

Tata Global Beverages Investments Limited

Registered Number: 5932003

Annual Report and Financial Statements

Year ended 31 March 2017

Tata Global Beverages Investments Limited

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Tata Global Beverages Investments Limited

Strategic report

Strategic report for the year ended 31 March 2017

The directors present their strategic report for the year ended 31 March 2017.

Review of the business

Tata Global Beverages Investments Limited (the "company") acts as an intermediate holding company for new businesses as well as an operating company and expects to continue to act in this capacity in the future.

During the period, the company recognised an impairment of £7.3m (period ended 31 March 2016: £5.1m) in respect of the company's loans given to Kahutara Holding Limited, the holding company for the Russian operations reflecting the continuation of macro-economic uncertainty and underperformance against strategic plans (refer to note 12). An impairment of £2.6m was also recognised against the company's available for sale investment, reflecting a decline in fair value with performance and future plans behind previous management expectations.

Finance income for the financial period amounted to £9.8m (period ended 31 March 2016: £16.4m) which is derived from loans owed by group undertakings and loans to other related companies (refer to note 12). Administrative expenses for the financial period were £1.8m (period ended 31 March 2016: £3.9m) a decrease of £2.1m largely due to costs in the prior year associated to an acquisition which was not completed.

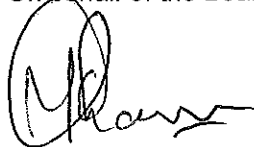
The company recorded a loss for the financial period of £3.4m mainly due to impairment provisions (period ended 31 March 2016: £1.0m). Dividends of £nil (period ended 31 March 2016: £7m) were proposed and paid during the period. The directors do not recommend the payment of a final dividend (period ended 31 March 2016: £nil). The net asset position of the company as at 31 March 2017 was £384.1m, a decrease from £387.6m as at 31 March 2016. There were no movements recorded in other comprehensive income during the period.

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to adjust the capital structure, on 7 April 2016, the Company's directors agreed that the issued share capital of the Company be reduced from £234m to £1 with the reduction supported by a solvency statement, and that the balance of £234m, being the amount of reduction in the total issued share capital, be converted to distributable reserves.

Principal risks and uncertainties

The directors of Tata Global Beverages Group Limited manage the company's risks at a group level, rather than at an individual business unit level. Please refer to the financial statements of Tata Global Beverages Group Limited for a discussion of the principal risks and uncertainties surrounding the business.

On behalf of the Board



M Thakrar
Director
26 May 2017

Tata Global Beverages Investments Limited

Directors' report

Directors' report for the year ended 31 March 2017

The directors present their annual report and the audited financial statements for the year ended 31 March 2017. The financial period from 1 April 2016 to 31 March 2017 is a 12 month period, however, the comparative period from 1 October 2014 to 31 March 2016 is an 18 month period.

Future Developments

There were no dividends received from investments in the current period which is consistent with the prior period ended 31 March 2016. The company has continued to pursue a number of other acquisitions in which it intends to invest its cash assets. In the interim, the company has invested the cash in a combination of short term bank deposits and loans to other Tata companies and corporations.

Dividends

Please refer to strategic report.

Directors

The directors of the company who were in office during the period and up to the date of the signing of the financial statements were as follows:

A Misra
L Krishna Kumar
H Bhat
M Thakrar
S Shah (appointed 27 July 2016)

The company secretary, who is not a director is M Bailey.

Treasury policy and financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in foreign currency exchange rates and liquidity. The Tata Global Beverages Group Limited ("Group") board approves Treasury policy that provides a framework to manage these risks on financial performance. The application of the policy, together with the management of day-to-day treasury operations, is managed by the Group Treasury function. Treasury activities are reported to the board on a regular basis and are subject to periodic independent review and audit, both internal and external.

Treasury policy is in place designed to manage the main financial risks faced by the company in relation to hedging. The policy dictates that the exposure to any one counterparty or type of instrument be within specified limits and that company exposure to exchange rate movements is managed according to set parameters.

The treasury function enters into derivative transactions, principally forward currency contracts and options. The purpose of these transactions is to manage the currency risks arising from the company's underlying business operations. In the context of the company's business operations, no transactions are undertaken which are speculative in nature.

Tata Global Beverages Investments Limited

Directors' report (continued)

Treasury policy and financial risk management (continued)

(i) Liquidity risk

The company ensures that there is adequate financing available to fund growth and has adequate capacity to meet its funding requirements. The company ensures its cash reserves are sufficient for this purpose. Should the overall structure change the company is confident that debt can be raised by the Group from the market on attractive terms.

(ii) Foreign currency exchange rates risk

Foreign exchange risk is transaction risk which arises from income and expenses denominated in foreign currencies, investments held in foreign jurisdictions and receivables denominated in foreign currencies. The company's transaction risk consists mainly of income and costs associated with loans to group undertakings which are denominated in different foreign currencies.

The company hedges its transaction exposures with a combination of forward contracts and options. Group Treasury monitors exposures through cashflow forecasts up to three months forward.

The maximum period for which transaction exposures may be hedged under Group policy is 12 months, with specific board approval.

Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial period and is currently in force. The company also has Directors' and Officers' liability insurance in respect of itself and its Directors which is purchased and maintained throughout the financial year by a fellow company in the Tata Global Beverages Group. No direct recharge is made to the company.

Events subsequent to the end of the financial period

On the 17th May the company proposed and approved a £17m dividend which was paid on 18th May.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the group financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and of the profit or loss of the group for that period.

Tata Global Beverages Investments Limited

Directors' report (continued)

Statement of directors' responsibilities (continued)

In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's transactions and disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the group financial statements.

The directors are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

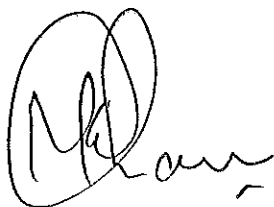
In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the group's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, will cease to hold office resulting from mandatory rotation requirement of the ultimate parent company, Tata Global Beverages Limited. Following a formal tender process the directors have agreed to appoint Deloitte LLP after PricewaterhouseCoopers resign as auditors and the resolution concerning their appointment will be proposed at the Annual General Meeting.

On behalf of the Board



M Thakrar
Director
26 May 2017

Tata Global Beverages Investments Limited

Independent auditors' report to the members of Tata Global Beverages Investments Limited

Report on the financial statements

Our opinion

In our opinion, Tata Global Beverages Investments Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report, comprise:

- the statement of financial position as at 31 March 2017;
- the income statement and statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Tata Global Beverages Investments Limited

Independent auditors' report to the members of Tata Global Beverages Investments Limited (continued)

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on pages 5 and 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

Tata Global Beverages Investments Limited

Independent auditors' report to the members of Tata Global Beverages Investments Limited (continued)

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Hitesh Haria (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Uxbridge
26 May 2017

Tata Global Beverages Investments Limited

Statement of comprehensive income

For the year ended 31 March 2017

		Year ended ended 31 March	18 month period ended 31 March
	Note	2017 £'000	2016 £'000
Administrative expenses		(1,776)	(3,949)
Impairment of investments and available for sale financial assets	11 / 10	(2,628)	(3,860)
Impairment of balances due from group undertakings	12	(7,263)	(5,127)
Operating loss		(11,667)	(12,936)
Finance income	6	9,743	16,403
Finance costs	7	-	(6)
(Loss) / Profit on ordinary activities before taxation		(1,924)	3,461
Income tax expense	8	(1,489)	(2,499)
(Loss) / Profit for the financial period		(3,413)	962
Total comprehensive (expense) / income for the financial period		(3,413)	962

The notes on pages 13 to 24 are an integral part of these financial statements.

Tata Global Beverages Investments Limited

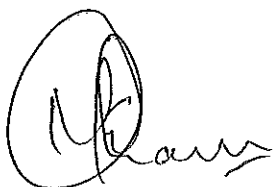
Statement of financial position

As at 31 March 2017

	Note	As at 31 March 2017 £'000	As at 31 March 2016 £'000
Fixed assets			
Investments	10	-	-
Available-for-sale financial assets	11	-	2,628
		-	2,628
Current assets			
Trade and other receivables	12	336,350	364,653
Cash and cash equivalents	13	49,729	20,628
		386,079	385,281
Creditors - amounts falling due within one year	14	(1,934)	(351)
Net current assets		384,145	384,930
Total assets less current liabilities		384,145	387,558
Net assets		384,145	387,558
Equity			
Share capital	15	-	233,748
Retained earnings		384,145	153,810
Total equity		384,145	387,558

The notes on pages 13 to 24 are an integral part of these financial statements.

The financial statements on pages 13 to 24 were approved by the board of directors on 19 May 2017 and were signed on its behalf by:



M Thakrar
Director
26 May 2017

Tata Global Beverages Investments Limited
Registered number 5932003

Tata Global Beverages Investments Limited

Statement of changes in equity

For the year ended 31 March 2017

	Note	Share capital £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 October 2014		233,748	159,848	393,596
Profit for the period		-	962	962
Total comprehensive loss for the period		-	962	962
Dividends paid	9	-	(7,000)	(7,000)
Balance as at 31 March 2016		233,748	153,810	387,558
Balance as at 1 April 2016		233,748	153,810	387,558
Loss for the period		-	(3,413)	(3,413)
Total comprehensive loss for the period		-	(3,413)	(3,413)
Share capital reduction	15	(233,748)	233,748	-
Balance as at 31 March 2017		-	384,145	384,145

The notes on pages 13 to 24 are an integral part of these financial statements

Tata Global Beverages Investments Limited

Notes to the financial statements for the year ended 31 March 2017

1. General Information

Tata Global Beverages Investments Limited ("the company") acts as an intermediate holding entity with investments in and loans to subsidiaries within the Tata Global Beverages Group Limited. During the period there were no additions or disposals in the investment held in the subsidiaries. The company is a wholly owned subsidiary of Tata Global Beverages Group Limited ("the group") which in turn is a subsidiary of the ultimate parent company Tata Global Beverages Limited incorporated in India.

The company is a private limited company and is incorporated and domiciled in the United Kingdom. The address of its registered office is 325 Oldfield Lane North, Greenford, Middlesex, UB6 0AZ.

2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are either set out below or included in the accompanying notes. These policies have been consistently applied to all the years / periods presented, unless otherwise stated.

(a) Basis of preparation

The financial statements of Tata Global Beverages Investments Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, in accordance with the Companies Act 2006, as applicable to companies using FRS 101.

The preparation of financial statements in conformity with FRS 101 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 3.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial Instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d), (statement of cash flows)
 - 16 (statement of compliance with all IFRS),
 - 38A (requirement for minimum of two primary statements, including cash flow statements),
 - 38B-D (additional comparative information),
 - 111 (cash flow statement information), and
 - 134-136 (capital management disclosures)
- IAS 7, 'Statement of cash flows'
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

Tata Global Beverages Investments Limited

Notes to the financial statements for the year ended 31 March 2017

2. Summary of significant accounting policies (continued)

(b) Going concern

In adopting the going concern basis for preparing the financial statements, the directors have considered the business activities and the company's principal risks and uncertainties as set out in the Strategic Report. The directors confirm that they have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and they have adopted the going concern basis in preparing the financial statements.

(c) New accounting standards and interpretations adopted by the company

There are no new FRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 April 2014 that would be expected to have a material impact on the company.

(d) Consolidated financial statements

The company has taken advantage of the exemption provided by Section 400 of the Companies Act 2006 not to prepare group financial statements as the results are included in the consolidated financial statements of Tata Global Beverages Group Limited which are publicly available.

(e) Function and presentation currency financial statements

The company's functional and presentation currency is the pound sterling.

(f) Investments

Investments represent equity interests in subsidiary undertakings, and these are shown at cost less provision for impairment. At each reporting date investments are reviewed to determine whether there is any indication of impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected investment is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the income statement.

If an impairment loss subsequently reverses, the carrying amount of the investment is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the investment in prior years. A reversal of an impairment loss is recognised immediately in the income statement. See note 10 for the net carrying amount of the investments and associated impairment. The company has elected to use the deemed cost alternative available under FRS 101 where the aggregate deemed cost of the investments are deemed to be the cost as recorded under UK GAAP.

Tata Global Beverages Investments Limited

Notes to the financial statements for the year ended 31 March 2017

2. Summary of significant accounting policies (continued)

(g) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives and are not held for trading and changes in fair value are presented in the income statement. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Available-for-sale financial assets are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. The fair value is assessed based on recent transaction entered into with third parties or based of valuation completed by external appraisers.

Dividend income from available-for-sale financial assets is recognised in the income statement as part of other income when the company's right to receive payments is established. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For equity investments in unlisted companies, fair value is assessed based on recent transactions entered into with third parties, put or call options negotiated with third parties or external appraisals. When it is not possible to determine a reliable estimate of fair value, the investments are held at acquisition cost.

For equity investments, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement – is removed from equity and recognised in the income statement.

(h) Trade and other receivables

Trade and other receivables are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

(i) Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Tata Global Beverages Investments Limited

Notes to the financial statements for the year ended 31 March 2017

2. Summary of significant accounting policies (continued)

(j) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(k) Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

(l) Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

(m) Dividend income

Dividend income is recognised when the right to receive payment is established.

(n) Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the rate of exchange prevailing at the transaction date. Monetary assets and liabilities in foreign currencies are re-translated at the rate of exchange ruling at the balance sheet date. All exchange differences are taken to the income statement.

(o) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, 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.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Tata Global Beverages Investments Limited

Notes to the financial statements for the year ended 31 March 2017

2. Summary of significant accounting policies (continued)

(o) Current and deferred income tax (continued)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred income tax is recognised 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 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 substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

(p) Derivative financial Instruments

Foreign currency forward contracts are entered into to hedge translational exposures of its cash assets. Foreign currency forward contracts are retranslated at the year-end rate and gains and losses arising on the contracts are matched against foreign currency gains and losses arising on the underlying assets. Any exchange difference on account of timing differences are taken to the income statement.

3. Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events 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 addressed below.

(i) Impairment of loans and balances

The company makes an estimate of the recoverable value of its loans and balances due from group companies. When assessing impairment of loans and balances due from group companies, management considers the credit-worthiness of the borrower - the existing and future trading cash flows, the economic environment in which the business operates and historical repayment experience. See note 12 for the net carrying amount of the loans and balances due from group companies including any associated impairment provision.

Tata Global Beverages Investments Limited

Notes to the financial statements for the year ended 31 March 2017

3. Critical accounting judgements and estimation uncertainty (continued)

(ii) Impairment of investments

The company conducts impairment reviews of its investments whenever circumstances indicate that their carrying amounts may not be recoverable. Determining whether an asset is impaired requires an estimation of the recoverable amount, which requires the company to estimate the value in use which is based on future cash flows and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, an impairment loss may arise. See note 10 for the net carrying amount of the investment in subsidiaries and associated impairment provision.

4. Auditors' remuneration

The auditors' remuneration is paid by Tata Global Beverages Services Limited, a subsidiary of the Tata Global Beverages Group Limited. The audit fee of £425,000 (Period ended 31 March 2016: £408,000) was paid in aggregate for the audit of the UK based subsidiaries of Tata Global Beverages Group Limited and no split is separately available for the audit of the company.

5. Directors and employees

The directors did not receive any emoluments in the period in respect of their services as directors of the company (Period ended 31 March 2016: £nil). The directors are all remunerated for their services to the Group as a whole. Other than the directors, the company has no employees (Period ended 31 March 2016: nil).

6. Finance income

	Year ended 31 March 2017 £'000	Period ended 31 March 2016 £'000
Interest income	9,419	15,919
Exchange gains on US dollar loans and cash deposits	324	484
Total	9,743	16,403

7. Finance costs

	Year ended 31 March 2017 £'000	Period ended 31 March 2016 £'000
Interest expense	-	6
Total	-	6

Tata Global Beverages Investments Limited

Notes to the financial statements for the year ended 31 March 2017

8. Income tax expense

The tax assessed on the profit on ordinary activities for the period is lower (period ended 31 March 2016: higher) than that of the standard rate of corporation tax in the UK of 20% (period ended 31 March 2016: 20.3%). The differences are explained below:

	Year ended 31 March 2017 £'000	Period ended 31 March 2016 £'000
Current tax:		
UK corporation tax on (loss) / profit for the financial period	1,593	2,540
Adjustments in respect of prior years	(104)	(41)
Total current tax charge for the financial period	1,489	2,499
Tax on profit before taxation	1,489	2,499

	Year ended 31 March 2017 £'000	Period ended 31 March 2016 £'000
(Loss) / profit on ordinary activities before tax	(1,924)	3,461
(Loss) / profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2016: 20.3%)	(385)	703
Expenses not deductible for tax purposes		
Impairment of investment	526	789
Impairment of loan balance due from group undertakings	1,453	1,048
Adjustments to tax charge in respect of prior years	(104)	(41)
Tax on profit before taxation	1,489	2,499

Factors that may affect future tax:

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

9. Dividends

	Year ended 31 March 2017 £'000	Period ended 31 March 2016 £'000
Equity - Ordinary		
Interim paid: Nil (2016: 3.0p) per £1 share	-	7,000

Tata Global Beverages Investments Limited

Notes to the financial statements for the year ended 31 March 2017

10. Investments

Cost	2017	2016
At 1 April 2016 and 1 October 2014	3,860	3,860
At 31 March	3,860	3,860
Impairment		
At 1 April 2016 and 1 October 2014	(3,860)	(3,860)
At 31 March	(3,860)	(3,860)
Net book value	-	-

The principal subsidiary undertakings are as follows:

Name of undertaking	Country of incorporation	Sector in which undertaking operates	Proportion of equity and voting rights held	Direct / Indirectly held
Campestres Holdings Limited	Cyprus	Holding Company	100%	Direct
Kahutara Holdings Limited	Cyprus	Holding company	65%	Indirect
Suntyno Holding Limited	Cyprus	Holding company	65%	Indirect
Onomento Co Limited	Cyprus	Tea and Coffee	65%	Indirect
OOO Tea Trade LLC	Russia	Tea and Coffee	65%	Indirect
OOO Suntyn LLC	Russia	Tea and Coffee	65%	Indirect

None of the investments are quoted and the company has not received any dividends from its subsidiaries in the period.

11. Available-for-sale financial assets

	2017	2016
Cost		
At 1 April 2016 and 1 October 2014	2,628	3,845
Disposal of trade investment	-	(1,217)
At 31 March	2,628	2,628
Impairment		
At 1 April 2016 and 1 October 2014	-	-
Charge for the year	(2,628)	-
At 31 March	(2,628)	-
Net book value	-	2,628

The available-for-sale financial asset comprises of unlisted equity shares and an impairment loss of £2,268k was taken during the year, reflecting a decline in fair value with performance during the year and its' future outlook having fallen behind management expectations.

Tata Global Beverages Investments Limited

Notes to the financial statements for the year ended 31 March 2017

12. Trade and other receivables

	31 March 2017 £'000	31 March 2016 £'000
Amounts owed by group undertakings	200,132	203,843
Amounts owed by related parties	103,171	102,341
Loans to other corporations	29,346	56,162
Other receivables	3,701	2,307
Total	336,350	364,653
<i>Less amounts falling due after more than one year:</i>		
Amounts owed by group undertakings	(135,148)	(136,136)
Amounts owed by related parties	(96,163)	(96,268)
Amounts falling due within one year	105,039	132,249

Amounts owed by group undertakings

The current portion of amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

The non-current portion of amounts owed by group undertakings includes a loan to Kahutara Limited of £2,148k (2016: £7,563k) on which interest is charged at a margin over LIBOR of 5.5% (2016: margin over LIBOR of 5.5%) and a loan to Tata Global Beverages Group Limited of £133,000k (2016: £128,573k) on which interest is charged at a margin over LIBOR of 2% (2016: margin over LIBOR of 2%).

The amount receivable from Kahutara Limited is stated after provisions for impairment of £12,390k (2016: £5,127k).

Amounts owed by related parties

Amounts owed by related parties and interest rates have been disclosed in note 18.

Loans to other corporations

Loans to other corporations comprise of a loan of £4,006k (2016: £3,470k) on which interest is charged at a fixed interest rate of 4.5% (2016: 4.5%) per annum and the loan matures on 31 August 2017, and a further loan of £25,340k (2016: £52,695k) on which interest is charged at variable interest rates between 3.5% and 4% + USD LIBOR (2016: between 3.5% and 4% + USD LIBOR) per annum and the loan is repayable as various maturities up until 30 September 2017.

Tata Global Beverages Investments Limited

Notes to the financial statements for the year ended 31 March 2017

13. Cash and cash equivalents

	31 March 2017 £'000	31 March 2016 £'000
Cash and cash equivalents	49,729	20,628
Total	49,729	20,628

Cash and cash equivalents represent short term fixed deposit investments maturing at various dates up to 30 June 2017.

14. Creditors: amounts falling due within one year

	31 March 2017 £'000	31 March 2016 £'000
Amounts owed to group undertakings	1,776	-
Other Creditors	158	351
Total	1,934	351

Amounts owed to group undertakings represent £1,776k (31 March 2016: £nil) owed in respect of management charges from group companies.

15. Share capital

	31 March 2017 £'000	31 March 2016 £'000
Authorised		
Ordinary shares of £1 each	500,000	500,000
Allotted, called up and fully paid		
Ordinary shares of £1 each	-	233,748

On 7 April 2016, the Company's directors agreed that the issued share capital of the Company be reduced from £234,748k to £1 with the reduction supported by a solvency statement, and that the balance of £234,748k, being the amount of reduction in the total issued share capital, be converted to distributable reserves.

16. Derivative financial instruments

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

At the balance sheet date, the company had forward sales of US dollars amounting to USD 94.9 million (31 March 2016: USD 141.6 million) in forward contracts of up to twelve months in respect of its US dollar denominated cash and receivables.

Tata Global Beverages Investments Limited

Notes to the financial statements for the year ended 31 March 2017

17. Parent company

The immediate parent undertaking and the smallest parent company to include the company's results in its consolidated financial statements is Tata Global Beverages Group Limited, a company incorporated in the United Kingdom. Copies of that company's financial statements may be obtained from 325 Oldfield Lane North, Greenford, Middlesex, UB6 0AZ. The largest company to consolidate the company's results and the company's ultimate controlling and parent undertaking is Tata Global Beverages Limited, a company registered in India. The consolidated financial statements of Tata Global Beverages Limited are available from 1 Bishop Lefroy Road, Kolkata, India.

18. Related party transactions

The company entered into the following transactions with fellow subsidiaries of the ultimate parent undertaking.

	Year ended 31 March 2017 £'000	Period ended 31 March 2016 £'000
<u>Interest received</u>		
Consolidated Coffee Inc (USA)	222	85
Tata Global Beverages Capital Limited	2,999	2,911
Eight O'clock Coffee Holdings Inc	1,340	1,108
	As at 31 March 2017 £'000	As at 31 March 2016 £'000
<u>Loans outstanding</u>		
Consolidated Coffee Inc (USA)	7,008	6,073
Tata Global Beverages Capital Limited	72,111	75,445
Eight O'clock Coffee Holdings Inc	24,052	20,823

The loan to Consolidated Coffee Inc of £7,008k (2016: £6,073k) has interest charged at a margin over LIBOR of 2.5% (2016: margin over LIBOR of 2.5%).

The loan to Eight O'clock Coffee Inc (USA) of £24,052k (2016: £20,823k) has interest charged at a margin over LIBOR of 5.0% (2016: margin over LIBOR of 5.0%).

The loan to Tata Global Beverages Capital Limited of £72,111k (2016: £75,445k) has interest charged at a margin over LIBOR of 3.5% (2016: margin over LIBOR of 3.5%).

Consolidated Coffee Inc (USA), Eight O'clock Coffee Inc and Tata Global Beverages Capital Limited are companies under common control of the Group's ultimate parent company (see note 17).

Tata Global Beverages Investments Limited

Notes to the financial statements for the year ended 31 March 2017

19. Contingent liabilities

The company has provided a letter of financial support to the following subsidiaries, each directly or indirectly owned by the company. Each letter of financial support indicates that the company will provide such financial support as may be required for each company to meet its obligations as they fall due for a period of at least twelve months from the date of approval of the financial statements of that company. Each company made a loss in the financial year and the estimated net liabilities/assets position as at 31 March 2017 is given below.

	Net asset / (liabilities) as at 31 March 2017 in £'000
Suntco Holdings Limited (consolidated)	£(5,938)k
Kahutara Holdings Limited	£(16,606)k
Campestres Holdings Limited	£966k

The company has given a corporate guarantee in respect of bank borrowings taken by OOO Suntco LLC denominated in Russian Roubles and totalling £7,848k with tranches all maturing between 4 April 2017 and 27 September 2017.

20. Events after the end of the reporting period

On the 17th May the company proposed and approved a £17m dividend which was paid on 18th May.