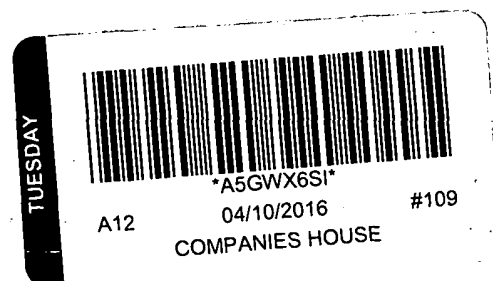


Teapigs Limited

Registered number 05426310

Annual Report and Financial Statements

Year ended 31 March 2016



Teapigs Limited

Contents

	Page(s)
Strategic report	3-4
Directors' report	5-6
Independent auditors' report to the members of Teapigs Limited	7-9
Income statement and statement of comprehensive income	10
Statement of financial position	11
Statement of changes in equity	12
Notes to the financial statements	13-25

Teapigs Limited

Strategic report

Strategic report for the year ended 31 March 2016

The directors present their strategic report for the year ended 31 March 2016.

Principal activities

Teapigs Limited (the "company") primary activity is to source, market and distribute premium tea products.

Review of the business

The company made a profit for the financial year of £1,629,000 (2015: £782,000) driven by growth in turnover largely attributable to expanded distribution in the UK. The net asset position of the company in the current financial year of £4,339,000 has increased from £2,710,000 (31 March 2015), with the increase attributed to the retained profit in the current financial year.

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

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

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

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

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

The Teapigs ethical scheme has raised over £150,000 through sales of our everyday brew to support children and young people from tea-growing communities in Rwanda.

Transition to FRS 101

During the year the company transitioned from UK GAAP to Financial Reporting Standard 101 – 'Reduced Disclosure Framework (FRS 101)', and has taken advantage of the disclosure exemptions allowed under this standard. The prior year comparatives are also under the new standards, although no restatements were required. The company's parent undertaking Tata Global Beverages GB Limited was notified of this and did not object to the use of FRS 101. Further information on the impact can be found in the Note 19 transition to FRS 101.

Key performance indicators

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

Teapigs Limited

Strategic report (continued)

Principal risks and uncertainties

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

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

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

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

On behalf of the Board

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

M Thakrar
Director
15 July 2016

Teapigs Limited

Directors' report

Directors' report for the year ended 31 March 2016

The directors present their annual report and the audited financial statements for the year ended 31 March 2016.

Future developments

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

Dividends

The directors do not recommend the payment of a dividend (2015: nil).

Directors

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

L A Cheadle
N I Kilby
M Thakrar
N Holland

The company secretary, who is not a director is M Bailey.

Directors' indemnities

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

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 2016 that has significantly affected, or may significantly affect the company, its results or the state of affairs in future financial years.

Statement of directors' responsibilities

The directors are responsible for preparing the strategic report and the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

Teapigs Limited

Directors' report (continued)

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, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify the company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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

Statement of disclosure of information to auditors

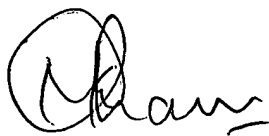
For each of the persons who were directors at the time this report was prepared, the following applies:

- So far as the directors are aware, there is no relevant information of which the Company's auditors are unaware; and
- The directors have taken steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution that they will be reappointed will be proposed at the annual general meeting.

On behalf of the Board



M Thakrar

Director

15 July 2016

Teapigs Limited

Independent auditors' report to the members of Teapigs Limited

Report on the financial statements

Our opinion

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

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Statement of financial position as at 31 March 2016;
- the Income statement and statement of comprehensive income for the year then ended;
- the Statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

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

We have no exceptions to report arising from this responsibility.

Teapigs Limited

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

Directors' remuneration

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

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

What an audit of financial statements involves

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

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

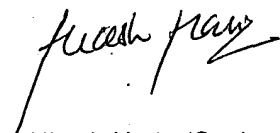
We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

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

Teapigs Limited

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

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



Hitesh Haria (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Uxbridge
15 July 2016

Teapigs Limited

For the year ended 31 March 2016

Income statement and statement of comprehensive income

	Note	Year ended 31 March 2016 £'000	Year ended 31 March 2015 £'000
Revenue		10,097	9,070
Cost of sales		(5,004)	(4,861)
Gross profit		5,093	4,209
Distribution costs		(1,095)	(948)
Administrative expenses		(2,064)	(2,336)
Operating profit		1,934	925
Finance income	6	103	65
Profit on ordinary activities before taxation		2,037	990
Income tax expense	7	(408)	(208)
Profit for the financial year		1,629	782
Total comprehensive income for the financial year		1,629	782

The notes on pages 13 to 25 are an integral part of these financial statements

The company has no other comprehensive income.

Teapigs Limited

Statement of financial position

As at 31 March 2016

	Note	31 March 2016 £'000	31 March 2015 £'000
Fixed assets			
Property, plant and equipment	9	71	9
Intangibles	10	27	5
		98	14
Current assets			
Trade and other receivables	11	2,530	1,832
Inventory	12	1,590	1,443
Cash and cash equivalents	13	5,733	978
		9,853	4,253
Creditors - amounts falling due within one year	14	(5,612)	(1,557)
Net current assets		4,241	2,696
Total assets less current liabilities		4,339	2,710
Net assets		4,339	2,710
Equity			
Share capital	15	1,000	1,000
Retained earnings		3,339	1,710
Total equity		4,339	2,710

The notes on pages 13 to 25 are an integral part of these financial statements

The financial statements on pages 10 to 25 were approved by the Board on 27 June 2016 and signed on its behalf by:



M Thakrar
Director
15 July 2016

Teapigs Limited
Registered number 05426310

Teapigs Limited

Statement of Changes in Equity

For the year ended 31 March 2016

	Note	Share capital £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 April 2014	15	1,000	928	1,928
Profit for the financial year		-	782	782
Total comprehensive income for the financial year		-	782	782
Balance as at 31 March 2015		1,000	1,710	2,710
Balance as at 1 April 2015	15	1,000	1,710	2,710
Profit for the financial year		-	1,629	1,629
Total comprehensive income for the financial year		-	1,629	1,629
Balance as at 31 March 2016		1,000	3,339	4,339

The notes on pages 13 to 25 are an integral part of these financial statements

Teapigs Limited

Notes to the financial statements for the year ended 31 March 2016

1. General Information

Teapigs Limited ("the company") principal activity is the marketing and distribution of tea, which is regarded by the directors as a single class of business. The destination of the company's turnover is predominantly the United Kingdom. The company is a wholly owned subsidiary of Tata Global Beverages Group Limited ("UK") which in turn is a subsidiary of the ultimate parent company Tata Global Beverages Limited incorporated in India.

The company is incorporated and domiciled in the United Kingdom. The address of its registered office is 1 The Old Pumping Station, Pump Alley, Brentford, Middlesex, TW8 0AP.

2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are either set out below or included in the accompanying notes. These policies have been consistently applied to all the years presented, unless otherwise stated. The company has adopted FRS 101 in these financial statements during the year. The transition to FRS 101 did not have an impact on the statement of financial position and profit and loss presentation of the financial statements from UK GAAP to FRS.

(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)
- 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'.

Teapigs Limited

Notes to the financial statements for the year ended 31 March 2016

2. Summary of significant accounting policies (continued)

(b) Going concern

In adopting the going concern basis for preparing the financial statements, the directors have considered the business activities and the company's principal risks and uncertainties as set out in the Strategic Report. Based on the company's statement of financial position and the forecasts and projections, and after making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

(c) 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 2014 that would be expected to have a material impact on the company.

(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 Global Beverages Group Limited.

(e) Functional and presentation currency financial statements

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

(f) Revenue

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the company's activities, as described below. The company bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) Sale of goods

The company manufactures, markets and distributes tea and related products. Sales of goods are recognised when a company entity has delivered products to the client, the client has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the client's acceptance of the products. Revenue is adjusted for the value of expected returns. Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the client, and either the client has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed or the company has objective evidence that all criteria for acceptance have been satisfied.

The products are often sold with sales related discounts such as volume discounts, customer rebates, trade support and listing costs and consumer promotional activities as billed by customers. Sales are recorded based on the price specified in the sales contracts, net of the estimated discounts/rebates and returns at the time of sale. Accumulated experience is used to estimate and provide for the discounts and returns.

Teapigs Limited

Notes to the financial statements for the year ended 31 March 2016

2. Summary of significant accounting policies (continued)

(g) Interest income

Interest income 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) 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:

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

(i) Intangible assets - 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.

(j) Investments

Investments 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.

Teapigs Limited

Notes to the financial statements for the year ended 31 March 2016

2. Summary of significant accounting policies (continued)

(j) Investments (continued)

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) Inventory

Inventories are stated at cost or net realisable value whichever is lower. Cost is determined on weighted average basis for all inventories other than auction/private purchased teas and stores and spares. Stores and spare parts are valued on first-in, first-out (FIFO) basis whilst auction purchased or privately bought teas are carried at actual cost for each lot. Cost comprises of expenditure incurred in the normal course of business in bringing the inventories to its present location and condition and includes appropriate overheads based on the normal level of activity. Net realisable value is the estimated selling price in the ordinary course of business less applicable selling expenses'.

(l) Trade and other receivables

Trade and other receivables are amounts due from customers for merchandise sold, services performed, or funding balances provided in the ordinary course of business. 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 presented as non-current assets. 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.

(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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(o) Pension and other post-retirement benefit arrangements

The company operates a defined contribution pension plan. 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.

(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.

Teapigs Limited

Notes to the financial statements for the year ended 31 March 2016

2. Summary of significant accounting policies (continued)

(q) Related party transactions

As the company is a wholly owned subsidiary of Tata Global Beverages Group Limited advantage has been taken of the exemption afforded by IAS 24 not to disclose any related party transactions with members of the Group or associates and joint ventures of Tata Global Beverages Group Limited.

(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.

Teapigs Limited

Notes to the financial statements for the year ended 31 March 2016

2. Summary of significant accounting policies (continued)

(t) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

The company leases certain property, plant and equipment. Lease of property, plant and equipment where the company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long- term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

Teapigs Limited

Notes to the financial statements for the year ended 31 March 2016

3. Critical accounting judgements and 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.

(a) Critical accounting estimates and assumptions

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 12 for the net carrying amount of the debtors and associated impairment provision.

4. Auditors remuneration

The auditors' remuneration is paid by Tata Global Beverages Services Limited in aggregate for the audit of the UK based subsidiaries of Tata Global Beverages Group Limited and no split is separately available for the audit of the company.

5. Operating profit

Operating profit is stated after charging:

	2016 £'000	2015 £'000
Wages and salaries	1,456	1,766
Other pension costs	40	48
Staff costs	1,496	1,814
Depreciation	11	7
Computer software amortisation	2	5
Operating lease charges	91	54

6. Directors and employees

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

	2016 Monthly average number	2015 Monthly average number
Selling	15	14
Distribution	4	3
Administration	2	2
Total	21	19

Teapigs Limited

Notes to the financial statements for the year ended 31 March 2016

6. Directors and employees (continued)

The emoluments of the Directors were as follows:

	Year ended 31 March 2016 £000	Year ended 31 March 2015 £000
Aggregate emoluments	235	221
Aggregate amounts receivable under long term incentive schemes	507	935
Other pension costs	16	27
Total	758	1,183

Emoluments of the highest paid director were £133,998 (2015: £122,272) and receivable under long-term incentive scheme was £242,500 (2015: £467,500) and are subject to discretionary compensation rules. Benefits under a defined contribution scheme are accruing to two directors (2015: two directors). Two directors are employees of Tata Global Beverages GB Limited who are both remunerated for their services to the Group as a whole.

7. Finance income

	Year ended 31 March 2016 £'000	Year ended 31 March 2015 £'000
Finance income from intercompany loans	103	65
Total	103	65

8. Tax on profit on ordinary activities

The tax assessed on the profit on ordinary activities for the year is higher (2015: lower) than the standard rate of corporation tax in the UK of 20% (2015: 21%).

	Year ended 31 March 2016 £'000	Year ended 31 March 2015 £'000
Current tax:		
UK corporation tax on profits for the financial year	408	210
Adjustments in respect of prior years	(2)	1
Total current tax charge for the year	406	211
Deferred tax:		
Origination and reversal of timing differences	2	(3)
Tax on profit on ordinary activities for the financial year	408	208

Teapigs Limited

Notes to the financial statements for the year ended 31 March 2016

8. Tax on profit on ordinary activities (continued)

	2016 £'000	2015 £'000
Profit on ordinary activities before tax	2,037	990
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2015: 21%)	407	208
Adjusting for the effects of:		
Expenses not deductible for tax purposes	1	2
Adjustments to tax charge in respect of prior years	(2)	1
Origination and reversal of timing differences	2	(3)
Tax on profit on ordinary activities for the financial year	408	208

Deferred tax:

Deferred tax consists of the following assets:

	Year Ended 31 March 2016 £'000	Year Ended 31 March 2015 £'000
Deferred tax asset - to be recovered after 12 months	2	4
Deferred tax asset - to be recovered within 12 months	2	2
Total	4	6

The deferred tax liability balance is £nil (2015: £nil) for the current financial year.

	Property, plant and equipment £'000	Total £'000
At 1 April 2014	3	3
Income statement charge	3	3
At 31 March 2015	6	6
Income statement (credit)	(2)	(2)
At 31 March 2016	4	4

The asset is held at a corporation tax rate of 19% (2015: 20%). There is no unrecognised deferred tax (2015: nil).

Factors that may affect future tax:

The standard rate of the corporation tax in the UK changed from 21% to 20% with effect from 1 April 2015. Accordingly, the company's profits for this accounting period are taxed at a rate of 20%. On 20 October 2015, the UK government substantively enacted Finance (No 2) Act 2015 which included reductions in the main corporation tax rate to 19% from April 1 2017 and to 18% from 1 April 2020.

Teapigs Limited

Notes to the financial statements for the year ended 31 March 2016

9. Investments

The company holds a 100% equity investment in Teapigs US LLC totalling £100 (2015: £100), a company incorporated in United States of America and is in the business of selling tea. The directors believe that the carrying value of the investments do not require any impairment.

10. Property, plant and equipment

	Fixtures and Fittings £'000	Computer equipment £'000	Total £'000
Cost			
At 1 April 2015	2	36	38
Additions	67	6	73
At 31 March 2016	69	42	111
Depreciation			
At 1 April 2015	2	27	29
Charge for the year	7	4	11
At 31 March 2016	9	31	40
Net book amount			
At 31 March 2016	60	11	71
At 31 March 2015	-	9	9

11. Intangibles

	Capitalised Software £'000	Total £'000
Cost		
At 1 April 2015	24	24
Additions	24	24
At 31 March 2016	48	48
Depreciation		
At 1 April 2015	19	19
Charge for the year	2	2
At 31 March 2016	21	21
Net book amount		
At 31 March 2016	27	27
At 31 March 2015	5	5

Teapigs Limited

Notes to the financial statements for the year ended 31 March 2016

12. Trade and other receivables

	31 March 2016 £'000	31 March 2015 £'000
Trade receivables	1,720	1,538
Less: provision for impairment of trade receivables	(41)	(68)
Trade receivables - net	1,679	1,470
Amounts owed by group undertakings	571	742
Other receivables	109	92
Other taxation	167	164
Deferred tax asset - refer to note 7	4	6
Total	2,530	2,474

Amounts owed by group undertaking includes a balance of £453,000 (2015: £389,000) with Teapigs US LLC and £nil (2015: £253,000) held with Tata Global Beverages Services Limited. Interest is charged at variable rates of 2% above LIBOR and the loan is unsecured. The loan agreement with Teapigs US LLC provides for the principal to be repaid on demand by the borrower and matures on 16 December 2016.

The remaining amounts £118,000 (2015: £100,000) owed by group undertakings represent a trading balance with Teapigs US LLC which is unsecured, repayable on demand and non-interest bearing.

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

	2016 £'000	2015 £'000
As at 1 April	68	89
Provision for impairment	9	9
Receivables written off during the year as uncollectible	(4)	(30)
Unused amounts reversed	(32)	-
As at 31 March	41	68

13. Inventory

	31 March 2016 £'000	31 March 2015 £'000
Finished goods	1,590	1,443
Total	1,590	1,443

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 £nil (2015: £36k).

Teapigs Limited

Notes to the financial statements for the year ended 31 March 2016

14. Cash and cash equivalents

	31 March 2016 £'000	31 March 2015 £'000
Cash and cash equivalents	5,733	978
Total	5,733	978

15. Creditors - amounts falling due within one year

	31 March 2016 £'000	31 March 2015 £'000
Trade creditors	511	402
Accruals and deferred income	840	342
Amounts owed to group undertakings	4,261	813
Total	5,612	1,557

Amounts owed to group undertakings consist of a loan from Tata Global Beverages GB Limited £501k (2015: £813k) and a loan amount of £3,760k on (2015: £nil) from Tata Global Beverages Services Limited. The loans are non-interest bearing and unsecured. The principal is repayable on demand by the lender.

16. Share capital

	Number '000	31 March 2016 £'000	31 March 2015 £'000
Allotted, called up and fully paid			
Ordinary shares of £1 each	1,000 (2015: 1,000)	1,000	1,000

17. Leases

The company's future minimum lease payments under non-cancellable operating leases are as follows:

Commitment expires:	Land and buildings 2016 £'000	2015 £'000
No later than 1 year	65	35
Later than one year and no later than 5 years	69	15
Total	134	50

18. Events after the end of the reporting period

As at the date of this report, no matter or circumstance has arisen since 31 March 2016 that has significantly affected, or may significantly affect the company, its results or the state of affairs in future financial years.

Teapigs Limited

Notes to the financial statements for the year ended 31 March 2016

19. Transition to FRS 101

This is the first year that the company has presented its results under FRS 101. The last financial statements under UK GAAP were for the year ended 31 March 2015. The date of transition to FRS 101 was 1 April 2014.

Recognition of computer software

Under FRS 101 computer software integral to the related hardware is classified as property, plant and equipment whereas computer software not integral to the related hardware is recognised as an intangible asset. Under UK GAAP software development costs that are directly attributable to bringing a computer system into working condition should be treated as part of the cost of the related hardware rather than as a separate intangible asset. The difference in accounting policy led to an adjustment to the opening balance sheet as at 1 April 2015 with the cost of the computer software of £24k and depreciation of £19k reclassified from property, plant and equipment to intangible asset.

Reclassification of loans

As at 31 March 2015 a single adjustment was made under IAS32 and 39 for loan borrowings which are non-interest bearing. An analysis was performed and identified liabilities that are current due to their repayable on demand nature in the amount of £0.8m as at 31 March 2015. These amounts have been reclassified to current in the opening balance sheet as at 1 April 2015.

The transition to FRS 101 did not have an impact on the income statement and the statement of comprehensive income.

20. Parent company

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

21. Related party transactions

As the company is a wholly owned subsidiary of Tata Global Beverages Group Limited, advantage has been taken of the exemption afforded by IAS 24 not to disclose any related party transactions with members of the Group or associates and joint ventures of Tata Global Beverages Group Limited.

During the year, one child of one of the directors, N I Kilby, was employed by the company and was paid £229 in aggregate. There were no balances outstanding at the year end.