

Tata Consumer Products GB Limited

Annual report and financial statements

Year ended 31 March 2023

Tata Consumer Products GB Limited

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Tata Consumer Products GB Limited

Strategic Report for the year ended 31 March 2023

The directors present their strategic report on the company for the year ended 31 March 2023.

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 2023 is set out below:

The company achieved revenue of £140,500k (2022: £131,811k) which represents an increase of 7% from the prior year. This is explained by growth across our top 3 markets UK, Canada and Australia, expansion of our Tata branded tea and other products across the world coupled with the benefit of Teapigs sales post being appointed as a master distributor for the brand as on 11th February 2023. The growth is mainly driven by selling price increases taken, partly offset by pressure on everyday black tea volumes, with the category in the UK remaining in longer term volume decline. The company has faced considerable cost challenges in the year driven by the impact of high inflation across our cost base, compounded by sterling weakness. Operating margins have therefore declined, reflecting the lag between the increase in costs and taking corrective actions such as selling price increases and cost saving measures. As a result operating profit before exceptional items has fallen by 19% to £14,134k (2022: £17,553k).

In the financial year ending 31 March 2023, an after-tax profit was recorded of £12,306k (2022: after tax profit of £15,001k), a decrease of £2,695k from prior year. The decrease reflects lower operating profits and increased exceptional items for restructuring costs partially offset by increase in finance income.

The net asset position of the company as at 31 March 2023 was £252,012k, an increase from £249,699k as at 31 March 2022 mainly explained by an after tax profit of £12,306k offset by other comprehensive expense of £9,990k owing to adverse movement in the company’s defined benefit pension scheme obligation and adverse movement in currency cashflow hedges. The adverse movement in the defined benefit pension scheme obligation is mainly due to the fall in the value of assets mainly due to the rise in corporate bond yields.

The market performance of the company’s principal 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 15.6% (source: Nielsen). In the UK the company continued its ‘for the love of’ Tetley masterbrand campaign and for the first time undertook a TV advertising campaign for the Teapigs brand. In Canada, the Group’s second largest market, market leadership was maintained with a value share of 27.7% (source: Nielsen). Market performance in the company’s other markets was satisfactory.

The operating environment globally remains challenging with decline 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.

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Strategic Report for the year ended 31 March 2023

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

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Strategic Report for the year ended 31 March 2023

to the matter under consideration. The Board exerts strong operational oversight by receiving detailed 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. As a part of talent management the HR department continued to enhance talent mapping programme by delivery focussed training and sharing knowledge across the organisation through secondment placement. Further "InterActions" our engagement survey completed on a bi-annual basis provides valuable insights for driving actions plans at both organisational and managerial levels. We use the survey results to develop action plans that address critical issues and support ongoing efforts to boost employee engagement.

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

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Strategic Report for the year ended 31 March 2023

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.

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.

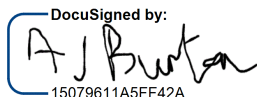
Section 172 (1) (F) 'The need to act fairly as between members of the Company'

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 four members, all of whom are members of other Tata companies, either within the Tata Consumer Products Group or the wider Tata group of companies.

Key decisions in the year

During the year, the Directors, to create long term value within the business made the decision to integrate the operations of its 100% owned subsidiary Teapigs into the company through its appointment as master distributor of "Teapigs" brands. Multiple discussions and deliberations were made and relevant interests of all members taken into consideration before finalising the integration.

Approved and authorised for issue on behalf of the Board

DocuSigned by:

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A Burton
Director
11 May 2023

Tata Consumer Products GB Limited

Directors' Report for the year ended 31 March 2023

The directors present their annual report on the affairs of Tata Consumer Products GB Limited ('the Company'), together with the financial statements and auditor's report, for the year ended 31 March 2023.

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 £Nil (2022: £4,500k) during the year, do not recommend the payment of a final dividend (2022: £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 People. The company uses 100% sustainably sourced Rain Forest Alliance certified tea for the tea brands sold in UK, Europe, Canada & Australia.

Better Planet

Reducing Carbon Emissions

A key part of our Better Planet Strategy is Driving Net Zero. The ultimate parent, Tata Consumer Products Limited has a Net Zero target of 2045 with interim targets to increase the use of renewable energy. The carbon footprint or Green House Gas (GHG) emission for the company was audited by British Standards Institute. In 2022 we partnered with carbon experts ERM, the largest global pure play sustainability consultancy firm, to start to measure carbon emissions across our the group. The UK has been highlighted as a centre of excellence with our Eaglecliffe factory accounting for just 1% of direct emissions for our international business. Eaglecliffe runs from 97% renewable energy sourced from a dedicated solar farm, on site biomass boiler and 100% procured renewable electricity. In an addition to this, all UK sites are Zero Waste to Landfill in line with the group beverage facilities globally. We will be working to set science based targets and a decarbonization roadmap including use of sold products by our consumers.

Circular economy

The Group 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 Group, through 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. Our overarching commitment is to have 100% of packaging reusable, recyclable or compostable by 2025. To date we have been successfully trialling new plant based teabags with over 1 billion released into the UK market to date. Full commercial scale up and roll out will start in 2023 which

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Directors' Report for the year ended 31 March 2023

will see 9 billion teabags converted in total which results in 270 tonnes of plastics being removed from the waste stream. Our Tetley out-of-home envelope range has also been transitioned to have 100% recyclable packaging and plastic free teabags and our on-the-go cups can now be recycled at coffee shops nationally.

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 2023 and 31 March 2022.

Energy type	Source	Energy consumption kWh		Ton CO ₂	
		2023	2022	2023	2022
Electricity	Meter readings	6,240,271	6,499,318	10	(527)
Natural Gas	Meter readings	1,401,720	1,431,421	281	292
Biomass	Delivery notes and stock checks	1,330,000	1,212,010	18	23
Fuel for transport	Calculated	229,129	187,285	68	50
Total		9,201,120	9,330,034	377	(162)
Total Scope 1 (through combustion)		2,960,849	2,830,716	366	329
Total Scope 2 (electricity)		6,240,271	6,499,318	10	(568)
Total Scope 1 +2		9,201,120	9,330,034	376	(239)

Ratios:

	2023	2022
% of energy from renewable sources	82%	83%
Production tonnage	24,043 ton	25,225 ton
kWh/ton produced	383 kWh/ton	370 kWh/ton
kg CO ₂ /ton produced	-16 kgCO ₂ /ton	-6 kgCO ₂ /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 £368k (2022: 405k) on research and development.

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Directors' Report for the year ended 31 March 2023

Supplier payments

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

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

Treasury policy and financial risk management

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

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

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

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

(i) Liquidity risk

The company ensures that there is adequate financing available through intercompany funding arrangements with group companies 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. Further the company has entered into a limited recourse receivable discounting arrangement with HSBC Bank PLC to managed liquidity during peak funding requirements.

(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. Additionally, the Company, has entered into a limited recourse receivable discounting

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Directors' Report for the year ended 31 March 2023

arrangement with HSBC Bank PLC wherein the bank will have no recourse to the company for an eligible buyer, provided no repayment event has occurred in relation to that receivable. 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 account for 31.4% (2022: 48.5%) of the total trade receivables.

(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 (resigned 30 June 2022)
 A Ahmad (resigned 31 May 2022)
 J Burdett (resigned 29 July 2022)
 B Puri
 G Eccles
 A Burton (appointed 12 July 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.

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Directors' Report for the year ended 31 March 2023

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 2023 that has significantly affected, or may significantly affect the company, its results or the state of affairs in future financial years.

Directors' responsibilities statement

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

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.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

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:

A Burton
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Director
11 May 2023

Tata Consumer Products GB Limited

Independent Auditor's report to the members of Tata Consumer Products GB Limited for the year ended 31 March 2023

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

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 March 2023 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 comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 24.

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

Basis for opinion

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

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

Conclusions relating to going concern

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.

Tata Consumer Products GB Limited

Independent Auditor's report to the members of Tata Consumer Products GB Limited for the year ended 31 March 2023

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.

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 and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

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.

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Independent Auditor's report to the members of Tata Consumer Products GB Limited for the year ended 31 March 2023

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our procedures performed to address it are described below:

- Valuation of goodwill: The fraud risk has been pinpointed to the medium terms forecast for the UK and Europe CGU. We have challenged these forecasts with consideration to historical forecasting accuracy, obtaining evidence and challenging the medium term assumptions based on our knowledge of the business, inflationary pressures,

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;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management 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.

Tata Consumer Products GB Limited

Independent Auditor's report to the members of Tata Consumer Products GB Limited for the year ended 31 March 2023

DocuSigned by:

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Nipun Vinaik (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
11 May 2023

Tata Consumer Products GB Limited
Income Statement for the year ended 31 March 2023
(All amounts in £ thousands unless otherwise stated)

	Note	2023	2022
Revenue	5	140,500	131,811
Cost of sales	6	(101,942)	(89,634)
Gross Profit		38,558	42,177
Selling and distribution costs	6	(23,591)	(24,611)
Administrative expenses	6	(833)	(13)
Operating profit before exceptional items		14,134	17,553
Exceptional items	7	(2,293)	(110)
Operating profit	6	11,841	17,443
Finance income	8	3,571	1,676
Finance costs	8	(291)	(249)
Finance income - net		3,280	1,427
Profit before taxation		15,121	18,870
Income tax expense	10	(2,815)	(3,869)
Profit for the financial year		12,306	15,001

The notes on pages 20 to 48 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 2023
(All amounts in £ thousands unless otherwise stated)

	Note	2023	2022
Profit for the financial year		12,306	15,001
Other comprehensive (expense) / income :			
Items that will not be reclassified to profit or loss			
Remeasurement (losses) / gains on defined benefit pension schemes	19	(12,700)	2,417
Deferred tax in respect of remeasurements of defined benefit pension plans	10	3,125	(1,755)
		(9,575)	662
Items that may be subsequently reclassified to profit or loss			
Gains / (losses) in the financial year in respect to cashflow hedges		(512)	1,051
Deferred tax in respect of cashflow hedges	10	97	(200)
		(415)	851
Other comprehensive (expense) / income for the financial year, net of tax		(9,990)	1,513
Total comprehensive income for the financial year		2,316	16,514

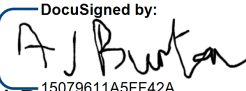
The notes on pages 20 to 48 are an integral part of these financial statements

Tata Consumer Products GB Limited
Balance sheet as at 31 March 2023
(All amounts in £ thousands unless otherwise stated)

	Note	2023	2022
Non-current assets			
Intangible assets	12	58,728	58,870
Property, plant and equipment	13	33,048	21,547
Right of use assets	21	3,729	4,661
Investment in subsidiaries	14	1,000	1,000
Deferred income tax assets	13	576	509
Trade and other receivables	16	113,003	106,640
Post-Employment benefits	19	10,100	22,600
		220,184	215,827
Current assets			
Inventories	15	35,406	24,121
Trade and other receivables	16	31,661	31,961
Cash and cash equivalents		32,992	29,438
Derivative financial instruments	17	209	572
		100,268	86,092
Current liabilities			
Creditors - amounts falling due within one year	18	(51,133)	(33,925)
Current income tax liabilities - net		(104)	(170)
Lease liabilities	21	(842)	(1,043)
Derivative financial instruments	17	(348)	(133)
		47,841	50,821
Net current assets		47,841	50,821
Total assets less current liabilities		268,025	266,648
Non-current liabilities			
Creditors - amounts falling due after more than one year	18	(2,329)	(2,193)
Lease liabilities	21	(4,236)	(5,077)
Deferred income tax liabilities	13	(8,791)	(9,025)
Post-Employment benefits	19	(654)	(654)
		252,015	249,699
Net assets		252,015	249,699
Equity			
Called up share capital	20	-	-
Retained earnings ¹		252,015	249,699
		252,015	249,699
Total equity		252,015	249,699

¹Retained earnings includes Cash flow hedges of £91k (2022: £506k).

The notes on pages 20 to 48 are an integral part of these financial statements. The financial statements on pages 16 to 48 were approved and authorised for issue by the Board on 10 May 2023 and signed on its behalf by:

DocuSigned by:

 A Burton
 Director
 11 May 2023

Tata Consumer Products GB Limited
 Registered number 03019950

Tata Consumer Products GB Limited
Statement of changes in equity for the year ended 31 March 2023
(All amounts in £ thousands unless otherwise stated)

	Note	Retained earnings	Total equity
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
Balance at 1 April 2022		249,699	249,699
Profit for the financial year		12,306	12,306
Other comprehensive expense for the financial year		(9,990)	(9,990)
Total comprehensive income for the financial year		2,316	2,316
Balance at 31 March 2023		252,015	252,015

The notes on pages 20 to 48 are an integral part of these financial statements

Tata Consumer Products GB Limited

Notes to the financial statements for the year ended 31 March 2023

(All amounts in £ thousands unless otherwise stated)

1. General Information

Tata Consumer Products GB Limited (“the company”) is mainly engaged in the manufacture, marketing, distribution and sales 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 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 under the Companies Act 2006 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)
- The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16, ‘Leases’;

Tata Consumer Products GB Limited

Notes to the financial statements for the year ended 31 March 2023

(All amounts in £ thousands unless otherwise stated)

- 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;
- 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';

(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 £252,015k at 31 March 2023 including cash of £32,992k 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. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

(c) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2023 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 2022 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)

(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.

Tata Consumer Products GB Limited
Notes to the financial statements for the year ended 31 March 2023
(All amounts in £ thousands unless otherwise stated)

(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 (net of variable consideration) allocated to that performance obligation. The transaction price of the goods and services to a customer is based on the price specified in the contract and is net of variable consideration on account of estimated sales incentives / discounts offered by the Company. 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.

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.

Tata Consumer Products GB Limited

Notes to the financial statements for the year ended 31 March 2023

(All amounts in £ thousands unless otherwise stated)

(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;
- 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.

Tata Consumer Products GB Limited
Notes to the financial statements for the year ended 31 March 2023
(All amounts in £ thousands unless otherwise stated)

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

(o) Current and deferred income tax

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management

Tata Consumer Products GB Limited

Notes to the financial statements for the year ended 31 March 2023

(All amounts in £ thousands unless otherwise stated)

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. However, trade receivables that do not contain a significant financing component are measured at transaction price. 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.

(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.

Tata Consumer Products GB Limited

Notes to the financial statements for the year ended 31 March 2023

(All amounts in £ thousands unless otherwise stated)

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

(a) Fair value hedge

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

Tata Consumer Products GB Limited

Notes to the financial statements for the year ended 31 March 2023

(All amounts in £ thousands unless otherwise stated)

(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.

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

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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.

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

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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) Employee benefits

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

Other key assumptions for pension obligations are based in part on current market conditions. Further details including consideration of sensitivities are provided in Note 19.

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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 (2022: £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 2023:	Turnover by origin	Turnover by destination
<i>Continuing Operations</i>		
United Kingdom	118,422	102,642
North America	-	18,528
Rest of the World	22,078	19,330
Total	140,500	140,500

Year ended 31 March 2022:	Turnover by origin	Turnover by destination
<i>Continuing Operations</i>		
United Kingdom	115,235	99,521
North America	-	15,388
Rest of the World	16,576	16,902
Total	131,811	131,811

6. Operating profit

Operating profit is stated after charging / (crediting):

	2023	2022
Wages and salaries	18,699	18,948
Social security costs	1,791	1,872
Other pension costs	1,118	1,093
Staff costs:	21,608	21,913
Net foreign exchange losses / (gains)	577	(293)
Depreciation (note 13)	1,975	1,875
Depreciation of ROU assets (note 21)	932	946
Computer software amortisation (note 12)	135	195
Research and development costs	368	405
Exceptional items (note 7)	2,293	110

Administration expenses is represented net of service income of £15,421k (2022: £14,189k) relating to other group undertakings.

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Notes to the financial statements for the year ended 31 March 2023

(All amounts in £ thousands unless otherwise stated)

7. Exceptional items

	2023	2022
Group restructuring programme costs	2,293	110
Total exceptional items	2,293	110

Includes consultancy and redundancy costs relating to restructuring/re-organisational programmes being undertaken.

8. Finance income and costs

	2023	2022
Interest income on:		
- short-term bank deposits	967	300
- loans to group undertakings	1,988	956
- finance lease assets	16	20
Net finance income relating to defined benefit plan (note 19)	600	400
Total interest income	3,571	1,676
Interest expense to group undertakings	(124)	(49)
Interest on finance lease liabilities	(167)	(200)
Total interest expense	(291)	(249)
Net interest income	3,280	1,427

9. Employees and directors

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

	2023 Monthly average number	2022 Monthly average number
Manufacturing	268	245
Selling & distribution	44	59
Administration	66	68
Total	378	372

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(All amounts in £ thousands unless otherwise stated)

The emoluments of the Directors were as follows:

	2023	2022
Aggregate emoluments	897	1,114
Compensation for loss of office	134	-
Company contribution to defined contribution pension schemes	11	-
	1,042	1,114

G Eccles participates in the Employee Share Based Payment incentives under the ultimate parent's share based long term incentive scheme 2021 (TCPL SLTI Scheme 2021) approved by the Nomination and Remuneration Committee (NRC) of the ultimate parent and all benefits under the scheme have been reflected under aggregate directors emoluments as reflected above.

Highest paid director	2023	2022
Aggregate emoluments	558	413

Number of directors who are members of:

	2023 Monthly average number	2022 Monthly average number
The closed defined benefit scheme	-	1
The defined contribution pension schemes	1	2

10. Income tax expense

The tax assessed on the profit before tax is lower (2022: higher) than that of the standard rate of corporation tax in the UK of 19% (2022: 19%).

	2023	2022
Current tax		
UK corporation tax (credit) / charge for the financial year	(223)	917
Foreign tax suffered for the financial year	61	-
Adjustments in respect of prior years	56	65
Total current tax (credit) / charge for the financial year	(106)	982
Deferred tax		
Origination and reversal of temporary differences	2,380	2,710
Impact of change in tax rate	678	-
Adjustment in respect of prior years	(137)	177
Total deferred tax charge for the year	2,921	2,887
Total tax charge for the financial year	2,815	3,869

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(All amounts in £ thousands unless otherwise stated)

	2023	2022
Statement of other comprehensive income		
Current tax in respect of contribution to defined benefit pension plans	-	-
Deferred tax in respect of cashflow hedges accounted for in hedging reserve	(97)	200
Deferred tax in respect of remeasurements of defined benefit pension plans	(3,125)	1,755
Total tax (credit) / charge to statement of other comprehensive income	(3,222)	1,955
2023		
Profit before tax	15,121	18,870
Tax at the UK corporation tax rate of 19% (2022: 19%)	2,873	3,585
Tax effects of:		
Enhanced allowances	(765)	(636)
Expenses relating to pension scheme	19	-
Other non deductible expenses	30	19
Impact of change in tax rate	678	659
Adjustments to tax charge in respect of prior years	(81)	242
Foreign tax suffered for the financial year	61	-
Total tax charge for the financial year	2,815	3,869

Deferred tax

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

	2023	2022
Deferred tax assets		
Deferred tax asset - to be recovered after 12 months	252	370
Deferred tax asset - to be recovered within 12 months	324	139
Total	576	509
Deferred tax liabilities		
Deferred tax liability - to be paid after 12 months	(1,271)	(8,255)
Deferred tax liability - to be paid within 12 months	(7,520)	(770)
	(8,791)	(9,025)
Deferred tax (liabilities) / assets - net	(8,215)	(8,516)

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Notes to the financial statements for the year ended 31 March 2023

(All amounts in £ thousands unless otherwise stated)

	Retirement benefit obligation	Derivatives used for hedging	Property, plant and equipment	Other timing differences	Total
At 1 April 2021	(3,895)	81	(452)	592	(3,674)
Income statement credit	-	-	(2,804)	(83)	(2,887)
Tax charge relating to components of other comprehensive expense	(1,755)	(200)	-	-	(1,955)
At 31 March 2022	(5,650)	(119)	(3,256)	509	(8,516)
At 1 April 2022	(5,650)	(119)	(3,256)	509	(8,516)
Income statement charge	-	-	(2,988)	67	(2,921)
Tax charge relating to components of other comprehensive income	3,125	97	-	-	3,222
At 31 March 2023	(2,525)	(22)	(6,244)	576	(8,215)

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.

There are nil (2022: 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 UK corporation tax rate will increase from 19% to 25% from 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.

11. Dividends

	2023	2022
Equity - Ordinary		
Paid 2023: £Nil (2022: £45,000) per £1 share	-	4,500

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12. Intangible assets

	Brands	Goodwill	Software	Software work in progress	Total
Cost					
At 1 April 2022	4,816	58,540	8,916	35	72,307
Additions	-	-	-	1	1
Disposals	-	-	(74)	-	(74)
Reclassifications	-	-	1	(1)	-
At 31 March 2023	4,816	58,540	8,843	35	72,234
Accumulated impairment and amortisation					
At 1 April 2022	4,816	-	8,621	-	13,437
Charge for the year	-	-	135	-	135
Disposals for the year	-	-	(66)	-	(66)
As at 31 March 2023	4,816	-	8,690	-	13,506
Net book amount					
At 31 March 2023	-	58,540	153	35	58,728
At 31 March 2022	-	58,540	295	35	58,870

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

Brands

Brands consists of the purchase of 'Vitag' 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 2023 has a carrying value of nil (2022: 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.

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

CGUs	Goodwill	
	2023	2022
UK	58,540	58,540
Total	58,540	58,540

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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 for the UK CGU has been set out below:

	Pre-tax discount rate	Long-term growth rate
2023	10.45%	2.40%
2022	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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13. Property, plant and equipment

	Freehold land and buildings	Plant, machinery, fixtures, fittings and equipment	Capital work in progress	Total
Cost				
At 1 April 2022	9,111	66,912	8,084	84,107
Reclassification	-	3,427	(3,427)	-
Additions	-	95	13,486	13,581
Disposals	-	(7,631)	-	(7,631)
At 31 March 2023	9,111	62,803	18,143	90,057
Accumulated Depreciation				
At 1 April 2022	6,074	56,486	-	62,560
Charge for the year	126	1,849	-	1,975
Disposals	-	(7,526)	-	(7,526)
At 31 March 2023	6,200	50,809	-	57,009
Net book amount				
At 31 March 2023	2,911	11,994	18,143	33,048
At 31 March 2022	3,037	10,426	8,084	21,547

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 (2022: £338k) of land which is not depreciated.

14. Investment in subsidiaries

Cost and net book value	Shares in Group undertakings
At 1 April 2022 and 31 March 2023	1,000

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

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The Company's subsidiary undertakings held are as follows:

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

All UK companies with exception of Teapigs USA LLC have the same registered office: 325 Oldfield Lane North, Greenford, Middlesex, UB6 0AZ. The registered office of Teapigs USA LLC is 2711 Centreville Road, Suite 400, City of Wilmington, 19808, 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.

15. Inventories

	2023	2022
Raw materials	21,039	14,469
Work in progress	453	473
Finished goods	13,914	9,179
Total	35,406	24,121

There is no significant difference between the amount shown above and replacement cost. During the year ended 31 March 2023, £1,067k (2022: £569k) 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 £101,942k (2022: £89,634k).

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16. Trade and other receivables

	2023	2022
Trade receivables	17,527	18,975
Amounts owed by group undertakings	122,453	115,464
Amounts owed by related parties	1,577	1,463
Lease receivables	615	676
Other receivables	1,637	860
Prepayments and accrued income	855	1,163
Total	144,664	138,601
Less non-current portion:		
Amounts owed by group undertakings	(112,467)	(106,043)
Lease receivables	(536)	(597)
Total	(113,003)	(106,640)
Current portion	31,661	31,961

Amounts owed by group undertakings - current

Amounts owed by group undertakings include loans given to Tata Consumer Products Canada Inc of £6,659k (2022: £4,313k), together with other balances of £1,161k (2022: £3,368k) 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 £1,676k (2022: £1,510k) and Stansand (Africa) Limited of £490k (2022: £230k) which are both unsecured, repayable on demand and on which interest is charged at a margin over Benchmark + 2% (2022: margin over LIBOR +2%).

Amounts owed by group undertakings – non-current

Amounts owed by group undertakings include loans given to Tata Consumer Products UK Group Limited of £40,164k (2022: £35,424k) which is non-interest bearing and loans totalling £72,303k (2022: £70,619k) given to Tata Consumer Products Overseas Holdings Limited on which interest is charged at a margin over Benchmark + 2% (margin over LIBOR +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.

Amounts owed by related parties

Amounts owed by Tata Consumer Products companies represents a balance with Eight O'clock Coffee Inc. of £1,175k (2022: £1,088k) and a balance with Tata Consumer Products Limited of £402k (2022: £375k) 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 23).

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17. Derivative financial instruments

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

	2023		2022	
	Asset	Liability	Asset	Liability
Derivative asset	209	-	572	-
Derivative liability	-	(348)	-	(133)
Derivative financial instruments	209	(348)	572	(133)

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

Forward foreign exchange contracts

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

Type of Contract	Currency Pair	2023			2022		
		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							
i) Exports	CAD / GBP	16,000	9,541	207	21,000	12,782	(133)
	USD / GBP	31,000	25,053	(324)	21,000	16,028	531
ii) Payables	EUR / GBP	9,254	8,130	(24)	8,890	7,519	41
iii) Receivables from Subsidiaries	CAD / GBP	2,800	1,670	2	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 2023 (2022: 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

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contracts as of 31 March 2023 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 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.

18. Creditors

	2023	2022
Trade creditors	10,540	12,035
Amounts owed to group undertakings	6,853	2,352
Amounts owed to related parties	8,068	6,041
Other taxation and social security	1,131	347
Other creditors	373	285
Accruals and deferred income	26,497	15,058
Total	53,462	36,118
Less amounts falling due in more than one year:		
Amounts owed to related parties	(2,329)	(2,193)
Amounts falling due in less than one year	51,133	33,925

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 £5,547k (2022: £3,719k) and Eight O'Clock Coffee Inc of £192k (2022: £129k). 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 £2,329k (2022: £2,193k). 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.

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Notes to the financial statements for the year ended 31 March 2023

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19. Post-employment benefits

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

Post employment benefits

	2023	2022
Balance sheet obligations for:		
Non-current assets - Defined pension benefits	10,100	22,600
Non-current liabilities - Post Employment medical benefits	(654)	(654)
Income statement (credit) / charge:		
- Finance income on defined pension benefits	600	400
- Administration cost on defined pension benefits	(400)	(700)
	200	(300)
Gains recognised in other comprehensive income:		
- Remeasurements for defined pension benefits	(12,700)	2,417
	(12,700)	2,417

(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:

	2023	2022
Present value of funded obligations	(113,600)	(149,000)
Fair value of plan assets	123,700	171,600
Asset in the balance sheet	10,100	22,600

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

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

	Present value of obligation	Fair value of plan assets	Total
At 1 April 2022	(149,000)	171,600	22,600
Interest (expense) / income	(3,900)	4,500	600
Administrative expenses	-	(400)	(400)
	(152,900)	175,700	22,800
Remeasurements:			
– Return on plan assets, excluding amounts included in interest expense/(income)	-	(45,700)	(45,700)
– Gain from change in demographic assumptions	-	-	-
– (Gain) / Loss from change in financial assumptions	35,900	-	35,900
– Experience losses	(2,900)	-	(2,900)
	33,000	(45,700)	(12,700)
Contributions:			
– Employers	-	-	-
Payments from plans:			
– Benefit payments	6,300	(6,300)	-
At 31 March 2023	(113,600)	123,700	10,100

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 13 years (2022: 15).

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	2023	2022
	%	%
Discount rate	4.70	2.70
RPI inflation	3.55	3.90
Rate of increase in pensions in payment	3.80	3.95
Rate of increase in pensions in deferment	3.55	3.90

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	
	2023	2022	2023	2022
	Years	Years	Years	Years
Longevity at age 65 for current pensioners:				
Males	24.6	24.6	22.1	22.0
Females	26.9	26.8	24.5	24.4
Longevity at age 65 for future pensioners:				
Males	26.0	25.9	23.4	23.4
Females	28.2	28.2	25.9	25.8

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

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.50%	6,400	(7,000)
RPI inflation	0.50%	(2,400)	2,300
		Increase by 1 year in assumption	Decrease by 1 year in assumption
Life expectancy of members		(3,900)	4,000

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.

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Plan assets comprised of:

	2023	2022
Equities	-	14,800
LDI	65,800	72,000
Multi asset credit	-	22,800
Diversified growth funds	-	11,900
Corporate bonds	56,300	47,300
Cash and Insurance policies	1,600	2,800
Total	123,700	171,600

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.

– *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 100%.

– *Inflation risk*

The Group 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 100% 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 50% 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 50% benchmark holding in corporate bonds.

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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 Group to the Scheme. This was revised based on the triennial valuation performed 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 has entered into a contingent contribution mechanism with the Trustees, whereby there will 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 2023 onwards.

Expected contributions over the next financial year

The company does not expect to contribute to the Scheme in the year ending 31 March 2024.

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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):

	2023	2022
Within next 12 months	7,300	6,800
Between 2 and 5 years	24,300	23,500
Between 6 and 9 years	27,400	26,900
10 years and above	161,000	170,100

(b) Post-employment medical benefits

The Group operates post-employment medical benefits to former employees in the US and UK. These plans are unfunded and the valuation method is similar to those used for defined benefit pension schemes set out above with the addition of actuarial assumptions relating to medium-term (next 3 financial years) and long-term increases in healthcare costs as follows:

	Medium-term	Long-term
Health care cost increases:		
US	8.3%	4.8%
UK	9.5%	6.5%

The liability recognised in the balance sheet as at 31 March 2023 was £654k (31 March 2022: £654k).

20. Called up share capital

	Number	2023 £	2022 £
Authorised			
Ordinary shares of £1 each	100 (2022: 100)	100	100
Allotted, called up and fully paid			
Ordinary shares of £1 each	1 (2022: 1)	1	1

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(All amounts in £ thousands unless otherwise stated)

21. 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 (2022: £Nil).

Amounts recognised in the balance sheet:

Right-of-use assets			
Cost	Buildings	Plant and Equipment	Total
At 1 April 2022	7,107	360	7,467
Additions	-	-	-
At 31 March 2023	7,107	360	7,467
Accumulated depreciation			
At 1 April 2022	2,580	226	2,806
Charge for the year	858	74	932
At 31 March 2023	3,438	300	3,738
Net book amount:			
At 31 March 2023	3,669	60	3,729
At 31 March 2022	4,527	134	4,661

Lease liabilities	2023	2022
Current	842	1,043
Non-current	4,236	5,077
Total	5,078	6,120

	2023	2022
Amounts recognised in profit or loss:		
Depreciation charge of right-of-use assets		
- Buildings	858	858
- Plant and Equipment	74	88
Interest expenses (included in finance costs)	167	200
Contractual maturities of lease liabilities on an undiscounted basis:		
Less than one year	1,401	1,836
One to two years	797	1,262
Two to five years	1,996	2,089
More than five years	2,180	2,850
Total	6,374	8,037

The cash outflow for leases during the year was £1,042k (2022: £1,014k).

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(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:

	2023	2022
Current	79	79
Non-current	536	597
Total	615	676

Movement in Lease receivables:	2023	2022
Balance at beginning of the period	676	735
Interest Income accrued during the period	16	20
Lease Receipts	(77)	(79)
Balance at the end of the period	615	676

Amounts recognised in the profit or loss:

	2023	2022
Interest income (included in finance income)	16	20
Operating rental income	77	79

Contractual maturities of Lease receivables on an undiscounted basis:	2023	2022
Less than 1 year	79	79
1 to 2 years	79	79
2 to 5 years	244	240
More than 5 years	269	352
Total	671	750

22. Capital commitments

Capital expenditure authorised by the Board and contracted for at 31 March 2023 amounted to £13,482k (2022: 20,168k) with £nil (2022: 4k) relating to computer software and the remainder relating to property, plant and equipment.

23. 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.

24. Events after the end of the reporting period

As at the date of this report, no matter or circumstance has arisen since 31 March 2023 that has significantly affected, or may significantly affect the company, its results or the state of affairs in future financial years.