

**Tata Global Beverages Services Limited**

**Registered number 03007544**

**Annual Report and Financial Statements**

**Year ended 31 March 2017**

# Tata Global Beverages Services Limited

## Contents

|   | Pages |
|---|-------|
| Strategic report  | 3-4   |
| Directors' report   | 5-7   |
| Independent auditors' report to the members of Tata Global Beverages Services Limited | 8-10  |
| Statement of comprehensive income   | 11    |
| Statement of financial position   | 12    |
| Statement of changes in equity  | 13    |
| Notes to the financial statements   | 14-27 |

# **Tata Global Beverages Services 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.

### **Principal activities**

Tata Global Beverages Services Limited (the "company") acts as a services company providing mainly treasury services to other companies within the Tata Global Beverages Group and fellow subsidiaries of its ultimate parent company Tata Global Beverages Limited, a public company incorporated in India. The company expects to continue to act in this capacity in the future.

### **Results and dividends**

Revenue for the year of £22.3m (2016: £22.3m) is flat in comparison with last year which reflects similar levels of management recharges to group companies. Expenditure incurred by the company mainly represents group management costs which are subsequently recharged to relevant Group companies. Administration expenses have increased by 3% from £21.7m in 2016 to £22.2m in 2017 mainly due to one-time credit in the previous year partly offset by lower non-recurring expenditure totalling £0.5m (2016: £2.2m) as explained in exceptional items note 9. The decrease in net finance cost by £0.3m from prior year due to reduction in amounts owed to group undertakings.

The company made an after tax profit for the financial year of £0.1m (2016: Loss of £0.4m) with tax credit / (expense) for the year at £0.04m (2016: £0.7m). The directors do not recommend the payment of a dividend (2016: nil).

The net asset position of the company is £345.6m (2016: £345.5m), an increase from last year as a result of the retained profit in the current financial year of £0.1m.

### **Key performance indicators**

Due to the straightforward nature of the operations of the company, the directors consider that revenue and profitability are the key performance indicators of the company. These have been discussed above.

### **Principal risks and uncertainties**

The company has significant amounts lent to fellow subsidiary undertakings of Tata Global Beverages Group Limited, the ultimate repayment of which depends of the future profitability and cash generation of the trading entities within the Group. Accordingly the company's risks are linked to the overall Group's activities and consequently the Directors do not believe that a discussion of the company's development, performance or position would be appropriate on a standalone basis.

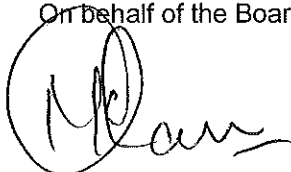
# **Tata Global Beverages Services Limited**

## **Strategic report (continued)**

### **Principal risks and uncertainties (continued)**

The principal risks and uncertainties of the Group, which includes the company, have been set out in the Strategic report of Tata Global Beverages Group Limited.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'M Thakrar', is written over a circular stamp or seal.

M Thakrar  
Director  
27 June 2017

# **Tata Global Beverages Services 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.

### **Future developments**

The company intends to continue in its current capacity as provider of management, treasury and group finance services to the wider Tata Global Beverages Group. A review of the nature of the service arrangements with group companies is being undertaken; however no formal plans have been determined.

### **Dividends**

The company directors do not recommend the payment of a dividend (2016: Nil).

### **Share capital, share premium and capital redemption reserve**

On 7 April 2016, the Company's directors agreed that the issued share capital of the Company be reduced from £160k to £0.01 with the reduction supported by a solvency statement, and that the balance of £160k, being the amount of reduction in the total issued share capital, be converted to distributable reserves.

In addition on 7 April 2016, the Company's directors agreed to cancel all share premium and the capital redemption reserve with the respective balances of £17,040k and £50k, to be converted to distributable reserves.

### **Financial risk management**

The company takes a proactive approach to the management of the various risks that it faces. Of these risks the principal one is currency movements. Foreign exchange risk in relation to international transactions is managed by the company's Treasury function using spot, forward and option exchange contracts.

The company is a wholly owned subsidiary of Tata Global Beverages Group Limited. More detail on the financial risk management of the group as a whole can be found in the directors' report of that company.

### **Directors**

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

L Krishna Kumar  
A Misra  
M Thakrar

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

### **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 year and is currently in force. The company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

# **Tata Global Beverages Services Limited**

## **Directors' report (continued)**

### **Research and development expenditure**

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

### **Events subsequent to the end of the financial year**

As at the date of this report, no matter or circumstance has arisen since 31 March 2017 that has significantly affected, or may significantly affect the company, its results or the state of affairs.

### **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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, 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 company will continue in business.

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

The directors are also responsible for safeguarding the assets of the company 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 financial statements being published on the ultimate parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# **Tata Global Beverages Services Limited**

## **Directors' report (continued)**

### **Statement of disclosure of information to auditors**

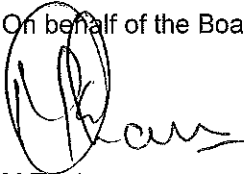
In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company'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 company'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 LLP 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

27 June 2017

# **Tata Global Beverages Services Limited**

## **Independent auditors' report to the members of Tata Global Beverages Services Limited**

### **Report on the financial statements**

#### **Our opinion**

In our opinion, Tata Global Beverages Services 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 profit 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 and Financial Statements (the "Annual Report"), comprise:

- 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; 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.

### **Opinions 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 Services Limited**

## **Independent auditors' report to the members of Tata Global Beverages Services 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 Statement of directors' responsibilities set out on page 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.

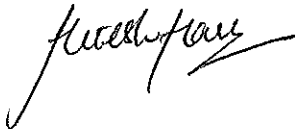
We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

## **Tata Global Beverages Services Limited**

### **Independent auditors' report to the members of Tata Global Beverages Services Limited (continued)**

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  
27 June 2017

# Tata Global Beverages Services Limited

## Statement of comprehensive income

For the year ended 31 March 2017

|  |      | Year ended<br>31 March<br>2017<br>£'000 | Year ended<br>31 March<br>2016<br>As restated*<br>£'000 |
|--|------|---|---|
|  | Note |   |   |
| Revenue  | 6    | 22,295                                  | 22,295  |
| Administrative expenses  |      | (22,235)                                | (21,660)  |
| <b>Operating profit</b>  | 7    | <b>60</b>                               | 635   |
| Finance income   | 10   | 2,012                                   | 2,620   |
| Finance costs  | 11   | (2,027)                                 | (2,939)   |
| <b>Profit before tax</b>   |      | <b>45</b>                               | 316   |
| Income tax expense   | 12   | 37                                      | (670)   |
| <b>Profit / (Loss) for the financial year</b>                        |      | <b>82</b>                               | (354)   |
| <b>Total comprehensive income / (expense) for the financial year</b> |      | <b>82</b>                               | (354)   |

The notes on pages 14 to 27 are an integral part of these financial statements.

\* Revenue and Administrative expenses for the prior period have been restated to aid comparability. The balances as previously stated were Revenue - £20,069 and Administrative Expenses - £19,434.

The restatement had no impact on Operating profit.

# Tata Global Beverages Services Limited

## Statement of financial position

As at 31 March 2017

|  | Note | 31 March<br>2017<br>£'000 | 31 March<br>2016<br>£'000 |
|--|------|---------------------------|---------------------------|
| <b>Non-current assets</b>                                |      |                           |                           |
| Trade and other receivables                              | 13   | 66,391                    | 71,092                    |
| <b>Current assets</b>                                    |      |                           |                           |
| Trade and other receivables                              | 13   | 399,255                   | 448,156                   |
| Derivative financial instruments                         | 17   | 100                       | 564                       |
|  |      | <b>399,355</b>            | <b>448,720</b>            |
| Creditors - amounts falling due within one year          | 14   | (7,195)                   | (9,174)                   |
| Provision for liabilities                                | 16   | (1,841)                   | (2,068)                   |
| Derivative financial instruments                         | 17   | (63)                      | (589)                     |
| <b>Net current assets</b>                                |      | <b>390,256</b>            | <b>436,889</b>            |
| <b>Total assets less current liabilities</b>             |      | <b>456,647</b>            | <b>507,981</b>            |
| Creditors - amounts falling due after more than one year | 15   | (111,029)                 | (162,445)                 |
| <b>Net assets</b>  |      | <b>345,618</b>            | <b>345,536</b>            |
| <b>Equity</b>  |      |                           |                           |
| Called up share capital                                  | 18   | -                         | 160                       |
| Share premium account                                    |      | -                         | 17,040                    |
| Share redemption reserve                                 |      | -                         | 50                        |
| Retained earnings  |      | <b>345,618</b>            | <b>328,286</b>            |
| <b>Total equity</b>                                      |      | <b>345,618</b>            | <b>345,536</b>            |

The notes on pages 14 to 27 are an integral part of these financial statements.

The financial statements on pages 11 to 27 were approved by the Board on 21 June 2017 and signed on its behalf by:



M Thakrar  
Director  
27 June 2017

Tata Global Beverages Services Limited  
Registered number 03007544

# Tata Global Beverages Services Limited

Tata Global Beverages Services Limited  
Registered number 03007544

## Statement of changes in equity

For the year ended 31 March 2017

|  | Called up<br>share<br>capital<br>£'000 | Share<br>premium<br>account<br>£'000 | Share<br>redemption<br>reserve<br>£'000 | Retained<br>earnings<br>£'000 | Total<br>equity<br>£'000 |
|--|--|--------------------------------------|---|-------------------------------|--------------------------|
| Balance as at 1 April 2015                                   | 160                                    | 17,040                               | 50                                      | 328,640                       | 345,890                  |
| Loss for the financial year                                  | -                                      | -                                    | -                                       | (354)                         | (354)                    |
| Total comprehensive loss for<br>the financial year           | -                                      | -                                    | -                                       | (354)                         | (354)                    |
| Balance as at 31 March 2016                                  | 160                                    | 17,040                               | 50                                      | 328,286                       | 345,536                  |
| <b>Balance as at 1 April 2016</b>                            | <b>160</b>                             | <b>17,040</b>                        | <b>50</b>                               | <b>328,286</b>                | <b>345,536</b>           |
| <b>Profit for the financial year</b>                         | <b>-</b>                               | <b>-</b>                             | <b>-</b>                                | <b>82</b>                     | <b>82</b>                |
| <b>Total comprehensive<br/>income for the financial year</b> | <b>-</b>                               | <b>-</b>                             | <b>-</b>                                | <b>82</b>                     | <b>82</b>                |
| <b>Share Capital reduction</b>                               | <b>(160)</b>                           | <b>(17,040)</b>                      | <b>(50)</b>                             | <b>17,250</b>                 | <b>-</b>                 |
| <b>Balance as at 31 March 2017</b>                           | <b>-</b>                               | <b>-</b>                             | <b>-</b>                                | <b>345,618</b>                | <b>345,618</b>           |

*The notes on pages 14 to 27 are an integral part of these financial statements*

# **Tata Global Beverages Services Limited**

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

### **1. General Information**

Tata Global Beverages Services Limited ("the company") acts as a management services company providing management services to other companies within the Tata Global Beverages Group and fellow subsidiaries of its ultimate parent company Tata Global Beverages Limited. 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 set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **(a) Basis of preparation**

The financial statements Tata Global Beverages Services 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, as modified by the revaluation of derivative financial assets and liabilities measured at fair value through profit and loss, and in accordance with the Companies Act 2006.

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),
  - 111 (cash flow statement information),
  - 134-136 (capital management disclosures),
- IAS 7, 'Statement of cash flows',
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation), and
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group, and
- The requirements of paragraphs 30 and 31 of IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors'.

# **Tata Global Beverages Services Limited**

## **Notes to the financial statements for 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. Based on the company's balance sheet showing a net asset position of £345,618k at 31 March 2017 and the forecasts and projections, taking account of reasonably possible changes in trading performance, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

#### **(c) Changes in accounting policies and disclosures**

##### **(a) New standards, amendments and interpretations adopted by the group**

No new standards, amendments or interpretations, effective for the first time for the financial year beginning on or after 1 April 2016 have had a material impact on the company.

##### **(b) New standards, amendments and interpretations not yet adopted by the company**

- IFRS 15, 'Revenue from contracts with customers'
- IFRS 16, 'Leases'
- IFRS 9, 'Financial instruments'
- IFRIC 22, Foreign currency transactions and advance consideration
- Amendments to IAS 12, 'Income taxes', 'Recognition of deferred tax assets for unrealised losses'
- Amendments to IFRS 12, 'Disclosure of interests in other entities' regarding clarification of the scope of the standard

The company is currently assessing the impact of these standards and amendments on its results and financial position.

#### **(d) Functional and presentation currency financial statements**

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

#### **(e) Revenue**

Revenue represents income from the recharge of services to other subsidiaries and undertakings of the parent company Tata Global Beverages Group Limited and ultimate parent company Tata Global Beverages Limited. Revenue is recognised when the risks and rewards of the underlying services have been substantially transferred to the other subsidiaries.

#### **(f) Administration expenses**

Administrative expenses represent the expenses that the company incurs in providing management services to other companies within the Tata Global Beverages Group.

# **Tata Global Beverages Services Limited**

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

### **2. Summary of significant accounting policies (continued)**

#### **(g) 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.

#### **(h) Interest payable**

Interest payable is accounted for on an accruals basis and is not capitalised.

#### **(i) Cash and cash equivalents**

Cash and cash equivalents include cash in hand and deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less. In the statement of financial position, bank overdrafts are shown within bank loans and overdrafts in current liabilities.

#### **(j) Trade and other receivables**

Trade and other receivables are mainly loans due from group companies. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

#### **(k) Creditors**

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

#### **(l) 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 mainly comprise of restructuring provisions which may include employee termination payments, lease termination penalties and dilapidations or any other provision relating to the restructure; provision for onerous lease contracts and provision for litigation. 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 the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. An increase in the provision due to passage of time is recognised as interest expense.



# **Tata Global Beverages Services Limited**

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

### **2. Summary of significant accounting policies (continued)**

#### **(m) Financial Instruments**

A derivative is a financial instrument which changes value in response to changes in an underlying asset and is settled at a future date. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The company does not apply hedge accounting and all gains and losses arising from changes in the fair value of the derivatives are presented in the income statement within administrative expenses.

#### **(n) Foreign currency translation**

Transactions in foreign currencies are translated at the rate of exchange ruling at the day of the transaction. Any exchange differences are dealt with in the profit and loss account. Period end foreign currency assets and liabilities are translated at period end exchange rates.

#### **(o) Pension and other post-retirement benefit arrangements**

Pensions and other post-retirement benefit arrangements are accounted for in line with IAS 19 'Employee Benefits'.

##### Defined Contribution Schemes

For defined contribution plans, the company pays contributions to privately administered pension insurance plans on a contractual basis. The company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

##### Post-employment obligations

The company provides post-retirement healthcare to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and on the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment

#### **(p) 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.

#### **(q) Taxation**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit and 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.

# **Tata Global Beverages Services Limited**

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

### **2. Summary of significant accounting policies (continued)**

#### **(q) Taxation**

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.

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 consolidated 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.

#### **(r) Related party transactions**

As the Company is a wholly owned subsidiary of Tata Global Beverages Group Limited, advantage has been taken of the exemption afforded by IAS 24 not to disclose any related party transactions with members of the Group or associates and joint ventures of Tata Global Beverages Group Limited.

#### **(s) Research and development**

Such expenditure is written off to the profit and loss account as incurred in accordance with IAS 38 "Intangible Assets".

# Tata Global Beverages Services Limited

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

### 3. Critical accounting estimates and assumptions

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 trade and other receivables

The company makes an estimate of the recoverable value of its trade and other receivables given. When assessing impairment of trade and other receivables, management considers the credit-worthiness of the borrower - the existing and future trading cash flows, the economic environment in which the business operates historical repayment experience. See note 13 for the net carrying amount of the loans and associated impairment provision.

### 4. Employees

The monthly average number of persons (full time equivalent) employed in the year in an administration function in the United Kingdom was 60 (2016: 57).

### 5. Directors

The emoluments of the Directors were as follows:

|                      | 2017<br>£'000 | 2016<br>£'000 |
|----------------------|---------------|---------------|
| Aggregate emoluments | 136           | 83            |
| <b>Total</b>         | <b>136</b>    | <b>83</b>     |

|                       | 2017<br>£'000 | 2016<br>£'000 |
|-----------------------|---------------|---------------|
| Highest paid director |               |               |
| Aggregate emoluments  | 82            | 44            |
| <b>Total</b>          | <b>82</b>     | <b>44</b>     |

Two of the directors are remunerated by the company for their services to the Group as a whole. The third director is an employee of Tata Global Beverages GB Limited who is remunerated for his service to the Group as a whole.

### 6. Revenue

The Company acts as a management services company and recognises recharges made to various entities within the Group and fellow subsidiaries of its ultimate parent company Tata Global Beverages Limited is recorded as revenue.

# Tata Global Beverages Services Limited

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

### 7. Operating profit

|  | Year ended<br>31 March<br>2017<br>£'000 | Year ended<br>31 March<br>2016<br>£'000 |
|--|---|---|
| The operating profit is stated after charging:                         |   |   |
| Wages and salaries   | 5,399                                   | 3,708                                   |
| Social security costs  | 409                                     | 393                                     |
| Other pension costs  | 291                                     | 249                                     |
| <b>Staff costs</b>   | <b>6,099</b>                            | <b>4,350</b>                            |
| Exceptional items (Note 9)   | 506                                     | 2,177                                   |
| Operating lease rentals for land and buildings                         | 765                                     | 923                                     |
| Other operating lease rentals  | 40                                      | 39                                      |
| Research and development costs   | 483                                     | 429                                     |
| <b>Services provided by the company's auditor</b>                      |   |   |
| Fees payable for the audit   | 425                                     | 408                                     |
| Fees payable for other services - tax compliance and advisory services | 358                                     | 457                                     |

### 8. Auditors ' remuneration

The audit fee of £425,000 (Year 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.

### 9. Exceptional items

|   | Year ended<br>31 March<br>2017<br>£'000 | Year ended<br>31 March<br>2016<br>£'000 |
|---|---|---|
| <b>Within operating profit:</b>         |   |   |
| Provision for unexpired lease (note 16) | -                                       | 796                                     |
| Aborted M&A expenses                    | -                                       | 1,381                                   |
| Business restructuring - redundancy     | 506                                     | -                                       |
| <b>Total</b>                            | <b>506</b>                              | <b>2,177</b>                            |

### 10. Finance income

|   | Year ended<br>31 March<br>2017<br>£'000 | Year ended<br>31 March<br>2016<br>£'000 |
|---|---|---|
| Interest income from group undertakings | 2,012                                   | 2,620                                   |
| <b>Total</b>                            | <b>2,012</b>                            | <b>2,620</b>                            |

# Tata Global Beverages Services Limited

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

### 11. Finance costs

|  | Year ended<br>31 March<br>2017<br>£'000 | Year ended<br>31 March<br>2016<br>£'000 |
|--|---|---|
| Bank interest expense                  | 49                                      | 68                                      |
| Interest expense to group undertakings | 1,978                                   | 2,871                                   |
| <b>Total</b>                           | <b>2,027</b>                            | <b>2,939</b>                            |

### 12. Income tax expense

The tax assessed on the profit on ordinary activities for the year is higher (2016: lower) to that of the standard rate of corporation tax in the UK of 20% (2016: 20%).

|   | Year ended<br>31 March<br>2017<br>£'000 | Year ended<br>31 March<br>2016<br>£'000 |
|---|---|---|
| <b>Current tax</b>  |   |   |
| UK corporation tax (credit) / charge for the financial year | (133)                                   | 60                                      |
| Adjustments in respect of prior years                       | (20)                                    | 350                                     |
|   | (153)                                   | 410                                     |
| Foreign tax suffered in the financial year                  | 126                                     | 260                                     |
| <b>Total current tax (credit) / charge</b>                  | <b>(27)</b>                             | <b>670</b>                              |
| <b>Deferred tax</b>   |   |   |
| Origination and reversal of temporary differences           | 12                                      | 1                                       |
| Impact of change in tax rate                                | 8                                       | -                                       |
| Adjustments in respect of prior years                       | (30)                                    | (1)                                     |
| <b>Total deferred tax credit</b>                            | <b>(10)</b>                             | <b>-</b>                                |
| <b>Total Tax (credit) / charge</b>                          | <b>(37)</b>                             | <b>670</b>                              |

|  | Year ended<br>31 March<br>2017<br>£'000 | Year ended<br>31 March<br>2016<br>£'000 |
|--|---|---|
| <b>Profit before tax for the financial year</b>                                      | <b>45</b>                               | <b>316</b>                              |
| Tax at the UK corporation tax rate of 20% (2016: 20%)                                | 9                                       | 63                                      |
| Tax effect of expenses that are not tax deductible                                   |   |   |
| Impairment of loan relationship  | 3                                       | -                                       |
| Other non deductible expenses  | 1                                       | 50                                      |
| Overseas withholding tax suffered on management fees                                 | -                                       | 208                                     |
| Adjustments in respect of prior years  | (50)                                    | 349                                     |
| <b>Tax (credit) / charge on profit on ordinary activities for the financial year</b> | <b>(37)</b>                             | <b>670</b>                              |

# Tata Global Beverages Services Limited

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

### 12. Income tax expense (continued)

#### Deferred tax asset:

|   | 31 March<br>2017 | 31 March<br>2016 |
|---|------------------|------------------|
|   | £'000            | £'000            |
| <b>Deferred tax assets</b>                            |                  |                  |
| Deferred tax asset - to be recovered after 12 months  | 164              | 153              |
| Deferred tax asset - to be recovered within 12 months | 7                | 8                |
| <b>Total (note 13)</b>                                | <b>171</b>       | <b>161</b>       |

The deferred tax asset comprises:

|  | Property,<br>plant and<br>equipment<br>£'000 | Provisions<br>£'000 | Total<br>£'000 |
|--|--|---------------------|----------------|
| <b>At 1 April 2015</b>                                 | -  | 161                 | 161            |
| Statement of comprehensive income credit /<br>(charge) | 7  | (7)                 | -              |
| <b>At 31 March 2016</b>                                | 7  | 154                 | 161            |
| Statement of comprehensive income credit               | 3  | 7                   | 10             |
| <b>At 31 March 2017</b>                                | <b>10</b>                                    | <b>161</b>          | <b>171</b>     |

Deferred tax assets are recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable.

#### Factors affecting the tax charge for future years:

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.

# Tata Global Beverages Services Limited

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

### 13. Trade and other receivables

|   | 31 March<br>2017<br>£'000 | 31 March<br>2016<br>£'000 |
|---|---------------------------|---------------------------|
| Amounts owed by group undertakings              | 463,513                   | 515,143                   |
| Amounts owed by Tata Global Beverages companies | 1,141                     | 2,700                     |
| Other debtors                                   | 330                       | 195                       |
| Prepayments and accrued income                  | 491                       | 1,049                     |
| Deferred taxation (note 12)                     | 171                       | 161                       |
| <b>Total</b>                                    | <b>465,646</b>            | <b>519,248</b>            |
| Less non-current portion:                       |                           |                           |
| Amounts owed by group undertakings              | (66,391)                  | (71,092)                  |
| <b>Current portion</b>                          | <b>399,255</b>            | <b>448,156</b>            |

#### Amounts owed by group undertakings - current

Amounts owed by group undertakings include loans given to Tata Global Beverages Group Limited of £365.4m (2016: £415.2m), Tata Global Beverages Holdings Limited of £12.0m (2016: £12.0m), Tata Global Beverages Overseas Limited of £6.6m (2016: £6.6m), Tata Global Beverages Polska Sp. z o.o. of £4.4m (2016: £3.5m) together with other balances of £7.4m (2016: £6.5m) with fellow group subsidiaries. The loans are unsecured, repayable on demand and non-interest bearing.

Amounts owed by group undertakings includes a loan to Tata Global Beverages US Holdings Inc. of £1.4m (2016: £1.1m) which is unsecured, repayable on demand and on which interest is charged at LIBOR + 2% (2016: LIBOR + 2%).

#### Amounts owed by group undertakings – non-current

Loans totalling £66.3m (2016: £70.2m) from Tata Global Beverages Overseas Holdings Limited are charged at a margin over LIBOR of 2%. The company has provided a letter stating that these balances will not be called due within 12 months and have therefore been treated as falling due after more than one year.

#### Provision against balance due from group undertakings

The amount receivable from Tata Global Beverages Overseas Limited is stated after provisions for impairment of £1.8m (2016: £1.8m).

#### Amounts owed by Tata Global Beverages companies

Amounts owed by Tata Global Beverages companies represents a balance with Eight O'clock Coffee Inc. of £0.7m (2016: £2.1m) and a balance with Tata Global Beverages Limited of £0.5m (2016: £0.6m), both of which are trading balances which are unsecured, repayable on demand and non-interest bearing. Eight O'clock Coffee Inc. is company under common control of the company's ultimate parent company (see note 21).

# Tata Global Beverages Services Limited

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

### 14. Creditors - amounts falling due within one year

|   | 31 March<br>2017<br>£'000 | 31 March<br>2016<br>£'000 |
|---|---------------------------|---------------------------|
| Bank loans and overdrafts                       | 1,482                     | 4,621                     |
| Trade creditors                                 | 696                       | 782                       |
| Amounts owed to group undertakings              | 733                       | 221                       |
| Amounts owed to Tata Global Beverages companies | 1,630                     | 2,304                     |
| Taxation and social security                    | 352                       | 113                       |
| Other creditors                                 | 103                       | 95                        |
| Accruals and deferred income                    | 2,199                     | 1,038                     |
| <b>Total</b>                                    | <b>7,195</b>              | <b>9,174</b>              |

Amounts owed to group undertakings includes a loan from Stansand (Africa) totalling £0.6m (2016: £nil) which is unsecured, repayable on demand and interest is charged at 2% above LIBOR and the remaining amount represents a trading balance with Tata Global Beverages Canada Inc. which is unsecured, repayable on demand and non-interest bearing.

Amounts owed to Tata Global Beverages companies are trading balances which are unsecured, repayable on demand and non-interest bearing. The counter parties are given in note 21.

### 15. Creditors - amounts falling due after more than one year

|                                    | 31 March<br>2017<br>£'000 | 31 March<br>2016<br>£'000 |
|------------------------------------|---------------------------|---------------------------|
| Amounts owed to group undertakings | 111,029                   | 162,445                   |
| <b>Total</b>                       | <b>111,029</b>            | <b>162,445</b>            |

The amount owed to group undertakings includes a loan from Tata Global Beverages GB Limited totalling £111.0m (2016: £161.4m) and a loan from Stansand (Africa) limited totalling £Nil (2016: £1.0m). Interest is charged at a variable rate of 1% above LIBOR, the loan is unsecured and the loan agreement provides for the principal to be repaid on demand by the lender. Tata Global Beverages GB has indicated to the company that they will not require the loan to be repaid within the next 12 months.



# Tata Global Beverages Services Limited

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

### 16. Provisions for liabilities

|   | Post retirement benefits<br>£'000 | Re-organisation provision<br>£'000 | Total<br>£'000 |
|---|-----------------------------------|------------------------------------|----------------|
| At 1 April 2016                               | 690                               | 1,378                              | 2,068          |
| Charged / (credited) to the income statement: |                                   |                                    |                |
| Additional provisions                         | -                                 | 104                                | 104            |
| Utilised during the year                      | (8)                               | (323)                              | (331)          |
| <b>At 31 March 2017</b>                       | <b>682</b>                        | <b>1,159</b>                       | <b>1,841</b>   |

The post-retirement benefits are healthcare benefits payable to certain former employees.

The re-organisation provision primarily relates to an unexpired lease commitment on a vacant office building in the UK. It is expected that £323k will be used in the following year and the remaining £836k will be utilised in the period to October 2019.

### 17. Derivative financial instruments

The company has the following financial assets and liabilities measured at fair value:

|   | 2017          |                   | 2016          |                   |
|---|---------------|-------------------|---------------|-------------------|
|   | Asset<br>£000 | Liability<br>£000 | Asset<br>£000 | Liability<br>£000 |
| Derivative asset                        | 100           | -                 | 564           | -                 |
| Derivative liability                    | -             | 63                | -             | 589               |
| <b>Derivative financial instruments</b> | <b>100</b>    | <b>63</b>         | <b>564</b>    | <b>589</b>        |

#### Derivative financial instruments

The company enters into forward foreign currency contracts to mitigate the exchange rate risk for certain foreign currency transactions. At 31 March 2017, the outstanding contracts all mature within 6 months (2016: 6 months) of the year end.

The forward currency contracts are measured at fair value, using observable open market pricing information. The key assumptions underlying the valuations are GBP to AUD, RUR, PLN and CZK.

### 18. Called up share capital

|   | 2017<br>£'000 | 2016<br>£'000 |
|---|---------------|---------------|
| <b>Allotted, called up and fully paid</b>       |               |               |
| 1 (2016: 16,000,000) Ordinary shares of 1p each | -             | 160           |

On 7 April 2016, the Company's directors agreed that the issued share capital of the Company be reduced from £160k to £0.01 with the reduction supported by a solvency statement, and that the balance of £160k, being the amount of reduction in the total issued share capital, be converted to distributable reserves.

# Tata Global Beverages Services Limited

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

### 19. Pensions

The pension cost in the year of the company's defined contribution scheme was £291,000 (2016: £249,000). At the end of the year, contributions of £53,000 (2016: £36,000), representing the unpaid contributions for March 2017, were outstanding.

### 20. Leases

The company's future minimum lease payments under non-cancellable operating leases are as follows:

|   | 2017<br>£'000 | 2016<br>£'000 |
|---|---------------|---------------|
| No later than 1 year                        | 992           | 1,165         |
| Later than 1 year and no later than 5 years | 2,778         | 3,166         |
| Later than 5 years                          | 5,463         | 6,070         |
| <b>Total</b>                                | <b>9,233</b>  | <b>10,401</b> |

The commitment expiring between 1 and 5 years includes an annual commitment of £199,000 in respect of a property that is currently vacant. The company has created a provision to cover the commitment for the year it is expected to be vacant (refer Note 16).

# Tata Global Beverages Services Limited

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

### 21. Related parties

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

|  | Year ended<br>31 March<br>2017<br>£'000 | Year ended<br>31 March<br>2016<br>£'000 |
|--|---|---|
| <b><u>Management services rendered</u></b> |   |   |
| Tata Global Beverages Limited              | 1,927                                   | 1,405                                   |
| Eight O'clock Coffee Inc                   | 1,340                                   | 1,447                                   |
| <b><u>Management services received</u></b> |   |   |
| Tata Global Beverages Limited              | 4,958                                   | 4,789                                   |
| Eight O'clock Coffee Inc                   | 699                                     | 522                                     |
| Tata Sons Limited                          | 187                                     | 177                                     |
| Tata Consultancy Services Limited          | 747                                     | 1,112                                   |
| Tata Limited                               | 2                                       | 16                                      |
| <b><u>Amounts outstanding</u></b>          |   |   |
| <b><u>Debtors</u></b>                      |   |   |
| Tata Global Beverages Limited              | 481                                     | 552                                     |
| Eight O'clock Coffee Holdings Inc          | 660                                     | 2,148                                   |
| <b><u>Creditors</u></b>                    |   |   |
| Tata Global Beverages Limited              | (1,484)                                 | (1,354)                                 |
| Eight O'clock Coffee Holdings Inc          | (129)                                   | (858)                                   |
| Tata Sons                                  | -                                       | (6)                                     |
| Tata Consultancy Services Limited          | (17)                                    | (86)                                    |

### 22. Parent company

The immediate parent undertaking is Tata Global Beverages Holdings Limited. 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 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.

### 23. Events after the end of the reporting year

As at the date of this report, no matter or circumstance has arisen since 31 March 2017 that has significantly affected, or may significantly affect the company, its results or the state of affairs.