

Tata Consumer Products Australia Pty Ltd

ACN 003 450 922

**Financial statements
for the year ended 31 March 2020**

Tata Consumer Products Australia Pty Ltd ACN 003 450 922
Annual report - 31 March 2020

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Directors' report

Your directors present their report on the company for the year ended 31 March 2020.

Directors

The following persons were directors of Tata Consumer Products Australia Pty Ltd (formerly Tata Global Beverages Australia Pty Ltd) during the whole of the financial year and up to the date of this report. Directors were in office for the entire period unless otherwise stated.

L Krishna Kumar
Stephen Eyre
Manesh Thakrar (appointed 29 May 2020)
Gale McLardie (resigned 13 December 2019)
Ajoy Misra (resigned 29 May 2020)

Principal activities

The principal activities of the company during the course of the financial year were the importation and sale of tea products.

There was no significant change in the nature of the activity of the company during the year.

Dividends

No dividends have been paid during the financial year. The directors do not recommend that a dividend be paid in respect of the financial year (2019: \$nil).

Review of operations

The net loss after income tax amounted to \$253,602 (2019 profit: \$304,438).

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the company during the year.

Matters subsequent to the end of the financial year

The outbreak of COVID-19 in Australia and the subsequent measures imposed by the Australian and other governments as well as the travel and trade restrictions imposed by Australia and other countries in early 2020 have caused disruption to businesses and economic activity. The financial effects of COVID-19 have been reflected in the Company's financial statements at 31 March 2020.

The impact of COVID-19 on different industries and companies varies substantially. For Tata Consumer Products Australia Pty Ltd, the impact from the quarantine measures put in place has been minimal, with operations continuing substantially at a normal levels and the easing of restrictions further supports business as usual. Therefore, it is expected that no material impact will result from the COVID-19 crisis and the company is strongly placed to continue operations with little disruption to its earnings, cashflow and financial condition.

Given the inherent unpredictability associated with the COVID-19 outbreak and any further contingency measures that may be put in place by the relevant governments and corporate entities combined with customer behaviours, the actual financial impact of the COVID-19 outbreak, if any, on the Company's 2021 financial statements could be significantly different from the expectations disclosed above depending on how the situation evolves.

No other matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the entity, the results of those operations or the state of affairs of the entity in subsequent financial years.

Likely developments and expected results of operations

Information on likely developments in the operations of the company and the expected results of operations have not been included in this financial statements because the directors believe it would be likely to result in unreasonable prejudice to the company.

Environmental regulation

The company is not affected by any significant environmental regulation in respect of its operations.

Insurance of officers

The directors and officers of the company are indemnified under a global insurance policy taken out by Tata Global Beverages Services Ltd. Tata Consumer Products Australia Pty Ltd has been asked to contribute to the cost of global insurance.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 3.

This Directors' Report is signed in accordance with a resolution of directors made pursuant to s.298(2) of the *Corporations Act 2001*.

On behalf of the Directors



Stephen Eyre
Director

Melbourne
18th June 2020

18 June 2020

The Board of Directors
Tata Consumer Products Australia Pty Ltd
Level 2, 620 Church St
Richmond VIC 3121

Dear Board Members

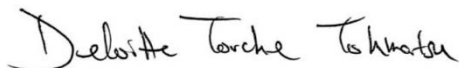
Auditor's Independence Declaration to Tata Consumer Products Australia Pty Ltd

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Tata Consumer Products Australia Pty Ltd.

As lead audit partner for the audit of the financial statements of Tata Consumer Products Australia Pty Ltd for the financial year ended 31 March 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Shodai Enters
Partner
Chartered Accountants

Tata Consumer Products Australia Pty Ltd ACN 003 450 922

Annual report - 31 March 2020

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These financial statements cover Tata Consumer Products Australia Pty Ltd as an individual entity. The financial statements are presented in the Australian currency.

Tata Consumer Products Australia Pty Ltd is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Tata Consumer Products Australia Pty Ltd
Suite 2.01, Level 2
620 Church Street
Richmond VIC 3121

A description of the nature of the entity's operations and its principal activities is included in the directors' report on page 1, which is not part of these financial statements.

The financial statements were authorised for issue by the directors on 18th June 2020. The directors have the power to amend and reissue the financial statements.

Tata Consumer Products Australia Pty Ltd
Statement of profit or loss and other comprehensive income
For the year ended 31 March 2020

		2020	2019
	Notes	\$	\$
Sale of goods	3	24,138,534	22,346,293
Other revenue	3	45,823	111,109
		24,184,357	22,457,402
Cost of sales		(15,225,823)	(13,869,090)
Other expenses:			
Distribution		(2,112,872)	(2,140,406)
Selling		(5,519,763)	(4,207,910)
Administration		(1,726,089)	(1,709,515)
Other		-	(34,262)
Finance costs	4	(7,706)	-
(Loss)/profit before income tax		(407,896)	496,219
Income tax credit/(expense)	5	154,294	(191,781)
(Loss)/profit for the year		(253,602)	304,438
Other comprehensive income for the year, net of tax		-	-
Total comprehensive (loss)/income for the year		(253,602)	304,438
(Loss)/profit is attributable to:			
Owners of Tata Consumer Products Australia Pty Ltd		(253,602)	304,438
Total comprehensive (loss)/income for the year is attributable to:			
Owners of Tata Consumer Products Australia Pty Ltd		(253,602)	304,438

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Tata Consumer Products Australia Pty Ltd
Statement of financial position
As at 31 March 2020

	Notes	2020 \$	2019 \$
ASSETS			
Current assets			
Cash and cash equivalents	6	560	1,145,355
Receivables	7	7,205,138	4,386,369
Inventories	8	2,555,751	2,694,556
Other current assets	9	171,331	164,123
Total current assets		9,932,780	8,390,403
Non-current assets			
Property, plant and equipment	10	101,695	152,295
Deferred tax assets	5	741,240	586,946
Intangible assets	11	271,555	225,609
Right-of-use assets	19	109,492	-
Total non-current assets		1,223,982	964,850
Total assets		11,156,762	9,355,253
LIABILITIES			
Current liabilities			
Payables	12	5,774,768	4,274,327
Lease liabilities	20	129,528	-
Borrowings	13	491,146	-
Provisions	14	649,650	677,819
Total current liabilities		7,045,092	4,952,146
Non-current liabilities			
Provisions	15	16,655	5,303
Total non-current liabilities		16,655	5,303
Total liabilities		7,061,747	4,957,449
Net assets		4,095,015	4,397,804
EQUITY			
Contributed equity	16	11,800,000	11,800,000
Accumulated losses	17	(7,704,985)	(7,402,196)
Total equity		4,095,015	4,397,804

The above statement of financial position should be read in conjunction with the accompanying notes.

Tata Consumer Products Australia Pty Ltd
Statement of changes in equity
For the year ended 31 March 2020

	Contributed equity \$	Accumulated losses \$	Total equity \$
Balance at 1 April 2018	11,800,000	(7,706,634)	4,093,366
Profit for the year	-	304,438	304,438
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	304,438	304,438
Balance at 31 March 2019	11,800,000	(7,402,196)	4,397,804
Balance at 1 April 2019	11,800,000	(7,402,196)	4,397,804
Effect of change in accounting policy for AASB16	-	(49,187)	(49,187)
(Loss) for the year	-	(253,602)	(253,602)
Other comprehensive income	-	-	-
Total comprehensive (loss) for the year	-	(253,602)	(253,602)
Balance at 31 March 2020	11,800,000	(7,704,985)	4,095,015

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Tata Consumer Products Australia Pty Ltd
Statement of cash flows
For the year ended 31 March 2020

	2020	2019	
	\$	\$	
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)	22,123,088	24,246,103	
Payments to suppliers and employees (inclusive of goods and services tax)	(23,489,338)	(26,085,700)	
Interest received	45,823	111,109	
Interest paid	(225)	-	
Net cash used in operating activities	(1,320,652)	(1,728,488)	
Cash flows from investing activities			
Payments for intangibles, plant and equipment	(59,680)	(62,060)	
Net cash used in investing activities	(59,680)	(62,060)	
Cash flows from financing activities			
Interest paid	(7,481)	-	
Proceeds from borrowings	491,146	-	
Repayment of lease liabilities	(248,128)	-	
Net cash provided by financing activities	235,537	-	
Net decreased in cash and cash equivalents	(1,144,795)	(1,790,548)	
Cash and cash equivalents at the beginning of the financial year	1,145,355	2,935,903	
Cash and cash equivalents at end of year	6 560	1,145,355	

The above statement of cash flows should be read in conjunction with the accompanying notes.

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1 Summary of significant accounting policies

(a) General information

Tata Consumer Products Australia Pty Ltd (the "Company") is a company limited by shares, incorporated and domiciled in Australia. The company changed its name from Tata Global Beverages Australia Pty Ltd to Tata Consumer Products Australia Pty Ltd on 16 April 2020. Its registered office and principal place of business is:

Tata Consumer Products Australia Pty Ltd
Suite 2.01, Level 2
620 Church Street
Richmond VIC 3121

A description of the nature of the entity's operations and its principal activities is included in the directors' report on page 1.

(b) Statement of compliance

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards - Reduced Disclosure Requirements and other authoritative pronouncements of the Australian Accounting Standards Board. The Company is a for-profit, private sector entity which is not publicly accountable. Therefore, the financial statements for the Company are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements (AASB - RDRs).

(c) Application of new and revised Accounting Standards

In the current year, the company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the "AASB").

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Company include:

AASB 16 – Leases

In the current year, the company has applied AASB 16 (as issued by the AASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019. AASB 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in note 1. The impact of the adoption of AASB 16 on the company's financial statements is described below.

The date of initial application of AASB 16 for the Company is 1 April 2019.

The company has applied AASB 16 using the cumulative catch-up approach, with adjustments to opening retained earnings for the transition to this standard.

Impact of the new definition of a lease

The company has made use of the practical expedient available on transition to AASB 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with AASB 117 and IFRIC 4 will continue to be applied to those contracts entered or modified before 1 April 2019. The change in definition of a lease mainly relates to the concept of control. AASB 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in AASB 117 and IFRIC 4. The company applies the definition of a lease and related guidance set out in AASB 16 to all contracts entered into or changed on or after 1 April 2019. In preparation for the first-time application of AASB 16, the company has carried out an implementation project. The project has shown that the new definition in AASB 16 will not significantly change the scope of contracts that meet the definition of a lease for the company.

1 Summary of significant accounting policies (continued)

(c) Application of new and revised Accounting Standards (continued)

Impact on Lessee Accounting

(i) Former operating leases

AASB 16 changes how the company accounts for leases previously classified as operating leases under AASB 117, which were off balance sheet.

Applying AASB 16, for all leases (except as noted below), the company:

(a) Recognises right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments;

(b) Recognises depreciation of right-of-use assets and interest on lease liabilities in profit or loss;

(c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the statement of cash flows.

Lease incentives (e.g. rent-free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under AASB 117 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses generally on a straight-line basis. Under AASB 16, right-of-use assets are tested for impairment in accordance with AASB 136.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as tablet and personal computers, small items of office furniture and telephones), the company has opted to recognise a lease expense on a straight-line basis as permitted by AASB 16. This expense is presented within 'other expenses' in profit or loss.

The company has used the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying AASB 117.

- The company has applied a single discount rate to a portfolio of leases with reasonably similar characteristics
- The company has adjusted the right-of-use asset as at the date of initial application by the amount of provision for onerous leases recognised under AASB 136 in the statement of financial position immediately before the date of initial application as an alternative to performing an impairment review.
- The company has elected not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application.
- The company has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- The company has used hindsight when determining the lease term when the contains options to extend or terminate the lease.

(ii) Former finance leases

The main differences between AASB 16 and AASB 117 with respect to contracts formerly classified as finance leases is the measurement of the residual value guarantees provided by the lessee to the lessor. AASB 16 requires that the company recognises as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by AASB 117. The company does not have any finance leases (as a lessee or lessor).

Impact on Lessor Accounting

AASB 16 does not change substantially how a lessor accounts for leases. Under AASB 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently. However, AASB 16 has changed and expanded the disclosures required, in particular with regard to how a lessor manages the risks arising from its residual interest in leased assets. Under AASB 16, an intermediate lessor accounts for the head lease and the sub-lease as two separate contracts. The intermediate lessor is required to classify the sub-lease as a finance or operating lease by reference to the right-of-use asset arising from the head lease (and not by reference to the underlying asset as was the case under AASB 117).

1 Summary of significant accounting policies (continued)

(c) Application of new and revised Accounting Standards (continued)

The company does not act as a lessor in its operations.

Financial impact of initial application of AASB 16

The weighted average lessees incremental borrowing rate applied to lease liabilities recognised in the statement of financial position on 1 April 2019 is 3.12%.

The following table shows the operating lease commitments disclosed in applying AASB 117 at 31 March 2019, discounted using the incremental borrowing rate at the date of initial application and the lease liabilities recognised in the statement of financial position at the date of initial application.

Impact on retained earnings as at 1 April 2019

	\$
Operating lease commitments at 31 March 2019	441,215
Effect of undiscounted entitled incentives from 1 April 2019	-
Effect of discounting the above amounts	(63,559)
Present value of the lease payments due in periods covered by extension options that are included in the lease term and not previously included in operating lease commitments	377,656
Lease liabilities recognised at 1 April 2019	377,656

The company has recognised \$328,469 of right-of-use assets and \$377,656 of lease liabilities upon transition to AASB 16. The difference of \$49,187 is recognised in retained earnings.

New standards and interpretation not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective. The impact of these standards will be assessed in future periods.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework	1 January 2020	31 March 2021
AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia	1 January 2020	31 March 2021

1 Summary of significant accounting policies (continued)

(d) Basis of preparation

The financial statements have been prepared on the historical cost basis except for certain non-current assets and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for Tata Consumer Products Australia Pty Ltd.

(e) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the company operates ("the functional currency"). The financial statements are presented in Australian dollars, which is the company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement, within finance costs. All other foreign exchange gains and losses are presented in the income statement on a net basis within cost of sales.

(f) Revenue recognition

Revenue is recognised for the major business activities as follows:

(i) Sale of goods

Revenue from sales of goods represents the revenue from distributing tea and other products to customers. The delivery of the goods is a distinct performance obligation which is satisfied when the inventory sold has been transferred to the customer. The transaction price is determined based on the sale price set for the item purchased, less rebates and/or discounts. The rebate/discount payable to the customer is estimated and recorded at the time the sale is made to the customer by the Company, based the expected value method. Once the goods are delivered to the customer, the Company have the right to invoice the customer. Therefore, the performance obligation is satisfied "at a point in time".

(ii) Interest revenue

Interest revenue is recognised when it is earned.

1 Summary of significant accounting policies (continued)

(g) Income tax

Tata Consumer Products Australia Pty Ltd is the head company of a tax-consolidated group with Earth Rules Pty Ltd under Australian taxation law. The members of the tax-consolidated group are taxed as a single entity.

Tata Consumer Products Australia Pty Ltd is subject to income tax through its membership of the tax-consolidated group. The consolidated current and deferred tax amounts for the tax-consolidated group are allocated to the members of the tax-consolidated group using the 'separate taxpayer within group' approach, with deferred taxes being allocated by reference to the carrying amounts in the financial statements of each member entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred assets arising from unused tax losses and relevant tax credits arising from this allocation process are then accounted for as immediately assumed by the head entity as under Australian taxation law the head entity has the legal obligation (or right) to these amounts.

The 'separate taxpayer within group' approach provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations or if an entity leaves the tax-consolidated group. The company's liability for tax payable by the tax-consolidated group is limited to the allocated amount under the 'separate taxpayer within group' approach.

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Taxable profit differs from profit before tax as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary differences arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

1 Summary of significant accounting policies (continued)

(h) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Leases (Before April 1, 2019)

The company as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Lease incentives received from lessors are recognised as reductions of rental expense on a straight-line basis over the period of the lease.

Leases (From April 1, 2019)

The company as lessee

The company assesses whether a contract is or contains a lease, at inception of the contract. The company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

When a contract includes lease and non-lease components, the company applies AASB 15 Revenue from Contracts from Customers to allocate the consideration under the contract to each component.

(i) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(j) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(k) Financial assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Impairment of financial assets

The Company always recognised lifetime expected credit losses for trade receivables and amounts due from customers. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and as assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

1 Summary of significant accounting policies (continued)

(l) Inventories

Finished goods

Finished goods are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of standard costing method.

(m) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Internally constructed assets are depreciated from the time an asset is completed and held ready for use. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:

- Plant and equipment 5 years
- Computer equipment 3 - 4 years
- Furniture and fixtures 3 - 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(i)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

(n) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the company's share of the net identifiable assets of the acquired business at the date of acquisition. Goodwill acquired in business combinations is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

Gains and losses on the disposal of the business include the carrying amount of goodwill relating to the business sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing.

(ii) Computer software

Computer software has a finite useful life and is carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight line method to allocate the cost of computer software over its estimated useful life of 7 years.

1 Summary of significant accounting policies (continued)

(o) Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(p) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

(q) Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(r) Employee benefits

(i) Wages and salaries, and annual leave

Liabilities for wages and salaries, and annual leave expected to be settled within 12 months of the end of each reporting period are recognised in other payables and current provisions respectively, in respect of employees' services up to the end of each reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of each reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of each reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(s) Contributed equity

Ordinary shares are classified as equity (note 16).

(t) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

2 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimated impairment of goodwill

The company tests impairment on goodwill whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, or at least annually in accordance with the accounting policy stated in note 1(i). The recoverable amounts of cash generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions.

Tata Consumer Products Australia Pty Ltd
Notes to the financial statements
31 March 2020
(continued)

3 Revenue

	2020	2019
	\$	\$
From continuing operations		
<i>Sales revenue</i>		
Sale of goods	24,138,534	22,346,293
 <i>Other revenue</i>		
Interest from third parties	45,823	111,109
	24,184,357	22,457,402

4 Expenses

	2020	2019
	\$	\$
Profit/(loss) before income tax includes the following specific expenses:		
 <i>Depreciation and amortisation</i>		
	283,311	93,360
 <i>Finance costs</i>		
Interest on bank overdrafts	225	-
Interest on lease liabilities	7,481	-
Total finance costs	7,706	-
 <i>Employee benefits expense</i>		
Termination benefits	135,514	64,874
Other employee benefits	2,747,868	2,760,455
Total employee benefits expense	2,883,382	2,825,329

5 Income taxes

5.1 Income tax recognised in profit or loss

	2020	2019
	\$	\$
Current tax		
In respect of the current year	(213,805)	195,827
In respect of prior year	-	-
	<u>(213,805)</u>	<u>195,827</u>
Deferred tax		
In respect of the current year	61,029	(4,009)
In respect of prior year	(1,518)	(37)
	<u>59,511</u>	<u>(4,046)</u>
Total income tax (benefit)/expense recognised in the current year	<u>(154,294)</u>	<u>191,781</u>

The income tax expense for the year can be reconciled to the accounting profit as follows:

	2020	2019
	\$	\$
(Loss)/profit before tax from continuing operations	<u>(407,896)</u>	<u>496,219</u>
Income tax (benefit)/expense calculated at 30% (2019: 30%)	(122,369)	148,866
Effect of expenses that are not deductible in determining taxable profit	2,984	3,545
Effect of previously unrecognised and unused tax losses and deductible temporary differences now recognised as deferred tax assets	(33,391)	39,407
	<u>(152,776)</u>	<u>191,818</u>
Adjustments recognised in the current year in relation to the current tax of prior years	(1,518)	(37)
Income tax (credit)/expense recognised in profit or loss	<u>(154,294)</u>	<u>191,781</u>

31 March 2020
(continued)

5.2 Deferred tax balances

The following is the analysis of deferred tax assets/(liabilities) presented in the consolidated statement for financial position:

	2020	2019
	\$	\$
Deferred tax assets	741,240	586,946
	741,240	586,946

2020	Opening balance	Recognised in profit or loss	Closing balance
	\$	\$	\$
Provisions	327,629	(61,029)	266,600
Tax losses	259,317	215,323	474,640
	586,946	154,294	741,240
 2019			
Provisions	323,620	4,009	327,629
Tax losses	455,107	(195,790)	259,317
	778,727	(191,781)	586,946

6 Current assets – Cash and cash equivalents

	2020	2019
	\$	\$
Cash at bank and in hand	560	1,145,355
	560	1,145,355

Tata Consumer Products Australia Pty Ltd
Notes to the financial statements
31 March 2020
(continued)

7 Current assets - Trade and other receivables

	2020	2019
	\$	\$
Trade receivables	<u>7,034,044</u>	<u>4,150,507</u>
	7,034,044	4,150,507
Receivables from related parties		
- Earth Rules Pty Ltd	93,405	145,641
- Tata Global Beverages Services Ltd	-	22,000
Other receivables	<u>77,689</u>	<u>68,221</u>
	7,205,138	4,386,369

8 Current assets - Inventories

	2020	2019
	\$	\$
Finished goods - at cost	2,659,265	3,097,758
Provision	<u>(103,514)</u>	<u>(403,202)</u>
	2,555,751	2,694,556

9 Other current assets

	2020	2019
	\$	\$
Prepayments	<u>171,331</u>	<u>164,123</u>
	171,331	164,123

10 Non-current assets – Property, plant and equipment

	2020	2019
	\$	\$
Carrying amounts of:		
Plant and equipment	12,457	5,792
Computer equipment	43,559	88,577
Furniture and fixtures	45,679	57,926
	101,695	152,295

	Plant and equipment	Computer equipment	Furniture and fixtures	Total
	\$	\$	\$	\$
Cost				
Balance at 31 March 2019	6,435	268,356	169,624	444,415
Additions	9,940	-	-	9,940
Disposals	-	(124,366)	(53,366)	(177,732)
Balance at 31 March 2020	16,375	143,990	116,258	276,623

	Plant and equipment	Computer equipment	Furniture and fixtures	Total
	\$	\$	\$	\$
Accumulated depreciation				
Balance at 31 March 2019	(643)	(179,779)	(111,698)	(292,120)
Eliminated on disposals of assets	-	124,366	53,366	177,732
Depreciation expense	(3,275)	(45,018)	(12,247)	(60,540)
Balance at 31 March 2020	(3,918)	(100,431)	(70,579)	(174,928)

Tata Consumer Products Australia Pty Ltd
Notes to the financial statements
31 March 2020
(continued)

11 Non-current assets - Intangible assets

	2020	2019
	\$	\$
Carrying amounts of:		
Goodwill	205,609	205,609
Software	65,946	20,000
	271,555	225,609

	Goodwill	Software	Total
	\$	\$	\$
Cost or valuation			
Balance at 31 March 2019	500,000	522,179	1,022,179
Additions	-	49,740	49,740
Disposals	-	(5,771)	(5,771)
Balance at 31 March 2020	500,000	566,148	1,066,148

	Goodwill	Software	Total
	\$	\$	\$
Accumulated amortisation and impairment			
Balance at 31 March 2019	(294,391)	(502,179)	(796,570)
Eliminated on disposals of assets		5,771	5,771
Amortisation expense	-	(3,794)	(3,794)
Balance at 31 March 2020	(294,391)	(500,202)	(794,593)

Tata Consumer Products Australia Pty Ltd
Notes to the financial statements
31 March 2020
(continued)

12 Current liabilities - Trade and other payables

	2020	2019
	\$	\$
Trade payables	476,482	210,435
Accrued expenses and other payables	3,124,989	2,031,180
Amounts due to related parties		
- Tata Global Beverages GB Ltd	2,124,311	2,032,712
- Tata Consultancy Services Ltd	48,986	-
	5,774,768	4,274,327

13 Current liabilities - Borrowings

	2020	2019
	\$	\$
Unsecured		
Bank Overdraft	491,146	-

14 Current liabilities - Provisions

	2020	2019
	\$	\$
Employee benefits (a)	649,650	677,819

(a) Amounts not expected to be settled within 12 months

The current provision for employee benefits includes accrued annual leave, vesting sick leave and long service leave. For long service leave it covers all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount of the provision is presented as current, since the company does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

	2020	2019
	\$	\$
Current leave obligations expected to be settled after 12 months	11,872	10,475

15 Non-current liabilities - Provisions

	2020	2019
	\$	\$
Employee benefits	16,655	5,303

16 Contributed equity

(a) Share capital

	2020	2019	2020	2019
	Shares	Shares	\$	\$
Ordinary shares				
Fully paid	11,800,000	11,800,000	11,800,000	11,800,000

(b) Movements in ordinary share capital

Date	Details	Number of shares	\$
1 April 2018	Opening balance	11,800,000	11,800,000
31 March 2019	Closing balance	11,800,000	11,800,000
<hr/>			
1 April 2019	Opening balance	11,800,000	11,800,000
31 March 2020	Closing balance	11,800,000	11,800,000

(c) Ordinary shares

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholder meetings.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

(d) Capital risk management

The company's objective when managing capital is to safeguard its ability to continue as a going concern.

17 Accumulated losses

Movements in accumulated losses were as follows:

	2020	2019
	\$	\$
Balance 1 April	(7,402,196)	(7,706,634)
Effect of change in accounting policy	(49,187)	-
Net (loss)/profit for the year	(253,602)	304,438
Balance 31 March	(7,704,985)	(7,402,196)

18 Dividends

(a) Ordinary shares

No dividends have been paid during the financial year. The director does not recommend that a dividend be paid in respect of the financial year (2019: \$nil).

(b) Franked dividends

The franked portions of the final dividends recommended after 31 March 2020 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ended 31 March 2020.

2020	2019
\$	\$

Franking credits available for subsequent reporting periods based on a tax rate of 30% (2019 - 30%)

985,614	985,614
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The above amounts represent the balance of the franking account as at the end of the reporting period, adjusted for:

- (a) franking credits that will arise from the payment of the amount of the provision for income tax,
- (b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date, and
- (c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

19 Leases (Company as a lessee)

19.1 Right-of-use assets

	2020	2019	
	\$	\$	
Carrying amounts of:			
Buildings	101,247	-	
Motor vehicles	8,245	-	
	109,492	-	
	<u>Buildings</u>	<u>Motor vehicles</u>	<u>Total</u>
	\$	\$	\$
Cost			
Balance at 31 March 2019	-	-	-
Additions	303,736	24,733	328,469
Balance at 31 March 2020	303,736	24,733	328,469
	<u>Buildings</u>	<u>Motor vehicles</u>	<u>Total</u>
	\$	\$	\$
Accumulated depreciation			
Balance at 31 March 2019	-	-	-
Charge for the year	(202,489)	(16,488)	(218,977)
Balance at 31 March 2020	(202,489)	(16,488)	(218,977)

Tata Consumer Products Australia Pty Ltd
Notes to the financial statements
31 March 2020
(continued)

19.2 Amounts recognised in profit and loss

	2020
	\$
Depreciation expense on right-of-use assets	218,977
Interest expense on lease liabilities	7,481

20 Lease liabilities

	2020
	\$
Non-current	-
Current	129,528
	<u>129,528</u>

21 Events occurring after the reporting period

The outbreak of COVID-19 in Australia and the subsequent measures imposed by the Australian and other governments as well as the travel and trade restrictions imposed by Australia and other countries in early 2020 have caused disruption to businesses and economic activity. The financial effects of COVID-19 have been reflected in the Company's financial statements at 31 March 2020.

The impact of COVID-19 on different industries and companies varies substantially. For Tata Consumer Products Australia Pty Ltd, the impact from the quarantine measures put in place has been minimal, with operations continuing substantially at a normal levels and the easing of restrictions further supports business as usual. Therefore, it is expected that no material impact will result from the COVID-19 crisis and the company is strongly placed to continue operations with little disruption to its earnings, cashflow and financial condition.

Given the inherent unpredictability associated with the COVID-19 outbreak and any further contingency measures that may be put in place by the relevant governments and corporate entities combined with customer behaviours, the actual financial impact of the COVID-19 outbreak, if any, on the Company's 2021 financial statements could be significantly different from the expectations disclosed above depending on how the situation evolves.

No other matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the entity, the results of those operations or the state of affairs of the entity in subsequent financial years.

22 Parent entities

The immediate parent entity is Tata Consumer Products Overseas Holdings Ltd (incorporated in the United Kingdom), which is wholly owned by Tata Global Beverages Services Ltd (incorporated in the United Kingdom). The ultimate parent entity is Tata Consumer Products Ltd (incorporated in India).

23 Related party transactions

23.1 Trading transactions

During the year, group entities entered into the following trading transactions with related parties that are not members of the Group:

	Sales of goods		Purchases of goods	
	2020	2019	2020	2019
	\$	\$	\$	\$
Earth Rules Pty Ltd	171,214	116,632	-	-
Tata Consultancy Services Ltd	2,487	1,620	-	-
Tata Global Beverages GB Ltd	-	-	12,160,738	13,156,347

The following balances were outstanding at the end of the reporting period:

	Amounts owed by related parties		Amounts owed to related parties	
	2020	2019	2020	2019
	\$	\$	\$	\$
Earth Rules Pty Ltd	93,405	145,641	-	-
Tata Consultancy Services Ltd	-	-	48,986	-
Tata Global Beverages GB Ltd	-	-	2,124,311	2,032,712
Tata Global Beverages Services Ltd	-	22,000	-	-

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the current or prior years for bad or doubtful debts in respect of the amounts owed by related parties.

23.2 Other related party transactions

In addition to the above, during the year the company performed and received certain administrative services from related parties, amounts charged and being charged were as follows:

	Administrative services charged to related parties		Administrative services charged by related parties	
	2020	2019	2020	2019
	\$	\$	\$	\$
Earth Rules Pty Ltd	131,650	501,122	-	-
Eight O'clock Coffee Company	-	-	-	21,436
Tata Consultancy Services Ltd	-	-	48,986	-
Tata Global Beverages GB Ltd	-	-	138,201	1,924,036
Tata Global Beverages Services Ltd	-	-	14,604	10,137

23.3 Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the year was as follows:

2020	2019
\$	\$
549,088	630,283

**Tata Consumer Products Australia Pty Ltd
Directors' declaration
31 March 2020**

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporation Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the entity.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the *Corporations Act 2001*.

On behalf of the Directors

A handwritten signature in black ink that reads "S. Eyre". The signature is written in a cursive, flowing style.

Stephen Eyre

Director

Melbourne

18th June 2020

Independent Auditor's Report to the members of Tata Consumer Products Australia Pty Ltd

Opinion

We have audited the financial report of Tata Consumer Products Australia Pty Ltd (the "Entity"), which comprises the statement of financial position as at 31 March 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by the directors.

In our opinion, the accompanying financial report of Tata Consumer Products Australia Pty Ltd, is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Entity's financial position as at 31 March 2020 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Tata Consumer Products Australia Pty Ltd, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Directors' Report the year ended 31 March 2020, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Regime and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company to cease operations, or has no realistic alternative but to do so.

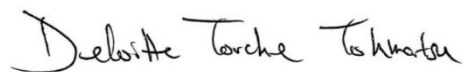
Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



DELOITTE TOUCHE TOHMATSU



Shodai Enters
Partner
Chartered Accountants
Melbourne, 18 June 2020