

Teapigs US LLC

Management accounts

Year ended 31 March 2021

Approved on behalf of board

A handwritten signature in black ink, appearing to read 'M Thakrar', with a horizontal line underneath the name.

M Thakrar
28 May 2021

Teapigs US LLC

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Teapigs US LLC

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 Tata Consumer Products UK Group Limited Accounting policies.

Function and presentation currency financial statements

The company's functional and presentation currency is US dollars.

Property, plant and equipment

Property, plant and equipment 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:

Fixtures and Fittings - 2 to 5 years

Intangible asset - computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the company are recognised as intangible assets when the following criteria are met:

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

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

Computer software development costs recognised as assets are amortised over their estimated useful lives, which range between 3 to 5 years.

Revenue from contracts with customer

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.

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Accounting policies

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 company 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.

Inventory

Inventory is 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.

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.

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 separately in current liabilities.

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.

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.

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Income statement and statement of comprehensive income Year ended 31 March 2021

	Note	Year ended 31 March 2021 \$'000	Year ended 31 March 2020 \$'000
Revenue	1	3,101	2,658
Cost of sales		(1,543)	(1,491)
Gross profit		1,558	1,167
Selling, marketing and distribution costs		(556)	(503)
Administrative expenses		(812)	(711)
Operating loss	2	190	(47)
Interest expense		(27)	(41)
Loss on ordinary activities before taxation		163	(88)
Income tax expense		-	-
Loss for the financial year		163	(88)

The company has no other comprehensive income.

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Statement of financial position As at 31 March 2021

	Note	31 March 2021 \$'000	31 March 2020 \$'000
Non-current assets			
Property, plant and equipment	3	12	15
Intangible assets	4	-	-
		12	15
Current assets			
Inventory	5	817	818
Trade and other receivables	6	326	431
Cash		-	-
		1,143	1,249
Current Liabilities			
Bank Overdraft		(1,437)	(1,155)
Creditors - amounts falling due within one year	7	(748)	(1,302)
		(2,185)	(2,457)
Net assets		(1,030)	(1,193)
Equity			
Called up share capital		-	-
Retained earnings		(1,030)	(1,193)
Total Equity		(1,030)	(1,193)

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Statement of changes in equity As at 31 March 2021

	Share capital \$'000	Retained earnings \$'000	Total equity \$'000
Balance as at 1 April 2019	-	(1,105)	(1,105)
Loss for the financial year	-	(88)	(88)
Other comprehensive loss for the financial year	-	-	-
Total comprehensive loss for the financial year	-	(88)	(88)
Balance as at 31 March 2020	-	(1,193)	(1,193)
Balance as at 1 April 2020	-	(1,193)	(1,193)
Loss for the financial year	-	163	163
Other comprehensive loss for the financial year	-	-	-
Total comprehensive loss for the financial year	-	163	163
Balance as at 31 March 2021	-	(1,030)	(1,030)

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Notes to the financial statements

1 Revenue

The principal activity of the company is the marketing and distribution of tea in the USA, which is regarded by the directors as a single class of business.

2 Operating profit

	Year ended 31 March 2021 \$'000	Year ended 31 March 2020 \$'000
The operating loss is stated after charging:		
Wages and salaries	376	426
Social security costs	22	19
Other pension costs	13	13
Staff costs	411	458
Depreciation	9	7
Amortisation	-	1

3 Property, plant and equipment

	Fixtures and fittings \$'000
Cost	
At 1 April 2020	38
Additions	6
At 31 March 2021	44
Depreciation	
At 1 April 2020	23
Charge for the year	9
At 31 March 2021	32
Net book amount	
At 31 March 2021	12
At 31 March 2020	15

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Notes to the financial statements (continued)

4 Intangible assets – computer software

	Computer software \$'000	Total \$'000
Cost		
At 1 April 2020	12	12
Additions	-	-
At 31 March 2021	12	12
Depreciation		
At 1 April 2020	12	12
Charge for the year	-	-
At 31 March 2021	12	12
Net book amount		
At 31 March 2021	-	-
At 31 March 2020	-	-

5 Inventory

	31 March 2021 \$'000	31 March 2020 \$'000
Finished goods	817	818

6 Trade and other receivables

	31 March 2021 \$'000	31 March 2020 \$'000
Amounts due within one year:		
Trade receivables considered	273	371
Trade receivables considered doubtful	-	-
	273	371
Less: Allowance for doubtful debtors	-	-
Net Trade Receivables	273	371
Amounts owed by group undertakings	21	21
Prepayments	27	34
Other taxation	5	5
Other Receivables	32	39
Total Trade and Other Receivables	326	431

Amounts owed to group undertakings consists of a balance due from Tata Consumer Products GB Limited. The balance owed is non-interest bearing, unsecured and repayable on demand.

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Notes to the financial statements (continued)

7 Creditors - amounts falling due within one year

	31 March	31 March
	2021	2020
	\$'000	\$'000
Trade creditors	252	269
Amounts owed to group undertakings	449	974
Accruals and deferred income	47	59
Total	748	1,302

Amounts owed to group undertakings mainly consists of a trading balance of \$410k (2020: \$357k) and a loan of \$Nil (2020: \$583k) both with Teapigs Limited. The balances are both non-interest bearing, unsecured and repayable on demand.

8 Parent company

The immediate parent undertaking is Teapigs Limited. The smallest parent 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 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 Consumer Products Limited, a company registered in India. The consolidated financial statements of Tata Consumer Products Limited are available from 1 Bishop Lefroy Road, Kolkata, India.