
Tata Consumer Products UK Group Limited

Annual report and financial statements

Year ended 31 March 2023

Tata Consumer Products UK Group Limited

Contents

Reports

Strategic report.....	3
Directors' report.....	7
Independent Auditor's report.....	13

Financial statements

Consolidated income statement.....	16
Consolidated statement of comprehensive income	17
Consolidated balance sheet.....	18
Consolidated statement of changes in equity.....	20
Consolidated statement of cash flows	21
Notes to the consolidated financial statements	22

Company financial statements

Company balance sheet.....	77
Company statement of changes in equity	78
Notes to the company financial statements	79

Tata Consumer Products UK Group Limited

Strategic Report for the year ended 31 March 2023

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

Principal activities

The principal activities of Tata Consumer Products UK Group Limited are mainly the processing, marketing and distribution of tea, coffee and related products. The Group operates mainly in the UK and has subsidiaries in the US, Canada, Australia, Poland, South Africa and Bangladesh.

The company acts as an intermediate holding company and expects to continue to act in this capacity in the future.

Review of the business and key performance indicators

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

The Group achieved revenue of £215,518k (2022: £200,266k), and operating profit before exceptional and other items of £12,122k (2022: £14,834k) and a profit for the financial year of £24,122k (2022: £15,046k).

Revenue has grown 8% versus prior year due to a combination of underlying growth mainly in UK and Canada combined with the favourable impact of increasing our percentage holding in our existing investments in Bangladesh (50% to 100%) and South Africa (51.7% - 75%) which resulted in both now being accounted for as subsidiaries and now included in our financials from 1 February 2023 and 1 January 2023 respectively.

On a like for like basis, excluding the impact of the investments made in the year, revenue has improved by 6% across markets. The revenue growth reflects the favourable impact of selling price increases taken across most markets partly offset by marginal decrease in volumes. The volume reduction is mainly driven a decline in consumer demand for black tea, which is in line with the longer term category trends. The biggest challenge for the Group this year has been the adverse 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 18% to £12,122k. Profit for the year at £24,122k is however 60% higher than prior year mainly due to higher interest income driven by higher yields prevailing in the market coupled with gain recognised on conversion of joint ventures into subsidiaries.

At the year end the net assets totalled £528,488k (2022: £518,297k). The increase in net assets from the prior year is mainly due to the impact of acquisitions and profit generated for the year. The Group has reported a net cash (including overdrafts) position of £45,543k (2022: £49,474k). The reduction from the previous year is mainly due to acquisitions made and increased investment in property, plant and equipment as we invest for the future in our UK manufacturing facility.

The market performance of the Group's principal subsidiaries 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 group 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 Group's other markets was satisfactory.

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

The Group continues to see growth opportunities beyond its core everyday black tea market and as such the focus remains on growing its presence within speciality tea, premium tea and adjacent beverage categories through its existing portfolio of brands.

Principal risks and uncertainties

The Group 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:

Tata Consumer Products UK Group Limited

Strategic Report for the year ended 31 March 2023

Raw tea pricing – raw tea is the Group’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. Historically the Group has been successful in passing on significant increases in input prices to the market.

Currency movements – foreign exchange risk in relation to export revenues and import costs is managed by Group Treasury using forward exchange contracts and options. The directors’ report gives further consideration to risks arising from currency movements.

Dependence on black tea products - Much of the Group's current sales are from black tea products in markets that are in slow decline over a period of time. Management's strategy is to develop the business in growing product categories other than black tea and to expand into new geographies.

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

Tata Consumer Products UK Group Limited

Strategic Report for the year ended 31 March 2023

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 we remain a responsible employer by ensuring benchmarked pay packages and benefits to the employees' health, safety and workplace environment. Details of this are available in the Directors' Report. The Directors factor in 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 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 of our main UK operating company and 100% subsidiary Tata Consumer Products GB Limited. 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.

Tata Consumer Products UK Group Limited

Strategic Report for the year ended 31 March 2023

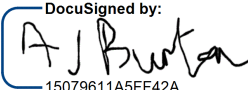
Sec 172 (1) (F) 'The need to act fairly as between members of the Company'

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 three members, all of whom are 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 converted its existing operating Joint Ventures into Subsidiaries. Multiple discussions and deliberations were made and relevant interests of all members taken into consideration before finalising the acquisitions.

Approved for issue by board of directors and signed on behalf of the board

DocuSigned by:

15079611A5FF42A...

A Burton
Director
11 May 2023

Tata Consumer Products UK Group Limited

Directors' Report for the year ended 31 March 2023

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

General Information

Tata Consumer Products UK Group Limited is a company limited by shares and is 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 Group's activities and future prospects have been reviewed and the Group plans to continue trading within the tea and related beverage market in the near term, even as it evaluates various growth opportunities for the medium term. The Group is looking to maximise the value of its portfolio of brands and to increase its presence in the wider beverage space.

Dividends

The company directors proposed and paid a dividend of nil (2022: £12,000k) during the year and do not recommend the payment of a final dividend (2022: nil). 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 continues 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.

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 group's UK operating company Tata Consumer Products GB Limited 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. Eaglescliffe 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 all our 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 its wholly owned subsidiary Tata Consumer Products GB Limited 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 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.

Tata Consumer Products UK Group Limited

Directors' Report for the year ended 31 March 2023

Better People

We are committed to supporting our sourcing communities and have invested £7,000k in projects to date since 2010. In 2022 Project Kuwala 'Shine' entered its final year. The 2 staged initiative saw us supply solar lighting to 5410 families enable communities to meet after dark, children to undertake schoolwork and extend business hours. The second part was a Village, Savings & Loans scheme supplying much needed safe access to those who are normally excluded from traditional banking. 143 VSLA were established with 66% of participants having no savings prior. The Group also sources 100% Rain Forest Alliance certified tea for Tetley products sold in UK, Europe, Canada, America & Australia.

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 Group 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 Group 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 Group spent £368k (2022: £405k) on research and development.

Tata Consumer Products UK Group Limited

Directors' Report for the year ended 31 March 2023

Charitable and political contributions

The Group 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. It chooses partners with a relevance to its business.

The Group made financial contributions of £89k (2022: £205k) to a range of causes in the countries where it operates, the largest recipient being Point foundation UK.

There were no political donations during the year (2022: nil).

Treasury policy and financial risk management

The Group'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 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 Group in relation to funding and hedging. The policy dictates that borrowings and investments are within board approved counterparties and are limited to specific instruments. It also dictates that the exposure to any one counterparty or type of instrument be within specified limits and that Group exposure to interest rate and exchange rate movements is managed according to set parameters.

The treasury function enters into derivative transactions, principally forward currency contracts and options. Interest rate swaps are also available as a tool for treasury to utilise. The purpose of these transactions is to manage the interest rate and currency risks arising from the Group's underlying business operations.

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

Liquidity risk

The Group ensures that there is adequate financing available to fund growth and has adequate capacity to comfortably meet its expected peak funding requirements. The Group considers that its cash reserves are sufficient for this purpose, but also has local third party borrowing arrangements in place. Further the Group, through its subsidiary Tata Consumer Products GB Limited, has entered into a limited recourse receivable discounting arrangement with HSBC Bank PLC to managed liquidity during peak funding requirements.

Interest rate risk

The Group 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 Board. Group Treasury is responsible for monitoring long-term interest exposures of the Group and for recommending appropriate action to the Board.

Foreign currency exchange rates risk

Foreign exchange risk is divided into transaction risk which arises from income and expenses denominated in foreign currencies and translation risk, which arises from balance sheet items.

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

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

Tata Consumer Products UK Group Limited

Directors' Report for the year ended 31 March 2023

- b) Translation risk - The Group has an exposure on its US dollar denominated deposits which it has been managing through the use of forward contracts. The currency mix in which cash assets are held is subject to review and approval by the Board.

The currency impact on the Group's net investment in overseas subsidiaries, joint ventures and joint arrangements is calculated from the shareholders' equity and accumulated profit of foreign subsidiaries and associated companies in the consolidated balance sheet.

In accordance with the Treasury policy, this net currency position is reviewed periodically.

Credit risk

The Group's credit risks are spread both geographically as well as across customers. Whilst the majority of customers have good credit ratings, where this is not the case other measures are used to mitigate credit risks, for example risk monitoring services and credit insurance. Additionally, the Group, through its subsidiary Tata Consumer Products GB Limited, has entered into a limited recourse receivable discounting 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 Group recognised no significant credit losses during the financial year.

As discussed in the financial risk section of note 3, the top 5 customer receivables account for 29.2% (2022: 32.8%) of the trade receivables balance.

Price risk

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

Supplier payments

The Group 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 Group 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.

The trade creditor days for the Group were 49 days (2022: 48). This is an arithmetical calculation and does not necessarily reflect our practice, nor the experience of any individual creditor.

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 has 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.

Engagement with suppliers, customers and others

The group's approach to engagement with suppliers, customers and others has been outlined in the section 172 statement, found within the strategic report.

Tata Consumer Products UK Group Limited

Directors' Report for the year ended 31 March 2023

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
S D'Souza
B Puri
G Eccles
D Atkinson (appointed 22 December 2022)
A Burton (appointed 22 July 2022)
M Thakrar (resigned 30 June 2022 and re-appointed 26 January 2023)
S Shah (resigned 28 November 2022)
A Ahmad (resigned 9 May 2022)
J Burdett (resigned 29 July 2022)

Details of directors' emoluments are given in note 10 of the financial statements.

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 Group has adequate resources to continue in operational existence for the foreseeable future. For this reason they have adopted the going concern basis in preparing the financial statements. For further information please see note 2.

Statement of disclosure of information to auditors

In accordance with Companies Act 2006, the directors report that so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware. The directors have taken all the steps that they ought to have taken as directors 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.

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 elected to prepare the group financial statements in accordance with United Kingdom adopted international accounting standards. The financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the IASB. The directors have chosen to prepare the parent company 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 parent company 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

Tata Consumer Products UK Group Limited

Directors' Report for the year ended 31 March 2023

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

In preparing the group financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements of the financial reporting framework are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

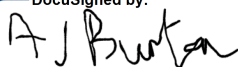
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies 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 corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditors

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 for issue by board of directors and signed on behalf of the board.

DocuSigned by:

15079611A5FF42A...

A Burton
Director
11 May 2023

Tata Consumer Products UK Group Limited

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

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements of Tata Consumer Products UK Group Limited (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2023 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated statement of cash flow; and
- the related notes 1 to 36 and the related notes 1 to 17 in the parent company balance sheet.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and United Kingdom adopted international accounting standards and IFRSs as issued by the IASB. The financial reporting framework that has been applied in the preparation of the parent company financial statements 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 group and the parent 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 group's and parent 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 UK Group Limited

Independent Auditor's report to the members of Tata Consumer Products UK Group 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 group's and the parent 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 group or the parent 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 group's industry and its control environment, and reviewed the group'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 group's business sector.

We obtained an understanding of the legal and regulatory frameworks that the group 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 group's ability to operate or to avoid a material penalty.

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

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,

Tata Consumer Products UK Group Limited

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

and comparing this to the independent market outlook and performing sensitivities.

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, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

We have nothing to report in respect of these matters.

Use of our report

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

DocuSigned by:



5E236ED5FB6C4FE...

Nipun Vinaik (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

11 May 2023

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

	Note	2023	2022
Revenue	5	215,518	200,266
Cost of sales		(133,237)	(118,855)
Gross profit		82,281	81,411
Selling, marketing and distribution expenses		(41,287)	(40,846)
Administration expenses		(28,872)	(25,731)
Operating profit before exceptional and other items	6	12,122	14,834
Exceptional gains on acquisition of subsidiaries	31	9,308	-
Exceptional deferred income on disposal of a subsidiary	31	203	-
Exceptional items	7	(2,563)	(1,693)
Other (losses) / gains	8	(1,081)	294
Operating profit	6	17,989	13,435
Finance income	11	11,331	5,243
Finance costs	11	(1,473)	(582)
Finance income - net	11	9,858	4,661
Share of profit of investments in joint ventures accounted for using the equity method	16	810	965
Profit before income tax		28,657	19,061
Income tax	12	(4,535)	(4,015)
Profit for the year		24,122	15,046
Profit attributable to:			
- Owners of the parent		24,095	15,046
- Non-controlling interests		27	-

The notes on pages 22 to 76 are an integral part of these consolidated financial statements.

The company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the parent company profit and loss account. The profit for the parent company for the year was £1,615k (2022: £2,219k).

Tata Consumer Products UK Group Limited

Consolidated Statement of comprehensive income for the year ended 31 March 2023

(All amounts in £ thousands unless otherwise stated)

	Note	2023	2022
Profit for the year		24,122	15,046
Other comprehensive (expense) / income :			
Items that will not subsequently be reclassified to profit or loss			
Remeasurement (losses) / gains on defined benefit pension schemes	29	(12,700)	2,417
Deferred tax on defined benefit pension schemes	19	3,125	(1,755)
Remeasurement gains on other post-retirement schemes	29	31	54
		(9,544)	716
Items that may be subsequently reclassified to profit or loss			
(Losses) / gains in the year in respect of cashflow hedges		(512)	1,051
Deferred tax in respect of cashflow hedges accounted for in the hedging reserve	12	97	(200)
Exchange differences on translation of foreign operations net of tax		(4,062)	3,105
Transfer of exchange losses on disposal of joint venture	31	96	-
Exchange differences on translation of foreign joint ventures	16	(291)	224
		(4,672)	4,180
Other comprehensive (expense) / income for the year, net of tax		(14,216)	4,896
Total comprehensive (expense) / income for the year		9,906	19,942
Attributable to:			
- Owners of the parent		10,356	19,942
- Non-controlling interests		(450)	-

The notes on pages 22 to 76 are an integral part of these consolidated financial statements.

Tata Consumer Products UK Group Limited

Consolidated balance sheet as at 31 March 2023

(All amounts in £ thousands unless otherwise stated)

	Note	2023	2022
Assets			
Non-current assets			
Property, plant and equipment	14	35,241	21,810
Right of use assets	27	4,838	5,348
Intangible assets	15	276,037	255,079
Deferred income tax assets	19	1,344	1,717
Investments	16	-	3,945
Financial assets at fair value through other comprehensive income	18	521	521
Post-employment benefits	29	10,100	22,600
Trade and other receivables	21	106,380	105,480
		434,461	416,500
Current assets			
Inventories	22	48,249	34,749
Trade and other receivables	21	91,310	86,863
Current income tax asset - net		-	116
Cash and cash equivalents (excluding bank overdrafts)	23	109,361	101,927
Derivative financial instruments	20	1,470	572
		250,390	224,227
Total assets		684,851	640,727

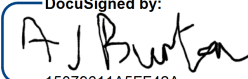
Tata Consumer Products UK Group Limited

Consolidated balance sheet as at 31 March 2023

(All amounts in £ thousands unless otherwise stated)

	Note	2023	2022
Equity and liabilities			
Equity and liabilities attributable to owners of the parent			
Share capital	24 (a)	235,075	235,075
Hedging reserve		91	506
Foreign currency translation reserve		(15,110)	(11,303)
Financial assets at fair value through other comprehensive income reserve		(2,107)	(2,107)
Other reserves	24 (b)	(17,126)	(12,904)
Retained earnings		305,045	296,126
		522,994	518,297
Non-controlling interests		5,494	-
Total equity		528,488	518,297
Non-current liabilities			
Borrowings	26	301	-
Lease liabilities	27	5,554	5,637
Trade and other payables	25	6,333	-
Deferred income tax liabilities	19	12,265	9,082
Post-employment benefits	29	1,028	1,000
Provisions	30	132	117
		25,613	15,836
Current liabilities			
Trade and other payables	25	63,293	50,380
Current income tax liabilities - net		382	-
Borrowings	26	64,832	52,453
Lease liabilities	27	1,185	1,391
Derivative financial instruments	20	348	2,151
Provisions	30	710	219
		130,750	106,594
Total liabilities		156,363	122,430
Total equity and liabilities		684,851	640,727

The notes on pages 22 to 76 are an integral part of these consolidated financial statements. The financial statements on pages 16 to 76 were authorised for issue by the board of directors on 10 May 2023 and were signed on its behalf.

DocuSigned by:

 15079611A5FF42A...

A Burton
 Director
 11 May 2023

Tata Consumer Products UK Group Limited
 Registered number 03835716

Tata Consumer Products UK Group Limited

Consolidated statement of changes in equity for the year ended 31 March 2023

(All amounts in £ thousands unless otherwise stated)

	Notes	Share capital	Retained earnings	Hedging Reserve	Foreign currency translation reserve	Financial assets at fair value through OCI reserve	Total	Non-controlling interest	Total equity
Balance at 1 April 2021		235,075	292,364	(345)	(14,632)	(2,107)	510,355	-	510,355
Profit for the year		-	15,046	-	-	-	15,046	-	15,046
Other comprehensive income for the year		-	716	851	3,329	-	4,896	-	4,896
Total comprehensive income for the year		-	15,762	851	3,329	-	19,942	-	19,942
Dividends	13	-	(12,000)	-	-	-	(12,000)	-	(12,000)
Balance at 31 March 2022		235,075	296,126	506	(11,303)	(2,107)	518,297	-	518,297
Balance at 1 April 2022		235,075	296,126	506	(11,303)	(2,107)	518,297	-	518,297
Profit for the year		-	24,095	-	-	-	24,095	27	24,122
Other comprehensive expense for the year		-	(9,544)	(415)	(3,807)	-	(13,766)	(450)	(14,216)
Total comprehensive income for the year		-	14,551	(415)	(3,807)	-	10,329	(423)	9,906
Acquisitions of controlling interests in joint ventures	31	-	(5,632)	-	-	-	(5,632)	5,917	285
Dividends	13	-	-	-	-	-	-	-	-
Balance at 31 March 2023		235,075	305,045	91	(15,110)	(2,107)	522,994	5,494	528,488

Tata Consumer Products UK Group Limited
Consolidated statement of cashflows for the year ended 31 March 2023
(All amounts in £ thousands unless otherwise stated)

	Note	2023	2022
Cashflows used in operating activities			
Profit before tax		28,657	19,061
Adjustment for share of profit from joint ventures	16	(810)	(965)
Adjustment for net finance income	11	(9,858)	(4,661)
Operating profit		17,989	13,435
Adjustments for:			
-Depreciation	14 & 27	3,655	3,229
-Amortisation	15	305	217
-Profit on disposal of joint ventures		(9,308)	-
-Loss / (Profit) on disposal of property, plant and equipment		124	(24)
-Loss on disposal of intangible assets		35	-
-Post employment benefits - contributions	29	(16)	(13)
-Post employment benefits - administration expenses	29	400	700
-Provisions - net movement	30	505	(136)
Changes in working capital (excluding the effects of acquisition and exchange differences on consolidation)			
-(Increase) / Decrease in inventories		(10,498)	2,473
-Decrease / (Increase) in trade and other receivables (*1)		2,863	(3,248)
-Increase in trade and other payables (*2)		10,428	4,161
-Derivatives		(3,116)	2,073
Income tax paid		(1,092)	(2,088)
Net Cash from Operating Activities		12,274	20,779
Cashflows from investing activities			
Purchase of subsidiaries	31	(5,323)	-
Deferred consideration pertaining to disposal of a Subsidiary		-	1,145
Purchases of property, plant and equipment	14	(13,573)	(10,769)
Proceeds from sale of property, plant and equipment		(2)	57
Proceeds from sale of lease assets		77	-
Cash receipts on lease assets	27	79	79
Purchases of intangible assets	15	(16)	(36)
Proceeds from sale of intangible assets	15	-	64
Interest received		9,705	4,441
Inter Corporate Loans and Deposits (placed) including FX - net		(3,205)	(34,424)
Dividends from joint ventures	16	1,057	1,052
Net Cash used in Investing Activities		(11,201)	(38,391)
Cashflows used in Financing activities			
Dividend paid		-	(12,000)
Interest paid		(1,475)	(582)
Decrease in borrowings		(41)	-
Principal elements of lease payments	28	(1,736)	(1,316)
Dividends paid to non-controlling interests		-	-
Net Cash used in Financing Activities		(3,252)	(13,898)
	Note	2023	2022
Net decrease in cash and cash equivalents		(2,179)	(31,510)
Cash and cash equivalents at beginning of year		49,474	81,089
Cash / (overdraft) acquired during the year		(1,062)	-
Exchange losses on cash and cash equivalents		(690)	(105)
Cash and cash equivalents at end of year	23	45,543	49,474

(*1) excludes loans given to related parties.

(*2) excludes loans from related parties.

Tata Consumer Products UK Group Limited

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

(All amounts in £ thousands unless otherwise stated)

1 General Information

Tata Consumer Products UK Group Limited (“the company”) and its subsidiaries (together, “the Group”) and the Group’s joint ventures are a global beverage business engaged in trading, processing, marketing and distribution of tea, coffee and related products. The Group operates in the UK, US, Canada, Australia, Poland, South Africa and Bangladesh.

The company is a private company limited by shares and is incorporated and domiciled 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 applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The Group financial statements have been prepared in accordance with UK-adopted international accounting standards and, if relevant, with International Financial Reporting Standards as issued by the IASB in conformity with the requirements of the Companies Act 2006. The financial statements have been prepared under the historical cost convention except where the measurement of balances at fair value is required as explained below.

The consolidated and company financial statements and the related notes are presented in British Pounds (GBP). Unless indicated otherwise, amounts are expressed in thousands of British Pounds (GBP) and rounded to the nearest thousand.

The consolidated and company financial statements for the Group for the year ended 31 March 2023 were approved by the company’s board of directors on the 10 May 2023.

The preparation of financial statements in conformity with international accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

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 Group’s principal risks and uncertainties as set out on pages 3 & 4. Based on the Group’s balance sheet showing a net asset position of £528,488k and net cash of £45,543k at 31 March 2023 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 Group 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.

Changes in accounting policies and disclosures

- (a) New standards, amendments and interpretations adopted by the Group

There are no new FRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 April 2022 have had a material impact on the company.

- (b) New standards, amendments and interpretations not yet adopted by the Group

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

- Applying FRS 17. ‘Insurance Contracts’ and ‘initial application of IFRS 17 and IFRS 9 – Comparative information’ (Amendments to IFRS 17)
- Applying IFRS 9 ‘Financial Instruments’ with IFRS 4 ‘Insurance Contracts’ (Amendments to IFRS 4)

Tata Consumer Products UK Group Limited

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

(All amounts in £ thousands unless otherwise stated)

- IAS 1 'Classification of Liabilities as Current or Non-Current'; 'disclosure of accounting policies'; 'non-current liabilities with covenants' (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)
- IFRS 16 'Covid-19-Related Rent Concessions' and 'Lease Liability in a Sale and Leaseback' (Amendments to IFRS 16)

Consolidation

(a) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and ceases to be consolidated from the date the Group loses control of the subsidiary. Fully consolidated means recognition of all assets and liabilities and items in the income statement in full. Thereafter the portion of net profit and equity is segregated between the company (Group's share) and non-controlling shareholders.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the fair value of consideration over the identifiable net asset acquired is recorded as goodwill, if the consideration is lower or in-case of bargain purchase the gain is recognised directly in the income statement. The Group recognises any non-controlling interest in the acquired entity basis at fair value.

Changes in ownership that do not result in a change of control are accounted for as equity transactions and therefore do not have any impact on goodwill. The difference between consideration and the non-controlling share of net assets acquired is recognised within equity.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss or other comprehensive income as appropriate.

If the initial accounting for a business combination can be determined only provisionally by the end of the first reporting period, the business combination is accounted for using provisional amounts. Adjustments to provisional amounts, and the recognition of newly identified asset and liabilities, must be made within the 'measurement period' where they reflect new information obtained about facts and circumstances that were in existence at the acquisition date. The measurement period cannot exceed one year from the acquisition date and no adjustments are permitted after one year except to correct an error in accordance with IAS 8.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 in the income statement. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated if there is a profit on ultimate sale of goods. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

Tata Consumer Products UK Group Limited

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

(All amounts in £ thousands unless otherwise stated)

(b) Joint Ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint ventures. Joint control is the contractually agreed sharing of control of an arrangement, which exist only when decisions about the relevant activities required unanimous consent of parties sharing control. Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

The Group's investment in Joint Ventures are accounted using the equity method. Goodwill relating to a Joint Venture is included in the carrying value of the investments and is not tested for impairment individually. Under equity method of accounting, the investments are initially recorded at cost and adjusted thereafter to recognise the Group's share of post-acquisition profit and loss, and the Group's share of other comprehensive income. Dividend received from associates and joint ventures are recognised as a reduction in the carrying amount of the investments. Unrealised gains on transactions between the Group and its associate and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated if there is a profit on ultimate sale of goods.

At each reporting date, the Group determines whether there is objective evidence that the investment in the Joint Venture is impaired. If there is such evidence, the carrying amount is tested for impairment by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount and impairment, if any, is recognised as 'Share of profit of a joint venture' in the income statement.

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in British Pounds (GBP), which is the Group's presentation currency and rounded off to the nearest thousand.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cashflow hedges. Foreign exchange gains and losses that relate to borrowings are presented in the income statement within 'finance income - net.' All other foreign exchange gains and losses are presented in the income statement within operating profit.

Translation differences on non-monetary financial assets and liabilities are recognised in other comprehensive income.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) income and expenses for each income statement are translated at monthly exchange rates; and
- (iii) all resulting exchange differences are recognised in other comprehensive income.

On disposal of a foreign operation, the associated exchange differences are reclassified to the income statement, as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

Tata Consumer Products UK Group Limited

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

(All amounts in £ thousands unless otherwise stated)

Property, plant and equipment

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

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

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

Buildings - Freehold	50 years or their estimated remaining useful life.
Buildings - Leasehold	Straight line basis over remaining term of lease.
Plant and equipment	3- 25 years.

Depreciation is allocated to the operating loss in the income statement. Cost incurred on assets under development are disclosed under capital work in progress and not depreciated till asset is ready to use.

The assets' residual values and useful lives are reviewed, and adjusted prospectively 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. Recoverable amount is higher of the value in use or exchange.

Gains and losses on disposals are determined by comparing the sale proceeds with the carrying amount and are recognised within operating profit in the income statement.

Intangible assets

(a) Goodwill

Goodwill arising on the acquisition of subsidiaries represents the excess of the fair value of consideration over the identifiable net assets acquired. Fair value of consideration represents the aggregate of the consideration transferred, a reliable estimate of contingent consideration payable, 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 liabilities 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 unless the CGU is held as "Asset held for sale" and there is evidence for reversal. Goodwill is subsequently measured at cost less amounts provided for impairment.

(b) 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 accumulated 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.

Tata Consumer Products UK Group Limited

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

(All amounts in £ thousands unless otherwise stated)

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 CGU 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. Brands with finite useful lives have been ascribed an useful life of 35 years

(c) 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 Group are recognised as intangible assets when the following criteria are met:

- technical and commercial feasibility of the project is demonstrated
- future economic benefits are probable
- the Group has an intention and ability to develop and sell or use the software
- the costs can be measured reliably

Directly attributable costs that are capitalised as part of the software's product include related 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. 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 on a straight-line basis over their estimated useful lives, which range between 3 to 5 years.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on a straight-line basis over their estimated useful lives of 3 to 5 years.

(d) Customer relationships

Customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The customer relationships have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the customer relationship. The useful lives of customer relationships are based on the historic churn rates with estimated useful lives of up to 15 years.

Impairment of non-financial assets – intangible assets (b) – (d)

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Tata Consumer Products UK Group Limited

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

(All amounts in £ thousands unless otherwise stated)

Financial assets

Initial recognition and measurement

At initial recognition, the Group measures a financial assets at its fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction cost of financial assets carried at fair value through profit or loss is expensed in the Statement of Profit or loss. However, trade receivables that do not contain a significant financing component are measured at transaction price.

Subsequent measurement

Debt Instruments:

Subsequent measurement of debts instruments depends on the Group's business model for managing the assets and the cash flows of the assets. The Group classifies its financial assets in the following categories:

- (i) Financial assets at amortised cost- Assets that are held for collection of contractual cash flows on specified dates where those cash flows represent solely payments of principal and interest are measured at amortised cost. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade receivables and Loans.
- (ii) Financial assets at fair value through other comprehensive income (FVTOCI) – Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets cash flows represents solely payments of principal and interest, are on specified dates are subsequently measured at fair value through other comprehensive income. Fair value movements are recognised in the other comprehensive income (OCI). Interest income from these financial assets is included in finance income using the effective interest rate method and impairment losses, if any are recognised in the Statement of Profit and Loss. When the financial asset is derecognition, the cumulative gain or loss previously recognised in OCI is reclassified from the equity to the Statement of Profit and Loss.
- (iii) Financial assets at fair value through profit or loss (FVTPL) - Financial assets which are not classified in any of the categories above are FVTPL.

Equity Instruments

All equity investments are measured at fair values. The Group may irrevocably elect to measure the same either at FVOCI or FVTPL on initial recognition. The Group makes such election on an instrument-by-instrument basis. The fair value changes on the investment are recognised in OCI. The accumulated gains or losses recognised in OCI are reclassified to retained earnings on sale of such investments. Dividend income on the investments in equity instruments are recognised in the statement of Profit and Loss.

Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the cash flows from the asset.

Impairment of financial assets

The Group assesses expected credit losses associated with its assets carried at amortised cost and FVOCI debt instrument based on Group's past history of recovery, credit-worthiness of the counter party and existing market conditions. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach for recognition of impairment allowance as provided in IFRS 9 – Financial Instruments, which requires expected lifetime losses to be recognised on initial recognition of the receivables.

Tata Consumer Products UK Group Limited

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

(All amounts in £ thousands unless otherwise stated)

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and in case of loans and borrowings net of directly attributable costs.

Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using effective interest method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss. For trade and other payable maturing within one year from the balance sheet date, the carrying value approximates fair value due to short maturity of these instruments.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Derivative financial instruments and hedging activities

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

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

The Group 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 Group also documents its assessment, both at hedge inception and on an on-going basis, of whether the derivatives that are used in hedging transactions are effective in offsetting changes in cash flows of hedged items.

Movements in the hedging reserve are accounted in other comprehensive income and 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 maturity of hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

(a) Fair value hedge

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

(b) Cash flow hedge

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

Gains or losses accumulated in equity are reclassified to the income statement in the periods when the hedged item affects the income statement.

When a hedging instrument expires or is swapped or unwound, or when a hedge no longer meets the criteria for hedge accounting, any accumulated gain or loss in other equity remains there and is reclassified to income statement when the forecasted cash flows affect profit or loss.

Tata Consumer Products UK Group Limited

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

(All amounts in £ thousands unless otherwise stated)

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

Fair value measurement

The Group classifies the fair value of its financial instruments in the following hierarchy, based on the inputs used in their valuation:

- i) Level 1 - The fair value of financial instruments quoted in active markets is based on their quoted closing price at the balance sheet date.
- ii) 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.
- iii) 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).

Offsetting Instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

Interest and dividend income

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

Dividend income is recognised when the right to receive payment is established. Income from investments are accounted on an accrual basis.

Inventories

Inventories are stated at cost or net realizable value whichever is lower. Cost is determined on a weighted average basis for all inventories other than auction/privately purchased teas and stores and spares. Stores and spare parts are valued at cost 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 realisable value is the estimated selling price in the ordinary course of business less applicable selling expenses. Provision is made for obsolescence, slow moving and defective stocks and other anticipated losses wherever considered necessary.

Share capital

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

Current and deferred income tax

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

Tata Consumer Products UK Group Limited

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

(All amounts in £ thousands unless otherwise stated)

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

Deferred income tax is recognised using the balance sheet approach on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements on the reporting date. 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.

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 liabilities are provided on taxable temporary differences arising from investments in subsidiaries except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Only where there is an agreement in place that gives the Group the ability to control the reversal, the temporary difference is not recognised.

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.

Employee benefits

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans and post-employment medical plans.

(a) Pension obligations

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Obligations for contributions are recognised as an expense in the income statement as they fall due. The Group has no legal or constructive obligations to pay further contributions once the contributions have been paid.

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 balance sheet 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 and taking into account various actuarial assumptions such as employee benefit increases, mortality rates, discount rates and inflation rates. 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 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 finance cost in the income statement.

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

Tata Consumer Products UK Group Limited

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

(All amounts in £ thousands unless otherwise stated)

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

(b) Other post-employment obligations

Some Group companies provide post-retirement healthcare and life assurance benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and on the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise.

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer is made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

Provisions and contingent liabilities

Provisions are recognised when the Group 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.

Contingent liabilities exist when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required or the amount cannot be reliably estimated. Contingent liabilities are appropriately disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

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 maybe satisfied at a point of time or over a period of time. Performance obligations satisfied over a period of time are recognised as per the terms of relevant contractual agreements / arrangements. Performance obligations are said to be satisfied at a point of time when the customer obtains controls of the asset or when services are rendered.

Revenue is measured based on transaction price (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 Group. Accumulated experience is used to estimate and provide for the discounts/ right of return, using the expected value method.

Tata Consumer Products UK Group Limited

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

(All amounts in £ thousands unless otherwise stated)

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.

Research and development

Such expenditure is generally written off to income statement as incurred. Certain development costs (computer software) are recognised under intangible assets provided the criteria outlined in the intangible assets accounting policy are met.

Leases

(i) As a lessee

At inception of a contract, the group 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 group assesses whether:

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

At the date of commencement of a lease, the Group 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 Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. Group has considered all leases where the value of an underlying asset does not individually exceed £5k as a lease of low value assets.

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

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 Group 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 income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

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

(ii) As a lessor

Lease income from operating leases where the group is a lessor is recognised in the income statement on a straight-line basis over the lease term.

Tata Consumer Products UK Group Limited

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

(All amounts in £ thousands unless otherwise stated)

Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the Group's financial statements in the year in which the dividends are approved by the company's shareholders.

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 Group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount and expected to be non-recurring. An example of the nature of items included here are restructuring costs such as redundancy and related professional fees.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities. For the purpose of presentation of the statement of cashflows comprise cash in hand and deposits held at call with banks and bank overdrafts.

Events after the reporting period

Adjusting events are events that provide further evidence of conditions that existed at the end of the reporting period. The financial statements are adjusted for such events before authorisation for issue.

Non-adjusting events are events that are indicative of conditions that arose after the end of the reporting period. Non-adjusting events after the reporting date are not accounted, but disclosed, if material.

3 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

(a) Market risk

Market risk is the risk that the fair value of the future cash flows will fluctuate because of changes in the market prices such as foreign exchange risk, commodity price risk and interest rate risk.

Foreign exchange risk:

The Group operates across various geographies and is exposed to foreign exchange risk on its various currency exposures. The risk of changes in foreign exchange rates relates primarily to the Group's operating activities and translation risk, which arises from recognition of foreign currency assets and liabilities and consolidation of foreign subsidiaries.

The Group uses various derivative financial instruments governed by its board approved treasury policy, such as foreign exchange forward contracts to mitigate the said risk. The counterparty for these contracts is generally a bank. The ultimate parent reports periodically to the Audit Committee of its board, the various foreign exchange risk and policies implemented to manage its foreign exchange exposures including that of the group. The maximum period for which transaction exposures may be hedged under Group policy is 12 months.

During the year ended March 31, 2023, the Group has designated certain foreign exchange forward contracts as cash flow hedges to mitigate the risk of foreign currency exposure on highly probable forecasted transactions. Hedge effectiveness is determined at inception and periodic prospective effectiveness testing is done to ensure the relationship exist between the hedged items and hedging instruments, including whether the hedging instruments is expected to offset changes in cash flows of hedge items.

Tata Consumer Products UK Group Limited

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

(All amounts in £ thousands unless otherwise stated)

The currency profile of financial assets and liabilities at the year end:

GBP 000s						
2023	USD	GBP	Other currencies	INR	RUR	Total
Trade and Other Receivable	74,555	-	1,802	-	-	76,357
Trade and Other Payables	7,469	-	7,799	134	-	15,402

GBP 000s						
2022	USD	GBP	Other currencies	INR	RUR	Total
Trade and Other Receivable	73,511	-	1,968	-	433	75,912
Trade and Other Payables	2,718	-	4,581	175	-	7,474

The following table summarises the approximate gain / (loss) on the Group's profit before tax and pre-tax equity on account of appreciation / depreciation of underlying foreign currencies:

GBP 000s				
Details	2023		2022	
	Effect on Profit before tax	Effect on Pre-tax Equity	Effect on Profit before tax	Effect on Pre-tax Equity
5% appreciation	281	(70)	79	283
5% depreciation	(311)	78	(87)	(312)

Price risk:

Price risk arises from transactions for securing supply of commodity and not being able to recover cost from the market. Commodity cost is the Group's single largest cost which accounts for 53% of the turnover. Mismatch in demand and supply, adverse weather conditions, storage of production of the desired quantity of the required commodity, market expectations etc., can all lead to fluctuations in prices.

The Group manages these fluctuations by actively managing the sourcing of tea, distribution of the source of supply, private purchases and also finding alternate blending strategies without impacting the quality of blend. Market dynamics, various market intelligence reports and the ability of the regions to negotiate such price increases with the customers impact the timing of such price increases, to pass on these commodity cost increases.

In the year to 31 March 2023 if tea prices had increased by 5%, operating profit would have been £2,169k (2022: £2,188k) lower.

Interest rate risk:

The Group's interest rate risk largely arises from cash deposits and loans given to related parties and other corporates partially offset by bank and finance lease borrowings taken, the majority of which have been issued at a variable rate over Benchmark rates.

Tata Consumer Products UK Group Limited

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

(All amounts in £ thousands unless otherwise stated)

Given the low levels of Group debt the risks are weighted towards the upside.

31 March 2023	Total	Impact of 25bps movement in interest rates	
		+ movement	- movement
Amounts owed by related parties	136,486	341	(341)
Loans to other corporations	16,964	42	(42)
Lease receivables	615	2	(2)
Cash and cash equivalents	109,361	273	(273)
Borrowings	(65,133)	(163)	163
Lease liabilities	(6,739)	(17)	17

(b) Credit risk

Credit risk is the risk that counterparty will not meet its obligations leading to a financial loss. The Group's credit risk is spread both geographically as well as across customers. In order to minimise credit risk, the Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Before accepting any new customer, a dedicated team responsible for the determination of credit limits uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. The Group also covers a certain category of its debtors through a credit insurance policy. The insurance provider sets an individual credit limit and also monitors the credit risk of the consumer. The Group establishes an allowance for impairment that represents its estimate of expected losses in respect of financial assets. Financial assets are classified into performing, under-performing and non-performing. All financial assets are initially considered performing and evaluated periodically for expected credit loss.

A default on a financial asset is when there is a significant increase in the credit risk which is evaluated based on the business environment. The assets are written off when the Group is certain about the non-recovery.

(i) Trade receivables

On a case by case basis, each local entity is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms are offered to them. The quantum of the exposure to the risks associated with each customer/ unit is governed by the Board approved Schedule of authority (SOA); any exceptions to SOA needs to secure approval from the executive management team and / or the Board.

Depending on the country of operation and the customer, the Group has a risk reduction policy which covers its receivables through a debtor insurance policy. In such cases the insurance provider sets the individual credit limit and jointly monitors the credit risk of the customer. Additionally, the Group, through its subsidiary Tata Consumer Products GB Limited, has entered into a limited recourse receivable discounting 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 fair values of trade and other receivables, deposits or bank guarantees are not considered to be significantly different from their carrying values, given their generally short period to maturity, with impairment reviews considered on an individual basis rather than when they become overdue. Management believes that the unimpaired amounts that are past due are collectible in full, based on historical payment pattern and analysis of customer credit risk.

Within note 21, details of the movement in the allowance for impairment of trade receivables is given.

The Group has a large number of trade receivable balances with customers, with the top 5 customer receivables at 31 March 2023 representing 29.2% (2022: 32.8%) of the total balance.

(ii) Financial instruments and cash deposits

Tata Consumer Products UK Group Limited

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

(All amounts in £ thousands unless otherwise stated)

The credit risk from balances / deposits with banks, other financial assets and current investments are managed in accordance with the Group's approved policy.

For items within cash or cash equivalents, derivative financial instruments and deposits with banks, financial institutions or corporates, the board of directors specify companies or financial institutions/banks with whom transactions are eligible.

An analysis of the international long-term credit ratings of counterparties where cash and cash equivalents (net of overdrafts) are held is as follows:

	2023	2022
AA-	45,652	42,322
BB+	2	6,544
BB-	(498)	455
B	78	-
B+	-	24
Not rated	309	129
	45,543	49,474

All non-trade exposures have prescribed limits either specified by the board, whilst all trade exposure limits are governed by the security taken, the credit quality of the customers taking into account the financial position, past experience and other factors. The utilisation of credit limits is regularly monitored. All transactions with counterparties are settled in cash.

There has been no breach of these limits during the year and based on current internal standards the management does not expect any losses from non-performance by these counterparties.

(c) Liquidity risk

Cash flow forecasting is performed by the operating entities of the Group. Group finance consolidates rolling forecasts of the Group's future liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining adequate headroom on its undrawn borrowing facilities at all times so that the Group does not breach limits or covenants (where applicable) on any of its facilities. Such forecasting takes into consideration the Group's future financing plans, compliance with covenants and internal balance sheet ratio targets and, if applicable, external regulatory or legal requirements.

Surplus cash held by operating units over and above the balances required for meeting the working capital requirements is managed by Group treasury through a multi-party, multi-currency notional cash pool held with HSBC Bank Plc, London. Group treasury manages liquidity requirements within the terms of the approved Treasury policy. Further the Group, through its subsidiary Tata Consumer Products GB Limited, has entered into a limited recourse receivable discounting arrangement with HSBC Bank PLC to managed liquidity during peak funding requirements.

The table below analyses the Group's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity Groupings based on the remaining period at the balance sheet date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

At 31 March 2023:	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Borrowings (including bank overdraft)	64,832	301	-	-
Lease liabilities	2,229	1,343	2,284	2,180
Derivative financial instruments	348	-	-	-
Trade and other payables excluding non-financial items	62,064	-	6,333	-

Tata Consumer Products UK Group Limited

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

(All amounts in £ thousands unless otherwise stated)

At 31 March 2022:	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Borrowings (including bank overdraft)	52,453	-	-	-
Lease liabilities	2,293	1,659	2,631	2,850
Derivative financial instruments	2,151	-	-	-
Trade and other payables excluding non-financial items	50,018	-	-	-

Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to enhance long-term shareholder value, by investing in the business so as to improve the return on investment (by increasing profits available for dividends) and by managing the capital gearing ratio (mixture of equity and debt).

The Group manages, and makes adjustments to, its capital structure in light of the prevailing risks and economic conditions affecting its business activities. This may involve adjusting the rate of dividends, the issue of new shares and reviewing the level and type of debt. The Group manages its borrowings by appraising the mix of fixed and floating rate borrowings and the mix of long-term and short-term borrowings. The Group is primarily financed by ordinary shares and retained profits; external borrowings in the current and comparative year were not significant. There were no changes to the Group's approach to capital management during the year.

The capital structure of the Group is presented below.

	2023	2022
Cash and cash equivalents	109,361	101,927
Short term loans given to related parties and other corporates	16,964	15,560
Borrowings	(65,133)	(52,453)
Net cash	61,192	65,034
Equity	528,488	518,297

Fair value estimates

The table below analyses financial instruments carried at fair value, by valuation method.

At 31 March 2023 the Group had the following instruments measured at fair value:

	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through other comprehensive income	-	-	521	521
Derivatives used for hedging - foreign exchange contracts	-	1,470	-	1,470
	-	1,470	521	1,991
Liabilities				
Derivatives used for hedging - foreign exchange contracts	-	348	-	348
	-	348	-	348

Tata Consumer Products UK Group Limited

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

(All amounts in £ thousands unless otherwise stated)

At 31 March 2022 the Group had the following instruments measured at fair value:

	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through other comprehensive income	-	-	521	521
Derivatives used for hedging - foreign exchange contracts	-	572	-	572
	-	572	521	1,093
Liabilities				
Derivatives used for hedging - foreign exchange contracts	-	2,151	-	2,151
	-	2,151	-	2,151

Level 1 – The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represents actual regularly occurring market transactions on an arm's length basis. The Group has no financial instruments classified as level 1.

Level 2 - The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. The fair value of the forward foreign exchange contracts is determined using forward exchange rates at the date of the statement of financial position, with the resulting value discounted accordingly as relevant.

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. For unquoted investments, fair value is assessed based on recent transactions entered into with third parties, put or call options negotiated with third parties or external appraisals.

The carrying value of all other financial instruments equates to fair value.

The following table presents the changes in level 3 instruments over the year:

	2023	2022
At 1 April	521	521
Gains / (losses) recognised in other comprehensive income	-	-
At 31 March	521	521

4 Critical accounting judgements and key sources of estimation uncertainty

In applying the group'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

(a) Impairment of Goodwill

Tata Consumer Products UK Group Limited

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

(All amounts in £ thousands unless otherwise stated)

Determining whether impairment is needed requires an estimation of the recoverable amount through value in use of the cash generating units to which the goodwill or intangible asset has been allocated or fair value less costs to sell. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating unit and use a suitable discount rate in order to calculate present value. Details of key estimates, sensitivities and key assumptions are discussed in note 15. The methods and assumptions used in preparing the sensitivity analysis are a reasonable approximation of possible changes.

(b) Employee benefits

The cost of defined benefit pension schemes is determined using actuarial valuations. The actuarial valuation involves certain key assumptions and complex calculations. The key assumptions include discount rates, expected rates of return on assets, mortality rates and future pension increases. Due to the long-term nature of these schemes, such estimates are subject to uncertainty. An analysis of the sensitivity of the pension obligation to changes in key assumptions is provided based on movements in key variables that could reasonably occur. Further details are provided in Note 29.

Judgements

There are no judgements taken by the Group which are considered to have a significant risk of resulting a material misstatement within the next financial year.

5 Revenue

The principal operations of the Group mainly are the processing, marketing and distribution of tea and coffee products. All revenue is recognised when the goods are transferred at a point in time.

The Group's revenue by destination split by market is as follows:

	2023	2022
United Kingdom	116,856	114,590
North America	64,238	55,521
Europe	14,180	14,093
Rest of the World	20,244	16,062
Total	215,518	200,266

The Group's revenue split by category is as follows:

	2023	2022
Tea	214,957	199,927
Coffee	561	339
Total	215,518	200,266

Tata Consumer Products UK Group Limited

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

(All amounts in £ thousands unless otherwise stated)

6 Operating profit

The operating profit is stated after charging:

	2023	2022
Depreciation (note 14)	2,197	2,029
Depreciation of ROU assets (note 27)	1,458	1,200
Amortisation (note 15)	305	217
Gains on acquisition of subsidiaries (note 31)	9,308	-
Deferred income on disposal of subsidiary (note 31)	203	-
Cost of inventories charged in cost of sales	133,237	118,855
Employee costs (note 9)	27,677	28,028
Research and development costs	368	405

During the year the Group (including its overseas subsidiaries) obtained the following services from the company's auditor and its associates:

	2023	2022
Fees payable to company auditors for the audit of parent company and consolidated financial statements:	353	315
Fees payable to the company's auditors and its associates for other services:		
- The audit of company's subsidiaries pursuant to legislation	209	172
- Audit-related assurance services	75	75
	637	562

The Company's audit fee was £15,000 (2022: £15,000); fees for non-audit services were £nil (2022: £nil). The Company's fees for audit services in the year were borne by Tata Consumer Products GB Limited. Audit related assurance services are related to quarterly reviews.

7 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 Group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount and expected to be non-recurring.

An analysis of the amount presented as exceptional items within operating profit is given below.

	2023	2022
Administration expenses:		
Group restructuring programme	(2,563)	(1,693)
Total exceptional items	(2,563)	(1,693)

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

8 Other gains

	2023	2022
Foreign exchange (losses) / gains	(1,081)	294
Total	(1,081)	294

This includes fair value adjustments on cashflow hedges, with the foreign exchange suffered on the underlying hedged transactions often recorded in other lines of the income statement, e.g. cost of sales / interest income.

Tata Consumer Products UK Group Limited

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

(All amounts in £ thousands unless otherwise stated)

9 Employees

The average monthly number of persons (including executive directors) employed by the Group during the year was:

	2023 Number	2022 Number
(i) By activity:		
Manufacturing	289	245
Sales and distribution	122	122
Administration	101	100
	512	467
(ii) By geographical segment:		
United Kingdom	436	413
USA	-	4
Rest of the World	76	50
	512	467

Employee costs (including directors' remuneration) charged to the Group income statement were as follows:

	2023	2022
Wages and salaries	24,186	24,457
Social security costs	2,070	2,172
Pension costs - defined contribution plans	1,421	1,399
Total	27,677	28,028

10 Directors' emoluments

The emoluments of the Directors were as follows:

	2023	2022
Salaries	684	729
Amounts receivable under incentive schemes	305	386
Defined contribution pension scheme	19	-
Benefits in kind	26	26
Compensation for loss of office	134	-
Aggregate directors' emoluments	1,168	1,141

Emoluments of the highest paid director were £558k (2022: £413k) which includes contributions to the defined benefit scheme of nil (2022: £nil). The accrued pension was nil (2022: nil).

The number of directors who are members of:

	2023	2022
The closed defined benefit scheme	1	1
The defined contribution pension scheme	2	2

A Burton, D Atkinson, M Thakrar, J Burdett, G Eccles and A Ahmad (2022: M Thakrar, J Burdett, G Eccles and A Ahmad) were remunerated directly by the Group for their services. 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.

Tata Consumer Products UK Group Limited

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

(All amounts in £ thousands unless otherwise stated)

L Krishna Kumar was only partly remunerated directly for his services to the Group with the remainder of his remuneration being paid by the ultimate parent company for his services to the wider Group, with no specific re-allocation made to the Group (2022: same).

S D'Souza was remunerated by the ultimate parent company for his services to the wider Group, with no specific re-allocation made to the Group (2022: same).

B. Puri, a non-executive director was remunerated by the ultimate parent company for his services to the wider Group, with no specific re-allocation made to the Group (2022: same). S Shah and M Thakrar as non-executive directors were paid £29k (2022: £20k) in fees.

11 Finance income and costs

	2023	2022
Interest income on:		
- short-term bank deposits	1,823	387
- loans to related parties	8,108	4,143
- loans to other corporations	688	182
- assets held at amortised cost	105	117
- finance lease assets	18	20
Net finance income relating to post-retirement benefits (Note 29)	589	394
Finance income	11,331	5,243
Interest expense:		
- Bank borrowings	(1,251)	(349)
- Finance lease liabilities	(222)	(233)
Finance costs	(1,473)	(582)
Net finance income	9,858	4,661

12 Income tax expense

	2023	2022
Current tax		
UK corporation tax charge for the year	206	878
Adjustments in respect of prior years	67	(67)
	273	811
Overseas corporation tax charge for the year	865	499
Adjustments in respect of prior years	-	(109)
	865	390
Total current tax charge	1,138	1,201
Deferred tax		
Origination and reversal of temporary differences	2,648	2,317
Impact of change in tax rate	678	660
Adjustments in respect of prior years	71	(163)
Total deferred tax charge	3,397	2,814
Total tax charge	4,535	4,015
Statement of comprehensive income		
Current tax in respect of contribution to defined benefit pension plans	-	-
Deferred tax on remeasurements of defined benefit pension plans	(2,519)	399
Deferred tax on defined benefit pension plans - impact of change in tax rate	(606)	1,356
Deferred tax in respect of cashflow hedges accounted for in the hedging reserve	(97)	200
Total tax (credit) / charge to statement of comprehensive income	(3,222)	1,955

Tata Consumer Products UK Group Limited

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

(All amounts in £ thousands unless otherwise stated)

UK corporation tax is calculated at 19% (2022: 19%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

	2023	2022
Profit before tax	28,657	19,061
Tax at the UK corporation tax rate of 19% (2022: 19%)	5,445	3,622
Tax effect of expenses that are not tax deductible	75	161
Tax effect of fair value gains on consolidation that are not taxable	(1,777)	-
Tax effect of enhanced allowances	(766)	(642)
Non taxable income	(61)	-
Effect of different tax rates of subsidiaries in overseas jurisdictions	225	179
Effect of joint venture results reported net of tax	(154)	(183)
Effect of current year tax losses not recognised for deferred tax	470	402
Impact of change in tax rate	678	660
Adjustments in respect of prior years	(69)	(277)
Adjustments in respect of prior years - Overseas	208	(62)
Overseas withholding tax suffered on dividends and management fees	261	155
Total tax charge	4,535	4,015

The weighted average applicable tax rate was 16% (2022: 21%).

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.

13 Dividends

	2023	2022
Equity - Ordinary		
Interim paid 2023: Nil (2022: 5.10p) per £1 share	-	12,000

Tata Consumer Products UK Group Limited

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

(All amounts in £ thousands unless otherwise stated)

14 Property, plant and equipment

	Land and buildings	Plant and Equipment	Capital work in progress	Total
Cost				
At 1 April 2021	5,128	60,207	(92)	65,243
Additions	-	113	10,656	10,769
Transfers	-	2,571	(2,571)	-
Disposals	-	(1,098)	-	(1,098)
Currency adjustments	-	(189)	-	(189)
At 31 March 2022	5,128	61,604	7,993	74,725
Accumulated depreciation				
At 1 April 2021	2,039	49,864	-	51,903
Charge for the year	126	1,903	-	2,029
Disposals	-	(1,065)	-	(1,065)
Currency adjustments	-	48	-	48
At 31 March 2022	2,165	50,750	-	52,915
Cost				
At 1 April 2022	5,128	61,604	7,993	74,725
Additions	-	86	13,486	13,572
Acquisitions of subsidiaries	294	3,975	-	4,269
Transfers	-	3,436	(3,436)	-
Disposals	-	(8,097)	-	(8,097)
Currency adjustments	(21)	(276)	-	(297)
At 31 March 2023	5,401	60,728	18,043	84,172
Accumulated depreciation				
At 1 April 2022	2,165	50,749	-	52,914.0
Charge for the year	133	2,064	-	2,197
Disposals	-	(7,973)	-	(7,973)
Acquisitions of subsidiaries	230	1,686	-	1,916
Currency adjustments	(18)	(105)	-	(123)
At 31 March 2023	2,510	46,421	-	48,931
Net book amount:				
At 31 March 2023	2,891	14,307	18,043	35,241
At 31 March 2022	2,963	10,854	7,993	21,810

Land and buildings – net book amount includes land which is not depreciated totalling £338k (2022: £338k)

Tata Consumer Products UK Group Limited

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

(All amounts in £ thousands unless otherwise stated)

15 Intangible assets

	Goodwill	Brands	Customer Contracts	Software	Software work in progress	Total
Cost						
As at 1 April 2021	291,990	5,088	-	8,856	319	306,253
Additions	-	-	-	36	-	36
Disposals	-	-	-	(526)	(47)	(573)
Transfer from WIP	-	-	-	237	(237)	-
Currency adjustments	4,695	-	-	6	-	4,701
At 31 March 2022	296,685	5,088	-	8,609	35	310,417
Accumulated amortisation and impairment						
As at 1 April 2021	41,011	5,088	-	8,563	-	54,662
Charge for the year	-	-	-	217	-	217
Disposals	-	-	-	(509)	-	(509)
Currency adjustments	962	-	-	6	-	968
At 31 March 2022	41,973	5,088	-	8,277	-	55,338
Cost						
As at 1 April 2022	296,685	5,088	-	8,609	35	310,417
Additions	-	-	-	20	1	21
Acquired on acquisition of a subsidiary	11,412	8,618	4,362	-	-	24,392
Disposals	-	-	-	(234)	-	(234)
Transfer from WIP	-	-	-	1	(1)	-
Currency adjustments	(1,554)	(739)	(337)	(8)	-	(2,638)
At 31 March 2023	306,543	12,967	4,025	8,388	35	331,958
Accumulated amortisation and impairment						
As at 1 April 2022	41,973	5,088	-	8,277	-	55,338
Charge for the year	-	89	68	148	-	305
Disposals	-	-	-	(207)	-	(207)
Currency adjustments	500	(13)	(3)	1	-	485
At 31 March 2023	42,473	5,164	65	8,219	-	55,921
Net book amount:						
At 31 March 2023	264,070	7,803	3,960	169	35	276,037
At 31 March 2022	254,712	-	-	332	35	255,079

The amortisation of intangible brands for all categories has been charged to administration expenses within the income statement.

Brands

Brands consist of "Lagaar" and other tea brands principally sold in South Africa recognised as part of acquisition of Joekels Tea Packers (Proprietary Limited) completed on 28 December 2023. The brands have been allocated a useful life of 25 years.

Customer contracts

Customer contracts consist of customer relationships recognised as part of acquisition of Joekels Tea Packers (Proprietary Limited) completed on 28 December 2023. The customer contracts have been allocated a useful life of 15 years.

Tata Consumer Products UK Group Limited

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

(All amounts in £ thousands unless otherwise stated)

Software

Software is capitalised at cost. These intangible assets have been assessed as having finite lives and are amortised using the straight-line method over a period of 3 to 5 years. As at 31 March 2023 these intangible assets have a remaining useful life of up to 5 years. Software work in progress is not amortised until brought into use.

Impairment tests for goodwill and intangible assets (excluding software)

Management reviews the carrying value of goodwill and intangible assets annually to determine whether there has been any impairment. This involves making an assessment of the value of goodwill and intangible assets for each cash generating unit (CGU) and comparing it to the carrying value. If the assessed value is lower than the carrying value, then an impairment charge is recognised to reduce the carrying value to this amount.

Management reviews the business performance based on the geography and type of business. It has identified Canada, US, UK and other Europe as the main geographies. Goodwill is monitored by the management at the operating segment level.

The following is a summary of the goodwill and intangible assets allocation for each operating segment.

2022	Opening	Additions	Amortisation	Foreign exchange	Closing
GB and Other Europe	184,590	-	-	-	184,590
US	1,104	-	-	61	1,165
Canada	65,285	-	-	3,672	68,957
Goodwill total	250,979	-	-	3,733	254,712

2023	Opening	Additions	Amortisation	Foreign exchange	Closing
GB and Other Europe	184,590	-	-	-	184,590
US	1,165	-	-	68	1,233
Canada	68,957	-	-	(1,402)	67,555
Bangladesh	-	1,631	-	(16)	1,615
South Africa	-	9,781	-	(704)	9,077
Goodwill total	254,712	11,412	-	(2,054)	264,070
South Africa - Customer contracts	-	4,362	(68)	(334)	3,960
South Africa - Brands	-	8,618	(89)	(726)	7,803
Other Intangibles total	-	12,980	(157)	(1,060)	11,763
Total	254,712	24,392	(157)	(3,114)	275,833

Value in use (i.e. the enterprise value for each CGU) is calculated 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 5-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.

Tata Consumer Products UK Group Limited

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

(All amounts in £ thousands unless otherwise stated)

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

	2023		2022	
	Pre-tax discount rate	Long-term growth rate	Pre-tax discount rate	Long-term growth rate
UK & Europe	10.45%	2.40%	8.10%	2.80%
US	9.66%	3.10%	7.60%	4.00%
Canada	10.14%	3.70%	7.63%	3.70%
Bangladesh	13.76%	5.00%	N/A	N/A
South Africa	23.15%	4.50%	N/A	N/A

We have performed sensitivity analyses around the base assumptions and have concluded that no reasonable possible changes in key current assumptions based on current recent trends would cause the recoverable amount of the CGUs to be less than the carrying value. UK and Europe CGU is the most sensitive to change in assumptions. For this specific CGU, if the current assumption on pre-tax discount rate were to increase to 13.5% or if the future relevant projections were to reduce by 19% , then the value in use will equate to the carrying amount.

16 Investment in joint ventures

The joint ventures in which the Group has an interest are listed in note 34. An analysis of the Group's investments in joint ventures is as follows:

	2023	2022
Movements during		
1 April	3,945	3,808
Disposals	(3,335)	-
Share of profit	810	965
Dividends received	(1,129)	(1,052)
Currency differences	(291)	224
31 March	-	3,945

During the year the Group increased its shareholdings in two of its existing investments: Joekels Tea Packers (Proprietary) Limited and Tetley ACI (Bangladesh) Limited. As a result, both investments are now accounted for as subsidiaries and accounted for as a disposal in the table above. Please refer to note 31.

None of the joint ventures of the Group is individually material, financial information aggregating 100% of the results is as follows:

	2023	2022
Revenue	17,449	23,933
Profit after tax	1,563	1,856

	2023	2022
Non-current assets	-	2,398
Current assets	-	8,281
Total assets	-	10,679
Non-current liabilities	-	(4,314)
Current liabilities	-	(1,817)
Total liabilities	-	(6,131)
Net assets	-	4,549

The joint ventures have no significant contingent liabilities to which the Group is exposed, and the Group has no significant contingent liabilities in relation to its interest in the joint ventures and associates.

Tata Consumer Products UK Group Limited

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

(All amounts in £ thousands unless otherwise stated)

The Group has no outstanding capital commitments with respect to joint ventures. The risks associated with the Group's interest in joint ventures are the same as those identified for the Group.

Outstanding balances with joint ventures and associates are shown in note 33.

17 Financial Instruments

Set out below is a comparison by category of the carrying values and fair values of all the Group's financial assets and financial liabilities as at 31 March 2023 and 31 March 2022.

Carrying amount and fair value	Note	2023			Total
		Amortised cost	Fair value through PL	Fair value through OCI - designated	
Assets per balance sheet					
Equity Investments designated as financial assets at fair value through other comprehensive income	18	-	-	-	521
Derivative financial instruments	20	-	1,263	207	-
Trade and other receivables excluding pre-payments, tax and other social security	21	192,394	-	-	-
Cash and cash equivalents	23	109,361	-	-	-
Total		301,755	1,263	207	521

Carrying amount and fair value		Amortised cost	Fair value through PL	Fair value through OCI	Total
Liabilities as per balance sheet					
Borrowings	26	65,133	-	-	65,133
Derivative financial instruments	20	-	-	348	348
Trade and other payables excluding tax and other social security	25	68,397	-	-	68,397
Total		133,530	-	348	133,878

Tata Consumer Products UK Group Limited

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

(All amounts in £ thousands unless otherwise stated)

Carrying amount and fair value	Note	2022			Total
		Amortised cost	Fair value through PL	Fair value through OCI through OCI - designated	
Assets per balance sheet					
Equity Investments designated as financial assets at fair value through other comprehensive income	18	-	-	521	521
Derivative financial instruments	20	-	-	572	572
Trade and other receivables excluding pre-payments, tax and other social security	21	188,727	-	-	188,727
Cash and cash equivalents	22	101,927	-	-	101,927
Total		290,654	-	572	291,747

Carrying amount and fair value		Amortised cost	Fair value through PL	Fair value through OCI	Total
Liabilities as per balance sheet					
Borrowings	25	52,453	-	-	52,453
Derivative financial instruments	19	-	2,018	133	2,151
Trade and other payables excluding tax and other social security	24	50,018	-	-	50,018
Total		102,471	2,018	133	104,622

18 Financial assets at fair value through other comprehensive income

Financial assets at fair value through OCI consists of unlisted equity shares. The fair value is assessed on an external valuation which uses a discounted cash flow approach.

The fair values are within level 3 of the fair value hierarchy (see note 3).

	2023	2022
At 31 March	521	521

We have performed sensitivity analyses around the key assumptions and have concluded that no reasonable possible change in any of the key assumptions (management forecasts, growth rates, discount rate) would result in a material change to the valuation.

Tata Consumer Products UK Group Limited

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

(All amounts in £ thousands unless otherwise stated)

19 Deferred income tax

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2023	2022
Deferred tax assets		
Deferred tax asset - to be recovered after 12 months	1,135	1,465
Deferred tax asset - to be recovered within 12 months	209	252
	1,344	1,717
Deferred tax liabilities		
Deferred tax liability - to be paid after 12 months	(12,077)	(9,082)
Deferred tax liability - to be paid within 12 months	(188)	-
	(12,265)	(9,082)
Deferred tax (liabilities) - net	(10,921)	(7,365)

The movement in deferred income tax assets and liabilities during the year is as follows:

	Retirement benefit obligation	Provisions	Tax losses and other timing differences	Intangibles	Property, plant and equipment	Other	Derivatives used for hedging	Total
At 31 March 2021	(3,895)	577	1,491	(599)	(465)	245	81	(2,565)
Income statement (charge) / credit		29	(56)	40	(2,746)	(81)		(2,814)
Tax charge relating to components of other comprehensive income	(1,755)	-	-	-	-	-	(200)	(1,955)
Exchange differences	-	-	-	-	-	(31)	-	(31)
At 31 March 2022	(5,650)	606	1,435	(559)	(3,211)	133	(119)	(7,365)
Income statement (charge) / credit	-	47	(301)	9	(2,962)	(190)	-	(3,397)
Acquisition	-	-	-	(3,507)	(133)	(81)	-	(3,721)
Tax charge relating to components of other comprehensive income	3,125	-	-	-	-	-	97	3,222
Exchange differences	-	-	-	346	(10)	4	-	340
At 31 March 2023	(2,525)	653	1,134	(3,711)	(6,317)	(134)	(22)	(10,921)

The Group 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.

In relation to the brought forward US tax losses, the Company has recognised deferred tax asset to the extent of deferred tax liability. The balance deferred tax asset has not been recognised in the absence of reasonable certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Tata Consumer Products UK Group Limited

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

(All amounts in £ thousands unless otherwise stated)

Unrecognised tax items

The Group has tax losses of £10,139k (2022: £9,115k) that are available for up to 20 years, tax losses of £260k (2022: nil) that are available for up to 6 years, tax losses of £6,012k (2022: £5,526k) that are available for up to 5 years and tax losses of £2,309k (2022: £2,316k) that are available indefinitely. These losses are available for offset against future taxable profits of the companies in which the losses arose. However, as these losses relate to subsidiaries that have a history of losses, deferred tax assets have not been recognised as these losses may not be used to offset taxable profits elsewhere in the Group.

These losses are available for offset against future taxable profits of the companies in which the losses arose. However, as these losses relate to subsidiaries that have a history of losses, deferred tax assets have not been recognised as these losses may not be used to offset taxable profits elsewhere in the Group.

At 31 March 2023, there was no recognised deferred tax liability (2022: £Nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries, associate or joint venture. The Group has determined that undistributed profits of its subsidiaries, joint ventures or associates will not be distributed in the foreseeable future, as:

- The Group has an agreement with its subsidiaries that the profits of the subsidiaries will not be distributed until it obtains the consent of the Group. The parent company does not foresee giving such a consent at the reporting date; and
- The joint venture of the Group cannot distribute its profits until it obtains the consent from all venture partners. The parent company does not foresee giving such a consent at the reporting date.

The temporary differences associated with investments in subsidiaries and joint venture, for which a deferred tax liability has not been recognised, aggregate to £438k (2022: £294k).

20 Derivative financial instruments

	2023		2022	
	Asset	Liability	Asset	Liability
Forward foreign exchange contracts - cash flow hedges	207	348	572	133
Forward foreign exchange contracts - fair value hedges	1,263	-	-	2,018
Total - current	1,470	348	572	2,151

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

Tata Consumer Products UK Group Limited

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

(All amounts in £ thousands unless otherwise stated)

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	Equivalent Amount in	Fair Value	Notional Amount	Equivalent Amount in	Fair Value
		in FCY '000	GBP '000*	Amount in GBP '000 *	in FCY '000	GBP '000*	Amount in GBP '000 *
Forward Contracts Outstanding							
i) Exports	CAD / GBP	16,000	9,541	207	21,000	12,782	(133)
ii) Payables	USD / GBP	31,000	25,053	(324)	21,000	16,028	531
	EUR / GBP	9,254	8,130	(24)	8,890	7,519	41
iii) Loans given	USD / GBP	20,750	16,769	262	20,390	15,563	(381)
iv) Loan to related party	USD / GBP	79,250	64,046	999	87,610	66,868	(1,637)
v) Receivables from Subsidiaries	CAD / GBP	2,800	1,670	2	1,400	852	-

*converted at year end exchange rates

Fair value represents impact of mark to market value as at year end.

The hedged highly probable forecast transactions denominated in foreign currency are expected to occur at various dates during the next 12 months. Gains and losses recognised in the hedging reserve in equity on forward foreign exchange contracts as of 31 March 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 is over the estimated useful lives of the related assets. Changes in the fair value of forward foreign exchange contracts that are designated and qualify as fair value hedges are recorded in the income statement.

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

21 Trade and other receivables

	2023	2022
Trade receivables	35,276	35,315
Less: Allowance for impairment of trade receivables	(88)	(91)
Trade receivables - net	35,188	35,224
Lease receivables (note 27(b))	615	676
Other receivables	3,141	3,717
Other taxation	3,100	1,837
Prepayments and accrued income	2,196	1,779
Amounts owed by related parties	136,486	133,550
Loans to other corporations	16,964	15,560
Total	197,690	192,343
Less non-current portion:		
Lease receivables (note 27(b))	(536)	(597)
Amounts owed by related parties	(105,844)	(104,883)
Non-current portion	(106,380)	(105,480)
Current portion	91,310	86,863

Tata Consumer Products UK Group Limited

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

(All amounts in £ thousands unless otherwise stated)

During 2023, the Group entered into a trade receivable factoring agreement with HSBC Bank PLC. Aggregated limit of the arrangement is £12,260k. Under the agreement, trade receivables are sold to the Factor on a limited recourse basis 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.

During the year 2023, the Group has factored £3,996k of its trade receivables (2022: £nil).

Amounts owed by related parties – current includes trading balances totalling £2,356k (2022: £1,954k) which are unsecured, repayable on demand and non-interest bearing. The counter parties are given in note 33. In addition, there two loans given to Eight O'clock Coffee Inc (USA) – current maturity of secure loan totalling £4,041k (2022: £3,816k) charged at a margin over Benchmark of 1.5% and with various maturities up to 31 March 2024 and a second unsecured loan totalling £24,245k (2022: £22,897k) charged at a margin over Benchmark of 4.75% (2022: margin over LIBOR 4.75%) with a maturity date of 30 September 2023.

Amounts owed by related parties – non-current represent a secured loan to Eight O'clock Coffee Inc (USA) of £24,042k (2022: £26,523k) charged at a margin over Benchmark of 1.5% with various maturities up to 30 June 2026 and a loan to Tata Consumer Products Capital Limited of £81,802k (2022: £78,360k) charged at a margin over Benchmark of 3.5% (2022: margin over LIBOR of 3.5%). The loan to Tata Consumer Products Capital Limited is repayable on demand and the company has the discretion of rolling over the interest owed to group undertakings every three months. We have received written confirmation from this company that they will not recall the amount due for a period of at least 12 months from the balance sheet date. Accordingly, the loan is disclosed as non-current in these financial statements.

Eight O'clock Coffee Inc and Tata Consumer Products Capital Limited are companies under common control of the Group's ultimate parent company (see note 34).

Loans to other corporations comprise of loan of £16,964k (2022: £15,560k) on which interest is charged at variable interest rate of 3.5% + USD Benchmark per annum (2022: 3.5% + USD LIBOR per annum) and the loan is repayable at 31 March 2024.

The credit worthiness of trade debtors and the credit terms set are determined in individual regions and countries. There are no particular concentrations of credit risk as the Group's customer base is large. Trade receivables are considered a single class of financial assets, and based on the Group's experience of collecting receivables and associated defaults there is a low credit risk across regions and countries.

In certain regions adequate insurance cover has been taken on trade receivables to further reduce the risk of default.

The fair values of trade and other receivables, deposits or bank guarantees are not considered to be significantly different from their carrying values, given their generally short period to maturity, with impairment reviews considered on an individual basis rather than when they become overdue.

The ageing of trade receivables at 31 March 2022 is as follows.

	Not due	Outstanding for the following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Trade receivables - fully performing	30,497	4,586	106	14	21	-	35,224
Undisputed trade receivables - credit impaired	-	69	-	-	22	-	91
Total	30,497	4,655	106	14	43	-	35,315
Less: Allowance for impairment							(91)
Total trade receivables							35,224

Tata Consumer Products UK Group Limited

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

(All amounts in £ thousands unless otherwise stated)

The ageing of trade receivables at 31 March 2023 is as follows:

	Not due	Outstanding for the following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Trade receivables - fully performing	27,447	6,678	1,022	41	-	-	35,188
Undisputed trade receivables - credit impaired	-	88	-	-	-	-	88
Total	27,447	6,766	1,022	41	-	-	35,276
Less: Allowance for impairment							(88)
Total trade receivables							35,188

Movements on the allowance for impairment of trade receivables are as follows:

	2023	2022
As at 1 April	91	47
Provision for impairment	29	41
Receivables written off during the year as uncollectible	(37)	-
Exchange differences	5	3
At 31 March	88	91

22 Inventories

	2023	2022
Raw materials and consumables	24,282	14,988
Work in progress	453	473
Finished goods	23,514	19,288
	48,249	34,749

The cost of inventories recognised as an expense and included in 'cost of sales' amounted to £133,237k (2022: 118,855k).

The cost of inventories recognised as an expense includes £1,644k (2022: £830k) in respect of write-downs of inventory to net realisable value.

23 Cash and cash equivalents (excluding bank overdrafts)

	2023	2022
Cash at bank and in hand	52,725	48,844
Short-term bank deposits	56,636	53,083
Cash and cash equivalents	109,361	101,927

Cash and cash equivalents include the following for the purposes of the statement of cashflows:

	2023	2022
Cash and cash equivalents	109,361	101,927
Bank overdrafts (note 26)	(63,818)	(52,453)
Cash and cash equivalents	45,543	49,474

Tata Consumer Products UK Group Limited

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

(All amounts in £ thousands unless otherwise stated)

24 Share capital and other reserves

(a) Share capital

	Number (thousands)	Share capital
Authorised:		
Ordinary shares of £1 each		
At 1 April 2022 and 31 March 2023	500,000	
Allotted and fully paid:		
Ordinary shares of £1 each		
At 1 April 2022 and 31 March 2023	235,075	235,075

The company has one class of ordinary shares which carry no right to fixed income.

(b) Other reserves

	Hedging Reserve	Foreign currency translation reserve	Financial assets at fair value through OCI reserve	Total Other reserves
Balance at 1 April 2021	(345)	(14,632)	(2,107)	(17,084)
Cash flow hedges, net of tax	851	-	-	851
Exchange differences on translation of foreign operations	-	3,105	-	3,105
Exchange differences on translation of foreign joint ventures	-	224	-	224
Balance at 31 March 2022	506	(11,303)	(2,107)	(12,904)
Balance at 1 April 2022	506	(11,303)	(2,107)	(12,904)
Cash flow hedges, net of tax	(415)	-	-	(415)
Exchange differences on translation of foreign operations	-	(3,612)	-	(3,612)
Exchange differences on translation of foreign joint ventures	-	(291)	-	(291)
Transfer of exchange losses on disposal of joint ventures	-	96	-	96
Balance at 31 March 2023	91	(15,110)	(2,107)	(17,126)

The hedging reserve represents the cumulative amount of gains and losses on hedging instruments deemed effective. The cumulative deferred gain or loss on the hedging instrument is recognised in the statement of profit or loss only when the hedged transaction impacts profit or loss.

The foreign currency translation reserve comprises of all foreign currency differences arising from the retranslation of the financial position of the foreign currency denominated subsidiaries and joint ventures.

The financial assets at fair value through OCI reserve represents the cumulative amount of revaluation gains and losses on financials assets designated as fair value through OCI.

Tata Consumer Products UK Group Limited

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

(All amounts in £ thousands unless otherwise stated)

25 Trade and other payables

	2023	2022
Trade payables	19,118	16,763
Amounts due to related parties	10,920	9,128
Social security and other taxes	1,192	362
Accrued expenses	31,134	23,337
Other creditors	7,262	790
Total	69,626	50,380
Less non-current portion:		
Other creditors	(6,333)	-
Current portion	63,293	50,380

The fair value of trade and other payables equals their carrying amount as the impact of discounting is not significant.

Amounts due to related parties are trading balances which are unsecured, repayable on demand and non-interest bearing.

Non-financial trade and other payables

The following balances included in the table above are classified as non-financial.

	2023	2022
Payroll taxes	506	362
VAT payable	686	-
Other current liabilities	37	-
Total	1,229	362

26 Borrowings

	2023	2022
Bank overdrafts	63,818	52,453
Bank borrowings	1,315	-
Total	65,133	52,453
Less non-current portion:		
Bank overdrafts	-	-
Bank borrowings	(301)	-
Current portion	64,832	52,453

Bank overdrafts

Bank overdrafts totalling £62,763k (2022: £52,453k) are part of a Group cash-pooling arrangement with interest charged at a margin over I.C.E. benchmark administration settlement rate +2.0% (2022: margin over I.C.E. benchmark administration settlement rate +2.0%).

In addition, we have overdrafts independent from the Group cash-pooling arrangement in the group's Bangladesh subsidiary totalling £327k (2022: Nil) with interest charged at Bangladesh prime rate and South Africa subsidiary totalling £728k. (2022: Nil) with interest charged at South African prime rate.

All bank overdrafts are repayable on demand and have no fixed date of maturity.

Tata Consumer Products UK Group Limited

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

(All amounts in £ thousands unless otherwise stated)

Bank borrowings

Bank borrowings include loans totalling £512k (non-current: £301k; current: £211k) repayable in equal monthly instalments of £23k (2022: Nil) between 2 and 45 months (2022: none) and secured against plant and machinery assets.

In addition, we have secured loans totalling £803k (all current) with interest charged at margin over Bangladesh prime rate which mature within the next financial year secured against inventory and receivables.

The exposure of the Group's bank borrowings and overdraft to interest rate changes and the contractual re-pricing dates at the end of the year are as follows:

	2023	2022
Within 1 year	64,832	52,453
1-5 years	301	-
Over 5 years	-	-
	65,133	52,453

The fair value of current borrowings equals their carrying amount as the impact of discounting is not significant.

The Group has the following undrawn borrowing facilities:

	2023	2022
Floating rate:		
- Expiring within one year	10,000	10,000
- Expiring beyond one year	4,733	-
Fixed rate:		
- Expiring within one year	-	-
- Expiring beyond one year	-	-
	14,733	10,000

The cash and non-cash changes in external borrowings are as follows.

As at 31 March 2022	-
Financing cashflows	(41)
Acquired in the year	1,434
Non-cash movements - foreign exchange	(78)
As at 31 March 2023	1,315

27 Leases

(a) Leases where the group is the lessee

From 1 April 2019, following the adoption of IFRS 16, leases are recognised as right-of-use assets and a corresponding liability at the date which the lease asset is available for the use by the group.

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

Tata Consumer Products UK Group Limited

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

(All amounts in £ thousands unless otherwise stated)

Amounts recognised in the balance sheet:

Right-of-use assets

	Buildings	Plant and Equipment	Total
Cost			
At 1 April 2021	8,412	380	8,792
Additions	-	159	159
Disposals	(190)	(34)	(224)
Currency adjustments	10	1	11
At 31 March 2022	8,232	506	8,738
Accumulated depreciation			
At 1 April 2021	2,127	210	2,337
Charge for the year	1,083	117	1,200
Disposals	(119)	(34)	(153)
Currency adjustments	5	1	6
At 31 March 2022	3,096	294	3,390
Cost			
At 1 April 2022	8,232	506	8,738
Additions	753	-	753
Acquisitions	1,047	-	1,047
Disposals	(99)	(13)	(112)
Currency adjustments	(98)	3	(95)
At 31 March 2023	9,835	496	10,331
Accumulated depreciation			
At 31 March 2022	3,096	294	3,390
Charge for the year	1,351	107	1,458
Acquisitions	730	-	730
Disposals	(19)	(13)	(32)
Currency adjustments	(56)	3	(53)
At 31 March 2023	5,102	391	5,493
Net book amount:			
At 31 March 2023	4,733	105	4,838
At 31 March 2022	5,136	212	5,348

Lease liabilities

	2023	2022
Current	1,185	1,391
Non-current	5,554	5,637
Total	6,739	7,028

Tata Consumer Products UK Group Limited

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

(All amounts in £ thousands unless otherwise stated)

Amounts recognised in profit or loss:

	2023	2022
Depreciation charge of right-of-use assets		
- Buildings	1,351	1,083
- Plant and Equipment	107	117
Interest expenses (included in finance costs)	222	233

The total cash outflow for leases was £1,958k with £1,736k represents the repayment of the principal liability and £222k the interest which is included within the total interest paid line in the cashflow. The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

Contractual maturities of lease liabilities on an undiscounted basis:	2023	2022
Less than one year	2,229	2,293
One to two years	1,343	1,659
Two to five years	2,284	2,631
More than five years	2,180	2,850
Total	8,037	9,433

Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These are expected to maximise operational flexibility in terms of managing the assets used in Group's operation. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

(b) Leases where the group is the lessor

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

Amounts recognised in the balance sheet:

Lease receivables	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
New additions during the period	-	-
Interest Income accrued during the period	18	20
Lease Receipts	(79)	(79)
Translation Difference	-	-
Balance at the end of the period	615	676

Amounts recognised in the profit or loss:

	2023	2022
Interest income (included in finance income)	18	20
Operating rental income	79	79

Tata Consumer Products UK Group Limited

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

(All amounts in £ thousands unless otherwise stated)

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

28 Changes in liabilities arising from financing activities

	Bank overdrafts (included in net cash and cash equivalents for cashflow)	Borrowings	Lease liabilities	Total liabilities from financing activities
Balance at 1 April 2021	26,673	-	8,245	34,918
New leases	-	-	170	170
Cashflows	25,051	-	(1,316)	23,735
Disposals	-	-	(90)	(90)
Foreign exchange movement	729	-	19	748
Balance at 31 March 2022	52,453	-	7,028	59,481
New leases	-	-	752	752
Cashflows	9,251	(41)	(1,736)	7,474
Acquisitions	1,355	1,433	780	3,568
Disposals	-	-	-	-
Foreign exchange movement	759	(77)	(85)	597
Balance at 31 March 2023	63,818	1,315	6,739	71,872

29 Post-employment benefits

The table below outlines where the Group's post-employment amounts and activities are included in the financial statements.

	2023	2022
Balance sheet obligations for:		
Non-current assets		
- Defined pension benefits	10,100	22,600
Non-current liabilities		
- Employee gratuity scheme	(43)	-
- Post-employment medical benefits	(654)	(654)
- Post-employment life assurance benefits	(331)	(346)
	(1,028)	(1,000)
Income statement charge:		
- Finance income on defined pension benefits	600	400
- Administration cost on defined pension benefits	(400)	(700)
- Post-employment life assurance benefits	(11)	(6)
	189	(306)
Gains / (losses) recognised in other comprehensive income:		
- Remeasurements for defined pension benefits	(12,700)	2,417
- Remeasurements for post employment life assurance benefits	31	54
	(12,669)	2,471

Tata Consumer Products UK Group Limited

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

(All amounts in £ thousands unless otherwise stated)

(a) Defined benefit pension benefits

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

Payments 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

Tata Consumer Products UK Group Limited

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

(All amounts in £ thousands unless otherwise stated)

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) / Loss from change in financial assumptions	35,900	-	35,900
– Experience losses	(2,900)	-	(2,900)
	33,000	(45,700)	(12,700)
Payments from plans:			
– Benefit payments	6,300	(6,300)	-
At 31 March 2023	(113,600)	123,700	10,100

Tata Consumer Products UK Group Limited

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

(All amounts in £ thousands unless otherwise stated)

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

The weighted average duration of the Scheme liabilities is around 13 years (2022: 15 years).

	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.

Tata Consumer Products UK Group Limited

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

(All amounts in £ thousands unless otherwise stated)

Plan assets comprised of:

	2023	2022
Equities	-	14,800
LDI	65,800	72,000
Multi asset credit	-	22,800
Diversified growth funds	-	11,900
Secured income asset	-	-
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 Group 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 Group 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.

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.

Tata Consumer Products UK Group Limited

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

(All amounts in £ thousands unless otherwise stated)

Expected contributions over the next financial year

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

IFRIC 14

Legal advice provided in respect of the Scheme confirms that there is an unconditional right to any remaining surplus once all member benefits have been paid. As such, the surplus in the Scheme has been recognised in full on the balance sheet

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).

(c) Post-employment life assurance benefits

The Group operates post-employment life assurance benefits to former employees in the US. These plans are unfunded and the valuation method is similar to those used for defined benefit pension schemes set out above

The liability recognised in the balance sheet as at 31 March 2023 was £331k (31 March 2022: £346k).

Tata Consumer Products UK Group Limited

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

(All amounts in £ thousands unless otherwise stated)

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

	2023			2022		
	Present value of obligation	Fair Value of plan assets	Total	Present value of obligation	Fair Value of plan assets	Total
At 1 April	346	-	346	387	-	387
Interest expense	11	-	11	6	-	6
Remeasurements:						
- Loss from change in demographic assumptions	-	-	-	-	-	-
- Gain from change in financial assumptions	(24)	-	(24)	(29)	-	(29)
- Experience gains	(7)	-	(7)	(25)	-	(25)
	(31)	-	(31)	(54)	-	(54)
Exchange differences	21	-	21	20	-	20
Contributions paid - Employers	-	(16)	(16)	-	(13)	(13)
Payments from plans - benefit payments	(16)	16	-	(13)	13	-
At 31 March	331	-	331	346	-	346

Defined contribution pension schemes

The amount recognised as an expense in the consolidated income statement in relation to defined contribution schemes is £1,421k (2022: £1,399k).

30 Provisions for liabilities and charges

	2023	2022
At 1 April	336	471
Charged / (credited) to the income statement:		
- Additional provisions	707	12
Used during the year	(202)	(148)
Exchange differences	1	1
At 31 March	842	336

Analysis of total provisions:

	2023	2022
Non-current	132	117
Current	710	219
Total	842	336

£132k non-current provision relates to a dilapidations provision being built up for a UK office building. This is not expected to be utilised until the end of the lease period which is July 2031.

£710k current provision is for expected redundancy costs mainly owing to the restructure of UK sales and administration functions and is expected to be utilised in the following year.

Tata Consumer Products UK Group Limited

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

(All amounts in £ thousands unless otherwise stated)

31 Business combinations

The group made the following acquisitions during the year

(i) Conversion of Joekels Tea Packers (Proprietary Limited) into a subsidiary

The Group has, with effect from 28 December 2022, acquired control over Joekels Tea Packers Proprietary Limited, South Africa by purchasing an additional 23.3% shareholding from the joint venture partners taking the group's holding to 75%, at a cash consideration of £4,458k and deferred contingent consideration of £835k. As per requirements of IFRS 3 'Business Combinations', the Group has fair valued its existing equity interest and recognised a gain of £8,794k in the income statement.

The fair value of the assets and liabilities acquired is shown below:

	Book value	Adjustments	Fair Value
Brands & Trademarks	37	8,581	8,618
Customer Relationships	-	4,362	4,362
Property Plant & Equipments and ROU Assets	2,073	491	2,564
Inventories	2,499		2,499
Trade and Other Receivables	4,345		4,345
Cash and Cash Equivalents	285		285
Total Assets	9,239	13,434	22,673
Loans and Finance Lease	2,453		2,453
Trade and Other Payables	2,454		2,454
Current and Deferred tax	252	3,640	3,892
Total Liabilities	5,159	3,640	8,799
Total Identifiable Net Assets acquired	4,080	9,794	13,874
Goodwill		9,781	9,781
Fair Value of Consideration			23,655
Fair Value of Consideration			
Fair value of consideration transferred			5,293
Fair value of existing interest in the joint venture			12,445
Fair value of non-controlling interest			5,917
Total			23,655
Profit on fair value of existing interest			
Fair value of interest held			12,445
Less: Investment in Joint venture as at the date of acquisition			(3,571)
Add: Cumulative exchange differences recycled from other comprehensive income			(80)
Gain on acquisition recognised in the Statement of Profit and Loss			8,794

The fair value adjustments relate to; the recognition of customer relationships; the recognition the brand/trademark; an adjustment to PPE and the recognition of a deferred tax liability on the recognition of the intangible assets.

Tata Consumer Products UK Group Limited

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

(All amounts in £ thousands unless otherwise stated)

Goodwill on the above transaction reflects growth opportunities and synergy benefits which are not separately identifiable. The goodwill and other intangible assets recognised, arising on consolidation, are not depreciable

for income tax purposes.

Acquired Receivables

Fair value of trade and other receivables acquired is £4,345k. These amounts are fully collectible.

Deferred contingent consideration

The Deferred Contingent consideration has been classified as a financial liability as at the acquisition date as it is payable after 3 year from the end of the current financial year. Deferred contingent consideration has been computed by discounting projected cash flows and by assessment of the probability of achieving various financial performance targets.

Put and call Option

The non-controlling shareholders (NCI holder) of Joekels Tea Packers Proprietary Limited have entered into a put and call option agreement with Tata Consumer Products Overseas Holding Limited ("TCPOH"), a 100% owned UK subsidiary, in relation to their remaining equity investment in Joekels Tea Packers Proprietary Limited. In terms of the said agreement, the NCI holder has the right to exercise a put option whereby TCPOH is obliged to purchase the shares held by NCI holder at a valuation determined based on agreed formula on certain operating financial parameters between 5 and 6 years from the date of acquisition. Conversely, TCPOH has the right to exercise a call option on all the shares held by NCI holders between 5 and 6 years from the date of acquisition at a price determined as mentioned above. If none of the parties exercise their right of Put/Call option, after the expiry of 6 years, TCPOH and NCI holder both will have the option to purchase and sell respectively the remaining shares based on the mutually agreed fair market valuation of the Company, failing which, based on the market value as determined by an Independent Expert. The stipulated time period may be bought forward if certain events as per the agreement are triggered.

The acquired business contributed revenue of £3,731k and operating profit of £187k to the Group for the period from 29 December 2022 to 31 March 2023.

Had it been consolidated from 1 April 2022 the income statement would show revenue of £18,533k and operating profit of £2,492k.

(ii) Conversion of Tetley Bangladesh ACI (Bangladesh) Limited

The Group has, with effect from 9 February 2023, acquired 100% control over Tetley ACI Bangladesh Limited by purchasing 50% stake from the joint venture partner at a cash consideration of £865k. As per requirements of IFRS 3 'Business Combinations', the Group has fair valued its existing interest and recognised a gain of £514k in the income statement.

Tata Consumer Products UK Group Limited

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

(All amounts in £ thousands unless otherwise stated)

The fair value of the assets and liabilities acquired is shown below:

	Book value	Adjustments	Fair Value
Property Plant & Equipments and ROU Assets	106	-	106
Inventories	548		548
Trade and Other Receivables	423		423
Cash and Cash Equivalents	10		10
Total Assets	1,087	-	1,087
Loans and Finance Lease	1,118		1,118
Trade and Other Payables	197		197
Current tax	244	-	244
Total Liabilities	1,559	-	1,559
Total Identifiable Net Liabilities acquired	(472)	-	(472)
Goodwill		1,631	1,631
Fair Value of Consideration			1,159
Fair Value of Consideration			
Fair value of consideration transferred			865
Fair value of existing interest in the joint venture			294
Total			1,159
Profit on fair value of existing interest			
Fair value of interest held			294
Less: Investment in Joint venture as at the date of acquisition			236
Add: Cumulative exchange differences recycled from other comprehensive income			(16)
Gain on acquisition recognised in the Statement of Profit and Loss			514

Acquired Receivables

Fair value of trade and other receivables acquired is £423k. These amounts are fully collectible.

The acquired business contributed revenue of £359k and operating profit of £23k to the Group for the period from 26 January 2023 to 31 March 2023.

Had it been consolidated from 1 April 2022 the income statement would show revenue of £3,005k and operating profit of £51k.

(iii) Deferred income on disposal of Empirical LLC

The group fully disposed of its investment in Empirical LLC on 31 March 2021. As part of the disposal proceeds additional consideration would be paid by the buyer contingent on Empirical LLC's finance performance for the next 2 years. Based on the financial performance during the year by Empirical LLC an additional £203k of income was recognised in the income statement.

Tata Consumer Products UK Group Limited

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

(All amounts in £ thousands unless otherwise stated)

32 Capital Commitments

Future capital expenditure authorised by the Board and contracted for at 31 March 2023 was £13,482k (2022: £20,168k) of which £13,482k (£20,164k) relates to property, plant and equipment and £nil (2022: £4k) relates to computer software. These amounts are not provided for within the Group's financial statements.

33 Related parties

Loans with fellow subsidiaries are disclosed in note 21.

In addition, the Group had the following transactions and balances with fellow subsidiaries, its ultimate parent company Tata Consumer Products Limited and other related parties.

Tata Consumer Products UK Group Limited

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

(All amounts in £ thousands unless otherwise stated)

	2023	2022
Sale of raw materials and finished product		
Tata Consumer Products Limited	2,476	2,161
Purchase of raw materials and finished product		
Tata Consumer Products Limited	(15,031)	(11,176)
Tata Coffee Limited	(46)	(80)
Eight O'clock Coffee Inc	(63)	(75)
Services received		
Eight O'clock Coffee Inc	(3,381)	(3,322)
Tata Consumer Products Limited	(2,746)	(1,859)
Services rendered		
Eight O'clock Coffee Inc	1,493	1,428
Tata Consumer Products Limited	837	726
Tata Tea Extractions Inc.	326	-
Interest received		
Eight O'clock Coffee Inc	3,318	1,442
Tata Consumer Products Capital Limited	4,790	2,701
Services received from Tata Sons and its subsidiaries		
Tata Sons Private Limited	491	497
Tata Consultancy Services Limited	909	1,358
Tata Communications Ltd	35	37
Amounts outstanding (excluding intercompany loans)		
Debtors		
Eight O'clock Coffee Inc	1,398	1,093
Tata Tea Extractions Inc	122	-
Tata Consumer Products Capital Limited	88	44
Tata Consumer Products Limited	401	377
Tata Smart Foods Limited	347	-
Creditors		
Eight O'clock Coffee Inc	(460)	(357)
Tata Consumer Products Capital Limited	(2,329)	(2,193)
Tata Consumer Products Limited	(7,169)	(5,604)
Tata Smart Foods Limited	(66)	-
Tata Sons Private Limited	(533)	(652)
Tata Consultancy Services Limited	(363)	(259)

The Group had the following transactions and balances with its joint ventures:

Tata Consumer Products UK Group Limited

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

(All amounts in £ thousands unless otherwise stated)

	2023	2022
Services received		
Joekels Tea Packers (Proprietary) Limited*	-	(59)
Royalty income		
Joekels Tea Packers (Proprietary) Limited*	-	53
Amounts outstanding (excluding intercompany loans)		
Debtors		
Joekels Tea Packers (Proprietary) Limited*	-	440
Creditors		
Joekels Tea Packers (Proprietary) Limited*	-	(64)

*ceased to be a joint venture on 28 December 2022.

Tata Consumer Products UK Group Limited

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

(All amounts in £ thousands unless otherwise stated)

34 Interests in other entities

Set out below are the subsidiaries and joint ventures of the Group. The subsidiaries and joint ventures listed below have share capital consisting solely of ordinary shares and the country given in the address of the registered office is also their principal place of business.

Subsidiaries:

Name of undertaking	Address of the registered office	Country of incorporation	Nature of business	Proportion of equity and voting rights held indirectly by Group	Proportion of equity and voting rights held directly by parent
Tata Global Beverages Services Limited	325 Oldfield Lane North, Greenford, Middlesex, UB6 0AZ, UK	UK	Dormant	100%	-
Tata Consumer Products GB Limited	325 Oldfield Lane North, Greenford, Middlesex, UB6 0AZ, UK	UK	Manufacturing, marketing and distribution of tea	-	100%
Tata Global Beverages Holdings Limited	325 Oldfield Lane North, Greenford, Middlesex, UB6 0AZ, UK	UK	Dormant	-	100%
Tetley USA Inc	155 Chestnut Ridge Road, Montvale, New Jersey 07645, USA	USA	Marketing and distribution of tea	100%	-
Tata Consumer Products US Holdings Inc	155 Chestnut Ridge Road, Montvale, New Jersey 07645, USA	USA	Holding company	100%	-
Tata Consumer Products Canada Inc	10 Carlson Street, Etobicoke, Ontario, Canada M9W6L2	Canada	Marketing and distribution of tea	100%	-
Tata Consumer Products Australia Pty. Limited	620 Church Street, Richmond, Victoria, Australia 3121	Australia	Marketing and distribution of tea	100%	-
Earth Rules Pty Limited	620 Church Street, Richmond, Victoria, Australia 3121	Australia	Marketing and distribution of coffee	100%	-
Tata Global Beverages Overseas Limited	325 Oldfield Lane North, Greenford, Middlesex, UB6 0AZ, UK	UK	Dormant	100%	-
Tata Consumer Products Overseas Holdings Limited	325 Oldfield Lane North, Greenford, Middlesex, UB6 0AZ, UK	UK	Holding company	-	100%
Lyons Tetley Limited	325 Oldfield Lane North, Greenford, Middlesex, UB6 0AZ, UK	UK	Dormant	100%	-

Tata Consumer Products UK Group Limited

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

(All amounts in £ thousands unless otherwise stated)

Name of undertaking	Address of the registered office	Country of incorporation	Nature of business	Proportion of equity and voting rights held indirectly by Group	Proportion of equity and voting rights held directly by parent
Stansand Limited	325 Oldfield Lane North, Greenford, Middlesex, UB6 0AZ, UK	UK	Dormant	100%	-
Stansand (Brokers) Limited	325 Oldfield Lane North, Greenford, Middlesex, UB6 0AZ, UK	UK	Dormant	100%	-
Stansand (Africa) Limited	3rd Floor Tea House, Nyerere Avenue P. O. Box 90683- 80100 Mombasa, Kenya	UK	Purchase and sale of tea	100%	-
Stansand (Central Africa) Limited	Along Masauko Chipembere Highway- Maselema Area- Limbe, P. O. Box 546, Blantyre, Malawi	Malawi	Purchase and sale of tea	100%	-
Tata Global Beverages Polska Sp. zo.o.	UL Zolny 33, 02-815 Warszawa, Poland	Poland	Marketing and distribution of tea	100%	-
Drassington Limited	325 Oldfield Lane North, Greenford, Middlesex, UB6 0AZ, UK	UK	Dormant	100%	-
Good Earth Corporation	155 Chestnut Ridge Road, Montvale, New Jersey 07645, USA	USA	Holding company	100%	-
Good Earth Teas Inc	155 Chestnut Ridge Road, Montvale, New Jersey 07645, USA	USA	Marketing and distribution of tea	100%	-
Tata Waters LLC	155 Chestnut Ridge Road, Montvale, New Jersey 07645, USA	USA	Marketing and distribution of water	100%	-
Teapigs Limited	325 Oldfield Lane North, Greenford, Middlesex, UB6 0AZ, UK	UK	Marketing and distribution of tea	100%	-

Tata Consumer Products UK Group Limited

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

(All amounts in £ thousands unless otherwise stated)

Name of undertaking	Address of the registered office	Country of incorporation	Nature of business	Proportion of equity and voting rights held indirectly by Group	Proportion of equity and voting rights held directly by parent
Teapigs US LLC	2711 Centreville Road, Suite 400, City of Wilmington, 19808, USA	USA	Marketing and distribution of tea	100%	-
Tata Global Beverages Investments Limited	325 Oldfield Lane North, Greenford, Middlesex, UB6 0AZ, UK	UK	Dormant	-	100%
Campestres Holdings Limited	Capital Center, 9th Floor, 2-4 Makarios Avenue, 1065 Nicosia, Cyprus	Cyprus	Holding company	100%	-
Kahutara Holdings Limited	Capital Center, 9th Floor, 2-4 Makarios Avenue, 1065 Nicosia, Cyprus	Cyprus	Holding company	100%	-
Suntycy Holding Limited	Capital Center, 9th Floor, 2-4 Makarios Avenue, 1065 Nicosia, Cyprus	Cyprus	Holding company	100%	-
Onomento Company Limited	Capital Center, 9th Floor, 2-4 Makarios Avenue, 1065 Nicosia, Cyprus	Cyprus	Holding company	100%	-
Tetley ACI (Bangladesh) Limited	245 Tejgaon Industrial Area, Dhaka - 1208, Bangladesh	Bangladesh	Manufacturing, marketing and distribution of tea	100%	-
Joekels Tea Packers (Proprietary) Limited	12 Caversham Road, Pinetown, 3610 Kwazulu Natal, South Africa	South Africa	Manufacturing, marketing and distribution of tea	75%	-

All subsidiary undertakings are included in the consolidation.

Tata Consumer Products UK Group Limited

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

(All amounts in £ thousands unless otherwise stated)

The following dormant company subsidiaries have taken advantage of the s479A exemption from audit.

Name of undertaking	UK registered company number
Tata Global Beverages Services Limited	03007544
Tata Global Beverages Holdings Limited	03265181
Lyons Tetley Limited	00711835
Tata Global Beverages Overseas Limited	03167011
Stansand Limited	00523038
Stansand (Brokers) Limited	00772942
Drassington Limited	04949126
Tata Global Beverages Investments Limited	05932003

Joint ventures:

Name of undertaking	Address of the registered office	Country of incorporation	Nature of business	Proportion of equity and voting rights held indirectly by Group
Tetley Clover (Private) Limited	Lakson Square Building No 2 Sarwar Shaheed Road, Karachi, Pakistan	Pakistan	Dormant	50%

35 Ultimate parent company

The company's shares are owned by Tata Consumer Products Limited, a company incorporated in India (40.2%) (2022: 30.1%); Tata Tea Extractions Inc, a company incorporated in the USA (10.6%) (2022: 10.6%), Tata Enterprises (Overseas) AG, a company incorporated in Switzerland (Nil) (2022: 10.2%) and Tata Consumer Products Capital Limited, a company incorporated in the UK (49.2%) (2022: 49.2%). Tata Consumer Products Limited, either directly or through its wholly owned subsidiaries, Tata Tea Extractions Inc and Tata Consumer Products Capital Limited, owns 100% (2022: 89.9%) of the Company. The Company's ultimate holding company and controlling party is Tata Consumer Products Limited, a company incorporated in India. The consolidated financial statements of the ultimate holding company which is the largest and smallest parent company preparing consolidated financial statements are available from the company's website tataconsumer.com or from its registered office at 1 Bishop Lefroy Road, Kolkata, 700 020.

36 Events after the end of the reporting period

There have been no significant events after the end of the reporting period that would require disclosure or an adjustment to the financial statements.

Tata Consumer Products UK Group Limited

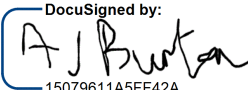
Company balance sheet as at 31 March 2023

(All amounts in £ thousands unless otherwise stated)

	Note	2023	2022
Assets			
Non-current assets			
Investments in subsidiaries	7	507,055	507,055
Investments at fair value through other comprehensive income	8	521	521
Trade and other receivables	12	105,844	104,883
		613,420	612,459
Current assets			
Trade and other receivables	12	45,678	42,360
Derivative financial instruments	11	1,261	-
Cash and cash equivalents (excluding bank overdrafts)	9	56,636	53,083
		103,575	95,443
Total assets		716,995	707,902
Equity and liabilities			
Equity and liabilities attributable to owners of the parent			
Called up share capital	10	235,075	235,075
Retained earnings		365,413	363,798
Total equity		600,488	598,873
Non-current liabilities			
Trade and other payables	13	74,897	74,615
		74,897	74,615
Current liabilities			
Trade and other payables	13	1,704	174
Borrowings	14	39,906	32,222
Derivative financial instruments	11	-	2,018
		41,610	34,414
Total liabilities		116,507	109,029
Total equity and liabilities		716,995	707,902

The company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the profit and loss account. The profit for the year was £1,615k (2022: 2,219k).

The notes on pages 79 to 86 form part of these Company financial statements. The financial statements on pages 77 to 86 were approved and authorised for issue by the board of directors on 10 May 2023 and signed on its behalf.

DocuSigned by:

 15079611A5FF42A...

A Burton
 Director
 11 May 2023

Tata Consumer Products UK Group Limited
 Registered number 03835716

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

	Attributable to equity holders of the company			
	Notes	Share capital	Retained earnings	Total equity
Balance at 1 April 2021		235,075	373,579	608,654
Profit for the year		-	2,219	2,219
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		-	2,219	2,219
Dividends		-	(12,000)	(12,000)
Balance at 31 March 2022		235,075	363,798	598,873
Balance at 1 April 2022		235,075	363,798	598,873
Profit for the year		-	1,615	1,615
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		-	1,615	1,615
Dividends		-	-	-
Balance at 31 March 2023		235,075	365,413	600,488

Tata Consumer Products UK Group Limited

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

(All amounts in £ thousands unless otherwise stated)

1 General information

Tata Consumer Products UK Group Limited (“the company”) acts as a holding entity with investments in and loans to and from subsidiaries who are engaged in the processing, marketing and distribution of tea, coffee and related products. During the year the company changed its name from Tata Global Beverages Group Limited.

The company is a private company limited by shares and is incorporated and domiciled 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

Basis of preparation

The financial statements of the company 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 accordance with the Companies Act 2006, as applicable to companies using FRS 101 except for the revaluation of financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

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);
- Paragraph 38 of IAS 1, ‘Presentation of financial statements’ comparative information requirements in respect of:
 - paragraph 79(a)(iv) of IAS 1; and
 - paragraph 73(e) of IAS 16 Property, plant and equipment; paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period).
- The following paragraphs of IAS 1, ‘Presentation of financial statements’:
 - 10(d), (statement of cash flows);
 - 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements);
 - 16 (statement of compliance with all IFRS);
 - 38A (requirement for minimum of two primary statements, including cash flow statements);
 - 38B-D (additional comparative information);
 - 40A-D (requirements for a third statement of financial position);
 - 111 (cash flow statement information); and
 - 134-136 (capital management disclosures).
- IAS 7, ‘Statement of cash flows’ ;
- Paragraph 30 and 31 of IAS 8 ‘Accounting policies, changes in accounting estimates and errors’ (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- 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 Group financial statements consolidate the financial statements of the company and all its subsidiary undertakings drawn up to 31 March each year. No individual profit and loss account is presented for the company as permitted by section 408 of the Companies Act 2006.

Going concern

The directors have used the going concern principal on the basis the Company has sufficient net assets to meet current liabilities as they fall due, taking into account forecasts for the next 12 months. The current liabilities owed are largely due to 100% owned subsidiaries and with high cash levels and external loans receivable the directors consider the company to be in a strong financial position.

Tata Consumer Products UK Group Limited

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

(All amounts in £ thousands unless otherwise stated)

Changes in accounting policies and disclosures

(a) New standards, amendments and interpretations adopted by the company

There are no new FRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 April 2022 have had a material impact on the company.

(b) New standards, amendments and interpretations not year adopted by the company

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

- Applying FRS 17. 'Insurance Contracts' and 'initial application of IFRS 17 and IFRS 9 – Comparative information' (Amendments to IFRS 17)
- Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4)
- IAS 1 'Classification of Liabilities as Current or Non-Current'; 'disclosure of accounting policies'; 'non-current liabilities with covenants' (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)
- IFRS 16 'Covid-19-Related Rent Concessions' and 'Lease Liability in a Sale and Leaseback' (Amendments to IFRS 16)

Investment in subsidiary undertakings

Investments represent equity interests in subsidiary undertakings, and these are shown at cost less provision for impairment as permitted under FRS 101. At each reporting date investments are reviewed to determine whether there is any indication of impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected investment is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the income statement.

If an impairment loss subsequently reverses, the carrying amount of the investment is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the investment in prior years. A reversal of an impairment loss is recognised immediately in the income statement. See note 7 for the net carrying amount of the investments and associated impairment.

Financial assets at fair value through other comprehensive income (FVOCI)

These represent equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

On disposal of these equity investments, any related balance within the FVOCI reserve is reclassified to retained earnings.

Trade and other receivables

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

Trade and other payables

Trade and other payables 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. Interest charged is accounted for on an accruals basis through the income statement.

Tata Consumer Products UK Group Limited

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

(All amounts in £ thousands unless otherwise stated)

Cash and cash equivalents

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

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Share capital

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

Dividends

Dividend income is recognised when the company's right to receive payment is established. Final dividends are recorded in the financial statements in the period in which they are approved by the company's shareholders. Interim dividends are recorded in the period in which they are declared.

Taxation

Current tax including UK corporation tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Derivative financial Instruments

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

Fair value measurement of financial instruments

The company classifies the fair value of its financial instruments in the following hierarchy, based on the inputs used in their valuation:

- i) Level 1 - The fair value of financial instruments quoted in active markets is based on their quoted closing price at the balance sheet date.
- ii) 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.
- iii) 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).

3 Auditors' remuneration

Overall audit fee for parent company and consolidated financial statements was £353k (2022: £315k). The Company's fees payable to the auditor for the audit of the company's financial statements were £15k (2022: £15k).

Tata Consumer Products UK Group Limited

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

(All amounts in £ thousands unless otherwise stated)

4 Critical accounting judgements and key sources of estimation uncertainty

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

Estimates

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) Impairment of investments

The company conducts impairment reviews of its investments whenever circumstances indicate that their carrying amounts may not be recoverable. Determining whether an asset is impaired requires an estimation of the recoverable amount, which requires the company to estimate the value in use which is based on future cash flows and a suitable discount rate in order to calculate the present value. The estimation uncertainty mainly lies in the forecast cashflows used to estimate the recoverable amount. Where the actual future cash flows are less than expected, an impairment loss may arise. During the year an impairment of £nil (2022: £nil) was taken based on the assessment of carrying value of investments. Please refer note 7.

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.

5 Profit of the company

The company made a profit of £1,615k in the year (2022: £2,291k).

6 Directors and employees

A Burton, D Atkinson, M Thakrar, J Burdett, G Eccles and A Ahmad (2022: M Thakrar, J Burdett, G Eccles and A Ahmad) were remunerated directly by the Group for their services. 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. L Krishna Kumar was only partly remunerated directly for his services to the Group with the remainder of his remuneration being paid by the ultimate parent company for his services to the wider Group, with no specific re-allocation made to the Group (2022: same).

S D'Souza was remunerated by the ultimate parent company for their services to the wider Group, with no specific re-allocation made to the Group (2022: same).

B. Puri, a non-executive director did not receive any payment for his services (2022: same). S Shah and M Thakrar as non-executive directors were paid £26k (2022: £20k) in fees.

The company had no employees during the year (2022: nil).

7 Investment in subsidiaries

Cost	2023	2022
As at 31 March	507,055	507,055

As part of the annual impairment review the directors assess the future cash flows of the underlying investments. The current year impairment charge is £nil (2022:£nil).

Tata Consumer Products UK Group Limited

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

(All amounts in £ thousands unless otherwise stated)

As at the year end, the carrying value of investments in Tata Consumer Products GB Ltd is £345.5m (2022: £345.5m), in Tata Consumer Products Overseas Holdings Limited £160.6m (2022: £160.6m) and in Onomento Company Limited is £0.9m (2022: £0.9m).

The list of the subsidiary undertakings of which the company is, either directly or through subsidiary companies, the beneficial owner of the whole of the equity share capital is given in note 34 of the consolidated financial statements.

8 Financial assets at fair value through OCI

Cost	2023	2022
At 31 March	521	521

Financial assets at fair value through OCI consists of unlisted equity shares. The fair value is assessed on an external valuation which uses a discounted cash flow approach.

9 Cash and cash equivalents

	2023	2022
Cash and cash equivalents	56,636	53,083

Cash and cash equivalents represent short term fixed deposit investments maturing at various dates up to 15 May 2023.

10 Share capital

	Number (thousands)	Share capital
Authorised:		
Ordinary shares of £1 each		
At 1 April 2022 and 31 March 2023	500,000	
Allotted and fully paid:		
Ordinary shares of £1 each		
At 1 April 2022 and 31 March 2023	235,075	235,075

11 Derivatives

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

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 forward foreign exchange rates.

At the balance sheet date, the company had forward sales of US dollars amounting to USD 100.0m (31 March 2022: USD 108.0m) in forward contracts in respect of its US dollar denominated cash and receivables.

Tata Consumer Products UK Group Limited

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

(All amounts in £ thousands unless otherwise stated)

12 Trade and other receivables

	2023	2022
Amounts owed by related parties	134,326	131,651
Loans to other corporations	16,964	15,560
Other receivables	232	32
Total	151,522	147,243
Less non-current portion:		
Amounts owed by related parties	(105,844)	(104,883)
Current portion	45,678	42,360

Amounts owed by related parties

Amounts owed by related parties – current mainly represent two loans given to Eight O'clock Coffee Inc (USA) – current maturity of secured loan totalling £4,041k (2022: £3,816k) charged at a margin over Benchmark of 1.5% and with various maturities up to 31 March 2024 and a second unsecured loan totalling £24,245k (2022: £22,897k) charged at a margin over Benchmark of 4.75% (2022: margin over LIBOR 4.75%) with a maturity date of 30 September 2023. The remaining balances include accrued interest of £115k (2022: £50k) and a trading balance of £81k (2022: £5k) which is unsecured, repayable on demand and non-interest bearing.

Amounts owed by related parties – non-current represent a secured loan to Eight O'clock Coffee Inc (USA) of £24,042k (2022: £26,523k) charged at a margin over Benchmark of 1.5% with various maturities up to 30 June 2026 and a loan to Tata Consumer Products Capital Limited of £81,802k (2022: £78,360k) charged at a margin over Benchmark of 3.5% (2022: margin over LIBOR of 3.5%) which is repayable on demand. The loan to Tata Consumer Products Capital Limited is classified as non-current since the company has provided a letter stating that the balance will not be called due for a period of 12 months from the signing of these financial statements.

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

Loans to other corporations

Loans to other corporations comprise of loan of £16,964k (2022: £15,560k) on which interest is charged at variable interest rate of 3.5% + USD Benchmark (2022: 3.5% + USD LIBOR) per annum and the loan is repayable as various maturities up until 31 March 2024.

13 Trade and other payables

	2023	2022
Accruals	134	174
Amounts due to group undertakings	76,467	74,615
Total	76,601	74,789
Less non-current portion:		
Amounts due to group undertakings	(74,897)	(74,615)
Current portion	1,704	174

Amounts due to group undertakings – current includes a balance owed to Onomento Company Limited totalling £1,570k (2022: £Nil) which is unsecured and interest is charged at a margin over Benchmark of 2% with a maturity date of 24 March 2024.

Tata Consumer Products UK Group Limited

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

(All amounts in £ thousands unless otherwise stated)

Amounts due to group undertakings – non-current includes a balance owed to Tata Consumer Products Overseas Holdings Limited totalling £34,734k (2022: £39,191k) and a balance owed to Tata Consumer Products GB Limited totalling £40,163k (2022: £35,424k). Both balances are unsecured, interest free and have no fixed date of repayment.

Tata Consumer Products Overseas Holdings Limited and Tata Consumer Products GB Limited have provided letters to the company confirming that they will not require repayment of the loan until at least twelve months from the date that these financial statements were approved. The borrowings have therefore been treated as payable after more than one year from the balance sheet date.

14 Borrowings

The bank overdrafts totalling £39,906k (2022: £32,222k) are part of a Group cash-pooling arrangement with interest charged at a margin over I.C.E. benchmark administration settlement rate +2.0% (2022: margin over I.C.E. benchmark administration settlement rate +2.0%).

15 Related parties

The company has taken advantage of the exemption under IAS 24 available to a parent company not to disclose transactions with its wholly owned subsidiaries within its financial statements.

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

	2023	2022
<u>Interest received</u>		
Tata Consumer Products Capital Limited	4,790	2,701
Eight O'clock Coffee Holdings Inc	3,318	1,442
<u>Loans outstanding</u>		
Tata Consumer Products Capital Limited	81,802	78,360
Eight O'clock Coffee Holdings Inc	52,328	53,236
<u>Interest accrued</u>		
Tata Consumer Products Capital Limited	88	44
Eight O'clock Coffee Holdings Inc	27	6

16 Contingent liabilities

The company has provided a letter of financial support to the following entities listed in the table which indicates the company will provide such financial support as may be required to meet its obligations as they fall due for a period of at least twelve months from the date of approval of the financial statements. Whilst the level of support is unknown, details of their profit/loss for the financial year end and net assets are given.

Entity	Profit for year ended 31 March 2023	Net assets / (liabilities) at 31 March 2023
Tata Consumer Products Overseas Holdings Limited	1,240	(10,744)
Tata Global Beverages Polska Sp. z o.o	171	1,429

Tata Consumer Products UK Group Limited

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

(All amounts in £ thousands unless otherwise stated)

17 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.