

Tata Global Beverages GB Limited

Registered number 03019950

Annual Report and Financial Statements

Year ended 31 March 2019



Tata Global Beverages GB Limited

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Tata Global Beverages GB Limited

Strategic report

Strategic report for the year end 31 March 2019

The directors present their strategic report on the company for the year ended 31 March 2019.

Review of business

The principal activities of Tata Global Beverages 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 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 2019 is set out below:

The company achieved sales of £134.7 million (2018: £140.1 million) which represents a decrease of 4% year on year largely due to the change in the operating model of the Middle Eastern business to a royalty arrangement, coupled with a decline in everyday black tea consumption across the markets in which the company operates in. 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 2019 an after tax profit was recorded of £6.6 million (2018: after tax profit of £4.6 million), an increase of £2.0 million from prior year. The increase is mainly due to cost-out initiatives taken to improve profitability.

During the year the company also incurred exceptional costs of £2.1 million (2018: £2.3 million) relating to business re-organisation. The net asset position of the company of as at 31 March 2019 was £217.0 million, an increase from £202.3 million as at 31 March 2018 explained by an after tax profit of £6.6 million and other comprehensive income of £8.2 million largely owing to a favourable movement in the company's defined benefit pension scheme obligation, accounting for the total increase of £14.8 million for the financial year.

The market performance of the company's primary markets remains satisfactory in the context of challenging market conditions. The company has a UK market share in value terms of 17.5% (2018: 17.2%). In Canada, the company's second largest market, leadership was maintained with a share of 29.0% (2018: 29.8%). 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 the company successfully launched Tetley Super Teas (vitamin enhanced functional teas in Fruit & Herbal and Green categories) in Canada and Tetley Cold Brew in the UK, a brand new tea category which capitalises on the consumer shift away from high sugar soft drinks.

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 is pleased to confirm that its Tetley blends in UK, Europe, Africa, Canada, & Australia continue to be fully Rainforest Alliance certified. The company is also engaged in reducing the carbon intensity and measures its carbon footprint. The company is committed to optimise consumer packaging, make efficient use of resources and reduce environmental impact without compromising product quality and safety. All 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 group officially joined UK Plastics Pact in October 2018. The Pact is a collaborative initiative between UK businesses across the plastics value chain, the UK government and NGOs to create a circular economy in plastics.

Tata Global Beverages GB Limited

Strategic report (continued)

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.
- *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.
- *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.

Whilst it is impossible to predict the exact impact of Brexit on the UK economy, in the coming years, there will be uncertainties in the UK economy, with increased volatility expected in financial markets, as the detailed political and legal issues are worked out. Depreciation of sterling and fall in gilt yields which were experienced in the aftermath of the decision can have financial impact on the operations of the company. In addition any change in the trade relationships between Europe and UK 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.

The company is a subsidiary of Tata Global Beverages Group Limited. More detail on the performance of the Group as a whole can be found in the Directors' report of that company.

Approved and authorised for issue on behalf of the Board



M Thakrar
Director
10 May 2019

Tata Global Beverages GB Limited

Directors' report

Directors' report for the year ended 31 March 2019

The directors present their annual report and the audited financial statements for the year ended 31 March 2019.

Registered office

Tata Global Beverages 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 Global Beverages 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 Green Tea and Fruit & Herbal categories. It is also looking to consolidate its position in RTD and functional drinks space with its recently launched products.

Dividends

The company directors do not recommend the payment of a dividend (2018: £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.

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.

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.

Tata Global Beverages GB Limited

Directors' report (continued)

Treasury policy and financial risk management (continued)

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.

(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.

(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.

(iv) Credit risk

The company's credit risks are spread both geographically as well as 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.

(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.

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Directors' report (continued)

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 (appointed 29 August 2018)

J Burdett (appointed 29 August 2018)

N Holland (resigned 31 May 2018)

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.

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 2019 that has significantly affected, or may significantly affect the company, its results or the state of affairs in future financial years.

Statement of directors' responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Tata Global Beverages GB Limited

Directors' report (continued)

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

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

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

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 indicated their willingness to continue in office.

Approved and authorised for issue on behalf of the board



M Thakrar
Director
10 May 2019

Tata Global Beverages GB Limited

Independent auditor's report to the members of Tata Global Beverages GB 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 2019 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 of Tata Global Beverages GB Limited (the 'company') which comprise:

- the statement of total comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 27.

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 Global Beverages GB Limited

Independent auditor's report to the members of Tata Global Beverages 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. 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 Global Beverages GB Limited

Independent auditor's report to the members of Tata Global Beverages 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
10 May 2019

Tata Global Beverages GB Limited

Income statement

For the year ended 31 March 2019

	Note	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Revenue	5	134,689	140,094
Operating profit before impairment and exceptional items	6	10,245	5,476
Impairment reversal - brands	12	-	655
Exceptional items	7	(2,089)	(2,287)
Operating profit	6	8,156	3,844
Finance income	8	3,015	2,476
Finance costs	8	(2,006)	(1,850)
Finance income - net		1,009	626
Profit before taxation		9,165	4,470
Income tax (expense) / credit	10	(2,572)	131
Profit for the financial year		6,593	4,601

The notes on pages 15 to 43 are an integral part of these financial statements.

All results are from continuing operations.

Tata Global Beverages GB Limited

Statement of other comprehensive income

For the year ended 31 March 2019

		Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
	Note		
Profit for the financial year		6,593	4,601
Other comprehensive income / (expense) :			
Items that will not be reclassified to profit or loss			
Remeasurement gains on defined benefit pension schemes	20	9,000	5,900
Current tax in respect of contribution to defined benefit pension plans	10	950	1,121
Deferred tax in respect of remeasurements of defined benefit pension plans	10	(2,176)	(2,006)
		7,774	5,015
Items that may be subsequently reclassified to profit or loss			
Gains / (Losses) in the financial year in respect to cashflow hedges		583	(399)
Deferred tax in respect of cashflow hedges accounted for in the hedging reserve	10	(112)	78
		471	(321)
Other comprehensive income for the financial year, net of tax		8,245	4,694
Total comprehensive income for the financial year		14,838	9,295

The notes on pages 15 to 43 are an integral part of these financial statements.

Tata Global Beverages GB Limited

Statement of financial position

As at 31 March 2019

	Note	As at 31 March 2019 £'000	As at 31 March 2018 £'000
Non-current assets			
Intangible assets	12	60,942	61,705
Property, plant and equipment	13	11,796	10,982
Investment in subsidiaries	14	1,000	1,000
Trade and other receivables	16	95,597	109,051
		169,335	182,738
Current assets			
Inventories	15	27,522	24,316
Trade and other receivables	16	36,658	32,608
Cash and cash equivalents		951	4
Derivative financial instruments	17	422	365
		65,553	57,293
Creditors - amounts falling due within one year	18	(31,117)	(38,388)
Derivative financial instruments	17	-	(471)
Net current assets		34,436	18,434
Total assets less current liabilities		203,771	201,172
Creditors - amounts falling due after more than one year	19	-	(130)
Provisions (Post Employment benefits)	20	13,409	1,300
Net assets		217,180	202,342
Equity			
Called up share capital	21	-	-
Retained earnings		217,180	202,342
Total equity		217,180	202,342

The notes on pages 15 to 43 are an integral part of these financial statements.

The financial statements on pages 11 to 43 were approved by the Board on 2 May 2019 and signed on its behalf by:



M Thakrar
Director
10 May 2019

Tata Global Beverages GB Limited
Registered number 03019950

Tata Global Beverages GB Limited

Statement of changes in equity

For the year ended 31 March 2019

	Note	Called up Share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2017		-	193,047	193,047
Profit for the financial year		-	4,601	4,601
Other comprehensive income or the financial year		-	4,694	4,694
Total comprehensive income for the financial year		-	9,295	9,295
Balance at 31 March 2018		-	202,342	202,342
Balance at 1 April 2018		-	202,342	202,342
Profit for the financial year		-	6,593	6,593
Other comprehensive income for 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

The notes on pages 15 to 43 are an integral part of these financial statements

Tata Global Beverages GB Limited

Notes to the financial statements for the year ended 31 March 2019

1. General Information

Tata Global Beverages 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, Western Europe and Middle East. 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 registered in 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 presented, unless otherwise stated.

(a) Basis of preparation

The financial statements of Tata Global Beverages 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 Global Beverages GB Limited

Notes to the financial statements for the year ended 31 March 2019 (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 and the company's principal risks and uncertainties as set out in the Strategic Report. Based on the company's statement of financial position showing a net asset position of £217.2 million as at 31 March 2019 and the forecasts and projections, taking account of reasonably possible changes in trading performance, show that the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

(c) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2019 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

Effective April 1, 2018, the company has adopted IFRS 15 – Revenue from Contracts with Customers, using the cumulative effect method and the comparative information is not restated. The adoption of the standard did not have any material impact on the financial statements of the company.

Effective April 1, 2018, the company has adopted IFRS 9 – Financial instruments. There was no material impact on the financial statements and as such there is no further disclosure.

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 2018 have had a material impact on the company.

ii. New Standards and interpretations not yet adopted

IFRS 16, 'Leases' - The standard sets out the principles for the recognition, measurement, presentation and disclosures for both parties to a contract, i.e. the lessee and the lessor. IFRS 16 introduces a single lease accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently for operating leases, rentals are charged to the statement of profit and loss. The company is currently evaluating the implication of adoption on the financial statements.

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

- IFRIC 23, 'Uncertainty over Income Tax Treatments'
- Amendments to IFRS 9 (Oct 2017), 'Prepayment Features with Negative Compensation'
- Amendments to IAS 28 (Oct 2017), 'Long-term Interests in Associates and Joint Ventures'
- Annual Improvements to IFRS Standards 2015–2017 Cycle (Dec 2017), 'Annual Improvements to IFRSs: 2015-17 Cycle'
- Amendments to IAS 19 (Feb 2018), 'Plan Amendment, Curtailment or Settlement'
- Amendments to References to the Conceptual Framework in IFRS Standards
- Amendments to IFRS 3 (Oct 2018), 'Definition of Business'
- Amendments to IAS 1 and IAS 8 (Oct 2018), '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'

Tata Global Beverages GB Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

2. Summary of significant accounting policies (continued)

(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.

(e) Function and presentation currency financial statements

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

(f) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when the risks and rewards of the underlying products have been substantially transferred to the customer including specific criteria been met for each of the company's activities, as described below. The company bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Sales of goods

The company manufactures, markets and distributes tea and related products. Sales of goods are recognised when the entity has delivered products to the client, the client has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the client's acceptance of the products. Revenue is adjusted for the value of expected returns. Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the client, and either the client has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed or the company has objective evidence that all criteria for acceptance have been satisfied.

The products are often sold with sales related discounts, customer rebates and trade support costs. Sales are recorded based on the price specified in the sales contracts, net of the estimated discounts / rebates and returns at the time of sale. Accumulated experience is used to estimate and provide for the discounts and returns.

(g) Finance income

Finance income is recognised using the effective interest method. When a loan and receivable is impaired, the group 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.

(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.

Tata Global Beverages GB Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

2. Summary of significant accounting policies (continued)

(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.

(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.

Tata Global Beverages GB Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

2. Summary of significant accounting policies (continued)

(k) Intangible assets (continued)

(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.

(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 group 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.

Tata Global Beverages GB Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

2. Summary of significant accounting policies (continued)

(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/privately 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.

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

Tata Global Beverages GB Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

2. Summary of significant accounting policies (continued)

(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.

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 group 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);

Tata Global Beverages GB Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

2. Summary of significant accounting policies (continued)

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

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 17. 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.

(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 group 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 than 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 group 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.

Tata Global Beverages GB Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

2. Summary of significant accounting policies (continued)

(v) Pension obligations (continued)

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.

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.

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.

(i) Estimated impairment of goodwill and brands

The company tests annually whether goodwill and brands have suffered any impairment, in accordance with the accounting policy stated in note 2 (k). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates, the key one being estimation of future cashflows, see note 12.

Tata Global Beverages GB Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

3. Critical accounting estimates and assumptions (continued)

(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. Auditors remuneration

The audit fee of £257,000 (Year ended 31 March 2018: £251,000) was paid in aggregate for the audit of the financial statements 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. Non audit fees for the year in relation to audit related assurance services totalled £75,000 (2018: £50,000).

Tata Global Beverages GB Limited

Notes to the financial statements for the year ended 31 March 2019 (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 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
Total	134,689	134,689

Year ended 31 March 2018:	Turnover by origin £'000	Turnover by destination £'000
<i>Continuing Operations</i>		
United Kingdom	119,939	101,005
Rest of the World	20,155	39,089
Total	140,094	140,094

6. Operating profit

	Year ended March 31 2019 £'000	Year ended March 31 2018 £'000
Revenue	134,689	140,094
Cost of sales	(104,660)	(111,144)
Selling and distribution costs	(14,149)	(15,605)
Administrative expenses	(5,635)	(7,869)
Operating profit before impairment and exceptional items	10,245	5,476
Impairment reversal / (expense) - brands (note 12)	-	655
Exceptional items (note 7)	(2,089)	(2,287)
Operating profit	8,156	3,844

Tata Global Beverages GB Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

6. Operating profit (continued)

Operating profit is stated after charging:

	2019 £'000	2018 £'000
Wages and salaries	14,893	16,473
Social security costs	1,236	1,509
Other pension costs	1,318	1,309
Staff costs:	17,447	19,291
Depreciation	1,530	1,543
Computer software amortisation	624	702
Operating lease charges		
- Other	501	490
- Plant and machinery	183	227
Research and development costs	95	-
Exceptional items (see note 7)	2,089	2,287

7. Exceptional items

	2019 £'000	2018 £'000
Group loans waiver	-	1,234
Group restructuring programme (redundancy)	2,089	1,053
Total exceptional items	2,089	2,287

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

	2019 £'000	2018 £'000
Interest income from group undertakings	2,915	2,476
Net finance income relating to defined benefit plan (note 20)	100	-
Total interest income	3,015	2,476
Interest expense to group undertakings	(2,006)	(1,650)
Net finance cost relating to defined benefit plan (note 20)	-	(200)
Total interest expense	(2,006)	(1,850)
Net interest income	1,009	626

Tata Global Beverages GB Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

9. Employees and directors

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

	2019 Monthly average number	2018 Monthly average number
Manufacturing	261	257
Selling & distribution	45	55
Administration	41	47
Total	347	359

The emoluments of the Directors were as follows:

	2019 £'000	2018 £'000
Aggregate emoluments	653	565
Compensation for loss of office	419	-
Company contribution to defined contribution pension schemes	41	54
	1,113	619

Number of directors who are members of:

	2019 Monthly average number	2018 Monthly average number
The closed defined benefit scheme	1	1
The defined contribution pension schemes	2	2

Highest paid director	2019 £'000	2018 £'000
Aggregate emoluments	179	383
Compensation for loss of office	419	-
Company contribution to defined contribution pension schemes	7	29
	605	412

Tata Global Beverages GB Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

10. Income tax expense

The tax assessed on the profit before tax is higher (2018: lower) than that of the standard rate of corporation tax in the UK of 19% (2018: 19%).

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Current tax		
UK corporation tax charge for the financial year	1,451	985
Adjustments in respect of prior years	914	(566)
Total current tax charge for the financial year	2,365	419
Deferred tax		
Origination and reversal of temporary differences	466	(196)
Adjustment in respect of previous years	(259)	(354)
Total deferred tax charge / (credit) for the year	207	(550)
Total tax charge / (credit) for the financial year	2,572	(131)

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Statement of other comprehensive income		
Current tax in respect of contribution to defined benefit pension plans	(950)	(1,121)
Deferred tax in respect of cashflow hedges accounted for in hedging reserve	112	(78)
Deferred tax in respect of remeasurements of defined benefit pension plans	2,432	2,242
Impact of change in tax rate	(256)	(236)
Total tax charge to statement of other comprehensive income	1,338	807

Tata Global Beverages GB Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

10. Income tax expense (continued)

	31 March 2019 £'000	31 March 2018 £'000
Profit before tax	9,165	4,470
Tax at the UK corporation tax rate of 19% (2018: 19%)	1,741	849
Tax effect of expenses not deductible for tax:		
Expenses relating to pension scheme	167	(60)
Other non deductible expenses	9	-
Adjustments to tax charge in respect of prior years	655	(920)
Total tax charge / (credit) for the financial year	2,572	(131)

Deferred tax

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

	31 March 2019 £'000	31 March 2018 £'000
Deferred tax assets		
Deferred tax asset - to be recovered after 12 months	151	18
Deferred tax asset - to be recovered within 12 months	626	89
Total	777	107
Deferred tax liabilities		
Deferred tax liability - to be paid after 12 months	(2,947)	-
Deferred tax liability - to be paid within 12 months	(119)	-
	(3,066)	-
Deferred tax (liabilities) / assets - net	(2,289)	107

Tata Global Beverages GB Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

10. Income tax expense (continued)

	Retirement benefit obligation £'000	Derivatives used for hedging £'000	Property, plant and equipment £'000	Brand £'000	Other timing differences £'000	Total £'000
At 1 April 2017	1,785	(40)	(785)	679	(155)	1,484
Income statement (credit) / charge	-	-	316	(106)	340	550
Purchase of assets from Tata Global Beverages Services Limited	-	-	-	-	-	-
Tax (credit) / charge relating to components of other comprehensive expense	(2,006)	78	-	-	-	(1,928)
At 31 March 2018	(221)	38	(469)	573	185	107
Income statement (credit) / charge	-	-	(134)	(35)	(38)	(207)
Purchase of assets from Tata Global Beverages Services Limited	-	-	8	-	91	99
Tax (credit) / charge relating to components of other comprehensive income	(2,176)	(112)	-	-	-	(2,288)
At 31 March 2019	(2,397)	(74)	(595)	538	238	(2,289)

The company has nil losses (2018: £5,000) that are available indefinitely and are for offset against future capital gain profits only. A deferred tax asset has not been recognised as the company does not foresee the crystallisation of any capital gains in the foreseeable future for which the losses could be utilised against.

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 2018 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.

11. Dividends

	Year Ended 31 March 2019 £'000	Year Ended 31 March 2018 £'000
Equity - Ordinary		
Paid 2019: £Nil (2018: £Nil) per £1 share	-	-

Dividends proposed and paid during the year were £Nil (2018: £Nil).

Tata Global Beverages GB Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

12. Intangible assets

	Brands	Goodwill	Software	Software work in progress	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 April 2018	9,856	58,540	8,540	487	77,423
Additions	-	-	-	162	162
Reclassifications	-	-	(136)	(165)	(301)
At 31 March 2019	9,856	58,540	8,404	484	77,284
Accumulated impairment					
At 1 April 2018	8,741	-	-	-	8,741
As at 31 March 2019	8,741	-	-	-	8,741
Accumulated amortisation					
At 1 April 2018	-	-	6,977	-	6,977
Charge for the year	-	-	624	-	624
As at 31 March 2019	-	-	7,601	-	7,601
Net book amount					
At 31 March 2019	1,115	58,540	803	484	60,942
At 31 March 2018	1,115	58,540	1,563	487	61,705

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 and 'Jemca' tea brand principally sold in Czech republic for £5.0m in March 2014. These brands had been ascribed indefinite useful lives based on the strength of brands acquired and their respective market positions. Accordingly the brands are not amortised but tested for impairment.

Goodwill

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

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 Europe as the main geographies.

Tata Global Beverages GB Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

12. Intangible assets (continued)

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

CGUs	Brands		Goodwill	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Eastern Europe	1,115	1,115	-	-
UK	-	-	58,540	58,540
Total	1,115	1,115	58,540	58,540

The recoverable amount of the CGUs has been determined based on a value in use calculation using cash flow projections over a period of 6 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 6 year period are extrapolated using a long term growth rate.

Key assumptions in the budgets and plans include future revenue volume/price growth rates, associated future levels of marketing support, cost-base of manufacture and supply and directly associated overheads. 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, with reference to historical economic growth rates.
- 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	7.9%	1.0%
Eastern Europe	8.2%	2.5%

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

The recoverable value of certain brands in Eastern Europe is based on NRV.

Tata Global Beverages GB Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

13. Property, plant and equipment

	Freehold land and buildings	Plant, machinery, fixtures, fittings and equipment	Capital work in progress	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 April 2018	9,111	57,208	818	67,137
Reclassification	-	2,144	(1,843)	301
Additions	-	-	2,043	2,043
Disposals	-	(201)	-	(201)
At 31 March 2019	9,111	59,151	1,018	69,280
Accumulated Depreciation				
At 1 April 2018	5,624	50,531	-	56,155
Charge for the year	82	1,448	-	1,530
Disposals	-	(201)	-	(201)
At 31 March 2019	5,706	51,778	-	57,484
Net book amount				
At 31 March 2019	3,405	7,373	1,018	11,796
At 31 March 2018	3,487	6,677	818	10,982

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.

14. Investment in subsidiaries

Cost and net book value	Shares in Group undertakings £'000
At 1 April 2018 and 31 March 2019	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

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.

Tata Global Beverages GB Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

14. Investment in subsidiaries (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.

15. Inventories

	2019 £'000	2018 £'000
Raw materials	19,081	16,103
Work in progress	487	630
Finished goods	7,954	7,583
Total	27,522	24,316

There is no significant difference between the amount shown above and replacement cost. During the year ended 31 March 2019 £122k (2018: £136k) 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 £71,412k (2018: £79,665k).

16. Trade and other receivables

	2019 £'000	2018 £'000
Trade receivables	19,768	19,873
Amounts owed by group undertakings	107,635	117,591
Amounts owed by related parties	2,875	-
Corporation tax	30	3,009
Other receivables	852	406
Deferred tax asset (note 10)	-	107
Prepayments and accrued income	1,095	673
Total	132,255	141,659
Less non-current portion:		
Amounts owed by group undertakings	(95,597)	(109,033)
Deferred tax asset (note 10)	-	(18)
Current portion	36,658	32,608

Amounts owed by group undertakings - current

Amounts owed by group undertakings include loans given to Tata Global Beverages Overseas Limited of £4.2m (2018: Nil), together with other balances of £6.4m (2017: £8.6m) with fellow group subsidiaries. The loans are unsecured, repayable on demand and non-interest bearing.

Amounts owed by group undertakings includes a loan to Tata Global Beverages US Holdings Inc. of £1.4m (2017: £Nil) which is unsecured, repayable on demand and on which interest is charged at LIBOR + 2%.

Tata Global Beverages GB Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

16. Trade and other receivables (continued)

Amounts owed by group undertakings – non-current

Amounts owed by group undertakings include loans given to Tata Global Beverages Group Limited of £27.8 m (2018: £Nil) which is non-interest bearing, a loan given to Tata Global Beverages Services Limited of £Nil (2018: £109.0m) and loans totalling £67.8m (2018: £Nil) from Tata Global Beverages 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 within 12 months and have therefore been treated as falling due after more than one year.

Provision against balance due from group undertakings

The amount receivable from Tata Global Beverages Overseas Limited is stated after provisions for impairment of £1.9m (2017: £Nil).

Amounts owed by related parties

Amounts owed by Tata Global Beverages companies represents a balance with Eight O'clock Coffee Inc. of £1.8m (2018: £Nil), a balance with Tata Global Beverages Limited of £0.5m (2018: £Nil) and a balance with Tata Global Beverages Capital Limited of £0.5m (2018: £Nil) both of which are trading balances which are unsecured, repayable on demand and non-interest bearing. Eight O'clock Coffee Inc. and Tata Global Beverages Capital Limited are company's under common control of the company's ultimate parent company (see note 24).

17. Derivative financial instruments

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

	2019		2018	
	Asset £'000	Liability £'000	Asset £'000	Liability £'000
Derivative asset	422	-	365	-
Derivative liability	-	-	-	471
Derivative financial instruments	422	0	365	471

Forward foreign exchange contracts

The company enters into forward foreign currency contracts to mitigate the exchange rate risk for certain foreign currency transactions. At 31 March 2019, the outstanding contracts all mature within 9 months (2018: 12 months) of the year end. The company is committed to buy US\$23m and sell CAD\$6m 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 2019, 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.

Tata Global Beverages GB Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

18. Creditors - amounts falling due within one year

	2019 £'000	2018 £'000
Trade creditors	7,892	6,346
Amounts owed to group undertakings	2,174	17,887
Amounts owed to related parties	3,748	-
Other taxation and social security	281	-
Deferred tax liability (note 10)	2,289	-
Other creditors	838	24
Accruals and deferred income	13,895	14,131
Total	31,117	38,388

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.

19. Creditors - amounts falling due after more than one year

	2019 £'000	2018 £'000
Other Long-term Liabilities	-	130
Total	-	130

Tata Global Beverages GB Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

20. Provisions (Post-employment benefits)

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

	2019 £'000	2018 £'000
Balance sheet obligations for:		
- Defined pension benefits	(14,100)	(1,300)
- Post Employment medical benefits	691	-
Asset in the balance sheet	(13,409)	(1,300)
Income statement (credit) / charge:		
- Finance (income) / cost on defined pension benefits	(100)	200
- Administration cost on defined pension benefits	400	400
	300	600
Gains recognised in other comprehensive income:		
- Remeasurements for defined pension benefits	(9,000)	(5,900)
	(9,000)	(5,900)

(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:

	2019 £'000	2018 £'000
Present value of funded obligations	146,200	147,700
Fair value of plan assets	(160,300)	(149,000)
Asset in the balance sheet	(14,100)	(1,300)

Tata Global Beverages GB Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

20. Provisions (Post-employment benefits) (continued)

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

	Present value of obligation £'000	Fair value of plan assets £'000	Total £'000
At 1 April 2017	152,300	(141,800)	10,500
Interest expense/(income)	4,000	(3,800)	200
Administrative expenses	-	400	400
Past service costs	-	-	-
	156,300	(145,200)	11,100
Remeasurements:			
– Return on plan assets, excluding amounts included in interest expense/(income)	-	(3,500)	(3,500)
– Gain from change in demographic assumptions	(3,100)	-	(3,100)
– (Gain) / Loss from change in financial assumptions	-	-	-
– Experience losses	700	-	700
	(2,400)	(3,500)	(5,900)
Contributions:			
– Employers	-	(6,500)	(6,500)
Payments from plans:			
– Benefit payments	(6,200)	6,200	-
At 31 March 2018	147,700	(149,000)	(1,300)

	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 expense/(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)

Tata Global Beverages GB Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

20. Provisions (Post-employment benefits) (continued)

The significant actuarial assumptions were as follows:

	2019 %	2018 %
Discount rate	2.40	2.65
Inflation assumptions:		
- RPI	3.25	3.15
Rate of increase in pensions in payment	3.55	3.45
Rate of increase in pensions in deferment	3.25	3.15

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	
	2019 Years	2018 Years	2019 Years	2018 Years
Longevity at age 65 for current pensioners:				
Males	24.1	23.0	21.6	22.1
Females	25.8	24.8	23.4	24.0
Longevity at age 65 for future pensioners:				
Males	25.4	24.3	23.0	23.5
Females	27.0	26.0	24.6	25.2

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%	(10,600)	11,900
RPI inflation	0.50%	6,000	(4,100)
		Increase by 1 year in assumption	Decrease by 1 year in assumption
		£'000	£'000
Age of member in mortality assumption		6,700	(6,400)

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.

Plan assets comprised of:

	2019 £'000	2018 £'000
Equities	26,000	61,300
LDI	85,200	39,800
Multi asset credit	35,700	34,800
Property	11,600	11,200
Cash and Insurance policies	1,800	1,900
Total	160,300	149,000

Tata Global Beverages GB Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

20. Provisions (Post-employment benefits) (continued)

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 investment strategy included holding a 39% allocation to liability-driven investments which involves hedging the fund's exposure to changes in interest rates and inflation through use of liability driven investments (LDI) which typically involves swaps and derivatives and a 26% exposure to multi-asset credit with the remaining portfolio invested in equities and property.

Description of funding arrangements and funding policy that affect future contributions

The Schedule of Contributions dated 31 August 2018, 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 group expects to contribute approximately £5,000k to the Scheme in the year ending 31 March 2019.

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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.

Tata Global Beverages GB Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

20. Provisions (Post-employment benefits) (continued)

Maturity profile of defined benefit obligation (undiscounted basis)

	2019 £'000	2018 £'000
Within next 12 months	4,900	4,900
Between 2 and 5 years	21,600	21,200
Between 6 and 9 years	24,300	24,000
10 years and above	171,700	184,000

(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 2019 was £691k (31 March 2018: £Nil). The liability was transferred from Tata Global Beverages Services Limited as part of the purchase of assets and activities of Tata Global Beverages Services Limited as explained in note 27.

21. Called up share capital

	Number	2019 £	2018 £
Authorised			
Ordinary shares of £1 each	100 (2018: 100)	100	100
Allotted, called up and fully paid			
Ordinary shares of £1 each	1 (2018: 1)	1	1

Tata Global Beverages GB Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

22. Leases

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

	2019 £'000	2018 £'000
No later than 1 year	1,419	678
Later than 1 year and no later than 5 years	3,975	1,966
Later than 5 years	4,451	25
Total	9,845	2,669

The operating leases mainly relate to four property leases where one expires in 4 years, which is subject to rent reviews with reference to market rental value, one which expires in 6 years with market rent reviews and break dates in next year and in 3 years and two which expire in 13 years with market rent reviews.

23. Capital commitments

Capital expenditure authorised by the Board and contracted for at 31 March 2019 amounted to £0.8m (2018: £0.8m) with the £0.04m (2018: £0.04m) relating to computer software and the remainder relating to property, plant and equipment.

24. Parent company

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

25. Events after the end of the reporting period

As at the date of this report, no matter or circumstance has arisen since 31 March 2019 that has significantly affected, or may significantly affect the company, its results or the state of affairs in future financial years.

26. Impact of Brexit

Whilst it is impossible to predict the exact impact of Brexit on the UK economy, in the coming years, there will be uncertainties in the UK economy, with increased volatility expected in financial markets, as the detailed political and legal issues are worked out. Depreciation of sterling and fall in gilt yields which were experienced in the aftermath of the decision can have financial impact on the operations of the company. In addition any change in the trade relationships between Europe and UK 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.

Tata Global Beverages GB Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

27. Purchase of assets and activities of Tata Global Beverages Services Limited

On 31 January 2019, the company bought the net assets and transferred all activities of Tata Global Beverages Services Limited, a fellow subsidiary of its immediate parent company Tata Global Beverages Holdings Limited for £346,395k.

Subsequent to the asset transfer the loan given by the company was assigned to its parent, Tata Global Beverages Holdings Limited, and settled by way of a dividend payment of £346,395k.

The purpose of this transaction was to make Tata Global Beverages Services Limited non-trading and help reduce the number of UK legal entities of the ultimate parent company and associated administration burden.