil). The Group's fees for non-audit services principally relate to advice on taxation, acquisitions and retirement benefits. The Company's fees for audit services in the period were borne by The Tetley Group Limited. Fees for non-audit services that were capitalised as acquisition costs amounted to £nil (2009: £nil).

3 EXCEPTIONAL ITEMS

The following exceptional items have been charged during the period:

	2010 £m	2009 £m
Within operating profit:		
Group restructuring programme	1.8	1.4
Amortisation of Goodwill on acquisition of Polish distributor	0.1	-
Costs charged to Provisions - note 18 and operating profit	1.9	1.4

The restructuring costs incurred during the period related primarily to redundancies associated with the reorganisation of US business following the move to a combined branded beverage business management structure at the beginning of the year, in combination with other group wide re-organisation initiatives.

TATA TEA (GB) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 INTEREST RECEIVABLE AND SIMILAR INCOME

	2010	2009
	£m	£m
Interest receivable	16.4	18.0
Exchange gains on US dollar loans and cash deposits	-	102.2
Total	16.4	120.2

The exchange losses represent realised and unrealised gains on US dollar loans and cash deposits. The tax effect on these is a credit of £3.5m

4a INTEREST PAYABLE AND SIMILAR CHARGES

	2010	2009
	£m	£m
Senior debt facilities	(5.2)	(9.2)
Issue costs	(0.9)	(0.9)
Other interest payable	-	(0.5)
FRS 17 interest	(0.9)	(0.2)
Exchange losses on US dollar loans and cash deposits	(13.3)	-
Total	(20.3)	(10.8)

5 EMPLOYEES

The average number of persons (including executive directors) employed by the Group during the period was:

	2010	2009
	Number	Number
(i) By activity		
Manufacturing	599	649
Sales and distribution	246	164
Administration	159	175
	1,004	988
(ii) By geographical segment		
United Kingdom	600	663
USA	157	181
Rest of the World	247	144
	1,004	988

There were no employees in the Company

TATA TEA (GB) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 EMPLOYEES (Continued)

Employee costs (including directors' remuneration) charged to the Group profit and loss account were as follows:

	2010 £m	2009 £m
Wages and salaries	33.8	29.3
Social security costs	3.1	2.4
Other pension costs	1.7	1.5
Total	38.6	33.2

6 DIRECTORS' EMOLUMENTS

The emoluments of the Directors were as follows:

	2010 £m	2009 £m
Salaries	1.1	0.7
Non-executive directors' fees	-	-
Bonuses	0.8	0.2
Benefits in kind	0.2	0.1
Compensation for loss of office	-	-
Agregate Directors' emoluments	2.1	1.0
Defined contribution Pension scheme contributions	0.1	0.1
Total	2.2	1.1

Directors' pension arrangements at 31 March 2010 are as follows:

	2010 Number	2009 Number
Active members of Defined contribution pension schemes	2	2
Members of Defined benefit pension scheme who have benefits accrued	1	1

Emoluments of the highest paid director were £622,965 (2009: £403,095). The accrued pension was nil (2009: nil). In the current year the highest paid director was a member of the defined contribution scheme (2009: defined contribution scheme).

TATA TEA (GB) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7 TAXATION

Analysis of charge in the period

	2010 £m	2009 £m	£m
Current tax			
UK corporation tax on profits in the period	6.3	42.0	
Less double tax relief		(0.6)	
Adjustments in respect of prior periods	0.3	(0.1)	
		6.6	41.3
Foreign tax	1.1		0.2
Total current tax charge for the period	7.7		41.5
Deferred tax.			
Fixed asset timing differences	(0.1)	(0.8)	
Decrease / (increase) on tax losses recognised	-	0.5	
Other timing differences	0.3	0.3	
Total deferred tax		0.2	-
Tax on profit on ordinary activities	7.9		41.5

The movements in tax losses (2009) recognised relate to accumulated tax losses in the Group's US and Australian subsidiaries. The deferred tax asset associated with these losses has been recognised to the extent that these losses are expected to be utilised in future. For disclosures relating to deferred tax assets not recognised see note 18 (Provisions).

Factors affecting the tax charge for the period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (28 per cent prevailing during the period). The differences are explained below. -

	2010 £m	2009 £m
Profit on ordinary activities before tax	20.3	142.9
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009, 28%)	5.7	40.0
Effects of:		
Expenses not deductible for tax purposes	0.2	0.9
Depreciation for period in excess of capital allowances	0.3	0.2
Tax losses not utilised and non-taxable income	0.8	0.5
Differences in tax rates on overseas earnings	(0.2)	0.2
Timing differences not equalised through deferred tax	0.6	-
Other items	0.3	(0.3)
Total current tax charge for the period	7.7	41.5

TATA TEA (GB) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7 TAXATION (Continued)

Factors affecting the tax charge for future periods

Deferred tax assets are recognised to the extent that they are considered recoverable. Further unprovided tax assets (for instance in respect of accumulated tax losses in the group's US subsidiaries) may be recognised in future to the extent that the business considers these to have become recoverable. (See note 18)

8 DIVIDENDS

	2010 £m	2009 £m
Equity - Ordinary		
Interim paid	8.5	17.8

9 INTANGIBLE FIXED ASSETS

	Goodwill £m	Brands £m	Total £m
Cost			
At 1 April 2009	279.2	4.8	284.0
Additions	1.2	0	1.2
At 31 March 2010	280.4	4.8	285.2
Amortisation			
At 1 April 2009	12.0	-	12.0
Charge in the year	0.1	-	0.1
At 31 March 2010	12.1	-	12.1
Net book amount			
At 31 March 2010	268.3	4.8	273.1
At 31 March 2009	267.2	4.8	272.0

Goodwill

Goodwill relates to the investments made in The Tetley Group in March 2000, in Empirical Group LLC in September 2002, in Good Earth Corporation and Good Earth Teas Inc in October 2005 in Jemca a.s. in May 2006 and the Premium Foods assets purchase in April 2009.

The goodwill relating to the Premium Foods distribution business is being written off over a period of 20 years.

The carrying value of the goodwill has been, and will continue to be, subject to an annual impairment review based on the expected future cashflows of the businesses and adjusted to the higher of NRV or value in use if required.

Whilst this accounting treatment represents a departure from the specific requirements of the Companies Act 2006, the directors consider this to be necessary for the overriding purpose of providing a true and fair view in accordance with the Companies Act 2006 (Section 404(5)).

TATA TEA (GB) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9 INTANGIBLE FIXED ASSETS (Continued)

Brands

Brands consists of the purchase of the 'Vitax' and 'Flosana' tea brands for £4.8m in April 2007. The brands are principally sold in Poland.

The directors have assessed the durability of the brands Vitax and Flosana and concluded that they should be ascribed an indefinite useful life. The primary factors in this decision are the strength of the brands acquired and their respective market positions.

10 TANGIBLE ASSETS

Group	Land and buildings	Plant, machinery, fixtures, fittings and equipment	Commercial and motor vehicles	Capital work in progress	Total
	£m	£m	£m	£m	£m
Cost					
At 1 April 2009	7.0	51.6	-	2.7	61.3
Additions	-	4.1	-	0.1	4.2
Acquisitions	-	-	0.5	-	0.5
Disposals	-	(1.5)	(0.1)	(0.3)	(1.9)
Currency adjustments	0.1	(0.1)	0.1	-	0.1
At 31 March 2010	7.1	54.1	0.5	2.5	64.2
Depreciation					
At 1 April 2009	1.3	38.3	-	-	39.6
Charge for the period	0.2	5.0	0.2	-	5.4
Disposals	-	(1.5)	(0.1)	-	(1.6)
At 31 March 2010	1.5	41.8	0.1	-	43.4
Net book amount					
At 31 March 2010	5.6	12.3	0.4	2.5	20.8
At 1 April 2009	5.7	13.3	-	2.7	21.7

The net book value of £5.6m (2009: £5.7m) for land and buildings all relates to freehold property.

TATA TEA (GB) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10 TANGIBLE ASSETS (Continued)

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

Commercial and motor vehicles		£m
Cost		
At 1 April 2009	-	
Additions	-	
Acquisitions	0.3	
Disposal	-	
At 31 March 2009	0.3	
Depreciation		
At 1 April 2009	-	
Charge for the period	(0.1)	
Disposal	-	
At 31 March 2010	(0.1)	
Net book amount at 31 March 2010	0.2	
Net book amount at 31 March 2009	-	

The depreciation charge on assets held under finance leases was £56,000 (2009. £Nil)

11 INVESTMENTS

The movements in investments in joint ventures during the period are as follows:

GROUP	Interest in Tetley ACI (Bangladesh) Limited	Interest in Empirical Group LLC	Interest in Tetley Clover (Private) Limited	Interest in Joekels Tea Packers (Proprietary) Limited	Interest in Sunttyco Holding Limited	Total
	£m	£m	£m	£m	£m	£m
At 1 April 2009	-	1.1	-	1.0	-	2.1
Additions	-	-	0.2	-	18.6	18.8
Loss for the financial period	(0.2)	1.1	-	0.2	1.6	2.7
Foreign exchange	(0.1)	-	-	0.1	1.2	1.2
At 31 March 2010	(0.3)	2.2	0.2	1.3	21.4	24.8

TATA TEA (GB) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 INVESTMENTS (Continued)

The movements in the cost of the investments in joint ventures are as follows

	Tetley ACI (Bangladesh) Limited	Empirical Group LLC	Tetley Clover (Private) Limited	Joekels Tea Packers (Proprietary) Limited	Sunttyco Holding Limited	Total
	£m	£m	£m	£m	£m	£m
Cost						
Net assets	0.5	-	2.0	-	5.7	8.2
Goodwill	-	-	-	0.9	12.9	13.8
Share of (loss)/profit retained by JV	(0.7)	21.1	(1.7)	0.3	1.6	20.6
Dividend received	-	(18.8)	-	-	-	(18.8)
Foreign exchange	(0.1)	(0.1)	(0.1)	0.1	1.2	1.0
At 31 March 2010	(0.3)	2.2	0.2	1.3	21.4	24.8

Tetley ACI (Bangladesh) Limited:

The joint venture was set up in conjunction with a third party, ACI Limited, in November 2002. Trading began in February 2003. The purpose of the joint venture is to manufacture, market and distribute tea in Bangladesh. The Tetley Group has a 50 percent economic and voting interest in the Company and the right to appoint half the Directors of Tetley ACI (Bangladesh) Limited.

As at 31 March 2010 £nil sales had been made to the Group (31 March 2009: £nil). The Group had a balance due to Tetley ACI (Bangladesh) Limited at 31 March 2010 of £nil (31 March 2009: £nil). Share Capital and reserves in sterling terms were £(522,000) (2009: £(92,000)). The reported loss for the period was £416,000 (2009: £100,000) and the group's 50% share was £208,000 (2009: £50,000).

Empirical Group LLC:

The joint venture was set up in conjunction with a third party, Harris Freeman LLP, in September 2002. The purpose of the Joint venture is to market and distribute food service and food contract tea in the United States. The Tetley Group has a 56% economic and voting interest in the Company but only has the right to appoint half the Directors of Empirical Group LLC. The joint venture agreement stipulates that control of the entity is shared equally by the Group and Harris Freeman LLP.

As at 31 March 2010 there were £10,561 of sales to the Group (2009: £7,400) and £37,611 purchases from the Group (2009: £1,100), a balance owed to the Group of £1,954 (2009: £5,600) and a balance owed by the Group of £nil (2009: £2,100). Share capital and reserves in sterling terms were £4.0m (2009: £2.0m). The reported profit for the period was £6.4m (2009: £6.3m), before dividends paid of £5.2m (2009: £5.2m). The Group's 56% share of the profit for the period was £3.6m (2009: £3.4m), before dividends paid of £2.5m (2009: £2.9m).

TATA TEA (GB) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 INVESTMENTS (Continued)

Tetley Clover (Private) Limited:

The joint venture was set up in conjunction with a third party, Clover Limited, in April 2003. Trading began in December 2003. The purpose of the joint venture is to manufacture, market and distribute tea in Pakistan. The Tetley Group has a 50 percent economic and voting interest in the Company and the right to appoint half the Directors of Tetley Clover (Private) Limited

As at 31 March 2010 £nil sales and £6.1m purchases had been made from the Group (2009 sales £nil and purchases £3.7m). The Group had a balance due from Tetley Clover (Private) Limited at 31 March 2010 of £0.5m (2009 £0.2m). Share capital and reserves in sterling terms were £416,000 (2009 £16,000). The reported loss for the period was £52,000 (2009 Loss of £0.8m). The Group's 50% share of the loss for the period was £26,000 (2009 Loss of £422,000).

Joekels Tea Packers (Proprietary) Limited

The joint venture was set up in conjunction with two individuals namely, Jonathan Mortimore Kelsey and Johannes Jakobus Swart, in October 2006. Goodwill arising on acquisition amounted to £0.9m. Trading began in October 2006. The purpose of the joint venture is to manufacture, market and distribute tea in South Africa. The Tetley Group has a 33.3% economic and voting interest in the Company and the right to appoint a third of the directors of Joekels Tea Packers (Proprietary) Limited. It also plays an active role in setting the operating and financial policies of the company and the shareholders' agreement specifies a list of significant items that may not be determined without the unanimous consent of the Board.

As at 31 March 2010 £nil sales and £nil purchases had been made from the Group (2009 sales £nil and purchases £nil). The Group had a balance due from Joekels Tea Packers (Proprietary) Limited at 31 March 2010 of £45,260 (2009 £82,000). Share capital and reserves in sterling terms were £1,317,000 (2009 £504,000). The reported profit for the period was £735,000 (2009 £225,000) before dividends paid of £117,000 (2009 £nil). The Group's 33.3% share of the profit for the period was £245,000 (2009 £75,000), before dividends paid of £39,000 (2009 £nil).

Suntyco Holding Limited

The joint venture was set up in conjunction with Celeste Assets Limited in September 2009. The purpose of the joint venture is to manufacture, market and distribute tea and coffee in Russia. The Group has a 65% stake in Kahutara Holdings Limited which in turn has a 51% stake in Suntyco Holding. Suntyco Holding is accounted for as 51% Joint Venture as it is subject to joint control and on consolidation minority interest of 35% is recognised. The Tetley Group has the right to appoint a third of the directors and to nominate the chairman of the board.

As at 31 March 2010 the Group had a balance due from Suntyco Holding Limited at 31 March 2010 of £77,831. Share capital and reserves in sterling terms were £504,000. The reported profit for the period was £3,070,000. The Group's 51% share of the profit for the period was £1,565,000.

TATA TEA (GB) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 INVESTMENTS (Continued)

The movements in investments held by the company during the period are as follows.

COMPANY	Total Shares in Group undertakings £m
Cost	
At 1 April 2009	774
Additions	-
At 31 March 2010	774

There were no additions made during the year

The principal subsidiary and associated undertakings within the Group are detailed in note 28. All undertakings are included within the consolidated accounts. The Company has confirmed that it will provide certain subsidiary undertakings with sufficient funds to enable them to meet their obligations and commitments as and when they fall due. The directors believe that these arrangements will not have an adverse impact on the company.

12 STOCKS

Group	2010 £m	2009 £m
Raw materials and consumables	28.0	23.7
Work in progress	0.2	0.2
Finished goods	11.0	9.5
Total	39.2	33.4

The difference between the amount shown above for total stocks is not materially different from their replacement cost to the Group.

The company held no stock at 31 March 2010 (31 March 2009: Nil)

TATA TEA (GB) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13 DEBTORS (amounts falling due within one year)

	Group 2010 £m	Company 2010 £m	Group 2009 £m	Company 2009 £m
Amounts due within one year:				
Trade debtors	42.2	-	36.3	-
Amounts held in escrow	4.0	-	7.5	-
Loans to Tata Tea companies	2.0	-	6.3	-
Loans to other Tata corporations	38.8	-	195.8	-
Other debtors, prepayments and accrued income	5.4	1.3	4.8	1.2
Other taxes and social security	1.2	-	1.3	-
Deferred tax	3.6	-	3.6	-
	97.2	1.3	255.6	1.2

Amounts held in escrow (2009) represent funds due to the Group following the disposal of its investment in Energy Brands Inc and were received within six months of the balance sheet date

Amounts held in escrow (2010) represent funds payable to the Tetley GB Final Salary Scheme in the event of under-performance of the scheme's assets against certain agreed criteria in the period to 31 March 2011.

Loans to Tata Tea companies represents a loan to Tata Tea Inc (USA) of £2m (2009: £6.3m) charged at a margin over LIBOR of 3.25% (2009: a rate of 6.25%). Tata Tea Inc (USA) is a company under common control of the Group's ultimate parent company (see note 28)

14 DEBTORS (amounts falling due after more than one year)

	Group 2010 £m	Company 2010 £m	Group 2009 £m	Company 2009 £m
Amounts due after more than one year:				
Amounts owed by subsidiary undertakings	-	20.3	-	18.8
Loans to Tata Tea companies	57.2	-	46.1	-
Loans to other Tata corporations	-	-	39.2	-
	57.2	20.3	85.3	18.8

Loans to Tata Tea companies £57.2m (2009: £46.1m) represent a loan to Eight O'clock Coffee (USA) charged at a margin over LIBOR of 4.5% and a loan to Tata Tea (GB) Capital Limited charged at a margin over LIBOR of 3.5%. Both Tata Tea (GB) Capital Limited and Eight O'clock Coffee (USA) are companies under common control of the Group's ultimate parent company (see note 28)

TATA TEA (GB) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15 CREDITORS (amounts falling due within one year)

	Group 2010 £m	Company 2010 £m	Group 2009 £m	Company 2009 £m
Bank overdrafts	2.0	-	0.7	-
Senior debt	29.9	20.0	16.1	15.0
Issue costs	(0.7)	(0.7)	(0.8)	(0.8)
Trade creditors	46.5	-	22.2	-
Amounts owed to subsidiary companies	-	10.7	-	-
Corporation tax	3.0	-	21.8	-
Finance Leases	0.2	-	-	-
Other taxes and social security	2.0	-	0.9	-
Other creditors and accruals	32.2	0.4	36.7	0.6
	115.1	30.4	97.6	14.8

Details of security given in respect of the bank overdrafts and the senior debt are provided in note 16.

16 TREASURY

Borrowings

	Group 2010 £m	Company 2010 £m	Group 2009 £m	Company 2009 £m
Amounts falling due after more than one year:				
Senior debt facilities	90.0	90.0	133.2	133.2
Issue costs	(1.1)	(1.1)	(1.9)	(1.9)
Amounts owed to subsidiary undertakings	-	406.8	-	404.6
	88.9	495.7	131.3	535.9

Group treasury activities are managed centrally by Group Treasury within the policies approved by the Board. The main financial risks faced by the Group are movements in interest rates affecting its borrowing costs and fluctuations in foreign exchange rates in relation to its general trading. Foreign exchange risk in relation to export revenues and import costs is managed by Group Treasury using forward exchange contracts and currency options. No transactions of a speculative nature are undertaken.

TATA TEA (GB) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16 TREASURY (Continued)

The terms of the main funding facilities of the Company are as follows

Facility	Facility commitment	Amount Drawn	Margin	Maturity
	2010	2010	above LIBOR	
	£m	£m		
Senior term Tranche A	53.2	53.2	1.35%	2012 (by semi-annual repayment)
Senior term Tranche B	46.8	46.8	1.55%	2013 (by two terminal bullet repayments)
Senior revolving facility Tranche C	40.0	10.0	1.35%	2012 (final repayment date) *

* The senior revolving facility can be drawn down to a maximum of £40.0m. Repaid amounts can be redrawn and any balance outstanding is repayable in one instalment in October 2012

The company has provided a series of undertakings and covenants to the lenders in connection with the Group's performance consistent with usual practice in such financing arrangements

The senior credit facility is secured by specific security over the assets of the principal subsidiaries and these arrangements are consistent with the security arrangements for previous financing structures. Lenders under these facilities have no recourse to Tata Tea (GB) Investments Limited

Issue costs arising on the facility are being amortised at a constant rate on the carrying amount over the expected term of the facility

The analysis of Group borrowings, excluding short-term bank overdrafts, by expected repayment date is as follows.

Group Borrowings

	2010 £m	2009 £m
Between one and two years	21.0	19.3
Between two and five years	67.9	112.1
Total borrowings greater than one year	88.9	131.4
Repayable within one year (note 15)	29.2	15.3
Group borrowings	118.1	146.7

TATA TEA (GB) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16 TREASURY (Continued)

Cash investments

	2010 £m	2009 £m
Bank deposits	14.4	17.3
US dollar money market funds	3.1	-
Sterling money market funds	12.0	0.2
Short term money market deposits	240.0	117.3
Total	269.5	134.8

The Group has invested the remaining surplus cash arising from the proceeds of the disposal of Energy Brands Inc in 2008 in a portfolio of short term deposits

Derivative financial instruments

Interest rate swaps

The Group enters into interest rate swap arrangements to fix the LIBOR cost of a proportion of its borrowings. At the balance sheet date, the Group had two two-year sterling fixed rate interest rate swaps both in a notional principal amount of £22.5m with a fixed rate of 2.67%. The mark to market value of these swaps at the balance sheet date was a loss of £0.6m.

Forward foreign exchange contracts

The group had the following forward foreign exchange contracts outstanding at year end

	2010 Amount to buy/(sell) (millions of currency)	2009 Amount to buy/(sell) (millions of currency)
USD	(104.4)	(30.0)
AUD	1.8	5.5
PLN	0	(15.0)
EUR	(1.2)	(1.0)
CZK	(247.7)	(217.1)
CAD	(28.0)	(2.0)
ZAR	(1.0)	(1.0)

The USD forward foreign exchange contracts reflect USD 30.6 million purchased in respect of tea buying commitments and intercompany loan offset by USD 135 million of forward sales in respect of its cash assets

The Group does not fair value account for forward foreign exchange contracts. However the fair value of these contracts is not materially different to the valuation under the Group's accounting policy for financial instruments.

TATA TEA (GB) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17 ANALYSIS OF NET DEBT

	At 1 April 2009 £m	Cashflow £m	Acquisitions £m	Non-cash movements £m	At 31 March 2010 £m
Cash at bank and in hand	18 0	(5 6)	0 2	0 6	13.2
Other liquid resources	117 5	138 8	-	-	256.3
Bank Overdraft	(0 7)	(1 3)	-	-	(2.0)
	134 8	131 9	0.2	0 6	267.5
Borrowings					
Due within one year	(15 3)	(13 9)	-	-	(29.2)
Due after more than one year	(131 3)	42 4	-	-	(88.9)
Total	(11 8)	160 4	0 2	0 6	149.4

Non-cash movements on cash at bank and in hand relate to a foreign exchange gain on the retranslation of opening foreign currency balances. Non-cash movements on other liquid resources relate to a foreign exchange gain on the retranslation of US dollar denominated assets during the year.

18 PROVISIONS FOR LIABILITIES AND CHARGES

(i) Re-organisation costs

Group	Total £m
At 1 April 2009	1 5
Charged to operating profit	2 0
Utilised in period	(3.0)
Currency adjustments	(0 1)
At 31 March 2010	0.4

The re-organisation costs provision relates primarily to the re-structuring of US businesses in combination with other group wide re-organisation initiatives.

(ii) Other Provisions

Group	Deferred Tax £m	Post retirement benefits £m	Other provisions £m	Total £m
At 1 April 2009	2.6	1 6	0 1	4.3
Credited to profit and loss account	(0 4)	-	-	(0 4)
Released in period	0 4	-	-	0 4
Transfers	-	-	(0.1)	(0 1)
Utilised in period	-	0 1	-	0 1
Currency adjustments	-	-	-	-
At 31 March 2010	2.6	1.7	-	4.3

Other provisions of £0.1m are principally for liabilities in respect of litigation costs which are expected to crystallise in the future.

TATA TEA (GB) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18 PROVISIONS FOR LIABILITIES AND CHARGES (continued)

The timing of the utilisation of the deferred tax provisions is uncertain. The major components of the deferred tax balance are as follows:

	2010 £m	2009 £m
Fixed asset timing differences	1.6	1.7
Other timing differences	1.1	0.9
Deferred tax assets (see note 13)	(3.6)	(3.6)
	(0.9)	(1.0)

Deferred tax assets not recognised within the accounts were as follows:

	2010 £m	2009 £m
Pension and retirement schemes	-	(0.3)
Overseas tax losses	(6.4)	(5.9)
Overseas tax assets acquired	(3.9)	(4.7)
Other timing differences	(1.2)	(1.1)
	(11.5)	(12.0)

Overseas tax losses relate mainly to unprovided deferred tax on accumulated tax losses in US subsidiaries. Overseas tax assets acquired relate to a deferred tax asset arising from an election exercised to amortise the goodwill arising on acquisition of the Good Earth companies. There is no unprovided deferred tax in respect of the Company.

19 SHARE CAPITAL

Group and Company	Number (millions)	Share Capital £m
Allotted, called up and fully paid:		
Ordinary shares of £1 each		
At 1 April 2009 and 31 March 2010	235.1	235.1

TATA TEA (GB) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20 PROFIT AND LOSS RESERVE

	GROUP	COMPANY
	£m	£m
At 1 April 2009	323.9	8.2
Profit for the financial year	11.3	(3.7)
Dividends	(8.5)	29.9
	2.8	26.2
Actuarial loss on pension scheme	(4.8)	-
Movement on current tax relating to pensions liability	1.4	-
Foreign exchange loss on long-term intercompany funding balances	(0.3)	-
Currency translation differences on foreign currency net assets/liabilities	(0.7)	-
At 31 March 2010	322.3	34.4

Tata Tea (GB) Limited has not presented its own profit and loss account as permitted by Section 408(4) of the Companies Act 2006. The result for the period is disclosed in the Reconciliation of movements in shareholders' funds.

21 PENSIONS

Total pension costs charged to the Group profit in the period were £1.6m (2009: charge of £1.4m). Of this, a charge of £1.5m (2009: £1.2m) was in respect of defined contribution schemes including £101,432 (2009: £27,644) in respect of overseas pension schemes. Following the closure of the defined benefit scheme to future accrual on 6 April 2005, there was no charge to operating profit in relation to this scheme over the year.

Additionally in the USA there is a provision for post-retirement liabilities amounting to £0.7m (2009: £0.7m).

TATA TEA (GB) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21 PENSIONS (Continued)

UK

The Group sponsors a defined benefit pension plan, the Tetley GB Final Salary Scheme (the "Scheme"), in the UK with benefits based on final salary

The Group closed the Scheme to future accrual with effect from 6 April 2005. At this point, all active Scheme members moved to a deferred status under the Scheme. All such Scheme members were eligible to join the UK defined contribution plan.

The latest valuation of the Scheme for funding purposes was carried out at 6 April 2008 and revealed a deficit of £20.7m, and with effect from July 2009, the Company has agreed to pay contributions of £3.0m per annum for 10 years to remove this deficit. Additionally, the company also paid a one-off lump sum amount of £2.0m into the scheme during the year.

Over the year to 31 March 2010, the Company has paid contributions to the Scheme of £4.9m and expects to contribute £3.0m over the following accounting period.

We set out below disclosures on this Scheme in accordance with Financial Reporting Standard 17, "Retirement Benefits".

The disclosures below are drawn from an actuarial valuation for accounting purposes only as at 31 March 2010, performed by an independent, professionally qualified actuary.

The major financial assumptions used by the actuary were:

	31 March 2010	31 March 2009	5 April 2008
	%	%	%
Discount rate	5.65	6.90	6.40
Inflation assumption	3.45	3.00	3.50
Rate of increase in salaries	N/A	N/A	N/A
Rate of increase in pensions in payment	3.65	3.40	3.65
Rate of increase in pensions in deferment	3.45	3.00	3.50

TATA TEA (GB) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21 PENSIONS (Continued)

The assets in the scheme and the expected rates of return were:

	Expected return on assets 31 March 2010	Value at 31 March 2010 £m	Expected return on assets 31 March 2009	Value at 31 March 2009 £m	Expected return on assets 5 April 2008	Value at 5 April 2008 £m
Equities	8.5%	35.3	8.0%	23.0	7.6%	30.5
Bonds	5.7%	31.6	6.4%	25.4	6.5%	26.3
Property	7.8%	7.2	7.3%	6.2	6.9%	9.1
Cash	4.5%	0.3	4.5%	0.6	4.5%	0.5
Total market value of assets		74.4		55.2		66.4
Present value of scheme liabilities		(91.7)		(71.7)		(77.8)
Deficit in the scheme		(17.3)		(16.5)		(11.4)
Related deferred tax asset		4.9		4.6		3.2
Net pension liability		(12.4)		(11.9)		(8.2)

Reconciliation of the present value of Scheme liabilities

	2010	2009
	£m	£m
Opening value	71.7	77.8
Interest cost	4.8	4.2
Actuarial (gains) / losses	18.5	(3.4)
Benefits paid	(3.3)	(3.0)
Closing value	91.7	71.7

TATA TEA (GB) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21 PENSIONS (Continued)

Reconciliation of the fair value of the assets	2010	2009
	£m	£m
Opening value	55.2	66.4
Expected return	3.9	4.7
Actuarial gains / (losses)	13.7	(16.1)
Contributions by the employer	4.9	2.7
Benefits paid	(3.3)	(2.5)
Closing value	74.4	55.2

Scheme assets do not include any of Tata Tea (GB) Limited's own financial instruments or any property occupied by Tata Tea (GB) Limited.

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed asset investments are based on gross redemption yields at the balance sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on scheme assets in the year was £17.6m (2009: £(11.4)m)

Expense recognised in profit or loss for period to 31 March 2010

	Period to 31 March 2010 £m	Period to 31 March 2009 £m
Expected return on pension scheme assets	3.9	4.7
Interest on pension scheme liabilities	(4.8)	(4.9)
Net return	(0.9)	(0.2)

Analysis of amount recognised in Statement of Total Recognised Gains and Losses (STRGL)

	Period to 31 March 2010 £m	Period to 31 March 2009 £m
Actual return less expected return on pension scheme assets	13.7	(16.1)
Experience gains and losses arising on the scheme liabilities	1.9	(0.7)
Changes in demographic and financial assumptions underlying the present value of the scheme liabilities	(20.4)	9.2
Actuarial loss recognised in the statement of recognised gains and losses	(4.8)	(7.6)

TATA TEA (GB) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21 PENSIONS (Continued)

Movement in deficit during the period

	Period to 31 March 2010 £m	Period to 31 March 2009 £m
Deficit in the scheme at beginning of the period	(16.5)	(11.4)
<i>Movement in period</i>		
Employer contributions	4.9	2.7
Other finance income	(0.9)	(0.2)
Actuarial loss recognised in statement of recognised gains and losses	(4.8)	(7.6)
Deficit in scheme at end of period	(17.3)	(16.5)

History of experience gains and losses

	Period to 31 March 2010 £m	Period to 31 March 2009 £m	Period to 5 April 2008 £m	Period to 31 March 2007 £m	Period to 1 April 2006 £m
<i>Difference between the expected and actual return on scheme assets.</i>					
Amount	13.7	(16.1)	(6.8)	0.3	9.0
Percentage of scheme assets at period end	(18.4%)	(29.2%)	(10.2%)	0.4%	14.4%
<i>Experience gains and losses of scheme liabilities:</i>					
Amount	1.9	(0.7)	(2.1)	1.0	(1.2)
Percentage of the present value of the scheme liabilities at period end	2.1%	(1.0%)	(2.7%)	1.3%	(1.5%)
<i>Total amount recognised in statement of total recognised gains and losses:</i>					
Amount	(4.8)	(7.6)	(3.4)	3.2	(3.6)
Percentage of the present value of the scheme liabilities at period end	(5.2%)	(10.6%)	(4.4%)	4.0%	(4.4%)

TATA TEA (GB) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21 PENSIONS (Continued)

The cumulative amount of actuarial losses recognised since 1 January 2002 in the statement of recognised gains and losses is £(37.6)m

The Group 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. The contributions made during the year were £1.5m (2009 £1.2m) At the end of the year, contributions of £0.1m (2009. £0.1m), representing the unpaid contributions for April 2010, were outstanding

USA

The US 401(k) employee savings investment plan, a defined contribution scheme, is the main US scheme. There is only a discretionary contribution.

There are other post-retirement liabilities that arise principally in the USA In particular, unfunded life assurance benefits are offered for some retirees in the USA A full actuarial valuation was carried out as at 31 March 2010 by a qualified independent actuary This showed liabilities of USD £0.7m calculated using a discount rate of 5.0%. No current employees will be entitled to this benefit on retirement.

Other overseas

The Group also participates in various other defined benefit and defined contribution schemes for employees outside the UK and USA. These schemes remain funded at the appropriate levels and contributions are made in accordance with respective obligations under each plan

Directors' pension arrangements

Details of directors' pension arrangements are included in Note 6

TATA TEA (GB) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22 CASHFLOW ANALYSIS

A Movement in Working Capital

	2010 £m	2009 £m
Increase in stock	(5.2)	(7.8)
Decrease / (increase) in debtors	(3.5)	(0.9)
Increase in creditors	13.8	2.2
	5.1	(6.5)

B Returns on Investments and Servicing of Finance

	2010 £m	2009 £m
Issue costs on borrowings and non-equity shares	-	(0.1)
Interest received	17.2	19.5
Interest paid	(5.7)	(9.0)
Exchange (losses) / gains	5.1	(5.6)
	16.6	4.8

C Taxation

	2010 £m	2009 £m
Tax paid	(25.6)	(23.8)

D Capital Expenditure and Financial Investment

	2010 £m	2009 £m
Purchase of tangible fixed assets	(4.1)	(2.6)

E Acquisitions and Disposals

	2010 £m	2009 £m
Purchase of Joint Ventures / cash injections into existing Joint Ventures	(18.8)	(0.5)
Purchase of trade and net assets	(0.7)	-
Net cash inflow / (outflow) arising from acquisitions	(19.5)	(0.5)

TATA TEA (GB) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22 CASHFLOW ANALYSIS (Continued)

F Financing

	2010	2009
	£m	£m
Drawdown / (Repayment) of Senior debt	(29.4)	(12 5)
Capital element of finance lease repayments	0.2	-
Loans to Tata corporations	174.1	(169 0)
Escrow proceeds received	2.6	58 3
Net cash (outflow)/inflow from financing	147.5	(123 2)

23 CONTINGENT LIABILITIES

Group

There were contingent liabilities at 31 March 2010 in respect of forward exchange contracts, operating leases, outstanding letters of credit, guarantees and financing arrangements of joint ventures. All of these arrangements have been undertaken in the normal course of trade and are centrally monitored by Group Treasury. Because the value of many of these liabilities is dependent on future market price movements, the directors believe that it is not practicably possible to provide an estimate of the Group's potential liability under such arrangements.

The Group is involved in certain litigation, relating principally to the USA. The directors believe that adequate provision has been made within these accounts for any potential costs (see note 18) and expect no material effect on the net asset position of the Group.

Company

At 31 March 2010 the Company had given certain guarantees in respect of the financing arrangements and trading activities of subsidiary undertakings, all in the ordinary course of their business. The directors believe that it is not practicable to provide an estimate of the potential liability under these guarantees, but the potential liability is not anticipated to be material to the results of the Company.

TATA TEA (GB) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24 OPERATING LEASES

The Group had annual commitments under non-cancellable operating leases, as follows.

	Land and buildings	Other	Land and buildings	Other
	2010 £m	2010 £m	2009 £m	2009 £m
Commitment expires				
Within one year	0.6	-	0.1	-
Between one and five years	0.8	0.6	1.6	0.8
After five years	1.6	0.1	1.4	-
	3.0	0.7	3.1	0.8

26 ACQUISITIONS

(a) Acquisition of Premium Foods business

On the 1st April 2009, the Group acquired the "assets" of Premium Foods S.A. and Premium Foods Marketing services Sp z o o ("the Premium Foods business"), who acted as our distributor for the Tetley Polska Sp z o o business, for consideration of £0.7m

The provisional fair value of the assets and liabilities acquired is shown below:

	Book value £m	Fair value £m
Fixed assets	0.5	0.5
Stock	0.6	0.6
Receivables	5.2	5.2
Liabilities	(7.0)	(7.0)
Cash	0.2	0.2
Bank Debt	-	-
Net liabilities acquired	(0.5)	(0.5)
Goodwill	1.2	1.2
Consideration	0.7	0.7
Consideration satisfied by:		
Acquisition costs		0.7
Cash		-
		0.7

A fair value adjustment of £15,000 was made to the book value of the tangible fixed assets

In its last financial year to 31 December 2009 Premium Foods S. A. recorded a loss after tax of £1.8m and Premium Foods Marketing services Sp z o o, a profit after tax of £0.5m

Since the acquisition the operations of the Premium Foods business have been integrated into Tetley Polska and it is impractical to isolate the cashflows of the Premium Foods business.

TATA TEA (GB) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26 ACQUISITIONS (Continued)

(b) Acquisition of the Grand Business

On the 1st September 2009, the group acquired a 33 15% effective stake in the consolidated group of Suntyco Holding Limited, Onomento Co Limited, Sunty LLC and Tea Trade LLC (known as "Grand") for £18.6m*. The effective 33 15% stake is on account of a 51% share of Grand being held by Kahutara Limited, of which the group has a 65% stake. On consolidation Grand is therefore accounted for as 51% Joint Venture with minority interest thereon of 35%.

The Grand business produces and sells tea and coffee to the Russian domestic market where its coffee and tea businesses have 5% and 3% market value shares respectively.

The provisional fair value of the assets and liabilities acquired is shown below.

	Book value	Adjustments	Fair value
	£m	£m	£m
Intangible fixed assets	1.3		1.3
Tangible fixed assets	2.8	1.1	3.9
Stock	6.8		6.8
Debtors	8.5		8.5
Creditors	(4.8)		(4.8)
Bank borrowings	(4.7)		(4.7)
Taxation	(0.2)		(0.2)
Cash	0.3		0.3
Net assets acquired	10.0	1.1	11.1
51% share of net assets acquired			5.7
Goodwill			12.9
Consideration			18.6
Consideration satisfied by.			£m
Cash			16.1
Acquisition costs			2.5
			18.6

The £1.1m fair value adjustment to fixed assets is a restatement of machinery and computer equipment to depreciated replacement cost following an independent asset valuation.

*including the 35% share of investment in Grand held by the minority investor, European Bank for Reconstruction and Development

TATA TEA (GB) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26 ACQUISITIONS (CONTINUED)

(b) Acquisition of the Grand Business (Continued)

For the period since that 1st January 2009 to the date of acquisition the unaudited management accounts of Grand show:

	£m
Turnover	14.6
Operating profit	1.6
Profit before taxation	1.7
Taxation	-0.2
Profit attributable to shareholders	1.5

There is no difference between profit after tax and the recognised gains and losses for the period

25 RELATED PARTY TRANSACTIONS

There have been no related party transactions other than those disclosed in notes 11 and 13 entered into during the year which require disclosure under FRS 8

26 CAPITAL COMMITMENTS

Capital expenditure authorised by the Board and contracted for at 31 March 2010 was £0.6m (2009 £0.4m). This amount is not provided for within the Group's financial statements

27 POST BALANCE SHEET EVENTS

On 13th April 2010 the Group paid £2.6m to acquire a 19.6% stake in Taj Air Limited (India)
On 29th April 2010 the Group paid £1.6m to increase its stake in Joekels Tea Packers (Proprietary) Limited to 51.7%

28 ULTIMATE PARENT COMPANY

The company's shares are owned by Tata Tea Limited, a company incorporated in India (30.1 percent); Tata Sons Limited, a company incorporated in India (4.3 percent), Tata Tea Inc, a company incorporated in the USA (10.6 percent), Tata Limited, a company incorporated in the UK (6.4 percent), Tata Enterprises (Overseas) AG, a company incorporated in Switzerland (10.6 percent) and Tata Tea (GB) Capital Limited, a company incorporated in the UK (38.1 percent). Tata Tea Limited, either directly or through its wholly owned subsidiaries, Tata Tea Inc and Tata Tea (GB) Capital Limited, owns 78.8% of the Company. The Company's ultimate holding company and controlling party is Tata Tea Limited, a company incorporated in India. The consolidated financial statements of the ultimate holding company are available from Tata Tea Limited, 1 Bishop Lefroy Road, Calcutta, 700 020

TATA TEA (GB) LIMITED

PRINCIPAL SUBSIDIARY UNDERTAKINGS AND ASSOCIATES

NAME OF UNDERTAKING	COUNTRY OF INCORPORATION	PROPORTION OF EQUITY AND VOTING RIGHTS HELD	ACCOUNTING YEAR-END DATE
The Tetley Group Limited	UK	100%	31 March
Tetley GB Limited	UK	100%	31 March
Tetley USA Inc	USA	100%	31 March
Tetley Canada Inc	Canada	100%	31 March
Tetley Australia Pty Ltd	Australia	100%	31 March
Tetley Overseas Limited	UK	100%	31 March
Stansand (Africa) Limited	Kenya	100%	31 March
Stansand (Central Africa) Limited	Malawi	100%	31 March
Tetley Polska Sp z o o	Poland	100%	31 March
Empirical Group LLC	USA	56%	31 March
Southern Tea LLC	USA	50%	31 December
Tetley ACI (Bangladesh) Limited	Bangladesh	50%	31 December
Tetley Clover (Private) Limited	Pakistan	50%	30 June
Drassington Limited	UK	94.9%	31 March
Good Earth Corporation	USA	100%	31 March
Good Earth Teas Inc	USA	100%	31 March
Teapigs Ltd	UK	100%	31 March
Tata Tea (GB) Investments Limited	UK	100%	31 March
Jemca a s	Czech Republic	100%	31 March
Joekels Tea Packers (Proprietary) Limited	South Africa	33.3%	31 March
Campestres Holdings Limited	Cyprus	100%	31 March
Kahutara Holdings Limited	Cyprus	65%	31 March
Suntco Holding Limited	Cyprus	51%	31 March

Southern Tea LLC meets the definition of a joint arrangement and has been accounted for in accordance with FRS9, 'Associates and Joint Ventures'. Southern Tea accounts are consolidated for the period from 1 April 2009 to 31 March 2010.

Empirical Group LLC, Tetley ACI (Bangladesh) Limited, Tetley Clover (Private) Limited, Joekels Tea Packers (Proprietary) Ltd and Suntco Holding Limited meet the definition of a joint venture and have been accounted for in accordance with FRS9. Tetley ACI (Bangladesh) accounts are consolidated from 1 April 2009 to 31 March 2010.

All undertakings operate within their country of incorporation, in the tea sector and related sectors and are included within the consolidated financial statements.

The company has taken advantage of s400 of the Companies Act 2006 not to present the full list of its subsidiary undertakings.

The company's shares are owned by Tata Tea Limited, a company incorporated in India (30.1 percent), Tata Sons Limited, a company incorporated in India (4.3 percent), Tata Tea Inc, a company incorporated in the USA (10.6 percent), Tata Limited, a company incorporated in the UK (6.4 percent), Tata Enterprises (Overseas) AG, a company incorporated in Switzerland (10.6 percent) and Tata Tea (GB) Capital Limited, a company incorporated in the UK (38.1 percent).

Tata Tea Limited owns 100% of Tata Tea Inc and Tata Tea (GB) Capital Limited and therefore holds 78.8% of the share capital of Tata Tea (GB) Limited. The Group is exempt under FRS8, 'Related Party Disclosures', from disclosing related party transactions between Group companies.

Campestres Holdings Limited purchased 6,500 shares in Kahutara Holdings Limited for total consideration of £5,390,000 on 31st August 2009 which resulted in the Group's share of Kahutara Holdings Limited being 65%.

Kahutara Holdings Limited acquired a 51% share in Suntco Holding on 1st September 2009 for total consideration of £18.7m, the parent company of three 100% owned subsidiaries: Onomento Co Ltd (Cyprus), Sunt LLC (Russia), and Tea Trade LLC (Russia). The consolidated result of these 4 companies has been accounted for as a Joint Venture in accordance with FRS 9.