

# **Tata Global Beverages Investments Limited**

**Registered Number: 5932003**

## **Annual Report and Financial Statements**

**Year ended 31 March 2018**



# **Tata Global Beverages Investments Limited**

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# **Tata Global Beverages Investments Limited**

## **Strategic report**

### **Strategic report for the year ended 31 March 2018**

The directors present their strategic report for the year ended 31 March 2018.

#### **Review of the business**

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

The company, given the nature of its business as holding company considers its key performance indicators to be finance income and profit after tax.

During the period, the company recognised an impairment of £3.0m. (Year ended 31 March 2017: £7.3m) in respect of the company's loans given to Kahutara Holding Limited, the holding company for the Russian operations where we completed a restructure and disposed of the trading subsidiaries to replacing with a royalty arrangement. A revaluation gain of £0.5m was also recognised against the company's available for sale investment, reflecting an improvement in fair value.

Finance income for the financial period amounted to £8.5m (Year ended 31 March 2017: £9.8m) which is derived from loans owed by group undertakings and loans to other related companies (refer to note 12). Administrative expenses for the financial period were £2.8m (Year ended 31 March 2017: £1.8m) an increase of £1.0m largely due to higher costs in the current year relating to the disposal of Russia trading operations.

The company recorded a loss for the financial year of £1.4m (Year ended 31 March 2017: Loss of £3.4m), an improvement over the prior year owing to lower impairments. Dividends of £17m (Year ended 31 March 2017: £nil) were proposed and paid during the period. The directors do not recommend the payment of a final dividend (Year ended 31 March 2017: £nil). The net asset position of the company as at 31 March 2018 was £365.5m, a decrease from £384.1m as at 31 March 2017, largely explained by the dividend payment made during the year.

#### **Principal risks and uncertainties**

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

Approved on behalf of the Board



M Thakrar  
Director  
1 June 2018

# **Tata Global Beverages Investments Limited**

## **Directors' report**

### **Directors' report for the year ended 31 March 2018**

The directors present their annual report and the audited financial statements for the year ended 31 March 2018.

### **Future Developments**

There were no dividends received from investments in the current period which is consistent with the prior year ended 31 March 2017. The company has continued to pursue a number of other acquisitions in which it intends to invest its cash assets. In the interim, the company has invested the cash in a combination of short term bank deposits and loans to other Tata companies and corporations.

### **Dividends**

Please refer to strategic report.

### **Directors**

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

A Misra  
L Krishna Kumar  
H Bhat  
M Thakrar  
S Shah

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

### **Treasury policy and financial risk management**

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

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

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

# **Tata Global Beverages Investments Limited**

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

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

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

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

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

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

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

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

### **Directors' indemnities**

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

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

On the 3<sup>rd</sup> May the company proposed, approved and paid a £17m dividend.

### **Statement of directors' responsibilities**

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

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

# Tata Global Beverages Investments Limited

## Directors' report (continued)

### Statement of directors' responsibilities (continued)

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

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

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

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

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

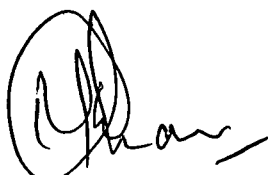
In the case of each director in office at the date the Directors' Report is approved:

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

### Independent auditors

The auditors, Deloitte LLP have expressed their willingness to continue in office.

Approved on behalf of the Board



M Thakrar  
Director  
1 June 2018

# **Tata Global Beverages Investments Limited**

## **Independent auditor's report to the members of Tata Global Beverages Investments Limited**

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

#### **Opinion**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its loss 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 of Tata Global Beverages Investments Limited (the 'company') which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the notes to the financial statements.

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 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 Global Beverages Investments Limited**

## **Independent auditor's report to the members of Tata Global Beverages Investments 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 Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **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.



# **Tata Global Beverages Investments Limited**

## **Independent auditor's report to the members of Tata Global Beverages Investments Limited (continued)**

### **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.

#### **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.



Sukhbinder Kooner (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
6 June 2018

# Tata Global Beverages Investments Limited

## Statement of comprehensive income

For the year ended 31 March 2018

	Note	Year ended 31 March 2018 £'000	Year ended 31 March 2017 £'000
Administrative expenses		(4,068)	(1,776)
Reversal of impairment / (impairment) of available for sale financial assets	11 / 10	521	(2,628)
Impairment of balances due from group undertakings	12	(2,996)	(7,263)
<b>Operating loss</b>		<b>(6,543)</b>	<b>(11,667)</b>
Finance income	6	8,512	9,743
Finance costs	7	(642)	-
<b>Profit / (loss) on ordinary activities before taxation</b>		<b>1,327</b>	<b>(1,924)</b>
Income tax expense	8	(2,712)	(1,489)
<b>Loss for the year</b>		<b>(1,385)</b>	<b>(3,413)</b>
<b>Other comprehensive expense for the year: Items that may subsequently be reclassified to profit or loss</b>			
Change in value of available for sale financial assets owing to currency revaluation		(287)	-
<b>Total comprehensive expense for the year</b>		<b>(1,672)</b>	<b>(3,413)</b>

The notes on pages 13 to 25 are an integral part of these financial statements.

# Tata Global Beverages Investments Limited

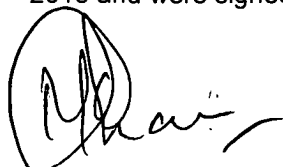
## Statement of financial position

As at 31 March 2018

	Note	As at 31 March 2018 £'000	As at 31 March 2017 £'000
<b>Fixed assets</b>			
Investments	10	-	-
Available-for-sale financial assets	11	521	-
		<b>521</b>	<b>-</b>
<b>Current assets</b>			
Trade and other receivables	12	319,249	336,350
Cash and cash equivalents	13	51,234	49,729
		<b>370,483</b>	<b>386,079</b>
<b>Creditors - amounts falling due within one year</b>	14	<b>(5,531)</b>	<b>(1,934)</b>
<b>Net current assets</b>		<b>364,952</b>	<b>384,145</b>
<b>Total assets less current liabilities</b>		<b>365,473</b>	<b>384,145</b>
<b>Net assets</b>		<b>365,473</b>	<b>384,145</b>
<b>Equity</b>			
Share capital	15	-	-
Retained earnings		365,473	384,145
<b>Total equity</b>		<b>365,473</b>	<b>384,145</b>

The notes on pages 13 to 25 are an integral part of these financial statements.

The financial statements on pages 13 to 25 were approved by the board of directors on 30 May 2018 and were signed on its behalf by:



M Thakrar  
Director  
1 June 2018

Tata Global Beverages Investments Limited  
Registered number 5932003

# Tata Global Beverages Investments Limited

## Statement of changes in equity

For the year ended 31 March 2018

	Note	Share capital £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 April 2016		233,748	153,810	387,558
Loss for the year		-	(3,413)	(3,413)
Other comprehensive expense for the year: Items that may subsequently reclassified to profit or loss				
Change in value of available for sale financial assets owing to currency revaluation		-	-	-
Total comprehensive loss for the year		-	(3,413)	(3,413)
Share capital reduction	15	(233,748)	233,748	-
Balance as at 31 March 2017		-	384,145	384,145
Balance as at 1 April 2017		-	384,145	384,145
Loss for the year		-	(1,385)	(1,385)
Other comprehensive expense for the year: Items that may subsequently reclassified to profit or loss				
Change in value of available for sale financial assets owing to currency revaluation		-	(287)	(287)
Total comprehensive loss for the year		-	(1,672)	(1,672)
Dividends paid	9	-	(17,000)	(17,000)
Share capital reduction		-	-	-
Balance as at 31 March 2018		-	365,473	365,473

The notes on pages 13 to 25 are an integral part of these financial statements

# Tata Global Beverages Investments Limited

## Notes to the financial statements for the year ended 31 March 2018

### 1. General Information

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

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

### 2. Summary of significant accounting policies

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

#### (a) Basis of preparation

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

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

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

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

# **Tata Global Beverages Investments Limited**

## **Notes to the financial statements for the year ended 31 March 2018**

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

#### **(b) Going concern**

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

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

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2018 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**

There are no new FRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 April 2017 have had a material impact on the company.

##### **(ii) New Standards and interpretations not yet adopted**

A number of new standards and amendments, standards and interpretations are effective for annual period beginning after 1 April 2018, and have not been applied in preparing these financial statements.

- IFRS 9, 'Financial instruments';
- IFRIC 22, Foreign currency transactions and advance consideration;
- IFRIC 23, Uncertainty over income tax treatments;
- Annual Improvements to IFRSs: 2014-16 Cycle - IFRS 1 and IAS 28 Amendments;
- Amendments to IFRS 9 (Oct 2017) - Prepayment Features with Negative Compensation;

The company is currently assessing the impact of these standards and amendments on its results and financial position. IFRS 9 will be implemented in the next financial year.

#### **(d) Consolidated financial statements**

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

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

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

# **Tata Global Beverages Investments Limited**

## **Notes to the financial statements for the year ended 31 March 2018**

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

#### **(f) Investments**

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

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

#### **(g) Available-for-sale financial assets**

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

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

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

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

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

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

# **Tata Global Beverages Investments Limited**

## **Notes to the financial statements for the year ended 31 March 2018**

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

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

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

#### **(i) Creditors**

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

#### **(j) Share capital**

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

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

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

#### **(l) Interest income**

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

#### **(m) Dividend income**

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

#### **(n) Foreign currencies**

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

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

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

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



# **Tata Global Beverages Investments Limited**

## **Notes to the financial statements for the year ended 31 March 2018**

### **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 financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

#### **(p) Derivative financial Instruments**

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

### **3. Critical accounting judgements and estimation uncertainty**

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

#### **(a) Critical accounting estimates and assumptions**

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

# Tata Global Beverages Investments Limited

## Notes to the financial statements for the year ended 31 March 2018

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

#### (i) Impairment of loans and balances

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

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 auditor's remuneration is paid by Tata Global Beverages Services Limited, a subsidiary of the Tata Global Beverages Group Limited. The audit fee of £251,000 (Year ended 31 March 2017: £425,000) was paid in aggregate for the audit of the UK based subsidiaries of Tata Global Beverages Group Limited to Deloitte LLP and no split is separately available for the audit of the company.

### 5. Directors and employees

The directors did not receive any emoluments in the period in respect of their services as directors of the company (Year ended 31 March 2017: £nil). The directors are all remunerated for their services to the Group as a whole. Other than the directors, the company has no employees (Year ended 31 March 2017: nil).

### 6. Finance income

	Year ended 31 March 2018 £'000	Year ended 31 March 2017 £'000
Interest income	8,512	9,419
Exchange gains on US dollar loans and cash deposits	-	324
<b>Total</b>	<b>8,512</b>	<b>9,743</b>

### 7. Finance costs

	Year ended 31 March 2018 £'000	Year ended 31 March 2017 £'000
Interest expense	-	-
Exchange losses on US dollar loans and cash deposits	642	-
<b>Total</b>	<b>642</b>	<b>-</b>

# Tata Global Beverages Investments Limited

## Notes to the financial statements for the year ended 31 March 2018

### 8. Income tax expense

The tax assessed on the profit on ordinary activities for the year is higher (Year ended 31 March 2017: higher) than that of the standard rate of corporation tax in the UK of 19% (Year ended 31 March 2017: 20%). The differences are explained below:

	Year ended 31 March 2018 £'000	Year ended 31 March 2017 £'000
<b>Current tax:</b>		
UK corporation tax on profit / (loss) for the financial period	1,031	1,593
Adjustments in respect of prior years	1,681	(104)
Total current tax charge for the financial period	2,712	1,489
<b>Tax on profit / (loss) before taxation</b>	<b>2,712</b>	<b>1,489</b>
	Year ended 31 March 2018 £'000	Year ended 31 March 2017 £'000
Profit / (loss) on ordinary activities before tax	1,327	(1,924)
Profit / (loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2017: 20%)	252	(385)
Expenses not deductible for tax purposes		
Impairment of investment	(24)	526
Impairment of loan balance due from group undertakings	803	1,453
Adjustments to tax charge in respect of prior years	1,681	(105)
<b>Tax on profit / (loss) before taxation</b>	<b>2,712</b>	<b>1,489</b>

#### Factors that may affect future tax:

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

### 9. Dividends

	Year ended 31 March 2018 £'000	Year ended 31 March 2017 £'000
<b>Equity - Ordinary</b>		
Interim paid: £17,000k (2017: Nil) per £1 share	17,000	-

# Tata Global Beverages Investments Limited

## Notes to the financial statements for the year ended 31 March 2018

### 10. Investments

<b>Cost</b>	<b>2018</b>	<b>2017</b>
At 1 April 2016 and 1 April 2017	3,860	3,860
At 31 March	<b>3,860</b>	<b>3,860</b>
<b>Impairment</b>		
At 1 April 2016 and 1 April 2017	(3,860)	(3,860)
At 31 March	<b>(3,860)</b>	<b>(3,860)</b>
<b>Net book value</b>	<b>-</b>	<b>-</b>

The principal subsidiary undertakings are as follows:

Name of undertaking	Address of registered office	Sector in which undertaking operates	Proportion of equity and voting rights held	Direct / Indirectly held
Campestres Holdings Limited	Capital Center, 9th Floor, 2-4 Makarios Avenue, 1065 Nicosia, Cyprus	Holding Company	100%	Direct
Kahutara Holdings Limited	Capital Center, 9th Floor, 2-4 Makarios Avenue, 1065 Nicosia, Cyprus	Holding company	65%	Indirect
Suntycos Holding Limited	Capital Center, 9th Floor, 2-4 Makarios Avenue, 1065 Nicosia, Cyprus	Holding company	65%	Indirect
Onomento Co Limited	Capital Center, 9th Floor, 2-4 Makarios Avenue, 1065 Nicosia, Cyprus	Tea and Coffee	65%	Indirect
Coffee Trade LLC	Prospect Mira Street, 69 Building 1, Moscow, 129110, Russian Federation	Tea and Coffee	65%	Indirect

# Tata Global Beverages Investments Limited

## Notes to the financial statements for the year ended 31 March 2018

### 10. Investments (continued)

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 and the company has not received any dividends from its subsidiaries in the period.

### 11. Available-for-sale financial assets

	2018	2017
<b>Cost</b>		
At 1 April 2016 and 1 April 2017	2,628	2,628
Disposal of trade investment	-	-
<b>At 31 March</b>	<b>2,628</b>	<b>2,628</b>
<b>Impairment</b>		
At 1 April 2016 and 1 April 2017	(2,628)	-
Charge for the year	-	(2,628)
Revaluation	521	-
<b>At 31 March</b>	<b>(2,107)</b>	<b>(2,628)</b>
<b>Net book value</b>	<b>521</b>	<b>-</b>

The available-for-sale financial asset comprises of unlisted equity shares.

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

# Tata Global Beverages Investments Limited

## Notes to the financial statements for the year ended 31 March 2018

### 12. Trade and other receivables

	31 March 2018 £'000	31 March 2017 £'000
Amounts owed by group undertakings	195,769	200,132
Amounts owed by related parties	97,070	103,171
Loans to other corporations	24,517	29,346
Corporation tax	1,216	1,211
Other receivables	677	2,490
<b>Total</b>	<b>319,249</b>	<b>307,004</b>
<i>Less amounts falling due after more than one year:</i>		
Amounts owed by group undertakings	(138,000)	(135,148)
Amounts owed by related parties	(93,673)	(96,163)
<b>Amounts falling due within one year</b>	<b>(231,673)</b>	<b>75,693</b>

#### Amounts owed by group undertakings

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

The non-current portion of amounts owed by group undertakings includes a loan to Kahutara Limited of £6,040k (2017: £2,148k) on which interest is charged at a margin over LIBOR of 5.5% (2017: margin over LIBOR of 5.5%) and a loan to Tata Global Beverages Group Limited of £138,000k (2017: £133,000k) on which interest is charged at a margin over LIBOR of 2% (2017: margin over LIBOR of 2%).

The amount receivable from Kahutara Limited is stated after provisions for impairment of £14,983k (2017: £12,390k).

The loan to Kahutara is designated as asset held for sale – fair value through OCI and as such any foreign exchange movements on the USD denominated loan are taken through OCI. The amount expensed during the year was £287k.

#### Amounts owed by related parties

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

#### Loans to other corporations

Loans to other corporations comprise of a loan of £Nil (2017: £4,006k) on which interest was charged at a fixed interest rate of 4.5% (2017: 4.5%) per annum and the loan matured on 31 August 2017, and a further loan of £24,517 k (2017: £25,340k) on which interest is charged at variable interest rate of 3.5% + USD LIBOR (2017: between 3.5% and 4% + USD LIBOR) per annum and the loan is repayable as various maturities up until 31 December 2018.

# Tata Global Beverages Investments Limited

## Notes to the financial statements for the year ended 31 March 2018

### 13. Cash and cash equivalents

	31 March 2018 £'000	31 March 2017 £'000
Cash and cash equivalents	51,234	49,729
<b>Total</b>	<b>51,234</b>	<b>49,729</b>

Cash and cash equivalents represent short term fixed deposit investments maturing at various dates up to 15 July 2018.

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

	31 March 2018 £'000	31 March 2017 £'000
Amounts owed to group undertakings	5,531	1,776
Other Creditors	-	158
<b>Total</b>	<b>5,531</b>	<b>1,934</b>

Amounts owed to group undertakings represent £5,531k (31 March 2017: £1,776k) owed in respect of management charges from group companies.

### 15. Share capital

	31 March 2018 £'000	31 March 2017 £'000
<b>Authorised</b>		
Ordinary shares of £1 each	500,000	500,000
<b>Allotted, called up and fully paid</b>		
Ordinary shares of £1 each	-	-

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

### 16. Derivative financial instruments

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

At the balance sheet date, the company had forward sales of US dollars amounting to USD 86.8 million (31 March 2017: USD 94.9 million) in forward contracts in respect of its US dollar denominated cash and receivables.

# Tata Global Beverages Investments Limited

## Notes to the financial statements for the year ended 31 March 2018

### 17. Parent company

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

### 18. Related party transactions

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

	Year ended 31 March 2018 £'000	Year ended 31 March 2017 £'000
<b><u>Interest received</u></b>		
Consolidated Coffee Inc (USA)	226	222
Tata Global Beverages Capital Limited	2,790	2,999
Eight O'clock Coffee Holdings Inc	1,414	1,340

	As at 31 March 2018 £'000	As at 31 March 2017 £'000
<b><u>Loans outstanding</u></b>		
Consolidated Coffee Inc (USA)	3,360	7,008
Tata Global Beverages Capital Limited	72,464	72,111
Eight O'clock Coffee Holdings Inc	21,209	24,052

The loan to Consolidated Coffee Inc of £3.360k (2017: £7,008k) has interest charged at a margin over LIBOR of 2.5% (2017: margin over LIBOR of 2.5%).

The loan to Eight O'clock Coffee Inc (USA) of £21,209 k (2017: £24,052k) has interest charged at a margin over LIBOR of 4.75% (2017: margin over LIBOR of 5.0%)

The loan to Tata Global Beverages Capital Limited of £74,464 k (2017: £72,111k) has interest charged at a margin over LIBOR of 3.5% (2017: margin over LIBOR of 3.5%).

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



# Tata Global Beverages Investments Limited

## Notes to the financial statements for the year ended 31 March 2018

### 19. Contingent liabilities

The company has provided a letter of financial support to the following subsidiaries, each directly or indirectly owned by the company. Each letter of financial support indicates that the company will provide such financial support as may be required for each company to meet its obligations as they fall due for a period of at least twelve months from the date of approval of the financial statements of that company. Each company made a loss in the financial year and the estimated net liabilities/assets position as at 31 March 2018 is given below.

	Net asset / (liabilities) as at 31 March 2018 in £'000
Suntyco Holding Limited (consolidated)	£(5,303) k
Kahutara Holdings Limited	£(14,387)k
Campestres Holdings Limited	£(88) k

### 20. Events after the end of the reporting period

On the 3<sup>rd</sup> May the company proposed, approved and paid a £11m dividend.