

**Tata Consumer Products GB Limited**  
**(formerly Tata Global Beverages GB Limited)**

**Registered number 03019950**

**Annual Report and Financial Statements**

**Year ended 31 March 2020**

# **Tata Consumer Products GB Limited (formerly Tata Global Beverages GB Limited)**

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# **Tata Consumer Products GB Limited (formerly Tata Global Beverages GB Limited)**

## **Strategic report**

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

### **Principal activities**

The principal activities of Tata Consumer Products GB Limited ("the company") are the processing, marketing and distribution of tea products. The company operates within the UK from where it services the UK grocery and foodservice markets as well as export markets primarily in Canada, Australia and Western Europe. The company's immediate parent company is Tata Consumer Products UK Group Limited ("the Group").

During the year the company changed its name from Tata Global Beverages GB Limited to Tata Consumer Products GB Limited to reflect access to a larger portfolio the Company has through the Company's ultimate parent company and its vision to expand into multiple categories beyond beverages.

### **Review of business and key performance indicators**

The company considers its key performance indicators to be revenue, operating profit and market share.

The directors consider the financial performance for the company this year to have been satisfactory. A summary of the financial results for the year ended 31 March 2020 is set out below:

The company achieved sales of £135.1 million (2019: £134.7 million) which represents a modest increase of 0.3%. Excluding the impact of transfer of the Middle Eastern operations to the Company's ultimate parent company at the beginning of the year the revenue growth would be marginally higher than 1%. The company continues to invest behind its brands, on product innovations and growth segments of the tea category. In the financial year ending 31 March 2020 an after tax profit was recorded of £12.1 million (2019: after tax profit of £6.6 million), an increase of £5.5 million from prior year. The increase is mainly due to margin expansion and cost-savings initiatives undertaken to improve profitability.

During the year the company also incurred exceptional costs of £0.8 million (2019: £2.1 million) relating to business re-organisation. The net asset position of the company of as at 31 March 2020 was £236.6 million, an increase from £217.1 million as at 31 March 2019 mainly explained by an after tax profit of £12.1 million and other comprehensive income of £7.9 million largely owing to a favourable movement in the company's defined benefit pension scheme obligation partially offset on account of adjustment relating to Lease Standard (IFRS16) adoption of £(0.5)m.

The market performance of the company's primary markets remains satisfactory in the context of challenging market conditions. In the UK market there is a structural decline in everyday black tea category and the endeavour is to grow in other categories. The company along with its 100% subsidiary, Teapigs Limited, which is operating in the premium category has a UK market share in value terms of 16.7% (2019: 17.5%). In Canada, the company's second largest market, leadership was maintained with a share of 29.0% (2019: 29.0%). Market performance in the company's other markets was satisfactory.

The company's strategy remains to invest behind its brands, rationalise cost and grow its presence in both non-black tea categories and beyond the tea category where opportunities exist. During the year, a new master brand campaign 'now we are talking' was launched which was well received by our customer and will further strengthen our brand position in Tea. We continued to support our new product launch Cold Infusion with two new flavours, Strawberry and Water-Melon, launched during the year. The Cold Infusion category continues to grow despite increased competition and is now ~1% of the overall category and growing by ~25%. In Canada, the Tetley Super Teas (vitamin enhanced functional teas in Fruit & Herbal and Green categories) and regular black tea has done exceedingly well in the current year.

# Tata Consumer Products GB Limited (formerly Tata Global Beverages GB Limited)

## Strategic report (continued)

Covid-19 lockdown has led to instances of panic buying mainly in the retail segment in most major markets and supply shocks in the system due to uncertainty of whether raw materials will be available in the near future. The situation has been tackled well through a number of initiatives including ensuring timely delivery of additional orders, upfront sourcing of raw teas to ensure adequate stock to meet the requisite demand for the near future. For our Trade receivables, based on our business outlook, collection pattern and insurance covers in place, the company does not envisage any material risks their recoverability arising from the pandemic.

The company is a leading member of the Ethical Tea Partnership, an international non-commercial alliance of tea packers with a vision to create a thriving global tea sector that is socially just and environmentally sustainable. The Company uses 100% sustainably sourced Rain Forest Alliance certified tea for the Tetley brand in Europe, Canada, America & Australia. The company is also engaged in reducing the carbon intensity and measures its carbon footprint. The Eaglescliffe factory was one of the first locations in the UK to be accredited to Energy Management System ISO 50001 and is now exempt from much of the new ESOS regulations. The carbon reduction programmes began in 2008 and since then, a number of energy saving and renewable energy projects have been conducted. The Company is committed to optimise consumer packaging, make efficient use of resources and reduce environmental impact without compromising product quality and safety. All beverages factories worldwide are now zero waste to landfill and all wastes are disposed through authorized vendors who recycle or repurpose them to avoid landfill. The Company officially joined UK Plastics Pact which is a collaborative initiative between UK businesses across the plastics value chain, the UK government and NGOs to create a circular economy in plastics. We have signed up into On Pack Recycling Logo (OPRL) membership to start communicating to consumers recyclability information on pack to help them to dispose the packaging correctly and facilitate the actual recycling system to increase recycling rates.

There have been no other significant business developments in the year.

### Principal risks and uncertainties

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

- *Raw tea pricing* - raw tea is the company's single largest cost. Climatic conditions in the different countries from which raw tea is sourced can lead to fluctuations in price. However, these raw teas are blended before packing which allows some flexibility to manage these fluctuations by substitution.

**Covid-19 pandemic**- The company believes that depending on the pace of stabilization in regions from where raw materials are sourced, disruptions to the supply chain in the future cannot be ruled out. This is an area which will be dynamically reviewed and managed by the company.

- *Currency movements* - foreign exchange risk in relation to export revenues and import costs is managed by the parent company's Treasury function using spot, forward and option exchange contracts.

**Covid-19 pandemic**- The Company, based on their assessment, believes that the probability of the occurrence of their forecasted transactions is not impacted by COVID-19 pandemic. The company does not expect any material deterioration in both counterparty credit risk and own credit risk. Accordingly, the Company continues to believe that there is no impact on effectiveness of its hedges.

# Tata Consumer Products GB Limited (formerly Tata Global Beverages GB Limited)

## Strategic report (continued)

- *Dependence on black tea* - much of the company's current trading is in black tea, a market that is in slow decline in the UK. Management's strategy is to grow the business in product categories other than black tea, which are currently growing.

**Covid-19 pandemic**- Growth has been witnessed in all major categories in the recent months with Non Black tea categories growing faster than black tea categories. The company still retains its focus in developing its strategy in growing the non-black tea category, develop and grow alternative channels and expand into new geographies.

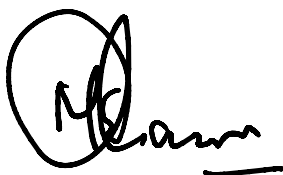
### Impact of Brexit

The various trade and other agreements which the UK enters into will determine the impact of Brexit on the UK economy in the coming years. Until such time the financial markets are expected to remain volatile as detailed political and legal issues are being worked out. A prolonged depreciation of sterling and fall in gilt yields has been witnessed in the aftermath of the decision to exit the European Union, further exacerbated by the recent pandemic. Further, changes in the trade relationships between Europe and UK, which is yet to be finalised, could give rise to supply and cost issues along with export sales disruption. The company's management are constantly reviewing mitigations like pricing strategy, currency hedging, stock levels and latest available legal counsel to seek to minimise any adverse fall out.

### Performance of wider group and Section 172 statement

The company is a subsidiary of Tata Consumer Products UK Group Limited ("the Group"), the company's immediate parent. Please refer to note 22 for details of the parent company. More detail on the performance of the Group as a whole and the section 172 statement which the directors believe applies equally to this company can be found in the Directors' report of that company.

Approved and authorised for issue on behalf of the Board



M Thakrar  
Director  
12 June 2020

# Tata Consumer Products GB Limited (formerly Tata Global Beverages GB Limited)

## Directors' report

### Directors' report for the year ended 31 March 2020

The directors present their annual report and the audited financial statements for the year ended 31 March 2020.

### Registered office

Tata Consumer Products GB Limited is a private company incorporated and domiciled in the UK and its registered office is 325 Oldfield Lane North, Greenford, Middlesex, UK, UB6 0AZ.

The ultimate parent company is Tata Consumer Products Limited, a public company incorporated in India.

### Future developments

The company's activities and future prospects have been reviewed and the company plans to continue trading within the tea market and expand its category to other segments which can provide sustainable growth. The company is looking to maximise the value of its portfolio of brands and to increase its presence in the wider beverage market specifically in the Non Black tea categories. It is also looking to consolidate its position in ready-to-drink and functional drinks space with its recently launched products.

### Dividends

The company directors do not recommend the payment of a dividend (2019: £Nil) or propose any dividends for after the year end.

### Health, safety and the environment

The company operates in full compliance with all relevant environmental legislation and has a worldwide environmental policy and ISO14001 accreditation for its UK based facilities.

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

### Energy and carbon reporting

Our greenhouse gas emissions are mainly due to the use of energy in our factory and electricity for our manufacturing processes, in addition to our rented office space and cars all based in the UK.

The figures in the table below cover all of these activities.

We have reported on all of the emission sources required under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, and taking account of the GHG Protocol Scope 2 Guidance (2015).

The data presented below covers the financial year ended 31 March 2020.

Energy type	Source	Energy consumption kWh	Ton CO <sub>2</sub>
Electricity	Meter readings	6,870,360	779
Natural Gas	Meter readings	1,342,199	274
Biomass	Delivery notes and stock checks	1,012,600	18
Fuel for transport	Calculated	719,562	1,935
<b>Total</b>		<b>9,944,721</b>	<b>3,006</b>
<b>Total Scope 1 (through combustion)</b>		3,074,361	2,227
<b>Total Scope 2 (electricity)</b>		6,870,360	779
<b>Total Scope 1 +2</b>		<b>9,944,721</b>	<b>3,006</b>

# **Tata Consumer Products GB Limited (formerly Tata Global Beverages GB Limited)**

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

### **Energy and carbon reporting (continued)**

#### **Ratios:**

<b>% of energy from renewable sources</b>	<b>58%</b>
<b>Production tonnage</b>	<b>25,408 ton</b>
<b>kWh/ton produced</b>	<b>391 kWh/ton</b>
<b>kg CO<sub>2</sub>/ton produced</b>	<b>118 kgCO<sub>2</sub>/ton</b>

#### **Disabled persons**

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

#### **Research and development expenditure**

The company is committed to growth through new product development and geographical expansion. A focused programme of research and product development is in place to meet that strategic need, building on successes, entering new and developing markets, and creating new, differentiated products that will enable the Group to penetrate new markets. The company spent £278k (2019: £353k) on research and development.

#### **Supplier payments**

The company agrees payment terms with its suppliers when it places purchase orders for the supply of goods and services. Tea commodity purchases are subject to industry-wide purchase contracts.

The company expects to meet these payment terms provided it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions.

#### **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, interest rates, credit risks and liquidity. The 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.

#### **(i) Liquidity risk**

The company ensures that there is adequate financing available through intercompany funding arrangements with group companies to fund growth and has adequate capacity to comfortably meet its expected peak funding requirements. The company considers that the Group 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.

# **Tata Consumer Products GB Limited (formerly Tata Global Beverages GB Limited)**

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

### **Treasury policy and financial risk management (continued)**

**Covid-19 pandemic-** Based on recent trends observed, profitability, cash generation, cash surpluses held by the Group and borrowing lines available, the Company does not envisage any material liquidity risks. Future outlook will depend on how the pandemic develops and the resultant impact on businesses.

#### **(ii) Interest rate risk**

The company seeks to manage any exposure to changes in interest rates arising from external borrowings that it may take out which would be achieved through the use of interest rate swaps. No change to the existing hedging structure is permitted without approval of the Group Board. Group Treasury is responsible for monitoring long-term interest exposures of the company and for recommending appropriate action to the Board.

**Covid-19 pandemic-** Based on the recent trends observed, type of instruments and strength of the counterparties, the Company does not envisage any material risks. Wherever the underlying assets/instruments are subject to market risks, the same have been marked to market as at the Balance Sheet date. Future outlook will depend on how the pandemic develops and the resultant impact on businesses.

#### **(iii) Foreign currency exchange rates risk**

Foreign exchange risk is transaction risk which arises from income and expenses denominated in foreign currencies. The company's transaction risk consists mainly of a deficit in US dollars for purchasing tea and a surplus in Canadian dollars arising from its Canadian operations.

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 the board approved Group policy is 12 months, with exceptions requiring specific board approval.

**Covid-19 pandemic-** The pandemic can cause continuing volatility in the currency market and this risk would be mitigated through effective hedging policies. Further, the Company, basis the recent trends believe that the probability of the non- occurrence of forecasted transactions is minimal. The Company also does not expect any material deterioration in both counterparty credit risk and own credit risk. Accordingly, the Company continues to believe that there is no impact on effectiveness of its hedges. Future outlook will depend on how the pandemic develops and the resultant impact on the businesses.

#### **(iv) Credit risk**

The company's credit risks are reasonably well spread across customers. Whilst the majority of customers have good credit ratings, where this is not the case other measures are used to mitigate credit risks, for example risk monitoring services and credit insurance. The company recognised no significant credit losses during the financial year.

The company has a large number of trade receivables, with the largest 5 receivables at 31 March 2020 comprising of 50.3% of the total trade receivables.

**Covid-19 pandemic-** Based on recent trends observed, collection pattern and insurance covers in place, the Company does not envisage any material risks. Future outlook will depend on how the pandemic develops and the resultant impact on businesses.



# **Tata Consumer Products GB Limited (formerly Tata Global Beverages GB Limited)**

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

### **Treasury policy and financial risk management (continued)**

#### **(v) Price risk**

The company is exposed to changes in the price of raw tea. Whilst the company is not able to hedge this price exposure, it manages its exposure through blending which enables it to source teas from different geographies limiting its exposure to supply-driven price increases in any given region and long term contracts with suppliers.

**Covid-19 pandemic-** Based on recent trends, the Company believes that depending on prevalence of lockdown conditions in regions from where raw materials are sourced, disruptions to the supply chain in the future cannot be ruled out. This is an area which will be dynamically reviewed and managed by the Company. Future outlook will depend on how the pandemic develops and the resultant impact on businesses.

### **Employee involvement**

The company believes in effective communication to engage its employees. This is regularly delivered via its intranet site, a quarterly financial performance webinar hosted by the Group CEO and monthly business performance updates hosted by UK management team, supported by ad hoc mailings and face to face communication events. Together, these ensure all employees are well informed about the company's performance and key business issues and developments.

### **Directors and their interests**

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  
M Thakrar  
A Ahmad  
J Burdett  
B Puri (appointed 28 February 2020)

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.

### **Going concern**

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. See note 2 for further details. In particular, as mentioned in the strategic report Covid-19 has created some uncertainties around increased consumer demand and potential supply and manufacturing constraints which the company believes have been well managed to date through a number of initiatives and as such does not envisage any material risks to the business outlook and balance sheet strength arising from the pandemic.

### **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 2020 that has significantly affected, or may significantly affect the company, its results or the state of affairs in future financial years.

# **Tata Consumer Products GB Limited (formerly Tata Global Beverages GB Limited)**

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

### **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 with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including [FRS 101 "Reduced Disclosure Framework"]. 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;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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. They 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.

### **Statement of disclosure of information to auditor**

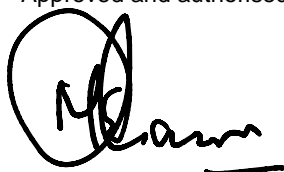
In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditor 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 auditor are aware of that information.

### **Independent auditor**

The auditor, Deloitte LLP, have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved and authorised for issue on behalf of the board



M Thakrar  
Director  
12 June 2020

# **Tata Consumer Products GB Limited (formerly Tata Global Beverages GB Limited)**

## **Independent auditor's report to the members of Tata Consumer Products GB Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion the financial statements of Tata Consumer Products GB Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement
- the statement of other comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 24.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

# **Tata Consumer Products GB Limited (formerly Tata Global Beverages GB Limited)**

## **Independent auditor's report to the members of Tata Consumer Products GB Limited (continued)**

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Report on other legal and regulatory requirements**

#### **Opinions on other matters 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 the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

# **Tata Consumer Products GB Limited (formerly Tata Global Beverages GB Limited)**

## **Independent auditor's report to the members of Tata Consumer Products GB Limited (continued)**

### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Sukhbinder Kooner (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
12 June 2020

# Tata Consumer Products GB Limited (formerly Tata Global Beverages GB Limited)

## Income statement

For the year ended 31 March 2020

	Note	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Revenue	5	135,135	134,689
Operating profit before exceptional items	6	13,044	10,245
Loss on disposal of brand	6	(94)	-
Exceptional items	7	(781)	(2,089)
<b>Operating profit</b>	6	<b>12,169</b>	<b>8,156</b>
Finance income	8	2,281	3,015
Finance costs	8	(329)	(2,006)
Finance income - net		1,952	1,009
<b>Profit before taxation</b>		<b>14,121</b>	<b>9,165</b>
Income tax expense	10	(2,061)	(2,572)
<b>Profit for the financial year</b>		<b>12,060</b>	<b>6,593</b>

*The notes on pages 17 to 47 are an integral part of these financial statements.*

All results are from continuing operations.

# Tata Consumer Products GB Limited (formerly Tata Global Beverages GB Limited)

## Statement of other comprehensive income

For the year ended 31 March 2020

		Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
	Note		
<b>Profit for the financial year</b>		<b>12,060</b>	<b>6,593</b>
<b>Other comprehensive income / (expense) :</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurement gains on defined benefit pension schemes	18	<b>8,400</b>	9,000
Current tax in respect of contribution to defined benefit pension plans	10	<b>950</b>	950
Deferred tax in respect of remeasurements of defined benefit pension plans	10	<b>(2,295)</b>	(2,176)
		<b>7,055</b>	<b>7,774</b>
<b>Items that may be subsequently reclassified to profit or loss</b>			
Gains in the financial year in respect of cashflow hedges		<b>1,053</b>	583
Deferred tax in respect of cashflow hedges accounted for in the hedging reserve	10	<b>(187)</b>	(112)
		<b>866</b>	<b>471</b>
<b>Other comprehensive income for the financial year, net of tax</b>		<b>7,921</b>	<b>8,245</b>
<b>Total comprehensive income for the financial year</b>		<b>19,981</b>	<b>14,838</b>

The notes on pages 17 to 47 are an integral part of these financial statements.

# Tata Consumer Products GB Limited (formerly Tata Global Beverages GB Limited)

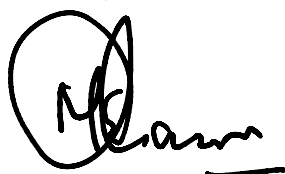
## Statement of financial position

As at 31 March 2020

	Note	As at 31 March 2020 £'000	As at 31 March 2019 £'000
<b>Non-current assets</b>			
Intangible assets	11	59,198	60,942
Property, plant and equipment	12	12,111	11,796
Right of use assets	20	6,417	-
Investment in subsidiaries	13	1,000	1,000
Trade and other receivables	15	100,023	95,597
Post Employment benefits	18	27,600	14,100
		<b>206,349</b>	<b>183,435</b>
<b>Current assets</b>			
Inventories	14	23,299	27,522
Trade and other receivables	15	38,658	36,658
Cash and cash equivalents		7,947	951
Derivative financial instruments	16	1,442	422
		<b>71,346</b>	<b>65,553</b>
<b>Current liability</b>			
Creditors - amounts falling due within one year	17	(32,483)	(31,117)
Lease liabilities	20	(942)	-
<b>Net current assets</b>		<b>37,921</b>	<b>34,436</b>
<b>Total assets less current liabilities</b>		<b>244,270</b>	<b>217,871</b>
<b>Non-current liability</b>			
Lease liabilities	20	(7,005)	-
Post Employment benefits	18	(675)	(691)
<b>Net assets</b>		<b>236,590</b>	<b>217,180</b>
<b>Equity</b>			
Called up share capital	19	-	-
Retained earnings		236,590	217,180
<b>Total equity</b>		<b>236,590</b>	<b>217,180</b>

The notes on pages 17 to 47 are an integral part of these financial statements.

The financial statements on pages 13 to 47 were approved by the Board on 12 June 2020 and signed on its behalf by:



M Thakrar  
Director  
12 June 2020

Tata Consumer Products GB Limited  
Registered number 03019950



# Tata Consumer Products GB Limited (formerly Tata Global Beverages GB Limited)

## Statement of changes in equity

For the year ended 31 March 2020

	Note	Share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2018		-	202,342	202,342
Profit for the financial year		-	6,593	6,593
Other comprehensive income or the financial year		-	8,245	8,245
Total comprehensive income for the financial year		-	14,838	14,838
Balance at 31 March 2019		-	217,180	217,180
<b>Balance at 31 March 2019</b>		-	<b>217,180</b>	<b>217,180</b>
<b>Adjustments as a result of adoption of IFRS 16</b>	2		<b>(571)</b>	<b>(571)</b>
Balance at 1 April 2019, adjusted			216,609	216,609
Profit for the financial year		-	12,060	12,060
Other comprehensive income for the financial year		-	7,921	7,921
Total comprehensive income for the financial year		-	19,981	19,981
<b>Balance at 31 March 2020</b>		-	<b>236,590</b>	<b>236,590</b>

*The notes on pages 17 to 47 are an integral part of these financial statements*

# **Tata Consumer Products GB Limited (formerly Tata Global Beverages GB Limited)**

## **Notes to the financial statements for the year ended 31 March 2020**

### **1. General Information**

Tata Consumer Products GB Limited ("the company") manufactures, markets, distributes and sells Tea products. The company operates within the UK from where it services the UK grocery and foodservice markets as well as export markets primarily in Canada, Australia and Western Europe. The company is a wholly owned subsidiary of Tata Consumer Products UK Group Limited ("the Group") which in turn is a subsidiary of the ultimate parent company Tata Consumer Products Limited incorporated in India.

The company is a private company limited by shares and is registered in England and Wales. The address of its registered office is 325 Oldfield Lane North, Greenford, Middlesex, UB6 0AZ.

During the year the company changed its name from Tata Global Beverages GB Limited.

### **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 presented, unless otherwise stated.

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

The financial statements of Tata Consumer Products GB 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, 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),
  - 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.
- The following paragraphs of IAS 36, 'Impairment of Assets' where disclosures has been made in the consolidated financial statements where the company is consolidated
  - 134 (d) – (f)
  - 135 (c) – (e)
  - 130 (f) (ii) – (iii)

# **Tata Consumer Products GB Limited (formerly Tata Global Beverages GB Limited)**

## **Notes to the financial statements for the year ended 31 March 2020 (continued)**

### **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 as set out on page 2 and the company's principal risks and uncertainties as set out on pages 3 & 4. Based on the company's balance sheet showing a net asset position of £236.6m at 31 March 2020 and the forecasts and projections, taking account of reasonably possible changes in trading performance based on recent trends observed, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Covid-19 has created significant uncertainties in the general business environment within countries in which the group operates. The company's product range consist of items for every day consumption and based on trends observed, revenue has not been adversely impacted by the business uncertainties arising out of the covid-19 pandemic, except for in the out of home segment which has been impacted by the lockdown conditions. This line of business is not materially significant as compared to the overall revenue of the company. Potential constraints around manufacturing and supply chain have been well managed to date through a number of initiatives. In line with FRC guidelines, the directors have also considered reverse stress testing in the evaluation for Going Concern. Considering the business scenario as explained herein above, the strength of the balance sheet, the cash position, it can be concluded that there is sufficient liquidity within the business for it to carry on its operations for the foreseeable future i.e. the next 12 months. The continuing future impact on the business environment would largely be dependent on how the pandemic develops.

#### **(c) New accounting standards and interpretations**

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2020 reporting periods. The assessment of the impact of these new standards and interpretations is set out below.

##### **i. New standards, amendments and interpretations adopted by the company**

The company has adopted IFRS 16, effective from April 1, 2019 and applied the standard to its leases, retrospectively. The cumulative effect of initially applying the standard was recognised on April 1, 2019 as an adjustment to the retained earnings. The company has not restated comparative for the year ended March 31, 2019.

On transition, the adoption of new standard resulted in recognition of Right-of-use ("ROU") Asset of £7,235k, a lease asset (net investment in sub-lease of ROU Building) of £770k and a lease liability of £8,746k. The cumulative effect of applying the standard, amounting to £571k was debited to retained earnings net of taxes (including the deferred tax of £170k). The effect of this adoption is insignificant on profit for the year.

On application of IFRS 16, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability.

There are no other new FRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 April 2019 have had a material impact on the company.

# **Tata Consumer Products GB Limited (formerly Tata Global Beverages GB Limited)**

## **Notes to the financial statements for the year ended 31 March 2020 (continued)**

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

#### **(c) New accounting standards and interpretations (continued)**

##### **ii. New Standards and interpretations not yet adopted**

The company is currently assessing the remaining list of standards and amendments in its results and financial position as listed below:

- Amendments to References to the Conceptual Framework in IFRS Standards
- Amendments to IFRS 3 (Oct 2019), 'Definition of Business'
- Amendments to IAS 1 and IAS 8 (Oct 2019), 'Definition of Material'
- IFRS 17. 'Insurance Contracts'
- Amendments to IFRS 10 and IAS 28 (Sept 2014), 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'

#### **(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 Consumer Products UK Group Limited.

#### **(e) Function and presentation currency**

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

#### **(f) Revenue from contracts with customer**

Revenue from contract with customers is recognised when the Group satisfies performance obligation by transferring promised goods and services to the customer. Performance obligations may be satisfied at a point of time or over a period of time. Performance obligations satisfied over a period of time are recognised as per the terms of relevant contractual agreements / arrangements. Performance obligations are said to be satisfied at a point of time when the customer obtains controls of the asset or when services are rendered.

Revenue is measured based on transaction price, which is the fair value of the consideration received or receivable, stated net of discounts, returns and value added tax. Transaction price is recognised based on the price specified in the contract, net of the estimated sales incentives/ discounts. Accumulated experience is used to estimate and provide for the discounts/ right of return, using the expected value method.

A refund liability is recognised for expected sale returns and corresponding assets are recognised for the products expected to be returned.

The Group recognises as an asset, the incremental costs of obtaining a contract with a customer, if the Group expects to recover those costs. The said asset is amortised on a systematic basis consistent with the transfer of goods or services to the customer.

#### **(g) Finance income**

Finance 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 finance income. Finance income on impaired loan and receivables is recognised using the original effective interest rate.

# **Tata Consumer Products GB Limited (formerly Tata Global Beverages GB Limited)**

## **Notes to the financial statements for the year ended 31 March 2020 (continued)**

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

#### **(h) Depreciation and amortisation**

Depreciation and amortisation is based on management estimates of the future useful lives of the property, plant and equipment and intangible assets. Estimates may change due to technological developments, competition, changes in market conditions and other factors and may result in changes in the estimated useful life and in the depreciation and amortisation charges.

#### **(i) Dividend payable**

Dividend payable by the company is recognised as a liability in the financial statements in the period in which the dividends are approved by the company's shareholders.

#### **(j) Investments**

Investments are shown at cost less provision for accumulated impairment losses. 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 carry 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.

#### **(k) Intangible assets**

##### *(i) Goodwill*

Goodwill arising on the acquisition of subsidiaries represents the excess of the fair value of consideration over the identifiable net asset acquired. Fair value of consideration represents the aggregate of the consideration transferred, a reliable estimate of contingent consideration payable, and the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree on the acquisition date. Net assets acquired represents the fair value of the identifiable assets acquired and liability assumed.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the acquisition itself or from the synergies of the combination or both. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill is not amortised but is tested for impairment. Goodwill impairment reviews are undertaken annually. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed. Goodwill is subsequently measured at cost less amounts provided for impairment.

# **Tata Consumer Products GB Limited (formerly Tata Global Beverages GB Limited)**

## **Notes to the financial statements for the year ended 31 March 2020 (continued)**

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

#### **(k) Intangible assets (continued)**

##### *(ii) Brands*

Brands acquired separately are measured on initial recognition at the fair value of consideration paid. Following initial recognition, brands are carried at cost less any amortisation or impairment losses. A brand acquired as part of a business combination is recognised outside goodwill, at fair value at the date of acquisition, if the asset is separable or arises from contractual or other legal rights and its fair value can be measured reliably.

The useful lives of brands are assessed to be either finite or indefinite. The assessment includes whether the brand name will continue to trade, and the expected lifetime of the brand. Amortisation is charged on assets with finite lives on a straight-line basis over a period appropriate to the asset's useful life. The carrying values of brands with finite and indefinite lives are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Brands with indefinite useful lives are also tested for impairment annually either individually or, if the intangible asset does not generate cash flows that are largely independent of those from other assets or groups of assets, as part of the cash-generating unit to which it belongs. Such intangibles are not amortised. The useful life of a brand with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

##### *(iii) Computer software*

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which range between 3 to 5 years using the straight-line method.

# **Tata Consumer Products GB Limited (formerly Tata Global Beverages GB Limited)**

## **Notes to the financial statements for the year ended 31 March 2020 (continued)**

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

#### **(l) Property, plant and equipment**

Land and buildings comprise mainly factories and offices. All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Buildings - Freehold	50 years or their estimated remaining useful life, whichever is lower
Plant, machinery, fixtures, fittings and equipment	3 - 25 years

Depreciation is allocated to the appropriate heading of expense by function in the income statement.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

#### **(m) Other receivables**

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.

#### **(n) Inventories**

Inventories are stated at cost or net realizable value whichever is lower. Cost is determined on weighted average basis for all inventories other than auction/private purchased teas and stores and spares. Stores and spare parts are valued on first-in, first-out (FIFO) basis whilst auction purchased or privately bought teas are carried at actual cost for each lot. Cost comprises of expenditure incurred in the normal course of business in bringing the inventories to its present location and condition and includes appropriate overheads based on the normal level of activity. Net realizable value is the estimated selling price in the ordinary course of business less applicable selling expenses.

#### **(o) Current and deferred income tax**

The tax expense for the year 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.

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.

# **Tata Consumer Products GB Limited (formerly Tata Global Beverages GB Limited)**

## **Notes to the financial statements for the year ended 31 March 2020 (continued)**

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

#### **(o) Current and deferred income tax (continued)**

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.

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

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

#### **(q) Trade receivables**

Trade receivables are amounts due from customers for products sold in the ordinary course of business. 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 receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. For trade receivables, the Company applies the simplified approach for recognition of impairment allowance as provided in IFRS 9, which requires expected lifetime losses to be recognised on initial recognition of the receivables

#### **(r) 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. Creditors 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.

#### **(s) Employee benefits**

The company operates various post-employment schemes, including both defined benefit and defined contribution pension plans. The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.



# **Tata Consumer Products GB Limited (formerly Tata Global Beverages GB Limited)**

## **Notes to the financial statements for the year ended 31 March 2020 (continued)**

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

#### **(s) Employee benefits (continued)**

The company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the company considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation. Other key assumptions for pension obligations are based in part on current market conditions.

#### **(t) 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. The increase in the provision due to passage of time is recognised as interest expense.

#### **(u) Derivative financial instruments and hedging activities**

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 method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The company designates certain derivatives as either:

- (a) hedges of the fair value of recognised assets or liabilities (fair value hedge); or
- (b) hedges of a particular risk associated with a firm commitment or a highly probable forecast transaction (cash flow hedge);

The company documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are effective in offsetting changes in cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 16. Movements on the hedging reserve in other comprehensive income are shown within the statement of changes in equity. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

# **Tata Consumer Products GB Limited (formerly Tata Global Beverages GB Limited)**

## **Notes to the financial statements for the year ended 31 March 2020 (continued)**

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

#### **(u) Derivative financial instruments and hedging activities (continued)**

##### *(a) Fair value hedge*

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The company only applies fair value hedge accounting for hedging foreign exchange risk on recognised assets and liabilities.

##### *(b) Cash flow hedge*

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The ineffective portion of changes in the fair value of the derivative is recognised in the income statement within administration expenses.

Amounts accumulated in equity are reclassified to the income statement in the periods when the hedged item affects the income statement (for example, when the forecast purchase that is hedged takes place).

When a hedging instrument expires, swapped or unwound, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement.

When a forecasted transaction is no longer expected to occur, the cumulative gains/losses that were reported in equity are immediately transferred to the income statement.

#### **(v) Pension obligations**

A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The current service cost of the defined benefit plan, recognised in the income statement in employee benefit expense, except where included in the cost of an asset, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes curtailments and settlements. Past-service costs are recognised immediately in income.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the income statement.

# **Tata Consumer Products GB Limited (formerly Tata Global Beverages GB Limited)**

## **Notes to the financial statements for the year ended 31 March 2020 (continued)**

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

#### **(v) Pension obligations (continued)**

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

For defined contribution plans, the company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary 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.

#### **(w) Foreign currencies**

Transactions in foreign currencies are translated 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 rate ruling at the balance sheet date. All exchange differences are recognised in the income statement.

#### **(x) Related party transactions**

The company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

#### **(y) Exceptional items**

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the company. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

#### **(z) Leases**

*Policy applied from 1 April 2019*

##### **a. As a lessee**

At inception of a contract, the company assesses whether a contract is or contains a lease. A contract is, or contains, a lease if a contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the company assesses whether:

- the contract conveys the right to use an identified asset;
- the Company has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct to use of the identified asset.

At the date of commencement of a lease, the Company recognises a right-of-use asset ("ROU Assets") and a corresponding lease liability for all leases, except for leases with a term of twelve months or less (short-term leases) and low value leases. For short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. Company has considered all leases where the value of an underlying asset does not individually exceed £5k as a lease of low value assets.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. Lease payments to be made under such reasonably certain extension options are included in the measurement of ROU assets and lease liabilities.

# **Tata Consumer Products GB Limited (formerly Tata Global Beverages GB Limited)**

## **Notes to the financial statements for the year ended 31 March 2020 (continued)**

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

#### **(z) Leases (continued)**

Lease liability is measured by discounting the lease payments using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of the leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment of whether it will exercise an extension or a termination option.

Lease payments are allocated between principal and finance cost. The finance cost is charged to statement of profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The ROU assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives and restoration costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. ROU assets are depreciated on a straight-line basis over the asset's useful life or the lease term whichever is shorter.

Impairment of ROU assets is in accordance with the Company's accounting policy for impairment of tangible and intangible assets.

#### **b. As a lessor**

Lease income from operating leases where the company is a lessor is recognised in the statement of profit and loss on a straight- line basis over the lease term.

#### *Policy applied until 31 March 2019*

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

The Company leases certain property, plant and equipment. Leases of property, plant and equipment where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

The corresponding rental obligations, net of finance charges, are included in other long- term payables. Each lease payment is allocated between the liability and finance charges. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

### **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.

#### **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.

# **Tata Consumer Products GB Limited (formerly Tata Global Beverages GB Limited)**

## **Notes to the financial statements for the year ended 31 March 2020 (continued)**

### **3. Critical accounting judgements and estimation uncertainty (continued)**

#### *(i) Estimated impairment of goodwill and brands*

The company records all intangible assets acquired as part of a business combination at fair value. Goodwill is assigned an indefinite useful life whilst intangible assets are assigned an indefinite or definite useful life. Goodwill and intangible assets assigned an indefinite useful life are as a minimum subject to annual tests of impairment in line with the accounting policy stated in note 2.

Determining whether impairment is needed requires an estimation of the recoverable amount through value in use of the cash generating units to which the goodwill or intangible asset has been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating unit and use a suitable discount rate in order to calculate present value. Details of key estimates, sensitivities and key assumptions are discussed in note 11.

#### *(ii) Employee benefits*

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations. The company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the company considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation.

Other key assumptions for pension obligations are based in part on current market conditions.

#### *(iii) Carrying value of brand support accruals*

The company incurs significant costs in the support and development of the company's brands. Judgement is required in determining the level of closing accrual required at a year-end for promotions and brand support campaigns that either span two financial years or where the costs have not been fully settled by the year end date. This includes sales related discounts which are included within revenue as disclosed in the revenue recognition policy above.

There are no judgements that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### **4. Auditor's remuneration**

The audit fee of £240,000 (Year ended 31 March 2019: £257,000) was paid in aggregate for the audit of the financial statements of the UK based subsidiaries of Tata Consumer Products UK Group Limited to Deloitte LLP and no split is separately available for the audit of the company. Non audit fees for the year in relation to audit related assurance services totalled £75,000 (2019: £75,000).

# Tata Consumer Products GB Limited (formerly Tata Global Beverages GB Limited)

## Notes to the financial statements for the year ended 31 March 2020 (continued)

### 5. Revenue

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

The origin (geographical location) and destination of the company's revenue is as follows:

Year ended 31 March 2020:	Turnover by origin £'000	Turnover by destination £'000
<i>Continuing Operations</i>		
United Kingdom	118,410	102,217
Rest of the World	16,725	32,918
<b>Total</b>	<b>135,135</b>	<b>135,135</b>

Year ended 31 March 2019:	Turnover by origin £'000	Turnover by destination £'000
<i>Continuing Operations</i>		
United Kingdom	119,569	102,033
Rest of the World	15,120	32,656
<b>Total</b>	<b>134,689</b>	<b>134,689</b>

### 6. Operating profit

	Year ended March 31 2020 £'000	Year ended March 31 2019 £'000
<b>Revenue</b>	<b>135,135</b>	134,689
Cost of sales	(103,210)	(104,660)
Selling and distribution costs	(15,211)	(14,149)
Administrative expenses	(3,670)	(5,635)
<b>Operating profit before exceptional items</b>	<b>13,044</b>	10,245
Loss on disposal of brand (note 11)	(94)	-
Exceptional items (note 7)	(781)	(2,089)
<b>Operating profit</b>	<b>12,169</b>	8,156

**Tata Consumer Products GB Limited (formerly Tata Global Beverages GB Limited)**

**Notes to the financial statements for the year ended 31 March 2020  
(continued)**

**6. Operating profit (continued)**

Operating profit is stated after charging:

	2020 £'000	2019 £'000
Wages and salaries	17,751	14,893
Social security costs	1,660	1,236
Other pension costs	1,276	1,318
Staff costs:	20,687	17,447
Depreciation (note 12)	1,795	1,530
Depreciation of ROU assets (note 20)	950	-
Computer software amortisation (note 11)	576	624
Loss on disposal of brand (note 11)	94	-
Research and development costs	95	353
Exceptional items (note 7)	781	2,089

**7. Exceptional items**

	2020 £'000	2019 £'000
Group restructuring programme (redundancy)	781	2,089
<b>Total exceptional items</b>	<b>781</b>	<b>2,089</b>

The group restructuring programme largely consists of redundancy costs owing to the re-organisation of the management structure and outsourcing of support functions.

**8. Finance income and costs**

	2020 £'000	2019 £'000
Interest income from group undertakings	1,881	2,915
Finance income relating to defined benefit plan (note 18)	400	100
<b>Total interest income</b>	<b>2,281</b>	<b>3,015</b>
Interest expense to group undertakings	(74)	(2,006)
Interest on finance lease liabilities	(255)	-
<b>Total interest expense</b>	<b>(329)</b>	<b>(2,006)</b>
<b>Net interest income</b>	<b>1,952</b>	<b>1,009</b>

**Tata Consumer Products GB Limited (formerly Tata Global Beverages GB Limited)**

**Notes to the financial statements for the year ended 31 March 2020  
(continued)**

**9. Employees and directors**

The average monthly number of persons (full time equivalent) employed, principally in the United Kingdom, during the year was:

	<b>Monthly average number</b>	<b>Monthly average number</b>
Manufacturing	<b>248</b>	261
Selling & distribution	<b>56</b>	45
Administration	<b>54</b>	41
<b>Total</b>	<b>358</b>	347

The emoluments of the Directors were as follows:

	<b>2020 £'000</b>	<b>2019 £'000</b>
Aggregate emoluments	<b>672</b>	653
Compensation for loss of office	-	419
Company contribution to defined contribution pension schemes	<b>28</b>	41
	<b>700</b>	1,113

	<b>2020 Monthly average number</b>	<b>2019 Monthly average number</b>
The closed defined benefit scheme	<b>1</b>	1
The defined contribution pension schemes	<b>2</b>	2
<b>Highest paid director</b>	<b>2020 £'000</b>	<b>2019 £'000</b>
Aggregate emoluments	<b>229</b>	179
Compensation for loss of office	-	419
Company contribution to defined contribution pension schemes	<b>28</b>	7
	<b>257</b>	605



**Tata Consumer Products GB Limited (formerly Tata Global Beverages GB Limited)**

**Notes to the financial statements for the year ended 31 March 2020  
(continued)**

**10. Income tax expense**

The tax assessed on the profit before tax is lower (2019: higher) than that of the standard rate of corporation tax in the UK of 19% (2019: 19%).

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
<b>Current tax</b>		
UK corporation tax charge for the financial year	2,138	1,451
Adjustments in respect of prior years	47	914
Total current tax charge for the financial year	2,185	2,365
<b>Deferred tax</b>		
Origination and reversal of temporary differences	489	466
Adjustment in respect of previous years	(613)	(259)
Total deferred tax (credit) / charge for the year	(124)	207
<b>Total tax charge for the financial year</b>	<b>2,061</b>	<b>2,572</b>

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
<b>Statement of other comprehensive income</b>		
Current tax in respect of contribution to defined benefit pension plans	(950)	(950)
Deferred tax in respect of cashflow hedges accounted for in hedging reserve	187	112
Deferred tax in respect of remeasurements of defined benefit pension plans	2,295	2,176
<b>Total tax charge to statement of other comprehensive income</b>	<b>1,532</b>	<b>1,338</b>

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Profit before tax	14,121	9,165
Tax at the UK corporation tax rate of 19% (2019: 19%)	2,683	1,741
Tax effect of expenses not deductible for tax:		
Expenses relating to pension scheme	(76)	167
Other non deductible expenses	5	9
Impact of change in tax rate	16	-
Adjustments to tax charge in respect of prior years	(567)	655
<b>Total tax charge for the financial year</b>	<b>2,061</b>	<b>2,572</b>

**Tata Consumer Products GB Limited (formerly Tata Global Beverages GB Limited)**

**Notes to the financial statements for the year ended 31 March 2020  
(continued)**

**10. Income tax expense (continued)**

**Deferred tax**

Deferred tax consists of the following (liabilities) / assets:

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
<b>Deferred tax assets</b>		
Deferred tax asset - to be recovered after 12 months	373	151
Deferred tax asset - to be recovered within 12 months	243	626
<b>Total</b>	<b>616</b>	<b>777</b>
<b>Deferred tax liabilities</b>		
Deferred tax liability - to be paid after 12 months	(4,805)	(2,947)
Deferred tax liability - to be paid within 12 months	(288)	(119)
	<b>(5,093)</b>	<b>(3,066)</b>

	Retirement benefit obligation £'000	Derivatives used for hedging £'000	Property, plant and equipment £'000	Brand £'000	Other timing differences £'000	Total £'000
<b>At 1 April 2018</b>	(221)	38	(469)	573	185	106
Income statement charge	-	-	(134)	(35)	(38)	(207)
Purchase of assets from Tata Global Beverages Services Limited	-	-	8	-	91	99
Tax charge relating to components of other comprehensive expense	(2,176)	(111)	-	-	-	(2,287)
<b>At 31 March 2019</b>	<b>(2,397)</b>	<b>(73)</b>	<b>(595)</b>	<b>538</b>	<b>238</b>	<b>(2,289)</b>
Adjustment on adoption of IFRS 16	-	-	-	-	170	170
<b>At 1 April 2019</b>	<b>(2,397)</b>	<b>(73)</b>	<b>(595)</b>	<b>538</b>	<b>408</b>	<b>(2,119)</b>
Income statement credit / (charge)			454	(538)	208	124
Tax charge relating to components of other comprehensive income	(2,295)	(187)	-	-	-	(2,482)
<b>At 31 March 2020</b>	<b>(4,692)</b>	<b>(260)</b>	<b>(141)</b>	<b>-</b>	<b>616</b>	<b>(4,477)</b>

A deferred tax asset has been recognised due to the expectation that the company will generate future taxable profits.

# Tata Consumer Products GB Limited (formerly Tata Global Beverages GB Limited)

## Notes to the financial statements for the year ended 31 March 2020 (continued)

### 10. Income tax expense (continued)

#### *Factors that may affect future tax:*

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2020 (on 17 March 2020). These include reversing the reduction in the main rate of corporate tax to 17% and so from 1 April 2020 the main rate is maintained at 19%. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

### 11. Intangible assets

	Brands	Goodwill	Software	Software work in progress	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
At 1 April 2019	9,856	58,540	8,404	484	77,284
Additions	-	-	-	-	-
Disposals	(5,040)	-	-	(53)	(5,093)
Reclassifications	-	-	238	(238)	-
<b>At 31 March 2020</b>	<b>4,816</b>	<b>58,540</b>	<b>8,642</b>	<b>193</b>	<b>72,191</b>
<b>Accumulated impairment and amortisation</b>					
At 1 April 2019	8,741	-	7,601	-	16,342
Charge for the year	-	-	576	-	576
Disposals for the year	(3,925)	-	-	-	(3,925)
<b>As at 31 March 2020</b>	<b>4,816</b>	<b>-</b>	<b>8,177</b>	<b>-</b>	<b>12,993</b>
<b>Net book amount</b>					
<b>At 31 March 2020</b>	<b>-</b>	<b>58,540</b>	<b>465</b>	<b>193</b>	<b>59,198</b>
At 31 March 2019	1,115	58,540	803	484	60,942

Amortisation is charged to cost of sales within the income statement.

#### **Brands**

Brands consists of the purchase of 'Vitax' tea brands principally sold in Poland for £4.8m in April 2007 but has been fully impaired in previous years and as a carrying value of nil (2019: nil).

During the year the company sold its 'Jemca' tea brand which is principally sold in Czech Republic. Its carrying value was £1,115k and cash consideration received was £1,021k so a loss on disposal of £94k was recognised in the income statement.

#### **Goodwill**

Goodwill relates to the investments made in The Tetley Group in March 2000.

# Tata Consumer Products GB Limited (formerly Tata Global Beverages GB Limited)

## Notes to the financial statements for the year ended 31 March 2020 (continued)

### 11. Intangible assets (continued)

#### Impairment testing for Brands and Goodwill

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

As part of the impairment review, sensitivity analysis is performed on the base case assumptions used to assess the carrying value of the goodwill. In particular, the sensitivity of the discounted cash flows to the weighted average cost of capital and the achievement of the medium term plans has been reviewed and the assumptions made are considered appropriate. To focus on the strategy of exploiting the beverage potential across geographies, the company is managed based on regional responsibilities. Regions or countries within these regions having independent cash flows are designated as Cash Generating Units for the purposes of impairment testing. It has identified UK and countries in Eastern Europe as the main geographies.

Carrying amounts of Goodwill and brands has been allocated as follows:

CGUs	Brands		Goodwill	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Eastern Europe	-	1,115	-	-
UK	-	-	58,540	58,540
<b>Total</b>	-	1,115	<b>58,540</b>	<b>58,540</b>

The recoverable amount of the CGUs has been determined based on a value in use calculation using cash flow projections over a period of 5 years, with amounts based medium term strategic plans approved by the board. Any major variations to strategic plan based on past experience are incorporated in the calculations. Cashflows beyond the 5 year period are extrapolated using a long term growth rate.

Key assumptions in the business plans include future revenue volume/price growth rates, associated future levels of marketing support and other relevant cost base. These assumptions are based on historical trends and future market expectations specific to each CGU and the markets and geographies in which they operate.

Other key assumptions applied in determining value in use are:

- long term growth rate – Cash flows beyond the six-year period are extrapolated using the estimated long-term growth rate applicable for the geographies in which the CGUs operate.
- discount rate – The discount rate is based on a Weighted Average Cost of Capital (WACC) for comparable companies operating in similar markets and geographies adjusted for country specific risk affecting where each CGU operates.

The long term growth rates and discount rates applied in the value in use calculation has been set out below:

	Pre-tax discount rate	Long-term growth rate
GB	9.05%	1.75%

We have performed sensitivity analyses around the base assumptions and have concluded that no reasonable possible changes in key assumptions based on current recent trends would cause the recoverable amount of the UK CGU to be less than the carrying value.

# Tata Consumer Products GB Limited (formerly Tata Global Beverages GB Limited)

## Notes to the financial statements for the year ended 31 March 2020 (continued)

### 12. Property, plant and equipment

	Freehold land and buildings	Plant, machinery, fixtures, fittings and equipment	Capital work in progress	Total
	£'000	£'000	£'000	£'000
<b>Cost</b>				
At 1 April 2019	9,111	59,151	1,018	69,280
Reclassification	-	2,756	(2,756)	-
Additions	-	-	2,265	2,265
Disposals	-	(219)	(143)	(362)
<b>At 31 March 2020</b>	<b>9,111</b>	<b>61,688</b>	<b>384</b>	<b>71,183</b>
<b>Accumulated Depreciation</b>				
At 1 April 2019	5,706	51,778	-	57,484
Charge for the year	83	1,712	-	1,795
Disposals	-	(207)	-	(207)
<b>At 31 March 2020</b>	<b>5,789</b>	<b>53,283</b>	<b>-</b>	<b>59,072</b>
<b>Net book amount</b>				
<b>At 31 March 2020</b>	<b>3,322</b>	<b>8,405</b>	<b>384</b>	<b>12,111</b>
At 31 March 2019	3,405	7,373	1,018	11,796

The capital work in progress represents plant and machinery, fixtures, fittings and equipment which have been purchased and will be brought into use in the next financial year.

Land and Buildings contains £338k (2019: £338k) of land which is not depreciated.

### 13. Investment in subsidiaries

Cost and net book value	Shares in Group undertakings £'000
At 1 April 2019 and 31 March 2020	1,000

The directors believe that the carrying value of the investments does not require any impairment.

The Company's subsidiary undertakings held are as follows:

Entity name	Country of incorporation	Sector	Proportion of equity and voting rights held	Direct / Indirectly held
Lyons Tetley Limited	UK	Dormant Company	100%	Direct
Stansand Limited	UK	Dormant Company	100%	Direct
Stansand (Brokers) Limited	UK	Dormant Company	100%	Direct
Drassington Limited	UK	Dormant Company	100%	Direct
Teapigs Limited	UK	Tea	100%	Direct
Teapigs USA LLC	USA	Tea	100%	Indirect

# Tata Consumer Products GB Limited (formerly Tata Global Beverages GB Limited)

## Notes to the financial statements for the year ended 31 March 2020 (continued)

### 13. Investment in subsidiaries (continued)

All UK companies with exception of Teapigs Limited and Teapigs USA LLC have the same registered office: 325 Oldfield Lane North, Greenford, Middlesex, UB6 0AZ. The registered office of Teapigs Limited is 1 The Old Pumping Station, Pump Alley, Brentford, Middlesex, TW8 0AP, UK and of Teapigs USA LLC is 195 Chrystie Street, #602E, New York, New York 10002.

The Company's subsidiary undertakings held have share capital consisting solely of ordinary shares which are directly held by the company unless stated; the country of incorporation or registration is also their principal place of business

None of the investments are quoted.

### 14. Inventories

	2020 £'000	2019 £'000
Raw materials	16,418	19,081
Work in progress	326	487
Finished goods	6,555	7,954
<b>Total</b>	<b>23,299</b>	<b>27,522</b>

There is no significant difference between the amount shown above and replacement cost. During the year ended 31 March 2020 £456k (2019: £122k) was charged to the income statement for slow moving and obsolete inventories.

The cost of inventories recognised as an expense and included in 'cost of sales' amounted to £74,009k (2019: £71,412k).

### 15. Trade and other receivables

	2020 £'000	2019 £'000
Trade receivables	20,587	19,768
Amounts owed by group undertakings	113,536	107,635
Amounts owed by related parties	2,317	2,875
Corporation tax	-	30
Lease receivables	790	-
Other receivables	655	852
Prepayments and accrued income	796	1,095
<b>Total</b>	<b>138,681</b>	<b>132,255</b>
Less non-current portion:		
Amounts owed by group undertakings	(99,306)	(95,597)
Lease receivables	(717)	-
<b>Current portion</b>	<b>38,658</b>	<b>36,658</b>

# Tata Consumer Products GB Limited (formerly Tata Global Beverages GB Limited)

## Notes to the financial statements for the year ended 31 March 2020 (continued)

### 15. Trade and other receivables (continued)

#### Amounts owed by group undertakings - current

Amounts owed by group undertakings include loans given to Tata Global Beverages Overseas Limited of £4.2m (2019: 4.2m) and Tata Consumer Products Canada Inc of £4.3m (2019: £1.9m), together with other balances of £4.2m (2019: £4.5m) with fellow group subsidiaries. The loans are unsecured, repayable on demand and non-interest bearing.

Amounts owed by group undertakings includes loans to Tata Consumer Products US Holdings Inc. of £1.5m (2019: £1.4m) and Stansand (Africa) Limited of £1.8m (2019: £1.6m) which are both unsecured, repayable on demand and on which interest is charged at LIBOR + 2%.

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

Amounts owed by group undertakings include loans given to Tata Consumer Products UK Group Limited of £31.9 m (2019: £27.8m) which is non-interest bearing and loans totalling £67.4m (2019: £67.8m) from Tata Consumer Products Overseas Holdings Limited on which interest is charged at a margin over LIBOR of 2%.

The company has provided a letter stating that these balances will not be called due for a period of 12 months from the signing of these financial statements 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 £2.3m (2019: £2.3m).

#### Amounts owed by related parties

Amounts owed by Tata Consumer Products companies represents a balance with Eight O'clock Coffee Inc. of £1.9m (2019: £1.8m), a balance with Tata Consumer Products Limited of £0.4m (2019: £0.5m) and a balance with Tata Consumer Products Capital Limited of £Nil (2019: £0.5m) all of which are trading balances which are unsecured, repayable on demand and non-interest bearing. Eight O'clock Coffee Inc. and Tata Consumer Products Capital Limited are company's under common control of the company's ultimate parent company (see note 22).

#### Impact of COVID-19 pandemic

Based on business outlook, collection pattern and insurance covers in place, the company does not envisage any material risks arising from the pandemic.

### 16. Derivative financial instruments

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

	2020		2019	
	Asset	Liability	Asset	Liability
	£'000	£'000	£'000	£'000
Derivative asset	1442	-	422	-
Derivative liability	-	-	-	-
<b>Derivative financial instruments</b>	<b>1442</b>	<b>-</b>	<b>422</b>	<b>-</b>
<b>Forward foreign exchange contracts</b>				

# Tata Consumer Products GB Limited (formerly Tata Global Beverages GB Limited)

## Notes to the financial statements for the year ended 31 March 2020 (continued)

### 16. Derivative financial instruments (continued)

The company enters into forward foreign currency contracts to mitigate the exchange rate risk for certain foreign currency transactions. At 31 March 2020, the outstanding contracts all mature within 6 months (2019: 9 months) of the year end. The company is committed to buy US\$22m and sell CAD\$16m both against a fixed sterling amount.

The forward currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key assumptions used in valuing the derivatives are the exchange rates for GBP:USD and GBP:CAD.

#### Foreign exchange options

During the year ended 31 March 2020, the company has designated certain foreign exchange forward contracts and option contracts as cash flow hedges to mitigate the risk of foreign currency exposure on highly probable forecasted transactions. Hedge effectiveness is determined at inception and prospective effectiveness testing is done to ensure the relationship exist between the hedged items and hedging instruments, including whether the hedging instruments is expected to offset changes in cash flows of hedge items.

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

	2020 £'000	2019 £'000
Trade creditors	7,363	7,892
Amounts owed to group undertakings	2,279	2,174
Amounts owed to related parties	3,067	3,748
Corporation tax	(126)	-
Other taxation and social security	270	281
Deferred tax liability (note 10)	4,477	2,289
Other creditors	437	838
Accruals and deferred income	14,716	13,895
<b>Total</b>	<b>32,483</b>	<b>31,117</b>

Amounts owed to group undertakings are all trading balances which are unsecured, repayable on demand and non-interest bearing.

Amounts owed to related parties are trading balances with the ultimate parent company and are unsecured, repayable on demand and non-interest bearing.



# Tata Consumer Products GB Limited (formerly Tata Global Beverages GB Limited)

## Notes to the financial statements for the year ended 31 March 2020 (continued)

### 18. Post-employment benefits

The table below outlines where the company's post-employment benefits amount and activity are included in the financial statements.

	2020 £'000	2019 £'000
<b>Balance sheet obligations for:</b>		
Non-current assets - Defined pension benefits	27,600	14,100
Non-current liabilities - Post Employment medical benefits	(675)	(691)
<b>Income statement (credit) / charge:</b>		
- Finance income on defined pension benefits	400	100
- Administration cost on defined pension benefits	(300)	(400)
	100	(300)
<b>Gains recognised in other comprehensive income:</b>		
- Remeasurements for defined pension benefits	8,400	9,000
	8,400	9,000

(a) Defined benefit pension benefits

The company sponsors a defined benefit pension plan, the Tetley GB Final Salary Scheme (the "Scheme"), in the UK with benefits based on final salary. The company closed the Scheme to future accrual with effect from 6 April 2005. At this point, all active Scheme members moved to a deferred status under the Scheme. The final salary pension plans provides benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on the members' length of service and their salary in the schemes final year.

Payments to the scheme are generally updated in line with the retail price index. The majority of benefit payments are from trustee-administered funds. Responsibility for governance of the plan– including investment decisions and contribution schedules – lies jointly with the company and the board of trustees. The board of trustees must be composed of representatives of the company and plan participants in accordance with the plan's regulations.

The amounts recognised in the balance sheet are determined as follows:

	2020 £'000	2019 £'000
Present value of funded obligations	(137,000)	(146,200)
Fair value of plan assets	164,600	160,300
<b>Asset in the balance sheet</b>	<b>27,600</b>	<b>14,100</b>

**Tata Consumer Products GB Limited (formerly Tata Global Beverages GB Limited)**

**Notes to the financial statements for the year ended 31 March 2020  
(continued)**

**18. Post-employment benefits (continued)**

The movement in the defined benefit asset over the year is as follows:

	Present value of obligation £'000	Fair value of plan assets £'000	Total £'000
At 1 April 2018	(147,700)	149,000	1,300
Interest (expense) / income	(3,800)	3,900	100
Administrative expenses	-	(400)	(400)
Past service costs	(900)	-	(900)
	(152,400)	152,500	100
Remeasurements:			
– Return on plan assets, excluding amounts included in interest income	-	7,800	7,800
– Gain from change in demographic assumptions	3,300	-	3,300
– Loss from change in financial assumptions	(7,000)	-	(7,000)
– Experience gains	4,900	-	4,900
	1,200	7,800	9,000
Contributions:			
– Employers	-	5,000	5,000
Payments from plans:			
– Benefit payments	5,000	(5,000)	-
At 31 March 2019	(146,200)	160,300	14,100

	Present value of obligation £'000	Fair value of plan assets £'000	Total £'000
<b>At 1 April 2019</b>	<b>(146,200)</b>	<b>160,300</b>	<b>14,100</b>
Interest (expense)/income	(3,400)	3,800	400
Administrative expenses	-	(300)	(300)
Past service costs	-	-	-
	(149,600)	163,800	14,200
Remeasurements:			
– Return on plan assets, excluding amounts included in interest (expense)/income	-	3,200	3,200
– Loss from change in demographic assumptions	(300)	-	(300)
– Gain from change in financial assumptions	4,800	-	4,800
– Experience gains	700	-	700
	5,200	3,200	8,400
Contributions:			
– Employers	-	5,000	5,000
Payments from plans:			
– Benefit payments	7,400	(7,400)	-
<b>At 31 March 2020</b>	<b>(137,000)</b>	<b>164,600</b>	<b>27,600</b>

# Tata Consumer Products GB Limited (formerly Tata Global Beverages GB Limited)

## Notes to the financial statements for the year ended 31 March 2020 (continued)

### 18. Post-employment benefits (continued)

The significant actuarial assumptions were as follows:

	2020 %	2019 %
Discount rate	<b>2.40</b>	2.40
RPI Inflation	<b>2.65</b>	3.25
Rate of increase in pensions in payment	<b>3.25</b>	3.55
Rate of increase in pensions in deferment	<b>3.00</b>	3.25

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in each territory. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 65:

	Executives		Staff	
	2020 Years	2019 Years	2020 Years	2019 Years
Longevity at age 65 for current pensioners:				
Males	<b>24.1</b>	24.1	<b>21.7</b>	21.6
Females	<b>25.9</b>	25.8	<b>23.6</b>	23.4
Longevity at age 65 for future pensioners:				
Males	<b>25.4</b>	25.4	<b>23.1</b>	23.0
Females	<b>27.1</b>	27.0	<b>24.8</b>	24.6

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
		£'000	£'000
Discount rate	0.50%	<b>9,700</b>	<b>(10,800)</b>
RPI inflation	0.50%	<b>(4,100)</b>	<b>2,100</b>
		Increase by 1 year in assumption	Decrease by 1 year in assumption
		£'000	£'000
Age of member in mortality assumption		<b>(5,500)</b>	<b>5,200</b>

The above sensitivity analyses are based on a change in assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the year) has been applied as when calculating the pension liability recognised within the statement of financial position.

# Tata Consumer Products GB Limited (formerly Tata Global Beverages GB Limited)

## Notes to the financial statements for the year ended 31 March 2020 (continued)

### 18. Post-employment benefits (continued)

Plan assets comprised of:

	2020 £'000	2019 £'000
Equities	28,200	26,000
LDI	73,800	85,200
Multi asset credit	21,900	35,700
Property	-	11,600
Diversified growth funds	10,700	-
Secured income assets	14,400	-
Corporate bonds	12,200	-
Cash and Insurance policies	3,300	1,800
<b>Total</b>	<b>164,500</b>	<b>160,300</b>

### Risks

The nature of the Scheme exposes the company to the risk of paying unanticipated additional contributions to the Scheme in times of adverse experience. The most financially significant risks are likely to be:

#### – Asset volatility

The Scheme's liabilities are calculated using a discount rate set with reference to corporate bond yields in line with the requirements of IAS 19. If the Scheme assets underperform this yield, it will increase the deficit. The plan holds investments across a range of asset classes which are expected to outperform corporate bonds in the long term but provide volatility and risk in the short term.

#### – Changes in bond yields

A decrease in corporate bond yields will increase plan liabilities. In the event of a reduction in the corporate bond yields there will be an increase in the value of the Scheme's interest rate swaps and derivatives held which reduce exposure to this risk by approximately 80%.

#### – Inflation risk

The Company pension obligations are linked to inflation, and higher inflation will lead to higher liabilities. The hedging strategy in place means through the use of inflation swaps and derivatives the scheme assets hedge approximately 90% of this risk.

#### – Life expectancy

The Scheme's obligation is to provide benefits for the life of the members. An increase in life expectancy will result in an increase in the Scheme's liabilities.

### Policy for recognising gains and losses

The company recognises actuarial gains and losses immediately, through the remeasurement of the net defined benefit liability.

### Asset-liability matching strategies used by the Scheme

The Scheme's stated investment strategy includes holding a benchmark allocation of 40% to liability-driven investments which involves hedging the Scheme's exposure to changes in interest rates and inflation through the use of liability driven investments (LDI) which typically involves swaps and derivatives, a 15% benchmark exposure to multi-asset credit and a 7.5% benchmark holding in corporate bonds. The remaining portfolio is invested across a diversified range of growth assets which include equities, diversified growth funds and secured income assets.

# Tata Consumer Products GB Limited (formerly Tata Global Beverages GB Limited)

## Notes to the financial statements for the year ended 31 March 2020 (continued)

### 18. Post-employment benefits (continued)

#### Description of funding arrangements and funding policy that affect future contributions

The Schedule of Contributions dated 31 August 2019, sets out the current contributions payable by the Company to the Scheme. This was revised based on the triennial valuation performed as at 6 April 2017 which revealed a deficit of £34,900k, with an annual deficit recovery, subject to discussions triennially of £5,000k per year up until 5 April 2021 followed by contributions of £3,500k per year until 5 December 2024.

#### Expected contributions over the next financial year

The company expects to contribute approximately £5,000k to the Scheme in the year ending 31 March 2021.

#### IFRIC 14

Legal advice provided in respect of the Scheme confirms that there is an unconditional right to any remaining surplus once all member benefits have been paid.

#### Maturity profile of defined benefit obligation (undiscounted basis)

	2020 £'000	2019 £'000
Within next 12 months	4,900	4,900
Between 2 and 5 years	21,500	21,600
Between 6 and 9 years	24,500	24,300
10 years and above	154,100	171,700

#### (b) Post-employment medical benefits

The company operates post-employment medical benefits to former employees in the US and UK. These plans are unfunded and the valuation method is similar to those used for defined benefit pension schemes set out above with the addition of actuarial assumptions relating to the long-term increase in healthcare costs in the US of 5.0% per annum and in the UK of 5.4% per annum.

The liability recognised in the balance sheet as at 31 March 2020 was £675k (31 March 2019: £691k).

### 19. Called up share capital

	Number	2020 £	2019 £
<b>Authorised</b>			
Ordinary shares of £1 each	100 (2019: 100)	100	100
<b>Allotted, called up and fully paid</b>			
Ordinary shares of £1 each	1 (2019: 1)	1	1

# Tata Consumer Products GB Limited (formerly Tata Global Beverages GB Limited)

## Notes to the financial statements for the year ended 31 March 2020 (continued)

### 20. Leases

(a) Leases where the company is the lessee

From 1 April 2019, following the adoption of IFRS 16, lease are recognised as right-of-use assets and a corresponding liability at the date which the lease asset is available for the use by the company. Until 31 March 2019, leases of property, plant and equipment were classified as either finance leases or operating lease. Please refer to note 2 a description of the new accounting policy and 2(c) explains the impact.

Lease liabilities are secured on the leased assets. The company leases various offices, factory buildings, equipment and motor vehicles. Rental contracts are typically made for fixed periods of 3 to 15 years.

Amounts recognised in the balance sheet:

#### Right-of-use Assets

Cost	Buildings £'000	Plant and Equipment £'000	Total £'000
At 31 March 2019	-	-	-
Adjustment on adoption of IFRS 16	7,107	128	7,235
At 1 April 2019 (restated)	7,107	128	7,235
Additions	-	132	132
<b>At 31 March 2020</b>	<b>7,107</b>	<b>260</b>	<b>7,367</b>

#### Accumulated depreciation

At 31 March 2019	-	-	-
Adjustment on adoption of IFRS 16	-	-	-
At 1 April 2019 (restated)	-	-	-
Charge for the year	864	86	950
<b>At 31 March 2019</b>	<b>864</b>	<b>86</b>	<b>950</b>

#### Net book amount:

<b>At 31 March 2020</b>	<b>6,243</b>	<b>174</b>	<b>6,417</b>
At 31 March 2019	-	-	-

	<b>2020</b>
	<b>£'000</b>
Current	942
Non-current	7,005
<b>Total</b>	<b>7,947</b>

Amounts recognised in profit or loss:

	<b>2020</b>
	<b>£'000</b>
Depreciation charge of right-of-use assets	
- Buildings	864
- Plant and Equipment	86
Interest expenses (included in finance costs)	255

# Tata Consumer Products GB Limited (formerly Tata Global Beverages GB Limited)

## Notes to the financial statements for the year ended 31 March 2020 (continued)

### 20. Leases (continued)

<b>Contractual maturities of lease liabilities on an undiscounted basis:</b>	<b>2020</b>
	<b>£'000</b>
Less than one year	1,169
One to two years	1,173
Two to five years	2,660
More than five years	4,151
<b>Total</b>	<b>9,153</b>

(b) Leases where the company is the lessor

The company sub-lets part of a rented office building recognised as a right of use asset.

Amounts recognised in the balance sheet:

<b>Lease receivables</b>	<b>2020</b>
	<b>£'000</b>
Current	73
Non-current	717
<b>Total</b>	<b>790</b>

<b>Movement in Lease receivables:</b>	<b>2020</b>
	<b>£'000</b>
Balance at beginning of the period	-
New additions during the period	770
Interest Income accrued during the period	27
Lease Receipts	(7)
<b>Balance at the end of the period</b>	<b>790</b>

Amounts recognised in the profit or loss:

	<b>2020</b>
	<b>£'000</b>
Interest income (included in finance income)	27
Operating rental income	7

<b>Contractual maturities of Lease receivables on an undiscounted basis:</b>	<b>2020</b>
	<b>£'000</b>
Less than 1 year	77
1 to 2 years	78
2 to 3 years	79
3 to 4 years	79
4 to 5 years	79
More than 5 years	513
<b>Total</b>	<b>905</b>

### 21. Capital commitments

Capital expenditure authorised by the Board and contracted for at 31 March 2020 amounted to £0.3m (2019: £0.8m) with the £25k (2019: £40k) relating to computer software and the remainder relating to property, plant and equipment.

# **Tata Consumer Products GB Limited (formerly Tata Global Beverages GB Limited)**

## **Notes to the financial statements for the year ended 31 March 2020 (continued)**

### **22. Parent company**

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

### **23. Events after the end of the reporting period**

As at the date of this report, no matter or circumstance has arisen since 31 March 2020 that has significantly affected, or may significantly affect the company, its results or the state of affairs in future financial years.

### **24. Impact of Covid-19 and Brexit**

#### **Covid-19**

In the initial days post Covid-19 lockdown, there were instances of panic buying mainly in the retail segment in most major markets with reduced sales in the out of home segments in certain markets and supply shocks in the system due to uncertainty of whether raw materials will be available in the near future. The situation has been tackled well through a number of initiatives including ensuring timely delivery of additional orders, upfront sourcing of raw teas to ensure adequate stock to meet the requisite demand for the near future. For our Trade receivables, based on our business outlook, collection pattern and insurance covers in place, the company does not envisage any material risks arising from the pandemic. We also have a strong cash position. Covid-19 has caused disruption in the industry and we may possibly see long term shifts in consumer behaviour. The digital disruption can be seen across segments – whether it is in terms of increase in consumption of online content (news, entertainment, games and learning) or stronger demand for online delivery (where it is relatively easier to maintain social distancing). There is also upswing of sales in General Trade outlets with restriction on travel and closing of shopping malls / complexes during the lockdown. In the short term – we expect an increased at home consumption with reduction in order of take-outs/ deliveries. There potentially will be stronger focus on quality and hygiene. Consumers will proactively look at Health and Wellness options in their purchases including traditional and preventive measures. We expect to see consumers who are more price and value conscious in their choices given uncertainty with Covid-19. The situation is being closely monitored and we are taking the necessary steps to ensure that the risk on the company is minimised.

#### **Brexit**

The various trade and other agreements which the UK enters into will determine the impact of Brexit on the UK economy in the coming years. Until such time, in the financial markets is expected to be volatile as detailed political and legal issues are being worked out. A prolonged depreciation of sterling and fall in gilt yields has been witnessed as a aftermath of the decision to exit the European Union, further exacerbated by the recent pandemic. Further, changes in the trade relationships between Europe and UK, which is yet to be finalised, could give rise to supply and cost issues along with export sales disruption. The company's management are constantly reviewing mitigations like pricing strategy, currency hedging, stock levels and latest available legal counsel to seek to minimise any adverse fall out.