

**Teapigs Limited**

**Registered number 05426310**

**Annual report and financial statements**

**Year ended 31 March 2015**

# Teapigs Limited

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# **Teapigs Limited**

## **Strategic report**

### **Strategic report for the year ended 31 March 2015**

The directors present their strategic report for the year ended 31 March 2015.

#### **Principal activities**

The company's primary activity is to source, market and distribute premium tea products.

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

The company made a profit for the financial year of £782,000 (2014: £620,000) driven by 10% year on year growth in turnover largely attributable to expanded distribution in the UK. The net asset position of the company of £2,710,000, increased from £1,928,000 last year with the retained profit in the year accounting for the increase.

The market performance remains strong in all channels and the company continued its expansion in international markets. In the UK, the company is the clear leader in the newly created "pyramid mesh bag" sector and also leads in the development of the matcha category. The US subsidiary is performing well and the company is now exporting to over 30 countries.

The company continues to pursue green credentials and its commitment to purchase tea for tea products from Rainforest Alliance ("RA") Certified TM farms. At the moment the company's signature Everyday Brew blend has the RA certificate.

The company's tea temples are made from biodegradable cornstarch. The material was developed in Japan and has the green "pla" mark which is an endorsement by the Japanese bio plastics association.

The company's packaging is fully recyclable, and the cardboard used to make the packaging is FSC certified. FSC (Forestry Stewardship Council) is an organisation which promotes environmentally appropriate, socially beneficial and economically viable management of the world's forests.

In addition to printing on sustainable board, the ink we use on the company's packs is vegetable-based.

The Teapigs ethical scheme has raised over £100,000 through sales of our everyday brew to support children and young people from tea-growing communities in Rwanda.

#### **Key performance indicators**

Due to the straightforward nature of the company, the directors consider that revenue and profitability are the key performance indicators of the company. These have been discussed above.

# Teapigs Limited

## Strategic report (continued)

### Principal risks and uncertainties

The company takes a proactive approach to the management of the various risks that it faces. Of these risks the principal ones are raw tea pricing, currency movements, and the dependency on co-packer manufacturing of packed tea. These are managed in the following ways:

**Raw tea pricing** - raw tea is a large component of product cost and climatic conditions in the different countries from which raw tea is sourced can lead to fluctuations in price. The cost of product is managed through annual price negotiation with the supplier of finished product.

**Currency movements** - foreign exchange risk in relation to export revenues and import costs is managed by the parent company's Treasury function using spot and forward contracts where it is considered necessary

**Dependence on co-packer** – This is managed by appropriate stock policies and contingency planning.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'M Thakrar', is written over a circular stamp or seal.

M Thakrar  
Director  
15 July 2015

# **Teapigs Limited**

## **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 31 March 2015.

### **Future developments**

The company's activities and future prospects have been reviewed and the company plans to continue trading within the tea market. The company is looking to maximise the value of its brand and to increase its presence in the wider beverage market through innovation.

### **Dividends**

The directors do not recommend the payment of a dividend (2014: nil).

### **Directors**

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

L A Cheadle  
N I Kilby  
M Thakrar  
N Holland

### **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.

### **Disclosure of information to auditors**

In accordance with Section 418 of the Companies Act 2006, the directors' reports shall include a statement, in the case of each director in office at the date the directors' report is approved, that:

- (a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

# Teapigs Limited

## Directors' report (continued)

### Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

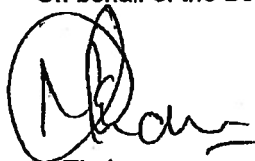
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company 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 these 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
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business .

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

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

On behalf of the Board



M Thakrar  
Director

15 July 2015

# **Teapigs Limited**

## **Independent auditors' report to the members of Teapigs Limited**

### **Report on the financial statements**

#### **Our opinion**

In our opinion, Teapigs Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 March 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **What we have audited**

The financial statements comprise:

- the balance sheet as at 31 March 2015;
- the profit and loss account for the year then ended;
- the for the year then ended;
- the accounting policies; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, 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.

#### **Other matters on which we are required to report by exception**

##### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

##### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

# Teapigs Limited

## Independent auditors' report to the members of Teapigs Limited (continued)

### Responsibilities for the financial statements and the audit

#### **Our responsibilities and those of the directors**

As explained more fully in the Statement of directors' responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

#### **What an audit of financial statements involves**

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

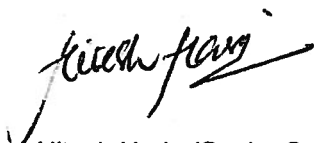
This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Hitesh Haria (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Uxbridge  
15 July 2015



# Teapigs Limited

## Accounting policies

### Basis of preparation

The financial statements are prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and applicable UK accounting standards. The company has consistently applied its accounting policies.

### Cash flow statement

The company is a wholly-owned subsidiary of Tata Global Beverages Group Limited and is included in the consolidated financial statements of Tata Global Beverages Group Limited, which are publicly available. Consequently the company has taken advantage of the exemption from preparing the cash flow statement under the terms of FRS 1 (revised 1996).

### Consolidation

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

### Fixed Assets

Fixed assets are held at historic cost less accumulated depreciation. Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

Computer Equipment	-	3 to 5 years
Fixtures and Fittings	-	2 to 5 years

### Deferred tax

Deferred tax is fully provided in respect of timing differences that have originated but not reversed by the balance sheet date. These are based on average tax rates that are expected to apply at the time of the reversal, which will be the rates that have either been enacted, or substantially enacted, by the balance sheet date. No deferred tax is provided on permanent timing differences. Deferred tax assets are recognised to the extent that they are regarded as recoverable. Deferred tax balances are not discounted.

### Turnover

Revenue is recognised in the profit and loss account when goods or services are supplied or made available to external customers against orders received, title and risk of loss is passed to the customer, reliable estimates can be made of relevant deductions and all relevant obligations have been fulfilled, such that the earnings process is regarded as being complete.

Company turnover represents net invoice value after the deduction of discounts and allowances given and accruals for estimated future rebates and returns. The methodology and assumptions used to estimate rebates and returns are monitored and adjusted regularly in the light of contractual and legal obligations, historical trends, past experience and projected market conditions. Market conditions are evaluated using customer and other third-party analyses, market research data and internally generated information. Value added tax and other sales taxes are excluded from revenue.

# **Teapigs Limited**

## **Accounting policies (continued)**

### **Stocks**

Stocks are valued at the lower of cost and net realisable value. Cost comprises that expenditure which has been incurred in the normal course of business in bringing the product to its present location and condition, including attributable overheads.

### **Foreign currencies**

Transactions in foreign currencies are translated at the rate of exchange ruling at the day of the transaction. Any exchange differences are dealt with in the profit and loss account. Period end foreign currency assets and liabilities are translated at period end exchange rates.

### **Pension and other post retirement benefit arrangements**

Pension costs relating to defined contribution schemes represent contributions payable to the scheme for the accounting period. They are recognised in the profit and loss account as they arise.

### **Fixed Asset Investments**

Fixed asset investments are shown at cost less provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

# Teapigs Limited

## Profit and loss account Year ended 31 March 2015

	Note	Year ended 31 March 2015 £'000	Year ended 31 March 2014 £'000
<b>Turnover</b>	1	<b>9,070</b>	8,257
Cost of sales		<b>(4,861)</b>	(4,369)
<b>Gross profit</b>		<b>4,209</b>	3,888
Distribution costs		<b>(948)</b>	(643)
Administrative expenses		<b>(2,336)</b>	(2,452)
<b>Operating profit</b>	2	<b>925</b>	793
Interest receivable and similar income	4	<b>65</b>	11
Interest payable and similar charges	5	-	(1)
<b>Profit on ordinary activities before taxation</b>		<b>990</b>	803
Tax on profit on ordinary activities	6	<b>(208)</b>	(183)
<b>Profit for the financial year</b>	15	<b>782</b>	620

There is no material difference between the results as disclosed in the profit and loss account and the results on an historical cost basis.

All amounts shown above relate to continuing operations.

The company has no recognised gains and losses other than those included in the results above and therefore no separate statement of total recognised gains and losses has been provided.

# Teapigs Limited

## Balance sheet As at 31 March 2015

	Note	31 March 2015 £'000	31 March 2014 £'000
<b>Fixed assets</b>			
Tangible Assets	7	14	21
Investments	8	-	-
		<u>14</u>	<u>21</u>
<b>Current assets</b>			
Stocks	9	1,443	1,334
Debtors - amounts falling due after more than one year	10	642	1,098
Debtors - amounts falling due within one year	11	1,832	2,045
Cash at bank and in hand		336	240
		<u>4,253</u>	<u>4,717</u>
<b>Creditors - amounts falling due within one year</b>	12	<u>(744)</u>	<u>(1,740)</u>
<b>Net current assets</b>		<u>3,509</u>	<u>2,977</u>
<b>Total assets less current liabilities</b>		<u>3,523</u>	<u>2,998</u>
<b>Creditors - amounts falling due after more than one year</b>	13	<u>(813)</u>	<u>(1,070)</u>
<b>Net assets</b>		<u>2,710</u>	<u>1,928</u>
<b>Capital and reserves</b>			
Called up share capital	14	1,000	1,000
Profit and loss account	15	1,710	928
<b>Total shareholders' funds</b>	16	<u>2,710</u>	<u>1,928</u>

The financial statements on pages 7 to 17 were approved by the Board on 15 July 2015 and signed on its behalf by:



M Thakrar  
Director

Teapigs Limited  
Registered number 05426310

# Teapigs Limited

## Notes to the financial statements (continued)

### 1 Turnover

The principal activity of the company is the marketing and distribution of tea, which is regarded by the directors as a single class of business. The destination of the company's turnover is predominantly the United Kingdom where sales total £8,114,000 (2014: £7,584,000) with the remaining £956,000 (2014: £673,000) being sales to rest of world.

### 2 Operating profit

	Year ended 31 March 2015 £'000	Year ended 31 March 2014 £'000
<b>The operating profit is stated after charging:</b>		
Wages and salaries	1,558	1,662
Social security costs	208	227
Other pension costs	48	37
<b>Staff costs</b>	<b>1,814</b>	<b>1,926</b>
Operating lease rentals - land and buildings	39	35
Depreciation of fixed assets - owned assets	12	11

The auditors' remuneration is paid by Tata Global Beverages Services Limited, a subsidiary of the company. The audit fee of £354,300 (2014: £331,000) was paid in aggregate for the audit of the UK based subsidiaries of Tata Global Beverages Group Limited and no split is separately available for the audit of the company.

### 3 Directors and employees

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

	2015 Monthly average number	2014 Monthly average number
Selling	14	13
Distribution	3	2
Administration	2	2
<b>Total</b>	<b>19</b>	<b>17</b>

# Teapigs Limited

## Notes to the financial statements (continued)

### 3 Directors and employees (continued)

The emoluments of the Directors were as follows:

	Year ended 31 March 2015 £000	Year ended 31 March 2014 £000
Aggregate emoluments	221	198
Aggregate amounts receivable under long term incentive schemes	935	1186
Other pension costs	27	25

Emoluments of the highest paid director were £122,272 (2014: £119,313) and receivable under long-term incentive scheme was £467,500 (2014: £593,000).

Benefits under a defined contribution scheme are accruing to two directors (2014: two directors).

Two directors are employees of Tata Global Beverages GB Limited who are all remunerated for their services to the Group as a whole.

### 4 Interest receivable and similar income

	Year ended 31 March 2015 £'000	Year ended 31 March 2014 £'000
Interest receivable on group loans	65	11

### 5 Interest payable and similar charges

	Year ended 31 March 2015 £'000	Year ended 31 March 2014 £'000
Interest payable on group loans	-	1

### 6 Tax on profit on ordinary activities

	Year ended 31 March 2015 £'000	Year ended 31 March 2014 £'000
<b>Current tax:</b>		
UK corporation tax on profits for the year	210	186
Adjustments in respect of prior years	1	(3)
Total current tax charge for the year	211	183
<b>Deferred tax:</b>		
Origination and reversal of timing differences	(3)	-
Tax on profit on ordinary activities	208	183

# Teapigs Limited

## Notes to the financial statements (continued)

### 6 Tax on profit on ordinary activities (continued)

The tax assessed on the profit on ordinary activities for the year is higher (2014: lower) than the standard rate of corporation tax in the UK of 21% (2014: 23%).

	Year ended 31 March 2015	Year ended 31 March 2014
	£'000	£'000
Profit on ordinary activities before tax	990	803
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21% (2014: 23%)	208	185
Adjusting for the effects of:		
Short-term timing differences	2	-
Permanent differences	-	1
Adjustment in respect of previous years	1	(3)
Current tax charge for the year	211	183

#### Factors that may affect future tax charges for future periods

Changes to the UK Corporation Tax Rules were substantively enacted as part of the Finance Bill 2013 on 2 July 2013. These include reductions to the main rate to reduce the rate to 21% from 1 April 2014 and to 20% from 1 April 2015. Deferred tax balances at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

### 7 Tangible assets

	Fixtures and Fittings £'000	Computer equipment £'000	Total £'000
<b>Cost</b>			
At 1 April 2014	2	55	57
Additions	-	5	5
<b>At 31 March 2015</b>	<b>2</b>	<b>60</b>	<b>62</b>
<b>Depreciation</b>			
At 1 April 2014	2	34	36
Charge for the year	-	12	12
<b>At 31 March 2015</b>	<b>2</b>	<b>46</b>	<b>48</b>
<b>Net book amount</b>			
<b>At 31 March 2015</b>	<b>-</b>	<b>14</b>	<b>14</b>
<b>At 31 March 2014</b>	<b>-</b>	<b>21</b>	<b>21</b>

# Teapigs Limited

## Notes to the financial statements (continued)

### 8 Investments

The company holds a 100% equity investment in Teapigs US LLC, a company incorporated in United States of America and is in the business of selling tea.

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

### 9 Stocks

	<b>31 March 2015 £'000</b>	<b>31 March 2014 £'000</b>
Finished goods	<b>1,443</b>	<b>1,334</b>

The amount shown for finished goods is not materially different from the replacement cost of those finished goods to the company.

### 10 Debtors - amounts falling due after more than one year

	<b>31 March 2015 £'000</b>	<b>31 March 2014 £'000</b>
Amounts owed by group undertakings	<b>642</b>	<b>1,098</b>

Amounts owed by group undertaking includes a balance of £253,000 (2014: £923,000) held with Tata Global Beverages Services Limited and a loan balance of £389,000 (2014: 175,000) ) with Teapigs US LLC. Interest is charged at variable rates of 2% above LIBOR and the loan is unsecured. The loan agreement with Teapigs US LLC provides for the principal to be repaid on demand by the borrower and matures on 16 December 2016. The company has indicated to Teapigs US LLC and Tata Global Beverages Services Limited that it will not require the loans to be repaid within the next 12 months.



# Teapigs Limited

## Notes to the financial statements (continued)

### 11 Debtors - amounts falling due within one year

	31 March 2015 £'000	31 March 2014 £'000
Trade debtors	1,470	1,600
Amounts owed by group undertakings	100	60
Other debtors	92	243
Other taxation	164	139
Deferred tax	6	3
<b>Total</b>	<b>1,832</b>	<b>2,045</b>

The deferred tax asset £6,000 (2014: £3,000) arises on timing differences on fixed assets and is expected to be recoverable in the future. The asset is held at a corporation tax rate of 20% (2014: 21%). There is no unrecognised deferred tax (2014: nil).

Amounts owed by group undertakings represents a trading balance with Teapigs US LLC which is unsecured, repayable on demand and non-interest bearing.

### 12 Creditors - amounts falling due within one year

	31 March 2015 £'000	31 March 2014 £'000
Trade creditors	402	291
Accruals and deferred income	342	1,449
<b>Total</b>	<b>744</b>	<b>1,740</b>

### 13 Creditors - amounts falling due after more than one year

	31 March 2015 £'000	31 March 2014 £'000
Amounts owed to group undertakings	813	1,070

Amounts owed to group undertakings consist of a loan from Tata Global Beverages GB Limited. The loan is non-interest bearing and is unsecured. The principal is repayable on demand by the lender.

The lenders have indicated to the company that they will not require repayment of the loans 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.

# Teapigs Limited

## Notes to the financial statements (continued)

### 14 Called up share capital

		31 March 2015 £'000	31 March 2014 £'000
	Number		
<b>Allotted, called up and fully paid</b>			
Ordinary shares of £1 each	1,000,000 (2014: 1,000,000)	1,000	1,000

### 15 Reserves

	Profit and loss account £'000
At 1 April 2014	928
Profit for the financial year	782
<b>At 31 March 2015</b>	<b>1,710</b>

### 16 Reconciliation of movements in shareholders' funds

	31 March 2015 £'000	31 March 2014 £'000
Profit for the financial year	782	620
Opening shareholders' funds	1,928	1,308
<b>Closing shareholders' funds</b>	<b>2,710</b>	<b>1,928</b>

### 17 Leases

The Company had annual commitments under non-cancellable operating leases, as follows:

Commitment expires:	Land and buildings	
	2015 £'000	2014 £'000
Between two and five years	35	35
	<b>35</b>	<b>35</b>

# **Teapigs Limited**

## **Notes to the financial statements (continued)**

### **18 Parent company**

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

### **19 Related party transactions**

As the company is a wholly owned subsidiary of Tata Global Beverages Group Limited, advantage has been taken of the exemption afforded by FRS 8 not to disclose any related party transactions with members of the Group or associates and joint ventures of Tata Global Beverages Group Limited.

During the year, three children of one of the directors, N I Kilby, were employed by the company and were paid £2,710 in aggregate. There were no balances outstanding at the year end.