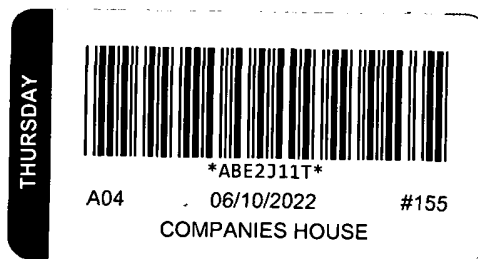


Company Number: 03019950

Tata Consumer Products GB Limited

Annual report and financial statements

Year ended 31 March 2022



Tata Consumer Products GB Limited

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Tata Consumer Products GB Limited

Strategic Report for the year ended 31 March 2022

The directors present their strategic report on the company for the year ended 31 March 2022.

Principal activities

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

Review of business and key performance indicators

The company considers its key performance indicators to be revenue, profit after tax 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 2022 is set out below:

The company achieved revenue of £131,811k (2021: £139,832k) which represents a decrease of 6% from the prior year. This is explained by declines in some key markets – UK, Europe and Canada which reflects a contraction in the overall tea markets in these countries. The rise in in-home tea consumption witnessed during the early part of the Covid 19 pandemic has largely receded during the current financial year. This has impacted our retail sales and in addition the market for black tea in particular, reflects a decline in line with the longer term category trends. However, we have seen improvement in our 'out of home' sales and growth in our Fruit and Herbal Good Earth tea brand in both UK and Australia and expanded our portfolio and distribution of Indian Branded products (mainly Tea) across the world.

In the financial year ending 31 March 2022, an after-tax profit was recorded of £15,001k (2021: after tax profit of £15,274k), a decrease of £274k from prior year. The decrease reflects lower sales partly mitigated by lower selling and marketing expenses.

The net asset position of the company as at 31 March 2022 was £249,699k, an increase from £237,685k as at 31 March 2021 mainly explained by an after tax profit of £15,001k and other comprehensive income of £1,513k owing to favourable movement in the company's defined benefit pension scheme obligation and favourable movement in FX cashflow hedges. The favourable movement in the company's defined benefit pension obligation is mainly due to a fall in the value of the liabilities, which has been driven by a rise in the discount rate assumption as a result of a rise in corporate bond yields over the year.

The market performance of the company's primary markets remains stable despite the challenging economic environment and high competitor intensity in markets in which these subsidiaries operate. The UK as our largest market had a 12-month market share in value terms of 16.5% (source: Nielsen). In the UK the company launched its 'for the love of' Tetley masterbrand campaign as well as supporting new product development and growth categories, in particular continuing to invest behind the Good Earth Tea brand with its focus on fruit and herbal. In Canada, the company's second largest market, market leadership was maintained with a value share of 27.8% (source: Nielsen). Market performance in the company's other markets was satisfactory.

The operating environment globally remains challenging with de-growth in the everyday black tea category, macroeconomic challenges, changes in consumer behaviour, high competitive intensity and recently significant inflationary driven cost increases. The company constantly strives to meet these challenges with a focus on investment behind brands, category expansion, innovation and cost rationalisation.

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

Tata Consumer Products GB Limited

Strategic Report for the year ended 31 March 2022

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 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.

Section 172 statement

The Companies (Miscellaneous Reporting) Regulations 2018 ('2018 MRR') require the Company's Directors to explain how they considered the interests of key stakeholders and the other matters set out in section 172(1) (A) to (F) of the Companies Act 2006 ('S172') when performing their duty to promote the success of the Company for the benefit of its members as a whole.

Of critical importance to the Directors whenever they exercise their s172 duties is the need to uphold the principles of the Tata Code of Conduct ('TCoC'). This long standing Code is a comprehensive set of principles which are applicable to all employees and Directors in the wider Tata group of companies. The Code lays emphasis, amongst other things, on the importance of integrity in the workplace and in business practices, honest and ethical personal conduct, diversity, fairness and respect for others. The TCoC is augmented by a number of other corporate policies that help to strengthen governance practices within the Company, including:

- the Tata Code for Prevention of Insider Trading;
- the Anti-Bribery and Anti-Corruption Policy;
- the Gifts and Hospitality Policy;;
- the Whistle Blower Policy;;
- the Tata Business Excellence Model; and
- the Prevention of Sexual Harassment in the Workplace Policy.

The Company believes in "Zero Tolerance" of any ethical violations, in all forms or manner.

The members of the Company's Board of Directors are suitably qualified persons having demonstrable competence and integrity, relevant business experience, financial acumen, a strategic mindset and leadership experience. They demonstrate a significant degree of commitment towards the Company and devote time to prepare thoroughly for Board meetings. New Directors are provided with a detailed induction programme on being appointed to the Board. This includes, amongst others, a briefing on Directors' statutory duties, and an update on regulatory matters, the existing business structure, and the existing strategy with key risks and opportunities for the business. The Board meets at regular intervals to discuss and decide on Company / business policy and strategy, as well as to consider other Board business. Ahead of Board meetings, the Directors are supplied with detailed papers which highlight relevant stakeholder considerations and other factors considered relevant to the matter under consideration. The Board exerts strong operational oversight by receiving detailed

Tata Consumer Products GB Limited

Strategic Report for the year ended 31 March 2022

trading and financial presentations at quarterly Board meetings. Other Board meetings are often convened from time to time as and when necessary to consider and decide on operational and strategic matters. Board meetings are usually pre-scheduled to help Directors plan their individual schedules and facilitate their meaningful participation in Board meetings. Occasionally, in case of special and / or urgent business, if the need arises, the Board's decision making is sought by convening Board meetings at shorter notice, as permitted by law.

The Company's key stakeholders are our employees, customers, distributors and suppliers. The Company has in place the following framework to ensure Directors have regard to our key stakeholders and those other matters referenced in section 172(1) in their decision-making:

Section 172 (1) (A) 'The likely consequences of any decision in the long-term'

The Board has deep experience in reviewing management's recommendations in relation to decisions facing the Company. The very nature of any Board decision means its possible long-term consequences must always be considered by the Board. This consideration is facilitated by the fact each Director understands the wider business and economic environment in which the Company operates. In considering the long-term consequences of a decision, where necessary the Board will obtain specialist advice either internally and / or from external professional advisors. All strategic priorities are within the Company's framework for risk management. This collaborative approach between the Board, key employees and external advisors helps to promote the long-term success of the Company.

Section 172 (1) (B) 'The interests of the Company's employees'

The Board promotes engagement with the Company's workforce through extensive and substantive communication and activities, including announcements on the Company's intranet, webinars about published financial results, engagement and pulse surveys, town halls, and employee awards ceremonies. The Directors recognise that success in achieving the Company's strategic priorities depends in part on attracting, retaining and motivating employees. The Directors ensure that the company remain a responsible employer by ensuring benchmarked pay packages and benefits to the employees' health, safety and workplace environment. Details of the same are available in the Directors' Report. The Directors factor the implications of decisions on employees where relevant. The Directors recognise that our pensioners, though no longer employees, also remain important stakeholders.

The Directors, through the Company's HR department, have a relentless focus to build an ecosystem focussed on employee safety, productivity and wellness. The Board is given updates at regular intervals on measures and compliances on health and safety such as accident rates, near miss reports, progress on initiatives to improve various health and safety measures, and regular audits of manufacturing facilities for compliance with health and safety policies. In relation to the Covid-19 pandemic, the Board of the company has implemented an extensive range of health and safety measures to facilitate safe working from both our Eaglescliffe factory and our Greenford offices.

Section 172 (1) (C) 'The need to foster the Company's business relationships with suppliers, customers and others'

The Directors feel that the strategic priorities can be achieved with strong relationships with our customers, suppliers, distributors, governments and others who have some association with the Business. The Company has a strong framework to manage the relationship across various stakeholders. The framework ensures that we partner with our customers and distributors so that, amongst others, we understand their evolving needs, and market trends, so we can improve and adapt to meet those needs. We work alongside our suppliers to ensure delivery of products and services which are required for our operations. There are a discreet set of activities which are followed to enhance the relationship with various stakeholders. The Directors also receive various information updates on a variety of topics including the use of externally sourced supplier-customer ranking surveys that indicate how these stakeholders have been engaged.

Tata Consumer Products GB Limited

Strategic Report for the year ended 31 March 2022

Section 172 (1) (D) 'The impact of the Company's operations on the community and the environment'

The Company believes in adding value to the communities that help make its business a success and is proud of its commitment in this area. It contributes time, skills and money through a range of partnerships with charities and non-government organisations. In addition, the Company is also committed and pursues a programme to reduce the impact of its operations on the environment. This is described in the strategic report of the Directors and measurement of our Company's UK emissions is given within the Director's report. The Company also supports various community initiatives across various international markets.

Section 172 (1) (E) 'The desirability of the Company maintaining a reputation for high standards of business conduct'

The Directors always seek to maintain and where possible enhance the positive reputation of the Company, and the wider Tata Group, in their decision-making. The Company has policies on a wide range of business and ethics related practices which are regularly reviewed and updated as necessary so as to ensure continued compliance with legal and regulatory requirements and good industry practice. These standards are communicated to all stakeholders to ensure the highest ethical and business standards are being followed across the business units. The Company's whistleblowing mechanism allows employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the code of conduct / business ethics. The whistleblowing mechanism provides for adequate safeguards against victimisation of employee(s) who avail this mechanism.

Section 172 (1) (F) 'The need to act fairly as between members of the Company'

The Directors are reminded annually in writing of their general statutory duties under the Companies Act 2006, including the need to act fairly as between members of the Company. The Company has five members, all of whom are other Tata companies, either within the Tata Consumer Products Group or the wider Tata group of companies.

Approved and authorised for issue on behalf of the Board

DocuSigned by:

AF3D0EDEA3904C9...
M Thakrar
Director
31 May 2022

Tata Consumer Products GB Limited

Directors' Report for the year ended 31 March 2022

The directors present their annual report and the audited financial statements for the year ended 31 March 2022.

Registered office

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

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

Future developments

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

Dividends

The company directors proposed and paid a dividend of £4,500k (2021: £Nil) during the year and do not recommend the payment of a final dividend (2021: £Nil) and no dividend has been declared since the balance sheet date.

Health, safety and the environment

Health & Safety

The Group operates in compliance with all relevant environmental and health and safety legislation and has worldwide policies and ISO45001 and ISO14001 accreditations for its UK based factory.

Sustainability policy

The Group is redefining its commitment to sustainability in the 'For Better Living Policy' and aspires to be the consumer's first choice in sustainable production and consumption. The key areas of impact for the company are For Better Nutrition, For Better Planet and For Better Communities. The company uses 100% sustainably sourced Rain Forest Alliance certified tea for the tea brands sold in UK, Europe, Canada & Australia.

Climate leadership

The carbon footprint or Green House Gas (GHG) emission for the company, audited by British Standards Institute, has decreased by over 100% since 2019 and for the current financial year the company is carbon net positive. The Eaglescliffe factory was one of the first locations in the UK to be accredited to Energy Management System ISO 50001 and is now exempt from much of the new ESOS regulations. The low carbon strategy includes energy saving initiatives, using renewable energy and installation of biomass boilers.

Circular economy

The company is committed to optimise consumer packaging, make efficient use of resources and reduce environmental impact without compromising product quality and safety. All beverages factories worldwide are now zero waste to landfill and all wastes are disposed through authorized vendors who recycle or repurpose them to avoid landfill. The company is a member of the UK Plastics Pact which is a collaborative initiative between UK businesses across the plastics value chain, the UK government and NGOs to create a circular economy in plastics. In the UK, the new Tetley tins, containing 80 biodegradable tea bags, were made available in 10 Tesco stores as part of a trial to introduce the 'Loop Zero Waste' system into supermarkets and convenience stores. We are transitioning to biodegradable teabags and we have committed to having 100% of our packaging to be reusable, recyclable or compostable by 2025 as part of UK Plastics Pact.

Tata Consumer Products GB Limited

Directors' Report for the year ended 31 March 2022

Energy and carbon reporting

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

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

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

The data presented below covers the financial year ended 31 March 2022 and 31 March 2021.

Energy type	Source	Energy consumption kWh		Ton CO2	
		2022	2021	2022	2021
Electricity	Meter readings	6,499,318	6,815,566	(527)	(568)
Natural Gas	Meter readings	1,431,421	1,215,777	292	248
Biomass	Delivery notes and stock checks	1,212,010	1,594,518	23	30
Fuel for transport	Calculated	187,285	189,814	50	51
Total		9,330,034	9,815,675	(162)	(239)
Total Scope 1 (through combustion)		2,830,716	3,000,109	329	329
Total Scope 2 (electricity)		6,499,318	6,815,566	(568)	(568)
Total Scope 1 +2		9,330,034	9,815,675	(239)	(239)

Ratios:

	2022	2021
% of energy from renewable sources	83%	86%
Production tonnage	25,225 ton	27,564 ton
kWh/ton produced	370 kWh/ton	356 kWh/ton
kg CO2/ton produced	-6 kgCO2/ton	-9 kgCO2/ton

No significant measures have been undertaken during the year to increase efficiencies.

Disabled persons

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

Research and development expenditure

The company is committed to growth through new product development and geographical expansion. A focused programme of research and product development is in place to meet that strategic need, building on successes, entering new and developing markets, and creating new, differentiated products that will enable the Group to penetrate new markets. The company spent £405k (2021: 343k) on research and development.

Supplier payments

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

Tata Consumer Products GB Limited

Directors' Report for the year ended 31 March 2022

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

Treasury policy and financial risk management

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

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

The treasury function enters into derivative transactions, principally forward currency contracts and options. The purpose of these transactions is to manage the currency risks arising from the company's underlying business operations.

In the context of the company's business operations, no transactions are undertaken which are speculative in nature.

(i) Liquidity risk

The company ensures that there is adequate financing available through intercompany funding arrangements with group companies and a multi-party, multi-currency notional cash pool arrangement held with HSBC Bank PLC, London 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 reasonably well spread across customers. Whilst the majority of customers have good credit ratings, where this is not the case other measures are used to mitigate credit risks, for example risk monitoring services and credit insurance. The company recognised no significant credit losses during the financial year.

The company has a large number of trade receivables, with the largest 5 receivables at 31 March 2022 comprising of 48.5% of the total trade receivables.

Tata Consumer Products GB Limited

Directors' Report for the year ended 31 March 2022

(v) Price risk

The company is exposed to changes in the price of raw tea. Whilst the company is not able to hedge all its 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.

Employee involvement

The Group believes in effective communication to engage its employees worldwide. This is regularly delivered via its intranet site supported by ad hoc mailings, face to face communication events together outlining strategy and significant developments, with a quarterly financial performance update webinar hosted by the Group CEO. Together, these ensure all employees are well informed about the Group's performance and key business issues and developments and are given an opportunity to share their views on matters affecting them.

Further details of the group's approach to engaging its employees have been outlined in the section 172 statement, found within the strategic report.

There are no employee share schemes but an element of employee pay is linked to financial performance.

Directors and their interests

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

L Krishna Kumar
M Thakrar
A Ahmad
J Burdett
B Puri
G Eccles (appointed 28 January 2022)

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 2022 that has significantly affected, or may significantly affect the company, its results or the state of affairs in future financial years.

Tata Consumer Products GB Limited

Directors' Report for the year ended 31 March 2022

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 and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Statement of disclosure of information to auditor

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

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

Independent auditor

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

Approved and authorised for issue on behalf of the board

DocuSigned by:

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M Thakrar
Director
31 May 2022

Tata Consumer Products GB Limited

Independent Auditor's report to the members of Tata Consumer Products GB Limited for the year ended 31 March 2022

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of other comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 23.

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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 this regard.

Tata Consumer Products GB Limited

Independent Auditor's report to the members of Tata Consumer Products GB Limited for the year ended 31 March 2022

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.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as tax, pensions and valuation specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;

Tata Consumer Products GB Limited

Independent Auditor's report to the members of Tata Consumer Products GB Limited for the year ended 31 March 2022

- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

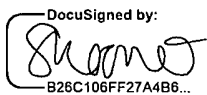
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

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.

DocuSigned by:

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Sukhbinder Kooner (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

31 May 2022

Tata Consumer Products GB Limited
Income Statement for the year ended 31 March 2022
(All amounts in £ thousands unless otherwise stated)

	Note	Year ended 31 March 2022	Year ended 31 March 2021
Revenue	5	131,811	139,832
Operating profit before exceptional items	6	17,553	17,573
Exceptional items	7	(110)	-
Operating profit	6	17,443	17,573
Finance income	8	1,676	2,300
Finance costs	8	(249)	(279)
Finance income - net		1,427	2,021
Profit before taxation		18,870	19,594
Income tax expense	10	(3,869)	(4,320)
Profit for the financial year		15,001	15,274

The notes on pages 19 to 47 are an integral part of these financial statements.

All results are from continuing operations.

Tata Consumer Products GB Limited

Statement of comprehensive income for the year ended 31 March 2022

(All amounts in £ thousands unless otherwise stated)

	Note	Year ended 31 March 2022	Year ended 31 March 2021
Profit for the financial year		15,001	15,274
Other comprehensive income / expense:			
Items that will not be reclassified to profit or loss			
Remeasurement gains / (losses) on defined benefit pension schemes	18	2,417	(14,900)
Current tax in respect of contribution to defined benefit pension plans	10	-	1,444
Deferred tax in respect of remeasurements of defined benefit pension plans	10	(1,755)	797
		662	(12,659)
Items that may be subsequently reclassified to profit or loss			
Gains / (losses) in the financial year in respect to cashflow hedges		1,051	(1,861)
Deferred tax in respect of cashflow hedges accounted for in the hedging reserve	10	(200)	341
		851	(1,520)
Other comprehensive income / (expense) for the financial year, net of tax		1,513	(14,179)
Total comprehensive income for the financial year		16,514	1,095

The notes on pages 19 to 47 are an integral part of these financial statements.

Tata Consumer Products GB Limited

Balance sheet as at 31 March 2022

(All amounts in £ thousands unless otherwise stated)

	Note	As at 31 March 2022	As at 31 March 2021
Non-current assets			
Intangible assets	11	58,870	59,080
Property, plant and equipment	12	21,547	12,795
Right of use assets	20	4,661	5,507
Investment in subsidiaries	13	1,000	1,000
Trade and other receivables	15	106,640	109,491
Post-Employment benefits	18	22,600	20,483
		215,318	208,356
Current assets			
Inventories	14	24,121	23,911
Trade and other receivables	15	31,961	36,649
Cash and cash equivalents		29,438	12,544
Derivative financial instruments	16	572	38
		86,092	73,142
Current liabilities			
Creditors - amounts falling due within one year	17	(33,925)	(31,518)
Current income tax liabilities - net		(170)	(448)
Lease liabilities	20	(1,043)	(948)
Derivative financial instruments	16	(133)	(481)
Net current assets		50,821	39,747
Total assets less current liabilities		266,139	248,103
Non-current liabilities			
Creditors - amounts falling due after more than one year	17	(2,193)	-
Lease liabilities	20	(5,077)	(6,086)
Deferred income tax liabilities	10	(8,516)	(3,674)
Post-Employment benefits	18	(654)	(658)
Net assets		249,699	237,685
Equity			
Called up share capital	19	-	-
Retained earnings		249,699	237,685
Total equity		249,699	237,685

The notes on pages 19 to 47 are an integral part of these financial statements.

The financial statements on pages 15 to 47 were approved by the Board on 27 May 2022 and signed on its behalf by:

DocuSigned by:



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M Thakrar
Director
31 May 2022

Tata Consumer Products GB Limited
Registered number 03019950

Tata Consumer Products GB Limited

Statement of changes in equity for the year ended 31 March 2022

(All amounts in £ thousands unless otherwise stated)

	Note	Called up Share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2020			236,590	236,590
Profit for the financial year		-	15,274	15,274
Other comprehensive expense for the financial year		-	(14,179)	(14,179)
Total comprehensive income for the financial year		-	1,095	1,095
Dividends	11	-	-	-
Balance at 31 March 2021		-	237,685	237,685
Balance at 1 April 2021			237,685	237,685
Profit for the financial year		-	15,001	15,001
Other comprehensive income for the financial year		-	1,513	1,513
Total comprehensive income for the financial year		-	16,514	16,514
Dividends	11	-	(4,500)	(4,500)
Balance at 31 March 2022		-	249,699	249,699

The notes on pages 19 to 47 are an integral part of these financial statements

Tata Consumer Products GB Limited

Notes to the financial statements for the year ended 31 March 2022

(All amounts in £ thousands unless otherwise stated)

1. General Information

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

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

2. Summary of significant accounting policies

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

(a) Basis of preparation

The financial statements of Tata Consumer Products GB Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention as modified by the revaluation of derivative financial assets and liabilities measured at fair value through profit and loss, and in accordance with the Companies Act 2006, as applicable to companies using FRS 101.

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

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

- IFRS 7, 'Financial Instruments: Disclosures'
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d), (statement of cash flows),
 - 16 (statement of compliance with all IFRS),
 - 111 (cash flow statement information),
 - 134-136 (capital management disclosures),
- IAS 7, 'Statement of cash flows',
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation), and
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.
- The following paragraphs of IAS 36, 'Impairment of Assets' where disclosures has been made in the consolidated financial statements where the company is consolidated
 - 134 (d) - (f)
 - 135 (c) - (e)
 - 130 (f) (ii) - (iii)

Tata Consumer Products GB Limited

Notes to the financial statements for the year ended 31 March 2022

(All amounts in £ thousands unless otherwise stated)

- The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16, 'Leases';
- The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details of indebtedness required by paragraph 61 (1) of Schedule 1 to the Regulations is presented separately for lease liabilities and other liabilities, and in total;
- Paragraph 30 and 31 of IAS 8 'Accounting policies'. changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15, 'Revenue from Contracts with Customers';
- The requirements of paragraph 33(c) of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

(b) Going concern

In adopting the going concern basis for preparing the financial statements, the directors have considered the business activities as set out on page 3 and the company's principal risks and uncertainties as set out on pages 3 & 4. Based on the company's balance sheet showing a net asset position of £249,699k at 31 March 2022 including cash of £29,438k and the forecasts and projections, taking account of reasonably possible changes in trading performance based on recent trends observed, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

(c) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2022 reporting periods. The assessment of the impact of these new standards and interpretations is set out below.

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

There are no other new FRSS or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 April 2021 have had a material impact on the company.

ii. New Standards and interpretations not yet adopted

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

- IFRS 17. 'Insurance Contracts'
- Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4)
- IAS 1 'Classification of Liabilities as Current or Non-Current' and 'disclosure of accounting policies' (Amendments to IAS 1)
- IAS 8 'Definition of accounting estimates' (Amendments to IAS 8)
- IAS 12 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction' (Amendments to IAS 12)
- Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)
- Annual Improvements to IFRS Standards 2018-2020 Cycle
- Reference to the Conceptual Framework (Amendments to IFRS 3)
- Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)
- Covid-19-Related Rent Concessions (Amendment to IFRS 16)

Tata Consumer Products GB Limited

Notes to the financial statements for the year ended 31 March 2022

(All amounts in £ thousands unless otherwise stated)

(d) Consolidated financial statements

The company has taken advantage of the exemption provided by Section 400 of the Companies Act 2006 not to prepare group financial statements as the results are included in the consolidated financial statements of Tata Consumer Products UK Group Limited.

(e) Function and presentation currency

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

(f) Revenue from contracts with customer

Revenue from contract with customers is recognised when the Group satisfies performance obligation by transferring promised goods and services to the customer. Performance obligations are said to be satisfied at a point of time when the customer obtains controls of the asset or when services are rendered.

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

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

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

(g) Finance income

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

(h) Depreciation and amortisation

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

(i) Dividend payable

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

(j) Investments

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

Tata Consumer Products GB Limited

Notes to the financial statements for the year ended 31 March 2022

(All amounts in £ thousands unless otherwise stated)

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.

(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;

Tata Consumer Products GB Limited

Notes to the financial statements for the year ended 31 March 2022

(All amounts in £ thousands unless otherwise stated)

- 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 company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

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

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

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

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

(m) Other receivables

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

(n) Inventories

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

Tata Consumer Products GB Limited

Notes to the financial statements for the year ended 31 March 2022

(All amounts in £ thousands unless otherwise stated)

(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.

(o) Cash and cash equivalents

Cash and cash equivalents include 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.

(p) 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

(q) 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.

Tata Consumer Products GB Limited

Notes to the financial statements for the year ended 31 March 2022

(All amounts in £ thousands unless otherwise stated)

(r) 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.

(s) 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.

(t) Derivative financial instruments and hedging activities

A derivative is a financial instrument which changes value in response to changes in an underlying asset and is settled at a future date. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The company designates certain derivatives as either:

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

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

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

Tata Consumer Products GB Limited

Notes to the financial statements for the year ended 31 March 2022

(All amounts in £ thousands unless otherwise stated)

(a) Fair value hedge

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

(b) Cash flow hedge

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

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

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

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

(u) Pension obligations

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

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

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

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

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

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.

Tata Consumer Products GB Limited

Notes to the financial statements for the year ended 31 March 2022

(All amounts in £ thousands unless otherwise stated)

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.

(v) 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.

(w) 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.

(x) 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. An example of the nature of items included here are restructuring costs such as redundancy and related professional fees.

(y) Leases

a. As a lessee

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

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

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

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

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

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

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

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

b. As a lessor

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

3. Critical accounting judgements and key sources of estimation uncertainty

In applying the company's accounting policies, which are described in note 2, management is required to make:

- judgments (other than those involving estimations) that have a significant impact on the amounts recognised; and
- estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The critical judgments and key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below.

Key sources of estimation uncertainty

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

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

(ii) Employee benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the

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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. Further details are provided in Note 18.

Judgements

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

4. Auditor's remuneration

The Company's fees payable to the auditor for the audit of the company's financial statements were £130k (2021: £130k).

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 2022:	Turnover by origin £'000	Turnover by destination £'000
Continuing Operations		
United Kingdom	115,235	99,521
North America	-	15,388
Rest of the World	16,576	16,902
Total	131,811	131,811

Year ended 31 March 2021:	Turnover by origin £'000	Turnover by destination £'000
Continuing Operations		
United Kingdom	122,283	102,588
North America	-	18,850
Rest of the World	17,549	18,394
Total	139,832	139,832

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6. Operating profit

	2022 £'000	2021 £'000
Revenue	131,811	139,832
Cost of sales	(96,780)	(103,389)
Selling and distribution costs	(17,465)	(18,220)
Administrative expenses	(13)	(650)
Operating profit before exceptional items	17,553	17,573
Exceptional items (note 7)	(110)	-
Operating profit	17,443	17,573

Operating profit is stated after charging:

	2022 £'000	2021 £'000
Wages and salaries	18,948	18,430
Social security costs	1,872	1,714
Other pension costs	1,093	997
Staff costs:	21,913	21,141
Net foreign exchange (gains) / losses	(293)	(461)
Depreciation (note 12)	1,875	1,743
Depreciation of ROU assets (note 20)	946	910
Computer software amortisation (note 11)	195	249
Research and development costs	405	343
Exceptional items (note 7)	110	-

7. Exceptional items

	2022 £'000	2021 £'000
Group restructuring programme (redundancy)	110	-
Total exceptional items	110	-

Includes redundancy costs relating to a new restructuring programme being undertaken to simplify our organisational structure.

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8. Finance income and costs

	2022 £'000	2021 £'000
Interest income on:		
- short-term bank deposits	300	252
- loans to group undertakings	956	1,226
- finance lease assets	20	22
Net finance income relating to defined benefit plan (note 18)	400	800
Total interest income	1,676	2,300
Interest expense to group undertakings	(49)	(53)
Interest on finance lease liabilities	(200)	(226)
Total interest expense	(249)	(279)
Net interest income	1,427	2,021

9. Employees and directors

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

	2022 Monthly average number	2021 Monthly average number
Manufacturing	245	248
Selling & distribution	59	65
Administration	54	50
Total	358	363

The emoluments of the Directors were as follows:

	£'000	£'000
Aggregate emoluments	1,114	1,246
Company contribution to defined contribution pension schemes	-	26
	1,114	1,272

Number of directors who are members of:

	2022 Monthly average number	2021 Monthly average number
The closed defined benefit scheme	1	1
The defined contribution pension schemes	2	2

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Highest paid director	2022 £'000	2021 £'000
Aggregate emoluments	413	648
Company contribution to defined contribution pension schemes	-	26
	413	674

10. Income tax expense

The tax assessed on the profit before tax is higher (2021: higher) than that of the standard rate of corporation tax in the UK of 19% (2021: 19%).

	2022 £'000	2021 £'000
Current tax		
UK corporation tax charge for the financial year	917	3,470
Adjustments in respect of prior years	65	515
Total current tax charge for the financial year	982	3,985
Deferred tax		
Origination and reversal of temporary differences	2,710	234
Adjustment in respect of previous years	177	101
Total deferred tax charge / (credit) for the year	2,887	335
Total tax charge for the financial year	3,869	4,320

	2022 £'000	2021 £'000
Statement of other comprehensive income		
Current tax in respect of contribution to defined benefit pension plans	-	(1,444)
Deferred tax in respect of cashflow hedges accounted for in hedging reserve	200	(341)
Deferred tax in respect of remeasurements of defined benefit pension plans	1,755	(797)
Total tax charge to statement of other comprehensive income	1,955	(2,582)

	2022 £'000	2021 £'000
Profit before tax	18,870	19,594
Tax at the UK corporation tax rate of 19% (2020: 19%)	3,585	3,723
Tax effect of expenses not deductible for tax:		
Enhanced allowances	(636)	-
Expenses relating to pension scheme	-	(38)
Other non deductible expenses	19	19
Impact of change in tax rate	659	-
Adjustments to tax charge in respect of prior years	242	616
Total tax charge for the financial year	3,869	4,320

Deferred tax

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

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(All amounts in £ thousands unless otherwise stated)

	2022 £'000	2021 £'000
Deferred tax assets		
Deferred tax asset - to be recovered after 12 months	370	490
Deferred tax asset - to be recovered within 12 months	139	183
Total	509	673
Deferred tax liabilities		
Deferred tax liability - to be paid after 12 months	(8,255)	(4,257)
Deferred tax liability - to be paid within 12 months	(770)	(90)
	(9,025)	(4,347)
Deferred tax (liabilities) / assets - net	(8,516)	(3,674)

	Retirement benefit obligation £'000	Derivatives used for hedging £'000	Property, plant and equipment £'000	Other timing differences £'000	Total £'000
At 1 April 2020	(4,692)	(260)	(141)	616	(4,477)
Income statement credit	-	-	(311)	(24)	(335)
Tax charge relating to components of other comprehensive expense	797	341	-	-	1,138
At 31 March 2021	(3,895)	81	(452)	592	(3,674)

At 1 April 2021	(3,895)	81	(452)	592	(3,674)
Income statement charge	-	-	(2,804)	(83)	(2,887)
Tax charge relating to components of other comprehensive income	(1,755)	(200)	-	-	(1,955)
At 31 March 2022	(5,650)	(119)	(3,256)	509	(8,516)

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same authority.

A deferred tax asset has been recognised due to the expectation that the company will generate future taxable profits and set off against deferred tax liability and presented as non-current liability.

There are nil (2021: nil) temporary differences associated with investments in subsidiaries for which a deferred tax liability has not been recognised. The company has no unrecognised deferred tax assets or liabilities.

Factors that may affect future tax:

The Finance Act 2021 was substantially enacted in May 2021 and as a result the main UK corporation tax will increase from 19% to 25% with effect 1 April 2023. The deferred taxation balances have been measured using the rates expected to apply in the reporting periods when the timing differences reverse.

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(All amounts in £ thousands unless otherwise stated)

11. Intangible assets

	Brands	Goodwill	Software	Software work in progress	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 April 2021	4,816	58,540	8,645	321	72,322
Additions	-	-	34	22	56
Disposals	-	-	-	(71)	(71)
Reclassifications	-	-	237	(237)	-
At 31 March 2022	4,816	58,540	8,916	35	72,307
Accumulated impairment and amortisation					
At 1 April 2021	4,816	-	8,426	-	13,242
Charge for the year	-	-	195	-	195
As at 31 March 2022	4,816	-	8,621	-	13,437
Net book amount					
At 31 March 2022	-	58,540	295	35	58,870
At 31 March 2021	-	58,540	219	321	59,080

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

Brands

Brands consists of the purchase of 'Vitax' tea brands principally sold in Poland for £4.8m in April 2007 but has been fully impaired in previous years and as at the year ended 31 March 2022 has a carrying value of nil (2021: nil).

Goodwill

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

Impairment testing for Goodwill

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

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

CGUs	Goodwill	
	2022	2021
	£'000	£'000
UK	58,540	58,540
Total	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 5 years, with amounts based medium term strategic plans approved by the board. Any major variations to strategic plan based on past experience are incorporated in the calculations. Cashflows beyond the 5-year period are extrapolated using a long-term growth rate.

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

Other key assumptions applied in determining value in use are:

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

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

	Pre-tax discount rate	Long-term growth rate
UK	8.10%	2.80%

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

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12. 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 2021	9,111	64,395	-	73,506
Reclassification	-	2,544	(2,544)	-
Additions	-	-	10,628	10,628
Disposals	-	(27)	-	(27)
At 31 March 2022	9,111	66,912	8,084	84,107
Accumulated Depreciation				
At 1 April 2021	5,948	54,763	-	60,711
Charge for the year	126	1,749	-	1,875
Disposals	-	(26)	-	(26)
At 31 March 2022	6,074	56,486	-	62,560
Net book amount				
At 31 March 2022	3,037	10,426	8,084	21,547
At 31 March 2021	3,163	9,632	-	12,795

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

Land and Buildings contains £338k (2021: £338k) of land which is not depreciated.

13. Investment in subsidiaries

Cost and net book value	Shares in Group undertakings £'000
At 1 April 2021 and 31 March 2022	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

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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 117 Grattan St #320, Brooklyn, NY 11237, United States.

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

None of the investments are quoted.

14. Inventories

	2022 £'000	2021 £'000
Raw materials	14,469	14,543
Work in progress	473	541
Finished goods	9,179	8,827
Total	24,121	23,911

There is no significant difference between the amount shown above and replacement cost. During the year ended 31 March 2022, £569k (2021: £480k) 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 £69,105k (2021: £74,908k).

15. Trade and other receivables

	2022 £'000	2021 £'000
Trade receivables	18,975	17,647
Amounts owed by group undertakings	115,464	124,501
Amounts owed by related parties	1,463	1,346
Lease receivables	676	735
Other receivables	860	971
Prepayments and accrued income	1,163	940
Total	138,601	146,140
Less non-current portion:		
Amounts owed by group undertakings	(106,043)	(108,816)
Lease receivables	(597)	(675)
Current portion	31,961	36,649

Amounts owed by group undertakings - current

Amounts owed by group undertakings include loans given to Tata Global Beverages Overseas Limited of £nil (2021: £4,255k) and Tata Consumer Products Canada Inc of £4,313k (2021: £4,789k), together with other balances of £3,368k (2021: £3,322k) with fellow group subsidiaries. The loans are unsecured, repayable on demand and non-interest bearing.

Amounts owed by group undertakings includes loans to Tata Consumer Products US Holdings Inc. of £1,510k (2021: £1,404k) and Stansand (Africa) Limited of £230k (2021: £1,915k) which are both unsecured, repayable on demand and on which interest is charged at LIBOR + 2%.

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Amounts owed by group undertakings – non-current

Amounts owed by group undertakings include loans given to Tata Consumer Products UK Group Limited of £35,424k (2021: £41,244k) which is non-interest bearing and loans totalling £70,619k (2021: £67,572k) given to Tata Consumer Products Overseas Holdings Limited on which interest is charged at a margin over LIBOR of 2%.

The company has provided letters stating that these balances will not be called due for a period of 12 months from the signing of these financial statements and have therefore been treated as falling due after more than one year.

Provision against balance due from group undertakings

The amount receivable from Tata Global Beverages Overseas Limited is stated after provisions for impairment of £nil (2021: £1,957k).

Amounts owed by related parties

Amounts owed by Tata Consumer Products companies represents a balance with Eight O'clock Coffee Inc. of £1,088k (2021: £961k) and a balance with Tata Consumer Products Limited of £375k (2021: £385k) all of which are trading balances which are unsecured, repayable on demand and non-interest bearing. Eight O'clock Coffee Inc. is a company under common control of the company's ultimate parent company (see note 22).

16. Derivative financial instruments

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

	2022		2021	
	Asset £'000	Liability £'000	Asset £'000	Liability £'000
Derivative asset	572	-	38	-
Derivative liability	-	133	-	481
Derivative financial instruments	572	133	38	481

There was no ineffectiveness to be recorded from either the cashflow or fair value hedges.

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Forward foreign exchange contracts

The following table gives details in respect of outstanding foreign currency forward contracts:

2022					2021		
Type of Contract	Currency Pair	Notional Amount in FCY '000	Equivalent Amount in GBP '000*	Fair Value Amount in GBP '000 *	Notional Amount in FCY '000	Equivalent Amount in GBP '000*	Fair Value Amount in GBP '000 *
Forward Contracts Outstanding							
	EUR / GBP	-	-	-	450	383	-
i) Exports	CAD / GBP	21,000	12,782	(133)	16,000	9,220	38
	USD / GBP	21,000	16,028	531	34,250	24,844	(481)
ii) Payables	EUR / GBP	8,890	7,519	41			
iii) Receivables from Subsidiaries	AUD / GBP	-	-	-	1,200	664	-
	CAD / GBP	1,400	852	-			

*converted at year end exchange rates

Derivative financial instruments that are measured at fair value by level of the following fair value measurement hierarchy:

- Level 1 - The fair value of financial instruments quoted in active markets is based on their quoted closing price at the balance sheet date.
- Level 2 - The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques using observable market data. Such valuation techniques include discounted cash flows, standard valuation models based on market parameters for interest rates, yield curves or foreign exchange rates, dealer quotes for similar instruments and use of comparable arm's length transactions.
- Level 3 - The fair value of financial instruments that are measured on the basis of entity specific valuations using inputs that are not based on observable market data (unobservable inputs).

All of the company's derivative financial instruments that are measured at fair value were classified as Level 2 as at 31 March 2022 (2021: Level 2). They have been valued using publicly available data, such as foreign exchange spot rates.

The hedged highly probable forecast transactions denominated in foreign currency are expected to occur at various dates during the next 12 months. Gains and losses recognised in the hedging reserve in equity on forward foreign exchange contracts as of 31 March 2022 are recycled to the income statement in the period or periods during which the hedged forecast transaction affects the income statement. This is generally within 12 months of the end of the reporting period unless the gain or loss is included in the initial amount recognised for the purchase of fixed assets, in which case it is recognised is over the estimated useful lives of the related assets. Changes in the fair value of forward foreign exchange contracts that are designated and qualify as fair value hedges are recorded in the income statement.

The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets in the balance sheet.

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17. Creditors

	2022 £'000	2021 £'000
Trade creditors	12,035	8,922
Amounts owed to fellow group undertakings	2,352	3,073
Amounts owed to related parties	6,041	4,910
Other taxation and social security	347	324
Other creditors	285	434
Accruals and deferred income	15,058	13,855
Total	36,118	31,518
Less amounts falling due in more than one year:		
Amounts owed to related parties	(2,193)	-
Amounts falling due in less than one year	33,925	31,518

Amounts owed to group undertakings are all trading balances with 100% owned subsidiaries of the company's parent. These are unsecured, repayable on demand and non-interest bearing.

Amounts owed to related parties – falling due within one year represents trading balances with Tata Consumer Products Limited of £3,719k (2021: £3,121k), Tata Consumer Products Capital Limited of £nil (2021: £1,671k) and Eight O'Clock Coffee Inc of £129k (2021: £118k). These balances are unsecured, repayable on demand and non-interest bearing. Tata Consumer Products Limited is the ultimate parent company of this company and Eight O'clock Coffee Inc is a company under common control of the company's ultimate parent company.

Amounts owed to related parties – falling due after more than one year represents an amount owed to Tata Consumer Products Capital Limited of £2,193k (2021: £nil). Tata Consumer Products Capital Limited has provided a letter stating that these balances will not be called due for a period of 12 months from the signing of these financial statements and have therefore been treated as falling due after more than one year.

Tata Consumer Products Limited is the ultimate parent company of this company and Eight O'clock Coffee Inc and Tata Consumer Products Capital Limited are both companies under common control of the company's ultimate parent company.

18. Post-employment benefits

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

	2022 £'000	2021 £'000
Balance sheet obligations for:		
Non-current assets - Defined pension benefits	22,600	20,483
Non-current liabilities - Post Employment medical benefits	(654)	(658)
Income statement (credit) / charge:		
- Finance income on defined pension benefits	400	800
- Administration cost on defined pension benefits	(700)	(600)
	(300)	200
Gains recognised in other comprehensive income:		
- Remeasurements for defined pension benefits	2,417	(14,900)
	2,417	(14,900)

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(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 provide 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 from the Scheme are generally updated in line with the Retail Price Index (subject to certain caps and floors). The majority of benefit payments are from trustee-administered funds. Responsibility for governance of the Scheme - including investment decisions and contribution schedules - lies with the board of trustees. The board of trustees must be composed of representatives of the Group and Scheme participants in accordance with the Scheme's regulations.

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

	2022 £'000	2021 £'000
Present value of funded obligations	(149,000)	(154,200)
Fair value of plan assets	171,600	174,683
Asset in the balance sheet	22,600	20,483

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

	Present value of obligation £'000	Fair value of plan assets £'000	Total £'000
At 1 April 2020	(137,000)	164,600	27,600
Interest (expense) / income	(3,200)	4,000	800
Administrative expenses	-	(600)	(600)
Past service costs	-	-	-
	(140,200)	168,000	27,800
Remeasurements:			
– Return on plan assets, excluding amounts included in interest income / (expense)	-	4,300	4,300
– Loss from change in demographic assumptions	(4,400)	-	(4,400)
– Loss from change in financial assumptions	(12,300)	-	(12,300)
– Experience losses	(2,500)	-	(2,500)
	(19,200)	4,300	(14,900)
Contributions:			
– Employers	-	7,583	7,583
Payments from plans:			
– Benefit payments	5,200	(5,200)	-
At 31 March 2021	(154,200)	174,683	20,483

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Notes to the financial statements for the year ended 31 March 2022

(All amounts in £ thousands unless otherwise stated)

	Present value of obligation £'000	Fair value of plan assets £'000	Total £'000
At 1 April 2021	(154,200)	174,683	20,483
Interest (expense) / income	(3,100)	3,500	400
Administrative expenses	-	(700)	(700)
Past service costs	-	-	-
	(157,300)	177,483	20,183
Remeasurements:			
– Return on plan assets, excluding amounts included in interest expense/(income)	-	(600)	(600)
– Gain from change in demographic assumptions	-	-	-
– Gain from change in financial assumptions	7,000	17	7,017
– Experience losses	(4,000)	-	(4,000)
	3,000	(583)	2,417
Contributions:			
– Employers	-	-	-
Payments from plans:			
– Benefit payments	5,300	(5,300)	-
At 31 March 2022	(149,000)	171,600	22,600

The assumptions used in calculating the accounting costs and obligations of the Scheme, as detailed below, are set by the company after consultation with professionally qualified actuaries.

The weighted average duration of the Scheme liabilities is around 15 years.

	2022 %	2021 %
Discount rate	2.70	2.05
RPI inflation	3.90	3.30
Rate of increase in pensions in payment	3.95	3.55
Rate of increase in pensions in deferment	3.90	3.30

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	
	2022 Years	2021 Years	2022 Years	2021 Years
Longevity at age 65 for current pensioners:				
Males	24.6	24.5	22.0	21.9
Females	26.8	26.7	24.4	24.3
Longevity at age 65 for future pensioners:				
Males	25.9	25.8	23.4	23.3
Females	28.2	28.1	25.8	25.7

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(All amounts in £ thousands unless otherwise stated)

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 £'000	Decrease in assumption £'000
Discount rate	0.50%	10,100	(11,200)
RPI inflation	0.50%	(3,900)	3,700
		Increase by 1 year in assumption £'000	Decrease by 1 year in assumption £'000
Life expectancy of members		(6,400)	6,300

The above sensitivity analysis is 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 asset recognised within the statement of financial position.

Plan assets comprised of:

	2022 £'000	2021 £'000
Equities	14,800	20,700
LDI	72,000	59,800
Multi asset credit	22,800	25,700
Diversified growth funds	11,900	14,700
Secured income asset	-	15,500
Corporate bonds	47,300	36,400
Cash and Insurance policies	2,800	1,883
Total	171,600	174,683

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 95%.

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– 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 95% of this risk.

– Life expectancy

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

Policy for recognising gains and losses

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

Asset-liability matching strategies used by the Scheme

The Scheme's stated investment strategy includes holding a benchmark allocation of 43% to liability-driven investments which involves hedging the Scheme's exposure to changes in interest rates and inflation through the use of liability driven investments (LDI) which typically involves swaps and derivatives. The benchmark allocation also includes a 13% benchmark exposure to multi-asset credit and a 28% benchmark holding in corporate bonds. The remaining portfolio is invested across a diversified range of growth assets which include equities and diversified growth funds.

Description of funding arrangements and funding policy that affect future contributions

The Schedule of Contributions dated 18 March 2021, sets out the current contributions payable by the Company to the Scheme. This was revised based on the triennial valuation performed as at 5 April 2020 and following the signing of the latest Schedule of Contributions no regular deficit contributions are payable to the Scheme. The Group is expecting to enter into a contingent contribution mechanism with the Trustees, whereby there would be a test of the Funding position at 5 April 2022 and 5 April 2023. This test may trigger contributions into the Scheme from 5 April 2022 onwards.

Expected contributions over the next financial year

The company does not expect to contribute to the Scheme in the year ending 31 March 2023.

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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.

Maturity profile of defined benefit obligation (undiscounted basis)

	2022	2021
Within next 12 months	6,800	6,000
Between 2 and 5 years	23,500	22,300
Between 6 and 9 years	26,900	25,600
10 years and above	170,100	163,800

(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

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Notes to the financial statements for the year ended 31 March 2022

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addition of actuarial assumptions relating to the long-term increase in healthcare costs in the US of 4.75% per annum (2021: 4.75% per annum) and in the UK of 6.0% per annum (2021: 4.75% per annum).

The liability recognised in the balance sheet as at 31 March 2022 was £654k (31 March 2021: £658k).

19. Called up share capital

	Number	2022 £	2021 £
Authorised			
Ordinary shares of £1 each	100 (2021: 100)	100	100
Allotted, called up and fully paid			
Ordinary shares of £1 each	1 (2021: 1)	1	1

20. Leases

(a) Leases where the company is the lessee

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

The company has no short term leases or leases of low value assets and as such no amounts are expensed to the income statement (2021: £Nil).

Amounts recognised in the balance sheet:

Right-of-use assets

Cost	Buildings £'000	Plant and Equipment £'000	Total £'000
At 1 April 2021	7,107	260	7,367
Additions	-	100	100
At 31 March 2022	7,107	360	7,467
Accumulated depreciation			
At 1 April 2021	1,722	138	1,860
Charge for the year	858	88	946
At 31 March 2022	2,580	226	2,806
Net book amount:			
At 31 March 2022	4,527	134	4,661
At 31 March 2021	5,385	122	5,507

Lease liabilities

	2022 £'000	2021 £'000
Current	1,043	948
Non-current	5,077	6,086
Total	6,120	7,034

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Notes to the financial statements for the year ended 31 March 2022

(All amounts in £ thousands unless otherwise stated)

Amounts recognised in profit or loss:

	2022 £'000	2021 £'000
Depreciation charge of right-of-use assets		
- Buildings	858	858
- Plant and Equipment	88	52
Interest expenses (included in finance costs)	200	226

Contractual maturities of lease liabilities on an undiscounted basis:

	2022 £'000	2021 £'000
Less than one year	1,836	1,646
One to two years	1,262	1,661
Two to five years	2,089	2,373
More than five years	2,850	3,513
Total	8,037	9,193

The cash outflow for leases during the year was £1,014k (2021: £913k).

(b) Leases where the company is the lessor

The company sub-lets part of a rented office building recognised as a right of use asset. The lease contract does not include either an option to renew or a right to purchase the property at the end of the lease.

Amounts recognised in the balance sheet:

Lease receivables

	2022 £'000	2021 £'000
Current	79	60
Non-current	597	675
Total	676	735

Movement in Lease receivables:

	2022 £'000	2021 £'000
Balance at beginning of the period	735	790
Interest Income accrued during the period	20	22
Lease Receipts	(79)	(77)
Balance at the end of the period	676	735

Amounts recognised in the profit or loss:

	2022 £'000	2021 £'000
Interest income (included in finance income)	20	22
Operating rental income	79	77

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(All amounts in £ thousands unless otherwise stated)

Contractual maturities of Lease receivables on an undiscounted basis:	2022 £'000	2021 £'000
Less than 1 year	79	78
1 to 2 years	79	79
2 to 5 years	240	237
More than 5 years	352	434
Total	750	828

21. Capital commitments

Capital expenditure authorised by the Board and contracted for at 31 March 2022 amounted to £20,168k (2021: £1,857k) with £4k (2021: 8k) relating to computer software and the remainder relating to property, plant and equipment.

22. Parent company

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

23. Events after the end of the reporting period

As at the date of this report, no matter or circumstance has arisen since 31 March 2022 that has significantly affected, or may significantly affect the company, its results or the state of affairs in future financial years.