

**Teapigs Limited**

**Registered number 05426310**

**Annual Report and Financial Statements**

**Year ended 31 March 2021**

# Teapigs Limited

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# **Teapigs Limited**

## **Strategic report**

### **Strategic report for the year ended 31 March 2021**

The directors present their strategic report for the year ended 31 March 2021.

### **Principal activities**

Teapigs Limited (the “company”) is a private company limited by shares and is registered in England and Wales. The company’s primary activity is to source, market and distribute premium tea products.

### **Review of the business**

The company achieved sales of £13,158k (2020: £11,235k), a 17% improvement from the prior year mainly driven by growth in online sales partly offset by a decline in foodservice sales. The company made a profit for the financial year of £1,062k (2020: £863k). The improvement in profit is largely explained by the growth in sales. The net asset position of the company in the current financial year of £8,848k has increased from £7,786k (31 March 2020), with the increase attributed to the retained profit in the current financial year.

In the UK, Teapigs continue to dominate the “super-premium” tea sector. The company is now exporting to over 40 countries.

Covid-19 lockdown has not had a significant impact on the company in the short term. Retail and online sales have been stronger, reflecting an increase in in at home consumption and pantry loading, especially in the initial stages of the pandemic whilst foodservice sales have been weaker with many of our customers being closed during this period. To date the company has not suffered any supply disruptions but will continue to monitor and seek to mitigate this and other potential unknown risks through prompt action. For our Trade receivables, we are pleased to mention that we did not see any material impact in the collection pattern and we were able to collect all material outstanding within reasonable time. Based on the historical collection pattern and insurance covers in place, the company does not envisage any material risks for the trade receivables arising from the pandemic. We have further strengthened the already strong cash position during the period.

Our people are the most important asset we have in our business and lots of measures to protect them have been taken during these distressing times. Various initiatives were implemented and have been in force to ensure additional safety measures in the workplace to counter the spread of the disease such as demarcation of areas so that social distancing norms are observed, ensure adequate support and facilities to employees to enable them to operate out of their homes, limit the number of people in our office, and, for those who needed to come into work, ensure adequate medical materials such as sanitisers/masks, amongst others. These measures have been monitored on a frequent basis to ensure that there are strict adherence to the norms and we are pleased to announce that there has been no cases which has been transmitted in the workplace.

Teapigs is certified as a B-corp which means the business is certified by non-profit B Lab as voluntarily meeting higher standards of transparency, accountability and performance. The company continues to pursue a sustainable approach to tea sourcing to purchase tea. The company is a member of The Ethical Tea Partnership which works to improve the sustainability of tea production, the lives of tea workers, and the environment in which tea is produced. The company purchases tea products from Rainforest Alliance (“RA”) Certified TM farms and the company’s signature Everyday Brew blend is 100% RFA certified. The company runs its own ethical scheme which helps supports numerous projects for disadvantaged children in tea growing communities in Rwanda. The company is a member of foodservice trade body The Sustainable Restaurant Association.

# Teapigs Limited

## Strategic report (continued)

The company continues to pursue green credentials. The tea temples are made from biodegradable cornstarch. The inner pouches which protect the tea temples are made from compostable Natureflex material derived from wood pulp. Teapigs were the first tea brand to be awarded the “Plastic Free” mark from A Plastic Planet, an organisation committed to reducing plastic usage. This mark now appears across the teapigs range of tea temples. The outer 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.

### Key performance indicators

The directors consider that the key performance indicators for understanding the development and performance of the business are revenue and profitability. These have been discussed above.

### 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.

Covid-19 pandemic- Based on trends, the company believes that depending on prevalence of lockdown conditions in regions from where raw materials are sourced, disruptions to the supply chain cannot be ruled out. This is an area which will be dynamically reviewed and managed by the company. Future outlook will depend on how the pandemic evolves and the resultant impact on the company.

Currency movements - foreign exchange risk in relation to export revenues and import costs is monitored but due to the size of the company there is no company specific currency hedging program in place. The directors will keep this under review in conjunction with the parent company’s Treasury function.

Dependence on co-packer manufacturing of packed tea – This is managed by appropriate stock policies, maintaining a close relationship with our existing manufacturer and contingency planning including consideration of alternate supply.

### *Impact of Brexit*

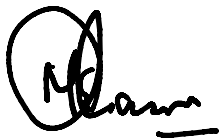
There has been regulatory changes to arrangements governing trading between the UK and the EU, following the conclusion of the trade and co-operation agreement reached between the UK and the EU in December 2020, in addition to the forging of new trading agreements between UK and rest of the world. This could give rise to supply and cost issues along with export sales disruption. The group had well developed plans in place to mitigate the effects of the UK departure from the EU such as pricing strategy, currency hedging, stock levels and latest available legal counsel. The transition to the ‘deal’ Brexit has been managed well and as a result the company has not suffered any material disruptions in its operations.

Going forward, the group plans to closely monitor changes to the regulatory and customs environment, adapting and modifying our supply chain as appropriate.

# Teapigs Limited

## Strategic report (continued)

Approved and authorised for issue on behalf of the Board

A handwritten signature in black ink, appearing to read 'M Thakrar', with a circular flourish at the beginning and a horizontal line at the end.

M Thakrar  
Director  
28 May 2021

# **Teapigs Limited**

## **Directors' report**

### **Directors' report for the year ended 31 March 2021**

The directors present their annual report and the audited financial statements for the year ended 31 March 2021.

### **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 beverage market through innovation.

### **Dividends**

The directors do not recommend the payment of a dividend (2020: nil). No ordinary dividends were declared, paid or proposed during the year (2020: 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

M Thakrar

A Ahmad (appointed 11 June 2020)

### **Directors' indemnities**

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

### **Going concern**

The directors confirm that they have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason they have adopted the going concern basis in preparing the financial statements. For further information please see note 2. In particular, as mentioned in the strategic report Covid-19 has created some uncertainties around increased consumer demand and potential supply constraints which the company believes have been well managed to date through a number of initiatives and as such does not envisage any material risks to the business outlook and balance sheet strength arising from the pandemic.

### **Events subsequent to the end of the financial year**

As at the date of this report, no matter or circumstance has arisen since 31 March 2021 that has significantly affected, or may significantly affect the company, its results or the state of affairs in future financial years.

### **Financial risk management and policies**

This has been outlined in the Strategic report.

# Teapigs Limited

## Directors' report (continued)

### 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 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 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 United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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

### Statement of disclosure of information to auditor

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

- so far as the director is aware, there is no relevant audit information of which the company's auditor are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor are aware of that information.

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

# Teapigs Limited

## Directors' report (continued)

### Independent auditor

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

Approved and authorised for issue on behalf of the Board

A handwritten signature in black ink, appearing to read 'M Thakrar', with a large circular flourish at the beginning.

M Thakrar  
Director  
28 May 2021



# Teapigs Limited

## Independent auditor's report to the members of Teapigs Limited

### Report on the audit of the financial statements

#### Opinion

In our opinion the financial statements of Teapigs Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 22.

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

#### Basis for opinion

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

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

#### Conclusions relating to going concern

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

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

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

#### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

# Teapigs Limited

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

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

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

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

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

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

# Teapigs Limited

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

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

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

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

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

### Report on other legal and regulatory requirements

#### Opinions on other matters prescribed by the Companies Act 2006

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

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

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

#### Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

# Teapigs Limited

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

### Use of our report

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



Sukhbinder Kooner (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
28 May 2021

# Teapigs Limited

## Statement of comprehensive income

For the year ended 31 March 2021

	Note	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
<b>Revenue</b>	5	<b>13,158</b>	11,235
Cost of sales		(7,079)	(6,364)
<b>Gross profit</b>		<b>6,079</b>	4,871
Distribution costs		(2,095)	(1,565)
Administrative expenses		(2,749)	(2,339)
<b>Operating profit</b>	6	<b>1,235</b>	967
Finance income	8	105	115
Finance costs	8	(14)	(17)
<b>Profit before taxation</b>		<b>1,326</b>	1,065
Income tax expense	9	(264)	(202)
<b>Profit for the financial year</b>		<b>1,062</b>	863
<b>Total comprehensive income for the financial year</b>		<b>1,062</b>	863

*The notes on pages 16 to 31 are an integral part of these financial statements.*

All results relate to continuing operations.

# Teapigs Limited

## Statement of financial position

As at 31 March 2021

	Note	31 March 2021 £'000	31 March 2020 £'000
<b>Non-current assets</b>			
Intangible assets	10	44	63
Tangible assets	11	58	77
Right-of-use assets	12	342	447
		<b>444</b>	587
<b>Current assets</b>			
Inventories	14	1,939	2,583
Trade and other receivables	15	2,802	2,823
Cash and cash equivalents	16	6,210	4,375
Deferred tax asset	9	13	13
		<b>10,964</b>	9,794
<b>Current liabilities</b>			
Lease liability	17	(86)	(109)
Creditors - amounts falling due within one year	18	(2,191)	(2,117)
		<b>(2,277)</b>	(2,226)
<b>Net current assets</b>		<b>8,687</b>	7,568
<b>Total assets less current liabilities</b>		<b>9,131</b>	8,155
<b>Non-current liabilities</b>			
Lease liability	17	(283)	(369)
		<b>(283)</b>	(369)
<b>Net assets</b>		<b>8,848</b>	7,786
<b>Equity</b>			
Called up share capital	19	1,000	1,000
Retained earnings		7,848	6,786
<b>Shareholders' fund</b>		<b>8,848</b>	7,786

The notes on pages 16 to 31 are an integral part of these financial statements.

The financial statements on pages 13 to 31 were approved by the Board on 27 May 2021 and signed on its behalf by:



M Thakrar  
Director  
28 May 2021

Teapigs Limited  
Registered number 05426310

# Teapigs Limited

## Statement of Changes in Equity

For the year ended 31 March 2021

	Share capital £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 April 2019	1,000	5,954	6,954
Adjustments as a result of adoption of IFRS 16	-	(31)	(31)
Balance as at 1 April 2019, adjusted	1,000	5,923	6,923
Profit for the financial year	-	863	863
Total comprehensive income for the financial year	-	863	863
Balance as at 31 March 2020	1,000	6,786	7,786
<b>Balance as at 1 April 2020</b>	<b>1,000</b>	<b>6,786</b>	<b>7,786</b>
Profit for the financial year	-	1,062	1,062
<b>Total comprehensive income for the financial year</b>	<b>-</b>	<b>1,062</b>	<b>1,062</b>
<b>Balance as at 31 March 2021</b>	<b>1,000</b>	<b>7,848</b>	<b>8,848</b>

*The notes on pages 16 to 31 are an integral part of these financial statements.*

# Teapigs Limited

## Notes to the financial statements for the year ended 31 March 2021

### 1. General Information

Teapigs Limited's ("the company") principal activity is the sale, marketing and distribution of tea. The company is a wholly owned subsidiary of Tata Consumer Products GB Limited, which in turn is an indirect subsidiary of the ultimate parent company Tata Consumer Products Limited incorporated in India.

The company is a private company limited by shares and is incorporated, registered and domiciled in England and Wales. The address of its registered office is 1, The Old Pumping Station, Pump Alley, Brentford, Middlesex, TW8 0AP.

These financial statements are separate financial statements. The company is exempt from the preparation and delivery of consolidated financial statements, because it is included in the group financial statements of Tata Consumer Products UK Group Limited ("the Group"). The group financial statements of Tata Consumer Products UK Group Limited are available to the public and can be obtained from its registered office address set out in note 21.

### 2. Summary of significant accounting policies

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

#### (a) Basis of preparation

The financial statements Teapigs Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, in accordance with the Companies Act 2006, as applicable to companies using FRS 101.

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

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

- 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)
- IFRS 7 Financial Instruments
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d), (statement of cash flows),
  - 16 (statement of compliance with all IFRS),
  - 111 (cash flow statement information),
  - 134-136 (capital management disclosures)
- IAS 7, 'Statement of cash flows',



# Teapigs Limited

## Notes to the financial statements for the year ended 31 March 2021

### 2. Summary of significant accounting policies (continued)

#### (a) Basis of preparation (continued)

- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation),
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group, and
- The requirements of paragraphs 30 and 31 of IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors'.
- The requirements of Section 33 Related Party Disclosures paragraph 33.7
- 

#### (b) Going concern

In adopting the going concern basis for preparing the financial statements, the directors have considered the business activities as set out on page 3 and the company's principal risks and uncertainties as set out on page 4. Based on the company's balance sheet showing a net asset position of £8.8m at 31 March 2021 including cash of £6.2m and the forecasts and projections, taking account of reasonably possible changes in trading performance based on recent trends observed, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Covid-19 has created significant uncertainties in the general business environment within countries in which the group operates. The company's product range consist of items for every day consumption and based on trends observed, revenue has not been adversely impacted by the business uncertainties arising out of the covid-19 pandemic, except for in the out of home segment which has been impacted by the lockdown conditions. Potential constraints around manufacturing and supply chain have been well managed to date through a number of initiatives. In line with FRC guidelines, the directors have also considered reverse stress testing in the evaluation for Going Concern. Considering the business scenario as explained herein above, the strength of the balance sheet, the cash position, it can be concluded that there is sufficient liquidity within the business for it to carry on its operations for the foreseeable future i.e. the next 12 months. The continuing future impact on the business environment would largely be dependent on how the pandemic develops.

#### (c) Change in accounting policy and disclosure

##### *(i) New accounting standards 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 2020 and have had a material impact on the company.

# Teapigs Limited

## Notes to the financial statements for the year ended 31 March 2021

### 2. Summary of significant accounting policies (continued)

#### (c) Change in accounting policy and disclosure (continued)

##### *(ii) New standards, amendments and interpretations not yet 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:

- IFRS 17. 'Insurance Contracts'
- Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4)
- IAS 1 "Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)
- Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)
- Annual Improvements to IFRS Standards 2018-2020 Cycle
- Reference to the Conceptual Framework (Amendments to IFRS 3)
- Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)
- Covid-19-Related Rent Concessions (Amendment to IFRS 16)

#### (d) Consolidated financial statements

The company has taken advantage of the exemption provided by Section 400 of the Companies Act 2006 not to prepare group financial statements as the results are included in the consolidated financial statements of Tata Consumer Products UK Group Limited. The address of its registered office of Tata Consumer Products UK Group Limited is 325 Oldfield Lane North, Greenford, Middlesex, UB6 0AZ. These financial statements are the company's separate financial statements.

#### (e) Functional and presentation currency

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

#### (f) Revenue from contracts with customers

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

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

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

The company 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.

# Teapigs Limited

## Notes to the financial statements for the year ended 31 March 2021

### 2. Summary of significant accounting policies (continued)

#### (g) Finance income

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

#### (h) Tangible assets

Property, plant and equipment are stated at 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 on a straight line basis of that asset as follows:

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

#### (i) Intangible assets

Computer software is stated at cost less accumulated amortisation and accumulated impairment losses. Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software and computer software development costs recognised as assets are amortised over their estimated useful lives, which range between 3 to 5 years using the straight-line method.

#### (j) Investments

Investments represent equity investment in subsidiary undertakings and are shown at cost less provision for accumulated impairment losses. At each reporting date investments are reviewed to determine whether there is any indication of impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected investment is estimated and compared with its

# **Teapigs Limited**

## **Notes to the financial statements for the year ended 31 March 2021**

### **2. Summary of significant accounting policies (continued)**

#### **(j) Investments (continued)**

carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the income statement.

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

#### **(k) Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

#### **(l) Trade and other receivables**

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not they are represented as non-current assets.

#### **(m) Cash and cash equivalents**

Cash and cash equivalents include cash in hand and deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less. In the statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

#### **(n) Creditors**

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. If the payment is expected to be made within one year or less (or in the normal operating cycle of the business, if longer), they are classified as current liabilities. If not they are classified as non-current liabilities.

#### **(o) Pension and other post-retirement benefit arrangements**

The company operates a defined contribution pension plan. The company pays contributions to publicly or privately administered pension insurance plans. The company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

# Teapigs Limited

## Notes to the financial statements for the year ended 31 March 2021

### 2. Summary of significant accounting policies (continued)

#### **(p) Employee benefits –incentive schemes**

An accrual is recognised for the amounts expected to be paid under incentive schemes if a present legal or constructive obligation as a result of past services provided exists and the obligation can be estimated reliably.

#### **(q) 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.

#### **(r) Related party transactions**

As the company is a wholly owned subsidiary of Tata Consumer Products UK Group Limited, advantage has been taken of the exemption afforded by IAS 24 not to disclose any related party transactions with wholly owned members of the Group.

#### **(s) Foreign currency translation**

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.

#### **(t) Taxation**

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

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

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred Income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

# Teapigs Limited

## Notes to the financial statements for the year ended 31 March 2021

### 2. Summary of significant accounting policies (continued)

#### (t) Taxation (continued)

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws)

that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

#### (u) Leases

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

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

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

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

# **Teapigs Limited**

## **Notes to the financial statements for the year ended 31 March 2021**

### **2. Summary of significant accounting policies (continued)**

#### **(u) Leases (continued)**

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 lease term.

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

### **3. 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 trade and other receivables*

The company makes an estimate of the recoverable value of trade and other receivables. When assessing impairment of receivables, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 14 for the net carrying amount of the debtors and associated impairment provision.

##### *(ii) Inventory provisioning*

The company markets and distributes tea and is subject to changing consumer and retailer demands. As a result it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods. See note 13 for the net carrying amount of the inventory and associated provision.

#### **Judgements**

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

### **4. Auditor's remuneration**

The Company's fees payable to the auditor for the audit of the company's financial statements were £40k (2020: £39k).

# Teapigs Limited

## Notes to the financial statements for the year ended 31 March 2021

### 5. Revenue

The sale of the company's products is regarded as a single class of business. The destination of the company's turnover for the year ended 31 March 2021 is as follows: United Kingdom £11,993k (2020: £10,233k); Rest of the World £1,165k (2020: £1,002k).

### 6. Operating profit

Operating profit is stated after charging:

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
<b>The operating profit is stated after charging:</b>		
Wages and salaries	1,570	1,398
Social security costs	148	151
Other pension costs	98	74
<b>Staff costs</b>	<b>1,816</b>	<b>1,623</b>
Depreciation on Right-of-use assets	105	105
Depreciation of fixed assets - owned assets	31	35
Operating lease rentals - other	38	54
Amortisation of intangibles	19	14
Foreign exchange (gains) / losses	(24)	22

### 7. Directors and employees

The emoluments of the directors were as follows:

	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000
Aggregate emoluments	128	180
Aggregate amounts receivable under incentive schemes	52	93
Other pension costs	10	10
<b>Total</b>	<b>190</b>	<b>283</b>

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

	2021 Monthly average number	2020 Monthly average number
Selling	27	24
Distribution	7	4
Administration and others	7	7
<b>Total</b>	<b>41</b>	<b>35</b>



# Teapigs Limited

## Notes to the financial statements for the year ended 31 March 2021

### 7. Directors and employees (continued)

Emoluments of the highest paid director were £138,393 (2020: £128,484) and receivable of £52,331 under incentive scheme (2020: receivable under incentive scheme of £46,323) and is subject to discretionary compensation rules.

The Company operates defined contribution retirement benefit schemes for employees and accordingly benefits are accruing to one director (2020: one director). The assets of the schemes are held separately from those of the Company in funds under the control of trustees. Where there are employees who leave the schemes prior to vesting fully in the contributions, the contributions payable by the Company are reduced by the amount of forfeited contributions.

Two directors are employees of Tata Consumer Products GB Limited who are remunerated for their services to the Group as a whole and no remuneration has been given to him by the company (2020: Nil).

### 8. Finance income and finance costs

#### Finance income

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Interest income from intercompany loans	105	115
<b>Total</b>	<b>105</b>	<b>115</b>

#### Finance costs

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Interest on Finance leases	14	17
<b>Total</b>	<b>14</b>	<b>17</b>

# Teapigs Limited

## Notes to the financial statements for the year ended 31 March 2021

### 9. Income tax expense

The tax assessed on the profit on ordinary activities is equivalent to (2020: higher than) the standard rate of corporation tax in the UK of 19% (2020 19%).

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
<b>Current tax:</b>		
UK corporation tax on profits for the financial year	252	200
Adjustments in respect of prior years	-	-
Total current tax charge for the year	252	200
<b>Deferred tax:</b>		
	-	
Origination and reversal of timing differences		2
Adjustments in respect of prior years		-
	12	
<b>Tax on profit before taxation</b>	<b>264</b>	<b>202</b>
	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Profit on ordinary activities before tax	1,326	1,065
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2019: 19%)	252	202
Adjusting for the effects of:		
Expenses not deductible for tax purposes	-	-
Adjustments to tax charge in respect of prior years	12	-
<b>Tax charge</b>	<b>264</b>	<b>202</b>

# Teapigs Limited

## Notes to the financial statements for the year ended 31 March 2021

### 9. Income tax expense (continued)

#### Deferred tax

Deferred tax consists of the following:

	Property, plant and equipment £'000	Total £'000
<b>At 1 April 2019</b>	(15)	(15)
Credited to the income statement	2	2
<b>At 31 March 2020</b>	(13)	(13)
Credited to the income statement	-	-
<b>At 31 March 2021</b>	(13)	(13)

	Year Ended 31 March 2021 £'000	Year Ended 31 March 2020 £'000
<b>Deferred tax asset - less than 12 months</b>	<b>13</b>	<b>13</b>

A deferred tax asset has been recognised based on the expectation that the company will generate future taxable profits.

#### **Factors that may affect future tax:**

Changes to the UK corporation tax have been announced by the UK government in the March 2021 Budget, to be introduced in Finance Bill 2021, to increase the main rate of corporate tax from 19% to 25% with effect 1 April 2023. As the changes have not been substantively enacted at the balance sheet date deferred taxes have been measured using the current corporate tax rate of 19% in these financial statements.

### 10. Intangible assets

	Capitalised Software £'000	Total £'000
<b>Cost</b>		
At 1 April 2020	128	128
Additions	-	-
<b>At 31 March 2021</b>	<b>128</b>	<b>128</b>
<b>Depreciation</b>		
At 1 April 2020	65	65
Charge for the year	19	19
<b>At 31 March 2021</b>	<b>84</b>	<b>84</b>
<b>Net book amount</b>		
<b>At 31 March 2021</b>	<b>44</b>	<b>44</b>
At 31 March 2020	63	63

Amortisation is charged to administrative expenses within the income statement.

# Teapigs Limited

## Notes to the financial statements for the year ended 31 March 2021

### 11. Tangible assets

	Fixtures and Fittings £'000	Computer equipment £'000	Motor Vehicles £'000	Total £'000
<b>Cost</b>				
At 1 April 2020	180	87	47	314
Additions	-	12	-	12
Disposals	-	-	-	-
<b>At 31 March 2021</b>	<b>180</b>	<b>99</b>	<b>47</b>	<b>326</b>
<b>Depreciation</b>				
At 1 April 2020	179	54	4	237
Charge for the year	-	20	11	31
<b>At 31 March 2021</b>	<b>179</b>	<b>74</b>	<b>15</b>	<b>268</b>
<b>Net book amount</b>				
<b>At 31 March 2021</b>	<b>1</b>	<b>25</b>	<b>32</b>	<b>58</b>
At 31 March 2020	1	33	43	77

### 12. Right-of-use assets

	Buildings £'000
<b>Cost</b>	
At 1 April 2020	552
On account of transition to IFRS 16	-
Additions	-
Disposals	-
<b>At 31 March 2021</b>	<b>552</b>
<b>Depreciation</b>	
At 1 April 2020	105
Charge for the year	105
<b>At 31 March 2021</b>	<b>210</b>
<b>Net book amount</b>	
<b>At 31 March 2021</b>	<b>342</b>
At 31 March 2020	447

### 13. Investments

The company holds a 100% equity investment in the ordinary share capital of Teapigs US LLC at a historical cost of £100 (2020: £100), a company incorporated in United States of America with its registered office address at 117 Grattan St #320, Brooklyn, NY 11237, United States. The company is in the business of selling tea. The directors believe that the carrying value of the investment does not require any impairment. Provision for impairment is Nil (2020: Nil).

# Teapigs Limited

## Notes to the financial statements for the year ended 31 March 2021

### 14. Inventory

	31 March 2021 £'000	31 March 2020 £'000
Finished goods	1,939	2,583
<b>Total</b>	<b>1,939</b>	<b>2,583</b>

The amount shown for finished goods is not materially different from the replacement cost of those finished goods to the company. Inventory is stated after provision for impairment of £44k (2020: £154k).

The cost of inventories recognised as an expense and included in 'cost of sales' amounted to £7,079k (2020: £6,364k).

### 15. Trade and other receivables

	31 March 2021 £'000	31 March 2020 £'000
Trade receivables	2,332	1,859
Amounts owed by group undertakings	314	716
Other receivables	156	248
<b>Total</b>	<b>2,802</b>	<b>2,823</b>

Amounts owed by group undertaking includes a balance of £Nil (2020: £453k) with Teapigs US LLC with the loan having been repaid during the year. Interest was charged at variable rates of 2% above LIBOR and the loan was unsecured.

The remaining amount of £314k (2020: £263k) owed by group undertaking represents a trading balance with Teapigs US LLC which is unsecured, repayable on demand and non-interest bearing.

Trade receivables are stated after provisions for impairment of £10k (2020: £28k). Movements on the provision for impairment of trade receivables are as follows:

	2021 £'000	2020 £'000
As at 1 April	28	10
Provision for impairment	12	26
Receivables written off during the year as uncollectible	(15)	(1)
Unused amounts reversed	(15)	(7)
<b>As at 31 March</b>	<b>10</b>	<b>28</b>

# Teapigs Limited

## Notes to the financial statements for the year ended 31 March 2021

### 16. Cash and cash equivalents

	31 March 2021 £'000	31 March 2020 £'000
Cash and cash equivalents	6,210	4,375
<b>Total</b>	<b>6,210</b>	<b>4,375</b>

### 17. Leases

	31 March 2021 £'000	31 March 2020 £'000
<b>Liability Split</b>		
Current lease liability	86	109
Non-current lease liability	283	369
<b>Total Lease Liability</b>	<b>369</b>	<b>478</b>

#### Contractual maturities of lease liabilities on an undiscounted basis:

Less than one year	96	123
One to two years	71	92
Two to three years	71	71
Three to four years	71	71
Four to five years	71	71
More than five years	35	91
<b>Total</b>	<b>414</b>	<b>518</b>

The cash outflow for leases during the year was £109k (2020: £105k).

### 18. Creditors - amounts falling due within one year

	31 March 2021 £'000	31 March 2020 £'000
Trade creditors	302	542
Accruals and deferred income	427	407
Amounts owed to group undertakings	1,462	1,168
<b>Total</b>	<b>2,191</b>	<b>2,117</b>

Amount owed to group undertakings consist of a loan from its parent, Tata Consumer Products GB Limited £1,462k (2020: £1,168k). The loan is non-interest bearing and unsecured. The principal is repayable on demand by the lender.

# Teapigs Limited

## Notes to the financial statements for the year ended 31 March 2021

### 19. Called up share capital

	Number '000	31 March 2021 £'000	31 March 2020 £'000
<b>Authorised</b>			
Ordinary shares of £1 each	10,000,000 (2020: 10,000,000)	<b>10,000</b>	10,000
<b>Allotted, called up and fully paid</b>			
Ordinary shares of £1 each	1,000 (2020: 1,000)	<b>1,000</b>	1,000

### 20. Events after the end of the reporting period

As at the date of this report, no matter or circumstance has arisen since 31 March 2021 that has significantly affected, or may significantly affect the company, its results or the state of affairs.

### 21. Parent company

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

### 22. Related party transactions

As the company is a wholly owned subsidiary of Tata Consumer Products UK Group Limited, advantage has been taken of the exemption afforded by IAS 24 not to disclose any related party transactions with wholly owned members of the Group.