Company Number: 05426310

Teapigs Limited

Annual report and financial statements

Year ended 31 March 2022

Contents

Reports

Financial statements

The directors present their strategic report for the year ended 31 March 2022.

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 £14,043k (2021: £13,158k), a 7% improvement from the prior year mainly driven by growth in foodservice sales, with consumers returning to drinking tea out of home with Covid 19 restrictions largely coming to an end during the financial year. The company made a profit for the financial year of £1,009k (2021: £1,062k) . The maintenance of profit at prior year levels reflects the increase in sales, offset by an increase in operating costs driven by the set-up of a new warehouse facility and other inflationary increases. The net asset position of the company in the current financial year of £9,857k has increased from £8,848k (31 March 2021), with the increase attributed to the retained profit in the current financial year.

In the UK, Teapigs continue to lead the "super-premium" tea sector. The company is exporting to over 40 countries.

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 ™ 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 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. 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:

Price risk - 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.

Foreign currency risk - foreign exchange risk in relation to export revenues and import costs is managed by the parent company's Treasury function using spot, forward exchange contracts.

Dependence on 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.

Approved and authorised for issue on behalf of the Board

M Thakrar
Director
31 May 2022

The directors present their annual report and the audited financial statements for the year ended 31 March 2022.

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 (2021: nil). No ordinary dividends were declared, paid or proposed during the year (2021: nil) and none have been declared since the balance sheet date (2021: 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

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 determined that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and financial statements. For further information please see note 2.

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 2022 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

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

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

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

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

(i) Liquidity risk

The company ensures that there is adequate financing available through intercompany funding arrangements with group companies and a multi-party, multi-currency notional cash pool arrangement held with HSBC Bank PLC, London to fund growth and has adequate capacity to comfortably meet its expected peak funding requirements. The company considers that the Group cash reserves are sufficient for this purpose. Should the overall structure change the company is confident that debt can be raised by the Group from the market on attractive terms.

(ii) Foreign currency exchange rates risk

Foreign exchange risk in relation to export revenues and import costs and the treasury policy as approved by the Group provides a framework to manage these risks. The application of the policy together with the management of day to day treasury operations is managed by Group treasury function.

(iii) Credit risk

The company's credit risks are reasonably well spread across customers. Whilst the majority of customers have good credit ratings, where this is not the case other measures are used to mitigate credit risks, for example risk monitoring services and credit insurance. The company recognised no significant credit losses during the financial year.

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 is unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

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

Independent auditor

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

Approved and authorised for issue on behalf of the Board

DocuSigned by:
AF3D0EDEA3904C9...

M Thakrar
Director
31 May 2022

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 2022 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.

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

We have nothing to report in this regard.

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

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

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

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

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

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

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

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

- Revenue recognition (completeness): We obtained an understanding of the key revenue processes and selected a sample of orders and agreed them back to invoice and delivery of goods.

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

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

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

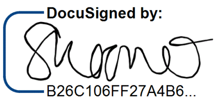
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

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

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

We have nothing to report in respect of these matters.

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



Sukhbinder Kooner (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
31 May 2022

Teapigs Limited

Income Statement for the year ended 31 March 2022
(All amounts in £ thousands unless otherwise stated)

	Note	2022	2021
Revenue	5	**14,043**	13,158
Cost of sales		**(7,370)**	(7,079)
Gross profit		**6,673**	6,079
Distribution costs		**(2,371)**	(2,095)
Administrative expenses		**(3,180)**	(2,749)
Operating profit	6	**1,122**	1,235
Finance income	8	**140**	105
Finance costs	8	**(19)**	(14)
Profit before taxation		**1,243**	1,326
Income tax expense	9	**(234)**	(264)
Profit for the financial year		**1,009**	1,062
Total comprehensive income for the financial year		**1,009**	1,062

The notes on pages 14 to 26 are an integral part of these financial statements.

All results relate to continuing operations.

Teapigs Limited

Balance sheet as at 31 March 2022
(All amounts in £ thousands unless otherwise stated)

	Note	As at 31 March 2022	As at 31 March 2021
Non-current assets			
Intangible assets	10	**32**	44
Tangible assets	11	**121**	58
Right-of-use assets	12	**649**	342
		802	444
Current assets			
Inventories	14	**3,479**	1,939
Trade and other receivables	15	**3,233**	2,802
Cash and cash equivalents	16	**6,581**	6,210
Deferred tax asset	9	**-**	13
		13,293	10,964
Current liabilities			
Lease liability	17	**(150)**	(86)
Creditors - amounts falling due within one year	18	**(3,560)**	(2,191)
Deferred tax liability	9	**(1)**	-
		(3,711)	(2,277)
Net current assets		**9,582**	8,687
Total assets less current liabilities		**10,384**	9,131
Non-current liabilities			
Lease liability	17	**(527)**	(283)
		(527)	(283)
Net assets		**9,857**	8,848
Equity			
Called up share capital	19	**1,000**	1,000
Retained earnings		**8,857**	7,848
Shareholders' fund		**9,857**	8,848

The notes on pages 14 to 26 are an integral part of these financial statements.

The financial statements on pages 11 to 26 were approved by the Board on 26 May 2022 and signed on its behalf by:

DocuSigned by:

AF3D0EDEA3904C9...

M Thakrar
Director
31 May 2022

Teapigs Limited
Registered number 05426310

	Share capital £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 April 2020	1,000	6,786	7,786
Profit for the financial year	-	1,062	1,062
Total comprehensive income for the financial year	-	1,062	1,062
Balance as at 31 March 2021	1,000	7,848	8,848
Balance as at 1 April 2021	**1,000**	**7,848**	**8,848**
Profit for the financial year	-	1,009	1,009
Total comprehensive income for the financial year	**-**	**1,009**	**1,009**
Balance as at 31 March 2022	**1,000**	**8,857**	**9,857**

The notes on pages 14 to 26 are an integral part of these financial statements.

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, under section 400 of the Companies Act 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',
- 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 the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.
- The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 58, 90, 91 and 93 of IFRS 16 Leases.

(a) 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 £9.8m at 31 March 2022 including cash of £6.6m and the forecasts and projections, taking account of reasonably possible changes in trading performance based on recent trends observed, the directors have determined that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and financial statements.

(b) 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 2021 and have had a material impact on the company.

(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' and 'disclosure of accounting policies' (Amendments to IAS 1)
- IAS 8 'Definition of accounting estimates' (Amendments to IAS 8)
- IAS 12 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction' (Amendments to IAS 12)
- Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)
- Annual Improvements to IFRS Standards 2018-2020 Cycle
- Reference to the Conceptual Framework (Amendments to IFRS 3)
- Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)
- Covid-19-Related Rent Concessions (Amendment to IFRS 16)

(c) Functional and presentation currency

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

(d) 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.

(e) 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.

(f) 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

(g) 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.

(h) 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 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.

(j) 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.

(k) 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.

(l) 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.

(m) 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.

(n) 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.

(o) 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.

(p) 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.

(q) 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.

(r) 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.

(s) 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.

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.

(t) 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.

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

In applying the company's accounting policies, which are described in note 2, management is required to make:

- judgments (other than those involving estimations) that have a significant impact on the amounts recognised; and

- estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There are no critical judgments or key sources of estimation uncertainty 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 (2021: £40k).

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 2022 is as follows: United Kingdom £12,832k (2021: £11,993k); Rest of the World £1,211k (2021: £1,165k).

6. Operating profit

Operating profit is stated after charging:

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
The operating profit is stated after charging:		
Wages and salaries	**1,907**	1,570
Social security costs	**195**	148
Other pension costs	**106**	98
Staff costs	**2,208**	1,816
Depreciation on Right-of-use assets	**156**	105
Depreciation of Tangible assets - owned assets	**39**	31
Amortization of intangibles	**14**	19
Foreign exchange losses / (gains)	**80**	(24)

The cost of inventories recognised as an expense and included in 'cost of sales' amounted to £7,370k (2021: £7,079k).

7. Directors and employees

The emoluments of the directors were as follows:

	Year ended 31 March 2022 £000	Year ended 31 March 2021 £000
Aggregate emoluments	**141**	128
Aggregate amounts receivable under incentive schemes	**78**	52
Other pension costs	**11**	10
Total	**230**	190

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

	2022 Monthly average number	2021 Monthly average number
Selling	**27**	27
Distribution	**7**	7
Administration and others	**7**	7
Total	**41**	41

Emoluments of the highest paid director were £151,919 (2021: £138,393) and receivable of £77,744 under incentive scheme (2021: receivable under incentive scheme of £52,331) 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 (2021: 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 (2021: 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 (2021: Nil).

8. Finance income and finance costs

Finance income

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Interest income from intercompany loans	**140**	105
Total	**140**	105

Finance costs

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Interest on Finance leases	**19**	14
Total	**19**	14

9. Income tax expense

The tax assessed on the profit on ordinary activities is lower than (2021: equivalent to) the standard rate of corporation tax in the UK of 19% (2021: 19%).

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Current tax:		
UK corporation tax on profits for the financial year	**220**	252
Adjustments in respect of prior years	**-**	-
Total current tax charge for the year	**220**	252
Deferred tax:		
Origination and reversal of timing differences	**14**	-
Adjustments in respect of prior years	**-**	12
Tax on profit before taxation	**234**	264

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Profit on ordinary activities before tax	**1,243**	1,326
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2019: 19%)	**236**	252
Adjusting for the effects of:		
Expenses not deductible for tax purposes	**5**	-
Enhanced allowances	**(7)**	-
Adjustments to tax charge in respect of prior years	**-**	12
Tax charge	**234**	264

Deferred tax

Deferred tax consists of the following:

	Property, plant and equipment £'000	**Total £'000**
At 1 April 2020	(13)	(13)
Credited to the income statement	-	-
At 31 March 2021	(13)	(13)
Charged to the income statement	**14**	**14**
At 31 March 2022	**1**	**1**

	Year Ended 31 March 2022 £'000	Year Ended 31 March 2021 £'000
Deferred tax asset - to be recovered within 12 months	**-**	13
Deferred tax liability - to be paid within 12 months	**1**	-

Factors that may affect future tax:

The Finance Act 2021 was substantially enacted in May 2021 and as a result the main UK corporation tax will increase from 19% to 25% with effect 1 April 2023. The deferred taxation balances have been measured using the rates expected to apply in the reporting periods when the timing differences reverse.

10. Intangible assets

	Capitalised Software £'000	Total £'000
Cost		
At 1 April 2021	128	128
Additions	2	2
At 31 March 2022	**130**	**130**
Depreciation		
At 1 April 2021	84	84
Charge for the year	14	14
At 31 March 2022	**98**	**98**
Net book amount		
At 31 March 2022	**32**	**32**
At 31 March 2021	44	44

Amortisation is charged to administrative expenses within the income statement.

11. Tangible assets

	Fixtures and Fittings £'000	Computer equipment £'000	Motor Vehicles £'000	Total £'000
Cost				
At 1 April 2021	180	99	47	326
Additions	58	44	-	102
At 31 March 2022	**238**	**143**	**47**	**428**
Depreciation				
At 1 April 2021	179	74	15	268
Charge for the year	9	22	8	39
At 31 March 2022	**188**	**96**	**23**	**307**
Net book amount				
At 31 March 2022	**50**	**47**	**24**	**121**
At 31 March 2021	1	25	32	58

12. Right-of-use assets

	Buildings £'000	Total £'000
Cost		
At 1 April 2021	552	552
Additions	463	463
At 31 March 2022	**1,015**	**1,015**
Depreciation		
At 1 April 2021	210	210
Charge for the year	156	156
At 31 March 2022	**366**	**366**
Net book amount		
At 31 March 2022	**649**	**649**
At 31 March 2021	342	342

13. Investments

The company holds a 100% equity investment in the ordinary share capital of Teapigs US LLC at a historical cost of £100 (2021: £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 (2021: Nil).

14. Inventory

	31 March 2022 £'000	31 March 2021 £'000
Finished goods	**3,479**	1,939
Total	**3,479**	1,939

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 £50k (2021: £44k).

The cost of inventories recognised as an expense and included in 'cost of sales' amounted to £7,370k (2021: £7,079k).

15. Trade and other receivables

	31 March 2022 £'000	31 March 2021 £'000
Trade receivables	**2,497**	2,332
Amounts owed by group undertakings	**388**	314
Other receivables	**348**	156
Total	**3,233**	2,802

Amounts owed by group undertakings of £388k (2021: £314k) 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 £21k (2021: £10k). Movements on the provision for impairment of trade receivables are as follows:

	2022 £'000	2021 £'000
As at 1 April	**10**	28
Provision for impairment	**11**	12
Receivables written off during the year as uncollectible	**-**	(15)
Unused amounts reversed	**-**	(15)
As at 31 March	**21**	10

16. Cash and cash equivalents

	31 March 2022 £'000	31 March 2021 £'000
Cash and cash equivalents	**6,581**	6,210
Total	**6,581**	6,210

17. Leases

Liability Split	**31 March 2022 £'000**	31 March 2021 £'000
Current lease liability	150	86
Non-current lease liability	527	283
Total Lease Liability	677	369
Contractual maturities of lease liabilities on an undiscounted basis:		
Less than one year	180	96
One to two years	169	71
Two to five years	394	212
More than five years	-	35
Total	**743**	414

The cash outflow for leases during the year was £156k (2021: 109k).

18. Creditors - amounts falling due within one year

	31 March 2022 £'000	31 March 2021 £'000
Trade creditors	**1,335**	302
Accruals and deferred income	**514**	427
Amounts owed to group undertakings	**1,711**	1,462
Total	**3,560**	2,191

Amount owed to group undertakings consist of a loan from its parent, Tata Consumer Products GB Limited £1,711k (2021: £1,462k). The loan is non-interest bearing and unsecured. The principal is repayable on demand by the lender.

19. Called up share capital

	Number '000	**31 March 2022 £'000**	31 March 2021 £'000
Authorised			
Ordinary shares of £1 each	10,000,000 (2021: 10,000,000)	**10,000**	10,000
Allotted, called up and fully paid			
Ordinary shares of £1 each	1,000 (2021: 1,000)	**1,000**	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 2022 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 or from its registered office 1 Bishop Lefroy Road, Kolkata, India.