Tata Global Beverages Australia Pty Ltd

ACN 003 450 922

Financial statements for the year ended 31 March 2017

Tata Global Beverages Australia Pty Ltd ACN 003 450 922
Annual report - 31 March 2017

Contents

Directors' report

Your directors present their report on the company for the year ended 31 March 2017.

Directors

The following persons were directors of Tata Global Beverages Australia Pty Ltd during the whole of the financial year and up to the date of this report:

Sean Hallahan
Stephen Rice
Ajoy Misra
L Krishna Kumar

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 (2016: $nil).

Review of operations

The profit from ordinary activities after income tax amounted to $282,652 (2016 profit: $818,904).

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

No matter or circumstance has arisen since 31 March 2017 that has significantly affected, or may significantly affect:

(a) the company's operations in future financial years, or
(b) the results of those operations in future financial years, or
(c) the company's state of affairs in future 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 Global Beverages 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.

Auditor

PwC Australia continues in office in accordance with section 327 of the *Corporations Act 2001*. This report is made in accordance with a resolution of directors.

S Hallahan
Director

Melbourne
11 May 2017

Auditor's Independence Declaration

As lead auditor for the audit of Tata Global Beverages Australia Pty Ltd for the year ended 31 March 2017, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

Jon Roberts
Partner
PricewaterhouseCoopers

Melbourne
11 May 2017

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

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

Tata Global Beverages 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 11 May 2017. The directors have the power to amend and reissue the financial statements.

Tata Global Beverages Australia Pty Ltd
Statement of comprehensive income
For the year ended 31 March 2017

	Notes	2017	2016
Revenue from continuing operations			
Sale of goods	3	**22,840,538**	25,727,982
Other revenue from continuing operations	3	**369,671**	399,440
		23,210,209	26,127,422
Expenses			
Cost of sales		**(14,783,162)**	(14,539,460)
Other expenses from ordinary activities			
Distribution		**(2,157,357)**	(2,427,633)
Selling		**(3,405,081)**	(4,670,814)
Administration		**(2,038,126)**	(2,928,171)
Borrowing costs	4	**(417,413)**	(391,280)
Profit before income tax		**409,070**	1,170,064
Income tax expense	5	**(126,418)**	(351,160)
Profit for the year		**282,652**	818,904
Other comprehensive income for the year, net of tax		**-**	-
Total comprehensive income for the year		**282,652**	818,904
Profit is attributable to:			
Owners of Tata Global Beverages Australia Pty Ltd		**282,652**	818,904
Total comprehensive income for the year is attributable to:			
Owners of Tata Global Beverages Australia Pty Ltd		**282,652**	818,904

The *above statement of comprehensive income should be read in conjunction with the accompanying notes.*

Tata Global Beverages Australia Pty Ltd
Statement of financial position
As at 31 March 2017

	Notes	2017 $	2016 $
ASSETS			
Current assets			
Cash and cash equivalents	6	**16,470**	386
Receivables	7	**5,784,124**	6,393,274
Inventories	8	**1,906,556**	2,501,704
Current tax receivables		**-**	-
Total current assets		**7,707,150**	8,895,364
Non-current assets			
Receivables	9	**-**	12,796,158
Plant and equipment	10	**177,280**	117,013
Deferred tax assets	11	**954,715**	1,081,133
Intangible assets	12	**317,892**	388,807
Total non-current assets		**1,449,887**	14,383,111
Total assets		**9,157,037**	23,278,475
LIABILITIES			
Current liabilities			
Payables	13	**4,695,566**	5,605,599
Borrowings	14	**-**	13,543,512
Provisions	15	**774,668**	644,880
Total current liabilities		**5,470,234**	19,793,991
Non-current liabilities			
Provisions	16	**8,893**	89,226
Total non-current liabilities		**8,893**	89,226
Total liabilities		**5,479,127**	19,883,217
Net assets		**3,677,910**	3,395,258
EQUITY			
Contributed equity	17	**11,800,000**	11,800,000
Accumulated losses	18	**(8,122,090)**	(8,404,742)
Total equity		**3,677,910**	3,395,258

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

	Contributed equity $	Accumulated losses $	Total equity/ (deficiency in equity) $
Balance at 1 April 2015	11,800,000	(9,223,646)	2,576,354
Profit for the year	-	818,904	818,904
Other comprehensive income			
Total comprehensive income for the year	**-**	**818,904**	**818,904**
Transactions with owners in their capacity as owners:			
Contributions of equity, net of transaction costs and tax	-	-	-
Balance at 31 March 2016	**11,800,000**	**(8,404,742)**	**3,395,258**
Balance at 1 April 2016	11,800,000	(8,404,742)	3,395,258
Profit for the year	-	282,652	282,652
Other comprehensive income	-	-	-
Total comprehensive income for the year	**-**	**282,652**	**282,652**
Balance at 31 March 2017	**11,800,000**	**(8,122,090)**	**3,677,910**

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

	Notes	2017	2016
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**23,979,040**	26,145,343
Payments to suppliers and employees (inclusive of goods and services tax)		**(23,493,464)**	(26,014,493)
		485,576	130,850
Interest received		**369,671**	399,440
Income Tax received		**-**	-
Net cash inflow from operating activities	23	**855,247**	530,290
Cash flows from investing activities			
Payments for plant and equipment		**(91,809)**	(57,828)
Proceeds from loans to related parties		**12,796,158**	(7,647,251)
Net cash inflow (outflow) from investing activities		**12,704,349**	(7,705,079)
Cash flows from financing activities			
Payments of borrowings		**(13,543,512)**	7,172,379
Proceeds from issues of shares and other equity securities		**-**	-
Net cash (outflow) inflow from financing activities		**(13,543,512)**	7,172,379
Net increase (decrease) in cash and cash equivalents		**16,084**	(2,410)
Cash and cash equivalents at the beginning of the financial year		**386**	2,796
Cash and cash equivalents at end of year	6	**16,470**	386

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

Contents of the notes to the financial statements

1 Summary of significant accounting policies

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 Global Beverages Australia Pty Ltd.

(a) Basis of preparation

(i) Special purpose financial report

In the directors' opinion, the company is not a reporting entity because there are no users dependent on general purpose financial reports.

This is a special purpose financial report that has been prepared for the sole purpose of complying with the *Corporations Act 2001* requirements to prepare and distribute a financial report to the members and must not be used for any other purpose.

The financial report has been prepared in accordance with the recognition and measurement principles of all applicable Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. It contains the disclosures that are mandatory under the Accounting Standards and those considered necessary by the directors to meet the needs of the members. Tata Global Beverages Australia Pty Ltd is a for-profit entity for the purpose of preparing the financial statements.

(ii) New and amended standards adopted by the group

The company has not changed or amended any accounting policies as a result of new or revised accounting standards during the year reporting period commencing 1 April 2016.

The following standards and interpretations have been published but are not yet effective, and may have an impact on future reporting periods:

(A) AASB 9 Financial Instruments

AASB 9 Financial Instruments addresses the classification, measurement and de-recognition of financial assets and financial liabilities, partially replacing AASB 139 Financial instruments: Recognition and measurement. This standard is available for early adoption however will not become mandatory for the company's financial statements until the year ended 31 March 2018.

The company has not yet decided when to adopt AASB 9 and is currently assessing the impact of the standard.

(B) AASB 15 Revenue from Contracts with Customers

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 Revenue, which covers contracts for goods and services and AASB 111 Construction Contracts, which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The notion of control in AASB 15 replaces the existing notion of risks and rewards.

The standard is applicable to reporting periods ending 31 March 2018. The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application without restating the comparative period. The company will only need to apply the new rules to existing contracts that are not completed as of the date of initial application.

The company has not yet decided when to adopt AASB 15 and is currently assessing the impact of the standard.

1 Summary of significant accounting policies (continued)

(a) *(ii) New and amended standards adopted by the group* (continued)

(C) AASB 16 Leases

The AASB has issued a new standard for the recognition, measurement and classification of leases. This will replace AASB 117 Leases. The new standard eliminates the classification of leases as either operating leases or finance leases for a lessee. Operating leases will be capitalised on the Statement of Financial Position by recognising the present value of the lease, similar to a finance lease under the existing standard. The impact on the Statement of Comprehensive Income is that all operating leases will no longer be operational expenditure, rather it will comprise of depreciation on the right of use and interest on its lease liability.

AASB 16 is effective for annual reporting periods beginning on or after 1 January 2019. Early application is permitted for entities that apply AASB 15 Revenue from Contracts with Customers at or before the date of initial application of AASB 16. The company has not yet decided when to adopt AASB 16 and is currently assessing the impact of the standard.

(D) Other standards and interpretations

There are no other standards that are not yet effective and that are expected to have a material impact on the company in future reporting periods.

(iii) Historical cost convention

The financial statements have been prepared under the historical cost convention.

(iv) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

(v) Comparative information

Comparative figures have been adjusted due to reclassification of overriders and other trade rebates to present more relevant figures for the users of the financial statements.

Costs associated with overriders (volume incentives) and other trade rebates relate to trade promotions that should be netted off against revenue. These promotions were worth $3.320M and disclosed as a part of Other Expenses in prior year. They have accordingly been reclassified to net off the prior year revenue number of $29.447M to bring it down to $26.127M.

1 Summary of significant accounting policies (continued)

(b) 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.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates, case deals, overriders and amounts collected on behalf of third parties.

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the company's activities as described below. The company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

(i) Sale of goods

Revenue from the sale of goods is recognised when the goods have been delivered and the associated risks have passed to the customers.

(ii) Interest revenue

Interest revenue is recognised when it is received.

(d) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

1 Summary of significant accounting policies (continued)

(d) Income tax (continued)

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(e) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the company as lessee are classified as operating leases (note 21). Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

(f) 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.

(g) 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.

(h) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally settled within 30-60 days from the date of recognition.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the statement of comprehensive income.

1 Summary of significant accounting policies (continued)

(i) 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.

(j) 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	3 - 7 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(f)).

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

(k) 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)

(l) 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.

(m) 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.

(n) 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.

(o) 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.

(p) Contributed equity

Ordinary shares are classified as equity (note 17).

(q) 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.

(i) 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(f). The recoverable amounts of cash generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions.

(ii) Carrying value of deferred tax asset

The company has recognised deferred tax assets relating to carried forward tax losses to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority. The company has in place appropriate plans in order to ensure the carrying value of this asset is supported and the losses are recognised. However, utilisation of the tax losses will also depend on the ability of the company to satisfy certain tests at the time the losses are recouped.

3 Revenue

	2017 $	2016 $
From continuing operations		
Sales revenue		
Sale of goods	**22,840,538**	25,727,982
Other revenue		
Interest from third parties	**9,249**	2,423
Interest from related parties	**360,422**	397,017
	23,210,209	26,127,422

4 Expenses

	2017 $	2016 $
Profit/(loss) before income tax includes the following specific expenses:		
Depreciation and amortisation	**102,457**	99,705
Finance costs		
Interest and finance charges paid/payable	**417,413**	391,280
Rental expense relating to operating leases		
Minimum lease payments	**252,521**	252,521
Employee benefits expense	**2,970,185**	2,785,017

5 Income Tax Expense

	2017 $	2016 $
Adjustment for income tax of prior years	**1**	(8,741)
Decrease (increase) in deferred tax assets	**126,417**	359,901
	126,418	351,160

6 Current assets – Cash and cash equivalents

	2017 $	2016 $
Cash at bank and in hand	**16,470**	386

7 Current assets - Trade and other receivables

	2017 $	2016 $
Trade receivables	**5,096,756**	5,376,527
Provision for impairment of receivables	**-**	-
	5,096,756	5,376,527
Receivables from related party	**450,580**	738,106
Other receivables	**95,739**	134,196
Prepayments	**141,049**	144,445
	5,784,124	6,393,274

8 Current assets - Inventories

	2017 $	2016 $
Finished goods - at cost	**2,213,895**	2,907,416
Provision	**(307,339)**	(405,712)
	1,906,556	2,501,704

9 Non-current assets - Receivables

	2017 $	2016 $
Loans to Earth Rules Pty Ltd	**-**	12,796,158

10 Non-current assets - Plant and equipment

	Plant and equipment $	Total $
At 1 April 2015		
Cost	220,461	220,461
Accumulated depreciation	(132,487)	(132,487)
Net book amount	87,974	87,974
Year ended 31 March 2016		
Opening net book amount	87,974	87,974
Additions	57,828	57,828
Disposals	-	-
Depreciation charge	(28,789)	(28,789)
Closing net book amount	117,013	117,013
At 31 March 2016		
Cost	278,289	278,289
Accumulated depreciation	(161,276)	(161,276)
Net book amount	117,013	117,013
Year ended 31 March 2017		
Opening net book amount	117,013	117,013
Additions	91,809	91,809
Disposals	-	-
Depreciation charge	(31,542)	(31,542)
Closing net book amount	177,280	177,280
At 31 March 2017		
Cost	370,098	370,098
Accumulated depreciation	(192,818)	(192,818)
Net book amount	177,280	177,280

11 Non-current assets - Deferred tax assets

	2017 $	2016 $
Deferred tax assets expected to be recovered within 12 months	357,878	388,909
Deferred tax assets expected to be recovered after more than 12 months	596,837	692,224
	954,715	1,081,133

Tata Global Beverages entered into an Advanced Pricing Agreement (APA) with the Australian Tax office. The APA is for a period of five years commencing 1 April 2012 through to March 2017. The agreement is designed to establish a net operating operating margin between 2% - 4% as a profit level indicator. This agreement has also provided a reliable and measurable deferred tax asset balance in relation to accumulated losses for the year ended 31 March 2013. This figure has subsequently been updated to reflect 31 March 2017 closing position.

12 Non-current assets - Intangible assets

	Goodwill $	Computer software $	Total $
At 1 April 2015			
Cost	500,000	502,179	1,002,179
Accumulation amortisation and impairment	(294,391)	(248,065)	(542,456)
Net book amount	205,609	254,114	459,723
Year ended 31 March 2016			
Opening net book amount	205,609	254,114	459,723
Amortisation charge	-	(70,916)	(70,916)
Closing net book amount	205,609	183,198	388,807
At 31 March 2016			
Cost	500,000	502,179	1,002,179
Accumulated mortization and impairment	(294,391)	(318,981)	(613,372)
Net book amount	205,609	183,198	388,807
Year ended 31 March 2017			
Opening net book amount	205,609	183,198	388,807
Amortisation charge	-	(70,915)	(70,915)
Closing net book amount	205,609	112,283	317,892
At 31 March 2017			
Cost	500,000	502,179	1,002,179
Accumulated amortisation and impairment	(294,391)	(389,896)	(684,287)
Net book amount	205,609	112,283	317,892

13 Current liabilities - Trade and other payables

	2017 $	2016 $
Trade payables	**738,150**	1,579,020
Accrued expenses and other payables	**2,310,426**	1,289,650
Amounts due to related parties	**1,646,990**	2,736,929
	4,695,566	5,605,599

14 Current liabilities - Borrowings

	2017 $	2016 $
Bank overdrafts - HSBC	-	13,543,512

15 Current liabilities - Provisions

	2017 $	2016 $
Employee benefits (a)	**774,668**	644,880

(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.

	2017 $	2016 $
Current leave obligations expected to be settled after 12 months	**225,233**	112,405

16 Non-current liabilities - Provisions

	2017 $	2016 $
Employee benefits	**8,893**	89,226

17 Contributed equity

(a) Share capital

	2017 Shares	2016 Shares	2017 $	2016 $
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 2015	Opening balance	11,800,000	11,800,000
31 March 2016	Closing balance	11,800,000	11,800,000
1 April 2016	Opening balance	11,800,000	11,800,000
31 March 2017	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 Ltd 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.

18 Accumulated losses

Movements in accumulated losses were as follows:

	2017 $	2016 $
Balance 1 April	**(8,404,742)**	(9,223,646)
Net profit for the year	**282,652**	818,904
Balance 31 March	**(8,122,090)**	(8,404,742)

19 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 (2016: $nil).

(b) Franked dividends

The franked portions of the final dividends recommended after 31 March 2017 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 2017.

	2017	2016
	$	$
Franking credits available for subsequent reporting periods based on a tax rate of 30% (2016 - 30%)	**985,614**	985,614

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.

20 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the company:

(a) PwC Australia

	2017	2016
	$	$
Audit and other assurance services		
Audit and review of financial statements	**90,000**	89,000
Total remuneration for audit and other assurance services	**90,000**	89,000
Taxation services		
Tax compliance services, including review of company income tax returns and tax advice	**33,200**	33,200
Total remuneration for taxation services	**33,200**	33,200
Other services		
Assets transfer tax advice	**16,200**	-
Total remuneration for other services	**16,200**	-
Total remuneration of PwC Australia	**139,400**	122,200

21 Commitments

Lease commitments: company as lessee

	2017	2016
	$	$
Commitments in relation to leases contracted for at the end of each reporting period but not recognised as liabilities, payable:		
Within one year	**302,166**	286,270
Later than one year but not later than five years	**752,897**	987,558
Later than five years	**-**	-
	1,055,063	1,273,828
Representing:		
Cancellable operating leases	**1,055,063**	1,273,828

22 Parent entities

The immediate parent entity is Tata Global Beverages 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 Global Beverages Ltd (incorporated in India).

23 Reconciliation of profit after inflow income tax to net cash inflow from operating activities

	2017	2016
	$	$
Profit for the year	**282,652**	818,904
Depreciation and amortisation	**102,457**	99,705
Change in operating assets and liabilities:		
Decrease/(Increase) in receivables	**609,150**	(316,077)
Decrease/(Increase) in inventories	**595,148**	(712,387)
Decrease in deferred tax assets	**126,418**	351,160
Decrease in current tax receivables	**-**	-
(Decrease)/Increase in payables and provisions	**(860,578)**	288,985
Net cash inflow from operating activities	**855,247**	530,290

As stated in note 1(a) to the financial statements. in the directors' opinion, the company is not a reporting entity because there are no users dependent on general purpose financial reports. This is a special purpose financial report that has been prepared to meet *Corporations Act 2001* requirements.

The financial report has been prepared in accordance with Accounting Standards and mandatory professional reporting requirements to the extent described in note 1.

In the directors' opinion:

(a) the financial statements and notes set out on pages 4 to 25 are in accordance with the *Corporations Act 2001*, including:
   (i) complying with Accounting Standards and other mandatory professional reporting requirements as detailed above, and the *Corporations Regulations 2001;* and
   (ii) giving a true and fair view of the entity's financial position as at 31 March 2017 and of its performance for the year ended on that date, and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of directors.

S Hallahan
Director

Melbourne
11 May 2017

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Independent auditor's report

To the shareholders of Tata Global Beverages Australia Pty Ltd

Our opinion

In our opinion:

The accompanying financial report of Tata Global Beverages Australia Pty Ltd (the Company) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Company's financial position as at 31 March 2017 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards to the extent described in Note 1 and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the statement of financial position as at 31 March 2017
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the directors' declaration.

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

Independence

We are independent of the Company 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.

Emphasis of matter - basis of accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting

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responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report comprises the Directors' report included in the financial report, 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 accordingly 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 identified above 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 on the other information obtained prior to the date of this auditor's report, 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 and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The directors' responsibility also includes 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 or to cease operations, or have 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 the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:
http://www.auasb.gov.au/auditors_files/ar3.pdf. This description forms part of our auditor's report.

PricewaterhouseCoopers

Jon Roberts
Partner

Melbourne
11 May 2017