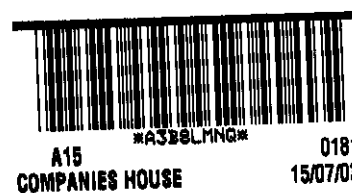


Ringtons Limited

Directors' report and accounts

for the year ended 31 December 2002

Registered Number 572008



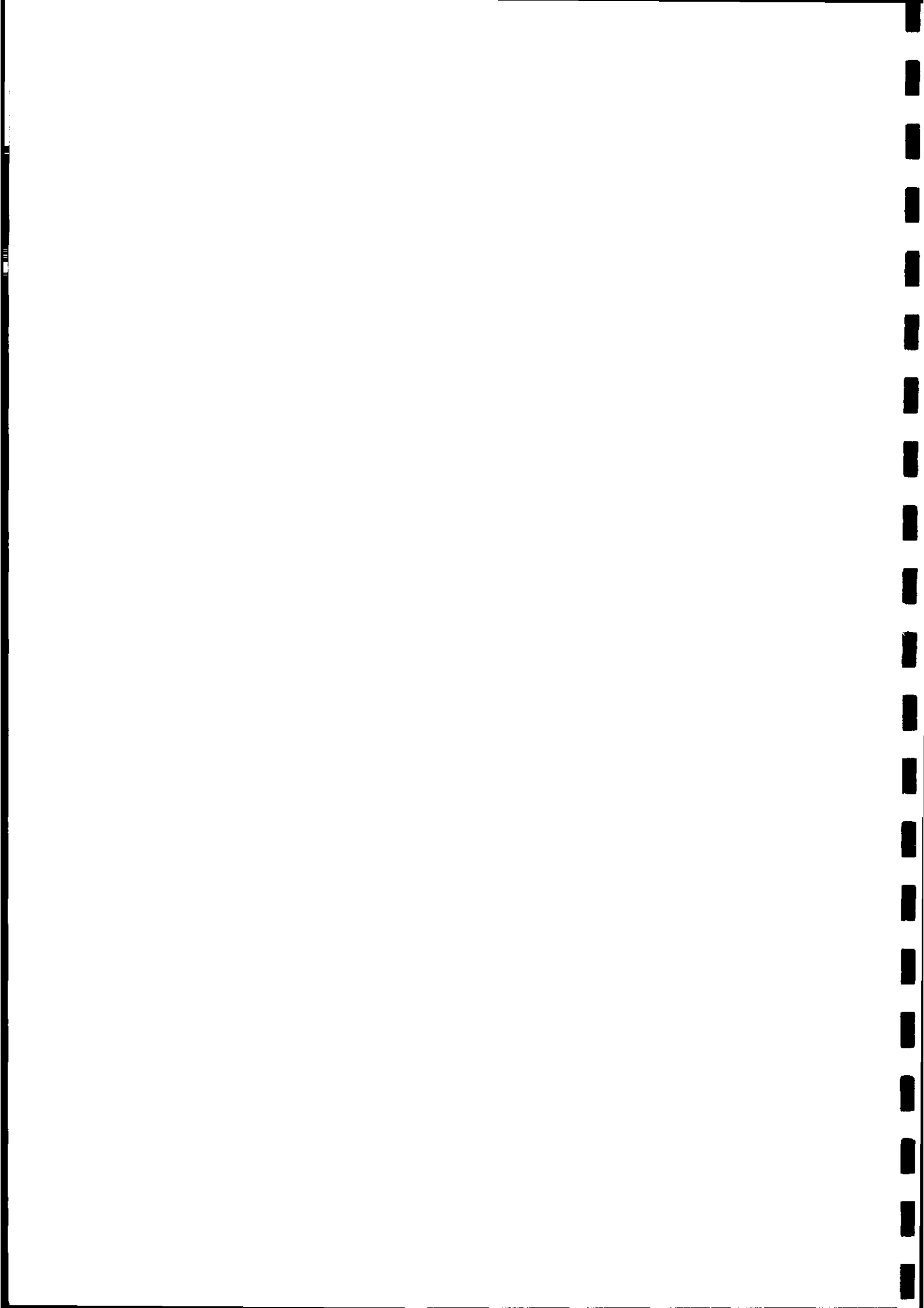
Ringtons Limited

Directors' report and accounts

for the year ended 31 December 2002

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Ringtons Limited

Directors and Advisors for the year ended 31 December 2002

Directors

P N H Smith (Chairman)

S M Smith

C J Smith

R J Tucker

G W Stern

Auditors

PricewaterhouseCoopers LLP

89 Sandyford Road

Newcastle upon Tyne

NE99 1PL

Registered Office

Algernon Road

Newcastle upon Tyne

NE6 2YN

Ringtons Limited

Directors' report for the year ended 31 December 2002

The directors present their report and audited accounts for the year ended 31 December 2002.

Principal activity and business review

The principal activities of the company comprise tea blending and packing, and tea and coffee retailing.

The company's affairs are considered to be satisfactory and progress in the development of the business continues.

Results and dividends

The profit for the year after taxation was £1,286,000 (2001: £1,018,000). The directors do not propose to pay a dividend (2001: £Nil).

Employees

The company continues to give consideration to applications for employment made by disabled persons, depending upon the nature of vacancies arising. Company policy provides where practicable for the continued employment of persons disabled in the normal course of their employment. Training facilities are available to all employees.

The directors have maintained their practice of formally publicising important developments and of promoting the common interests of the group and the staff by means of regular meetings and continuous individual contact.

Charitable and political donations during the year

The company did not make any donations for charitable purposes during the year (2001: £350).

Directors and their interests

The directors shown on page 1 served throughout the year except where stated. None of the directors held shares in the company at 31 December 2002. Their shares in the parent company are shown in that company's accounts.

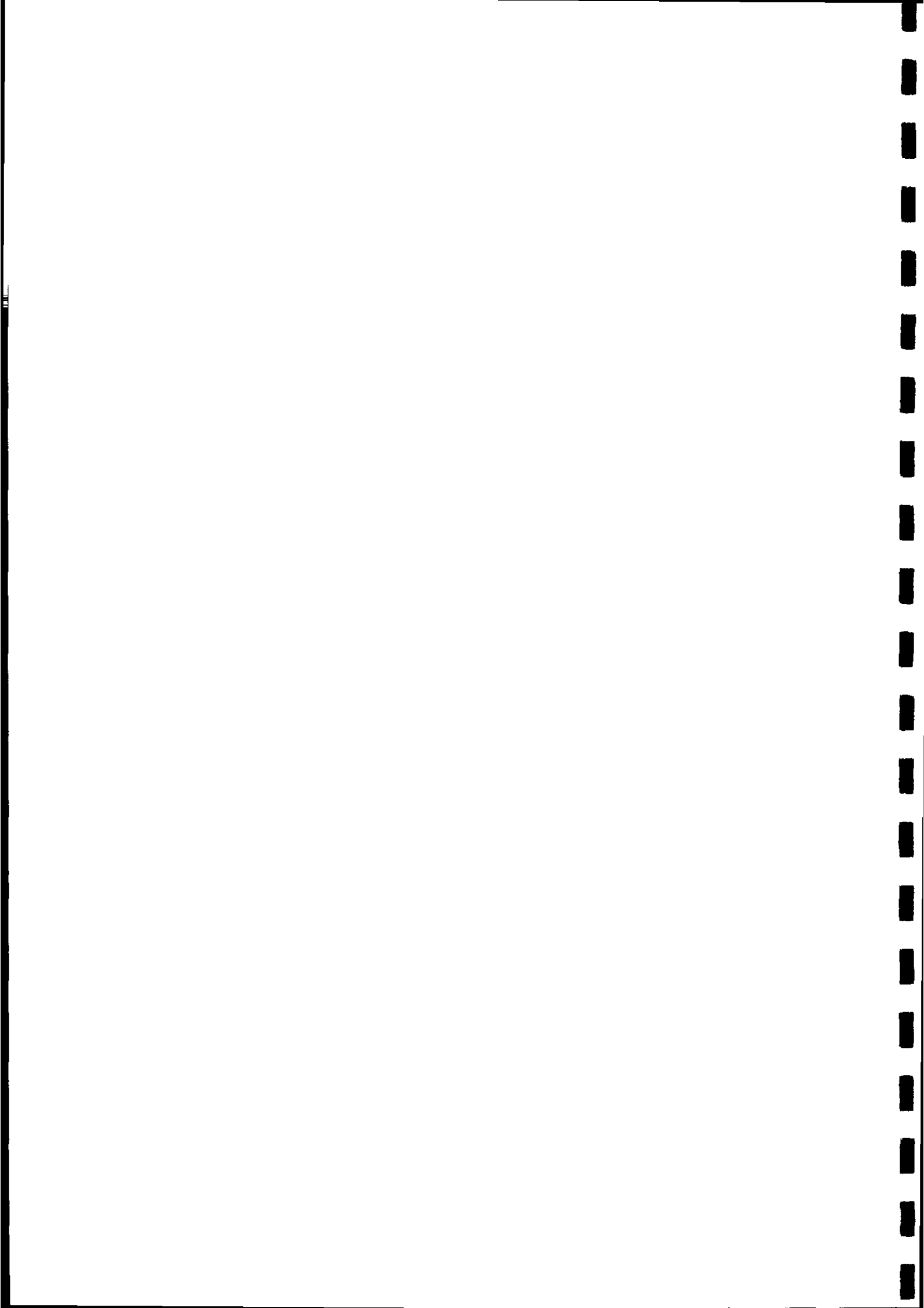
Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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.

The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2002 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that 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 1985. 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.



Ringtons Limited

Auditors

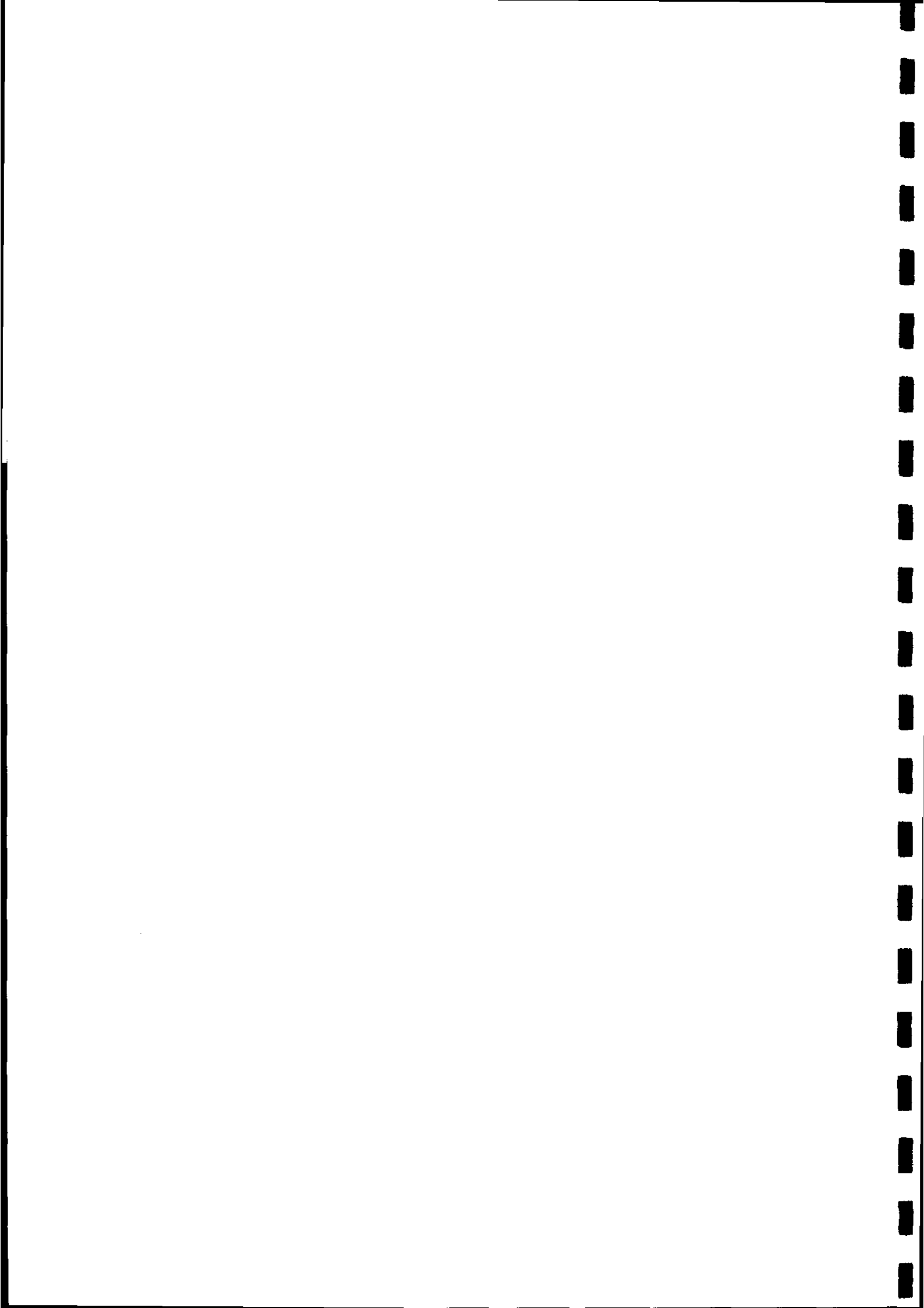
Following the conversion of the auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 11 February 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors. A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the Annual General Meeting.

On behalf of the board



P N H Smith
Chairman

10 June 2003



Ringtons Limited

Independent auditors' report to the members of Ringtons Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Newcastle upon Tyne

10 June 2003

Ringtons Limited

Profit and loss account for the year ended 31 December 2002

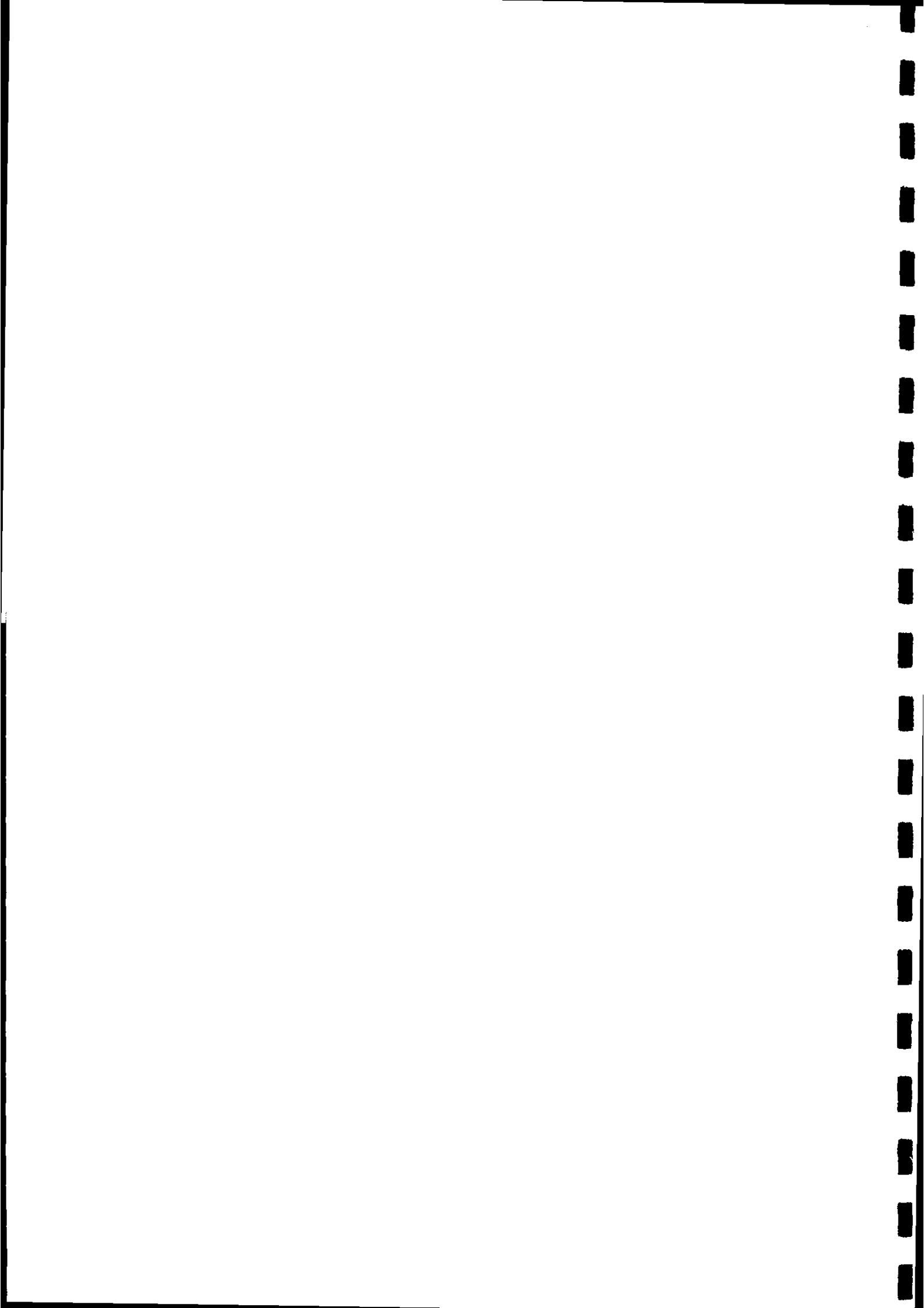
	Note	2002 £'000	2001 £'000
Turnover – continuing operations	1	28,188	27,793
Cost of sales		(14,896)	(15,246)
Gross profit		13,292	12,547
Distribution costs		(8,309)	(7,730)
Administrative expenses		(3,107)	(2,804)
Other operating income		14	12
Operating profit – continuing operations		1,890	2,025
Profit on sale of fixed assets		22	40
Interest receivable and similar income		63	72
Interest payable and similar charges		(52)	(45)
Profit on ordinary activities before taxation	2	1,923	2,092
Tax on profit on ordinary activities	5	(637)	(1,074)
Retained profit for the financial year	12	1,286	1,018

Statement of recognised gains and losses

There are no recognised gains and losses other than those shown above and therefore no separate statement of total recognised gains and losses has been presented.

Reconciliation of historical cost profits

There are no material differences between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.




Ringtons Limited

Balance sheet at 31 December 2002

	Note	2002 £'000	2002 £'000	2001 £'000	2001 £'000
Fixed assets					
Tangible assets	6		7,280		7,446
Current assets					
Stock	7	2,744		2,769	
Debtors	8	1,501		1,310	
Short-term deposits and cash at bank and in hand		2,709		2,420	
		6,954		6,499	
Creditors: amounts falling due within one year	9	(9,377)		(10,409)	
Net current liabilities			(2,423)		(3,910)
Total assets less current liabilities			4,857		3,536
Provisions for liabilities and charges	10		(611)		(576)
Net assets			4,246		2,960
Capital and reserves					
Called up share capital	11		142		142
Capital redemption reserve	12		296		296
Profit and loss account	12		3,808		2,522
Equity shareholders' funds	13		4,246		2,960

The financial statements on pages 5 to 19 were approved by the board of directors on 10 June 2003 and were signed on its behalf by:


P N H Smith
Director


S M Smith
Director

Ringtons Limited

Accounting policies

Accounting convention

These financial statements are prepared on the going concern basis, under the historical cost convention, in accordance with the Companies Act 1985 and applicable accounting standards. The principle accounting policies are set out below.

Turnover

Turnover represents the following:

Retain van sales – the value of sales of goods accepted by customers, excluding VAT.

Other customers – the value of sales of goods despatched and invoiced to customers, excluding VAT.

Deferred taxation

With effect from 1 January 2002, the company changed its accounting policy on deferred taxation upon the implementation of Financial Reporting Standard No 19. Deferred taxation is now recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. This is with the exception of deferred taxation assets, which are only recognised if it is considered more likely than not that there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted. Previously, provision for deferred taxation was made under the liability method for those liabilities that were expected to arise in the foreseeable future. The impact on the profit and loss account and balance sheet is £Nil (2001: £Nil) and therefore no prior year adjustment is required.

Deferred taxation is measured on a non-discounted basis at the tax rates that are expected to apply in the period in which timing differences reverse, based on taxation rates and laws enacted at the balance sheet date.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation on tangible fixed assets is provided on a straight line basis as follows:

Freehold and long leasehold land and buildings	2%
Plant and machinery	10% - 25%
Motor vehicles	20%
Furniture and fittings and computer equipment	10% - 25%

Pensions

The cost of pensions in respect of the Ringtons Limited Discretionary Retirement Plan is charged to the profit and loss account so as to spread the cost over the service lives of the employees in the scheme. Variations from the regular cost are spread over the expected remaining service lives of current employees in the scheme. The pension cost is assessed in accordance with the advice of qualified actuaries.

The company has taken advantage of the transitional adoption arrangements allowed under FRS 17 and its effect is disclosed by way of a note to the accounts.

The cost of pensions in respect of the money purchase schemes are charged to the profit and loss account in the period in which the contributions are payable.

Ringtons Limited

Stocks and work in progress

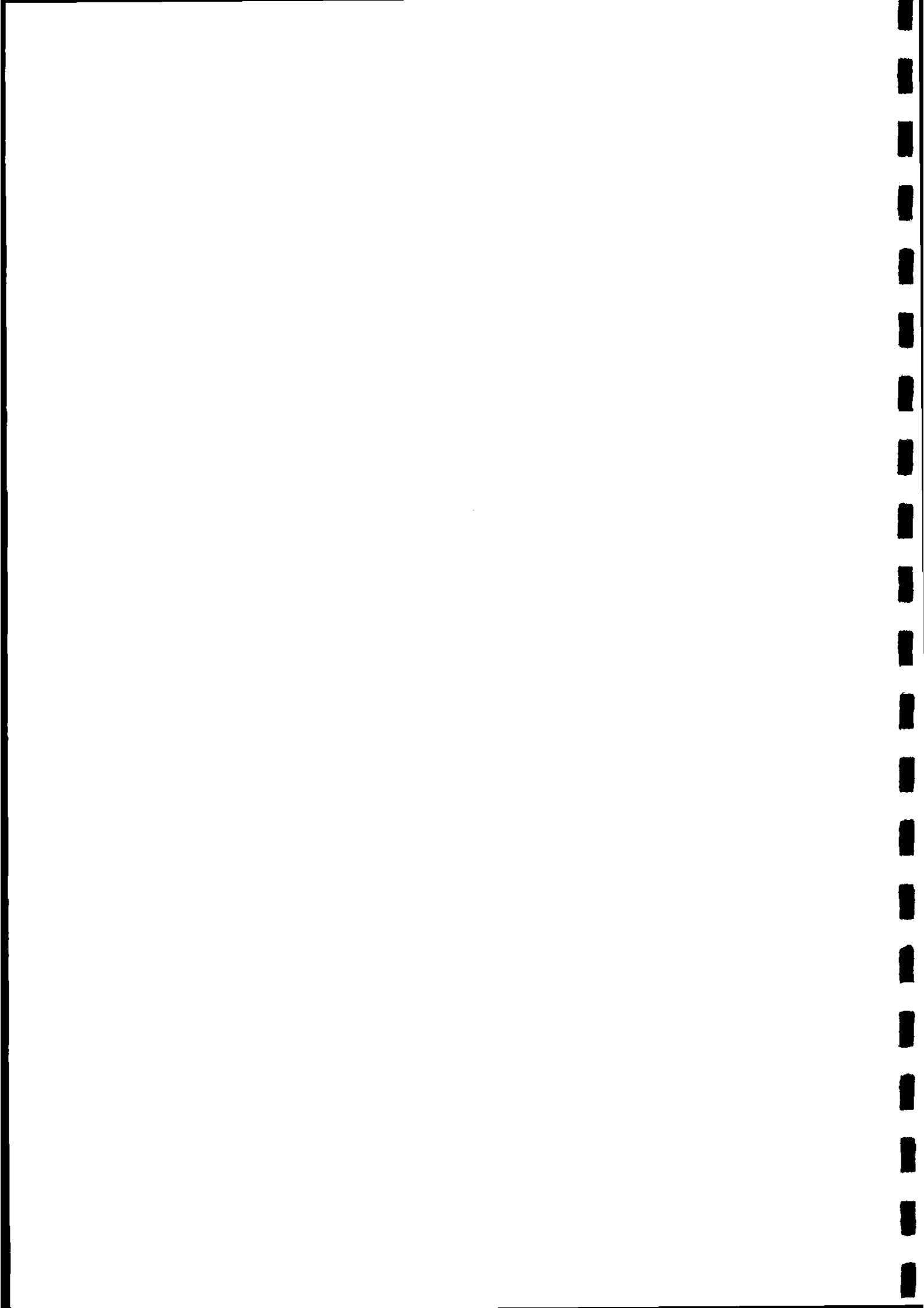
Stocks are stated at the lower of cost and net realisable value where cost comprises the price paid for raw materials.

Cash flow statement

The company is exempt from the requirement of Financial Reporting Standard No. 1 (revised) to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of Ringtons Holdings Limited, and its cash flows are included within the consolidated cash flow statement of that company.

Foreign currencies

Assets purchased in foreign currencies are expressed in sterling at the rates of exchange ruling at the dates of transaction. Exchange gains or losses are taken to the profit and loss account.



Ringtons Limited

Notes to the financial statements for the year ended 31 December 2002

1 Turnover

All of the company's turnover was in the United Kingdom.

2 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging/(crediting):

	2002 £'000	2001 £'000
Depreciation (Note 6)	1,042	953
Profit on sale of fixed assets	(22)	(40)
Auditor's remuneration		
- audit	23	24
- non-audit	2	3
Interest receivable on cash balances and deposits	(63)	(72)

3 Directors' emoluments

	2002 £'000	2001 £'000
Directors' emoluments including pension	167	233
Highest paid director including pension	133	171

Three directors have benefits accruing under the Ringtons Limited Discretionary Retirement Plan (2001: three).

The highest paid director had an accrued pension at the end of the year of £42,673.

Ringtons Limited

4 Staff costs

Staff costs comprise:

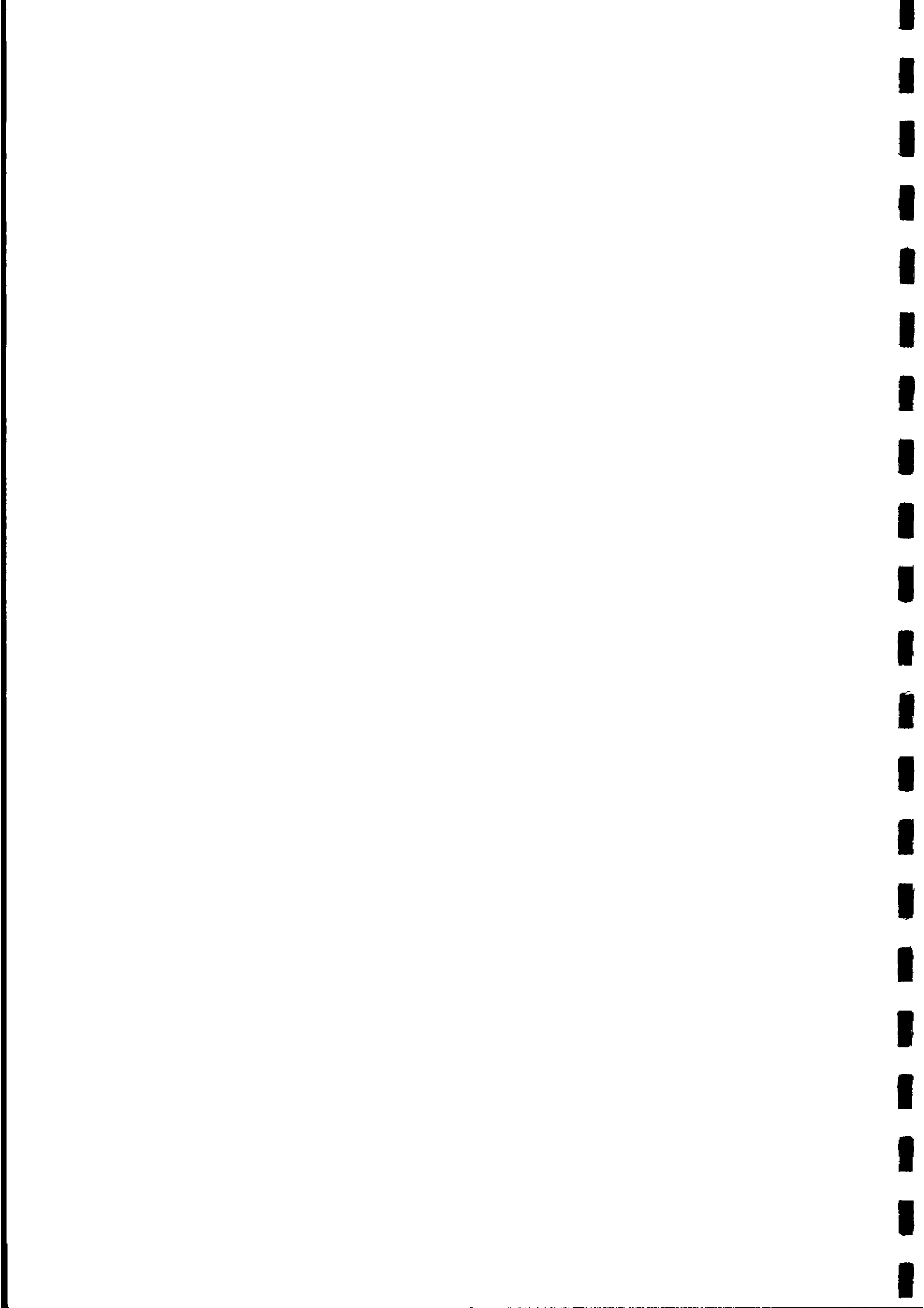
	2002	2001
	£'000	£'000
Wages and salaries	7,549	6,869
Social security costs	580	526
Other pension costs	399	388
	8,528	7,783

The average number of persons employed by the company was 595 (2001: 587).

5 Taxation

Tax on profit on ordinary activities

	2002	2001
	£'000	£'000
Current tax		
UK corporation tax on profits of the period	590	650
Adjustment in respect of previous periods	12	(12)
Total current tax	602	638
Deferred tax		
Origination and reversal of timing differences (ACA and other)	5	151
Adjustment in respect of previous periods	30	285
Total deferred tax	35	436
Tax on profit on ordinary activities	637	1,074



Ringtons Limited

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2002 £'000	2001 £'000
Profit on ordinary activities before tax	1,923	2,092
Profit on ordinary activities multiplied by standard rate in the UK 30% (2001: 30%)	577	628
Effects of:		
Expenses not deductible for tax purposes	21	113
Capital allowances for the period in excess of depreciation	7	(87)
Adjustments in respect of previous periods	12	(12)
Other short term timing differences	(15)	(4)
Current tax charge for the period	602	638

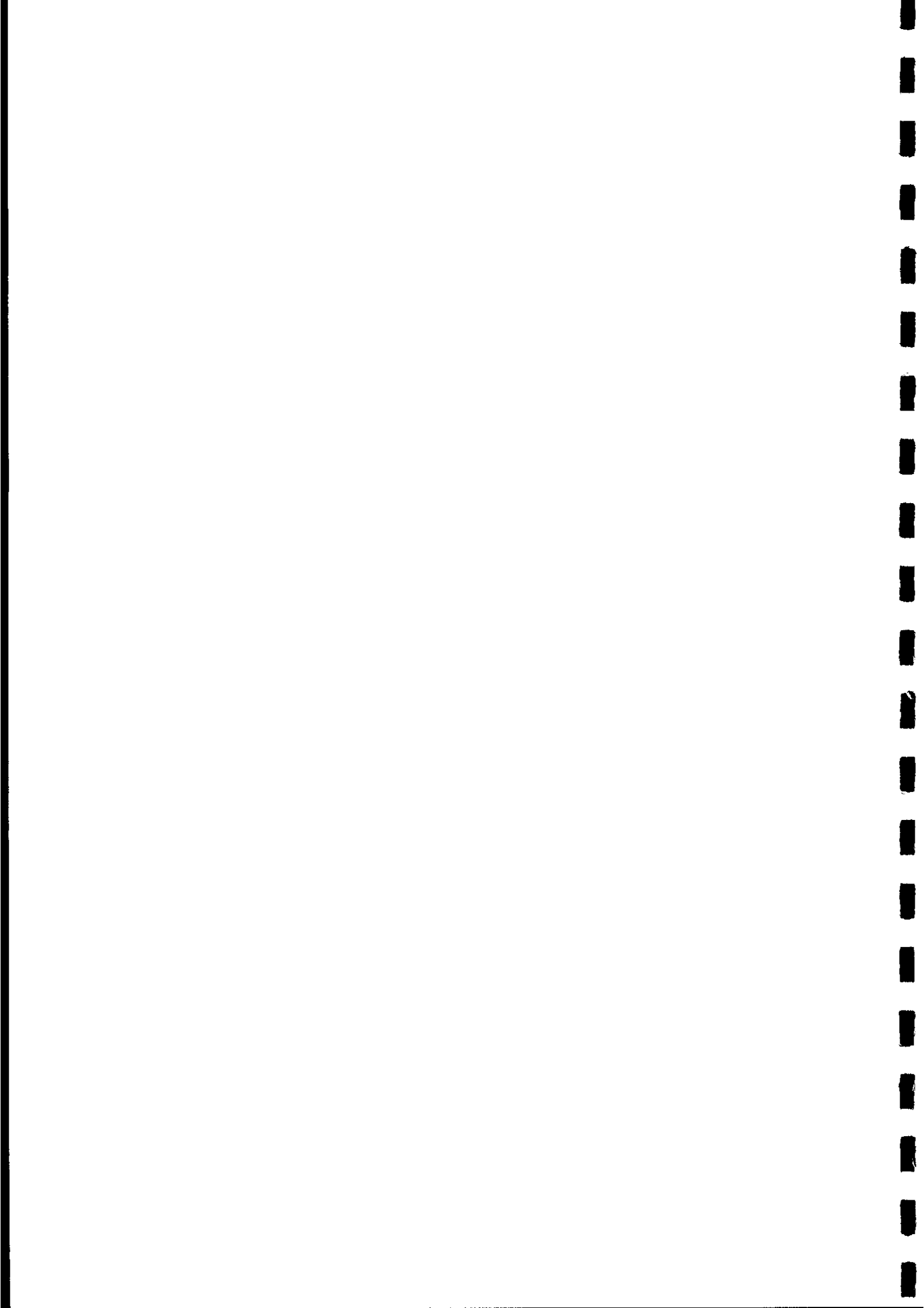
Factors that may effect future tax charges:

Based on current capital investment plans, the company expects to be able to claim capital allowances in excess of depreciation in future years at a similar level to the current year. Deferred tax liabilities have not been discounted.

6 Tangible fixed assets

	Freehold land and buildings £'000	Long leasehold land & buildings £'000	Plant and machinery £'000	Motor vehicles £'000	Fixtures & fittings £'000	Computer equipment £'000	Total £'000
Cost							
At 1 January 2002	4,150	274	3,751	2,597	956	757	12,485
Additions	190	-	235	382	155	162	1,124
Disposals	(70)	-	(30)	(572)	(51)	-	(723)
At 31 December 2002	4,270	274	3,956	2,407	1,060	919	12,886
Accumulated depreciation							
At 1 January 2002	821	71	2,360	924	564	299	5,039
Charge for the year	76	6	248	472	96	144	1,042
Disposals	(8)	-	(21)	(405)	(41)	-	(475)
At 31 December 2002	889	77	2,587	991	619	443	5,606
Net book amount							
At 31 December 2002	3,381	197	1,369	1,416	441	476	7,280
At 31 December 2001	3,329	203	1,391	1,673	392	458	7,446

At 31 December 2002 the company had capital commitments of £427,000 (2001: £Nil).



Ringtons Limited

7 Stocks

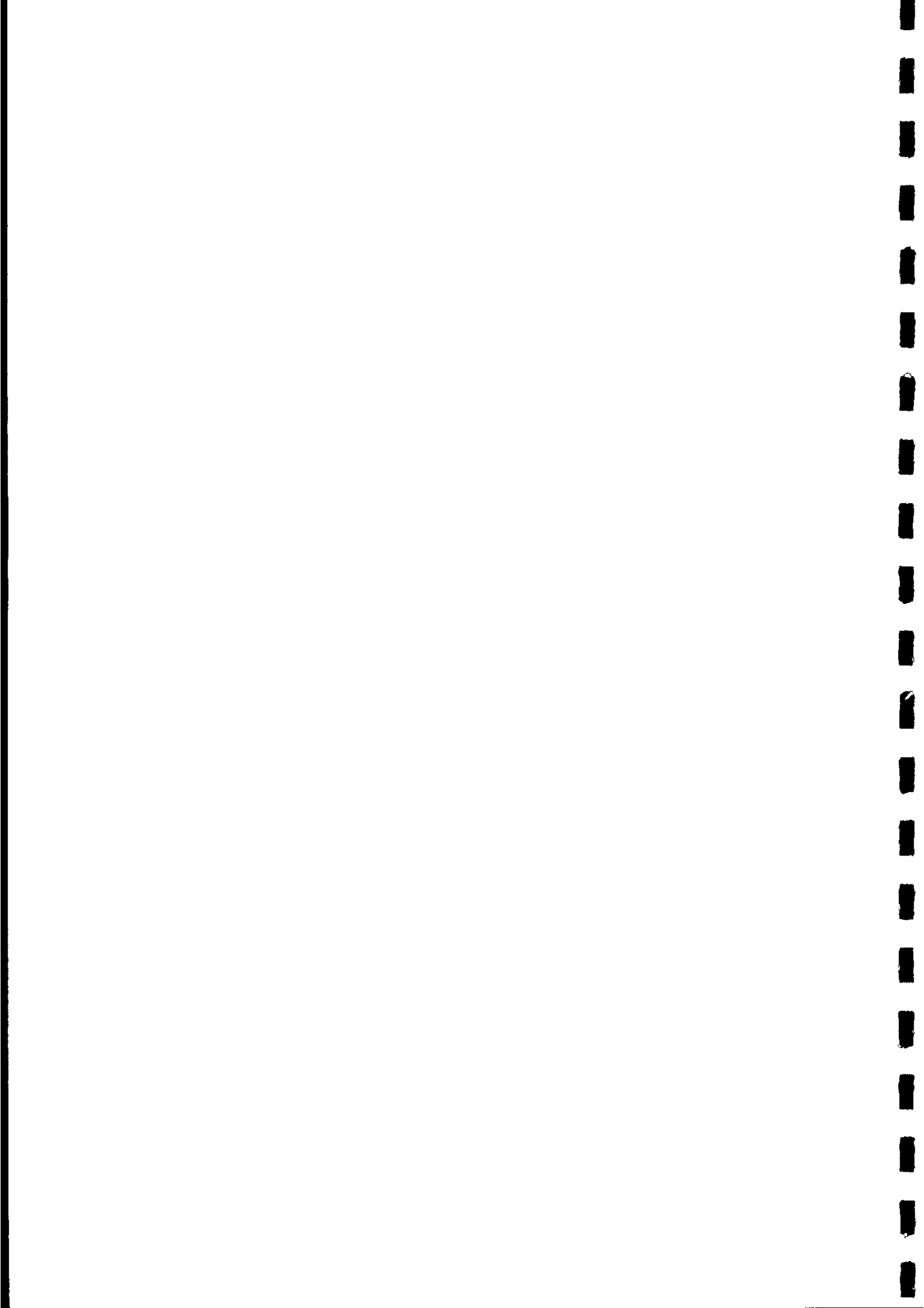
	2002	2001
	£'000	£'000
Raw materials	2,037	1,772
Finished goods	707	997
	2,744	2,769

8 Debtors

	2002	2001
	£'000	£'000
Amounts falling due within one year		
Trade debtors	1,201	1,105
Other debtors	199	104
Prepayments and accrued income	101	101
	1,501	1,310

9 Creditors – Amounts falling due within one year

	2002	2001
	£'000	£'000
Trade creditors	1,532	1,401
Amount owed to group undertakings	6,626	7,680
Corporation tax	353	410
Other taxation and social security	337	258
Other creditors	235	337
Accruals and deferred income	294	323
	9,377	10,409



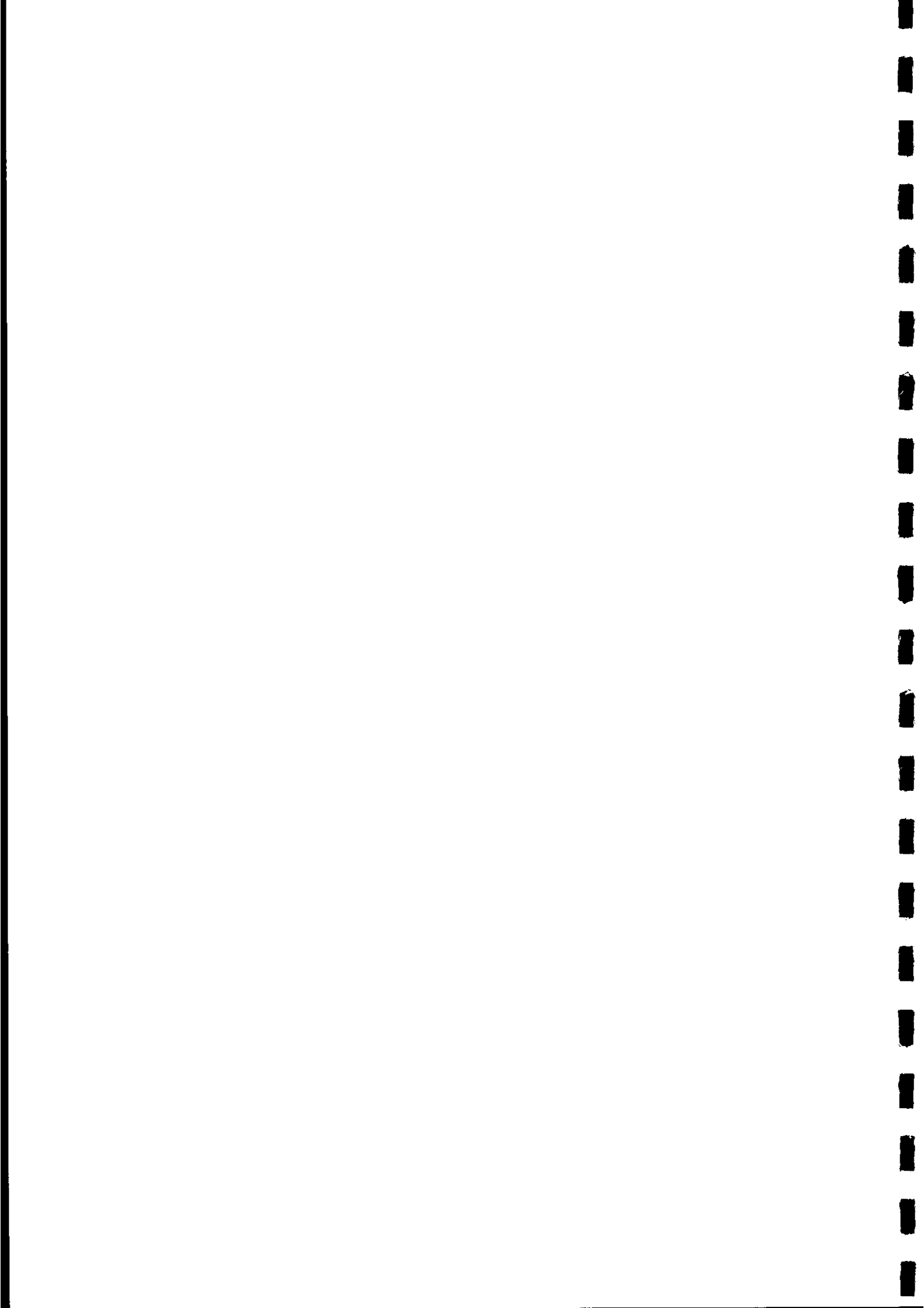
Ringtons Limited

10 Provision for liabilities and charges

Provisions for liabilities and charges comprise:

	Deferred tax provision £'000
1 January 2002	576
Charged to the profit and loss account	35
Utilised during the year	-
31 December 2002	611

	2002 £'000	2001 £'000
Provision for deferred tax		
Accelerated capital allowances	550	513
Short term timing differences	50	4
Other timing differences	11	59
Total provision for deferred tax	611	576



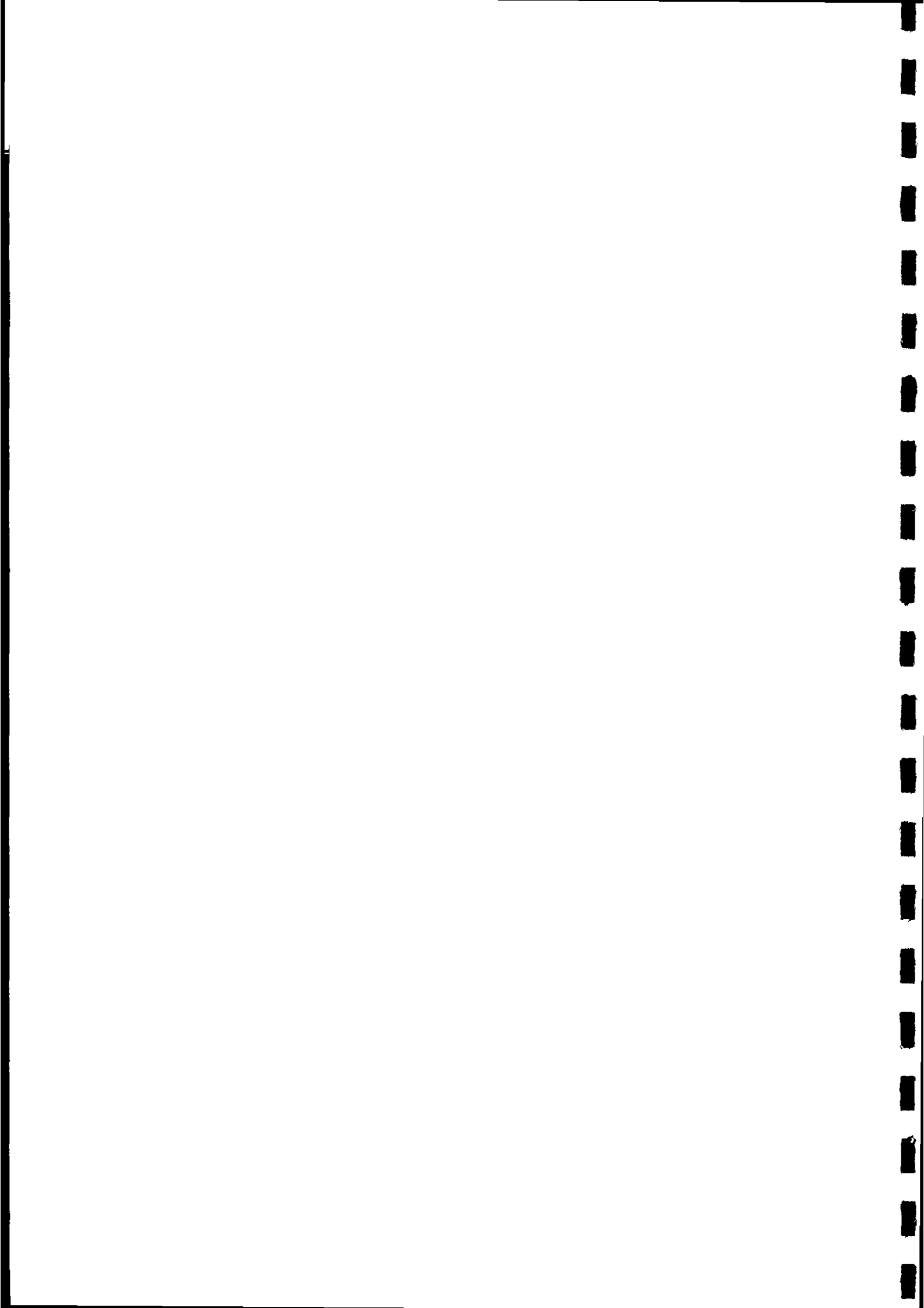
Ringtons Limited

11 Share capital

Shares of £1	2002		2001	
	Authorised £'000	Allotted and fully paid £'000	Authorised £'000	Allotted and fully paid £'000
Equity				
Ordinary	2,046	142	2,046	142
Non-equity				
4.55% (formerly 6.5%) Cumulative 'A' First Preference	78	-	78	-
4.20% (formerly 6%) Cumulative 'B' First Preference	32	-	32	-
4.55% (formerly 6.5%) Cumulative 'C' Second Preference	48	-	48	-
	2,204	142	2,204	142

12 Reserves

	Capital redemption reserve £'000	Profit and loss reserve £'000
At 1 January 2002	296	2,522
Retained profit for the year	-	1,286
As at 31 December 2002	296	3,808



Ringtons Limited

13 Reconciliation of movements in equity shareholders' funds

	2002	2001
	£'000	£'000
Profit on ordinary activities after taxation	1,286	1,018
Net addition/(reduction) in shareholders' funds	1,286	1,018
Shareholders' funds at 1 January	2,960	1,942
Shareholders' funds at 31 December	4,246	2,960

14 Contingent liability

The company has no contingent liabilities at 31 December 2002 (2001: £Nil).

15 Pension commitments

The company participates in the Ringtons Limited Discretionary Retirement Plan and the Ringtons Limited 1998 Pension Plan.

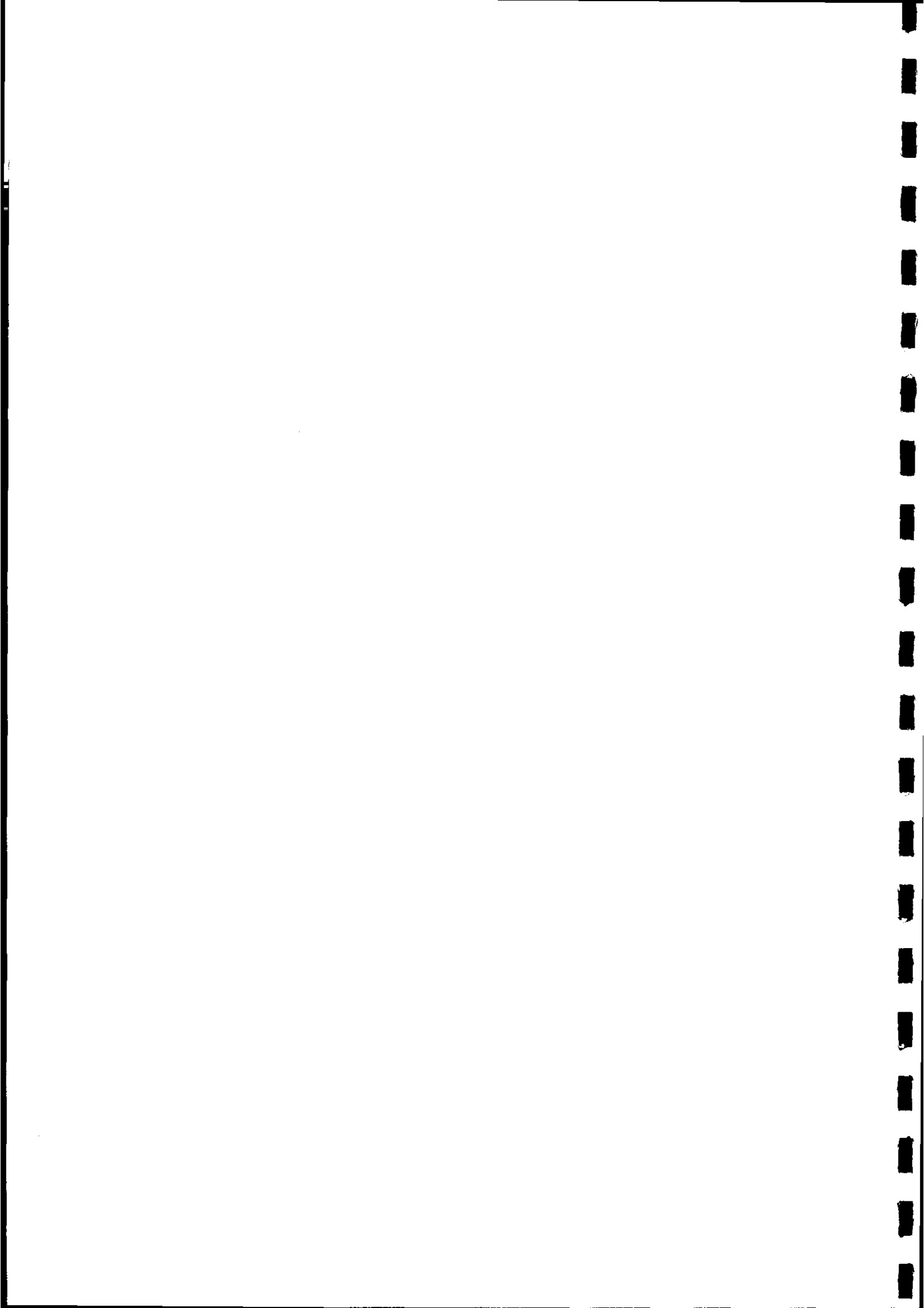
The Ringtons Limited 1998 Pension Plan is a contracted out money purchase scheme. The company's contributions to the Ringtons Limited 1998 Pensions Plan are charged to the profit and loss account in the year in which they are payable. The cost of contributions to the scheme in the year amount to £312,052 (2001: £299,839). An amount of £52,292 (2001: £56,626) is due to the scheme at the year end.

The Ringtons Limited Discretionary Retirement Plan is of the defined benefit type providing benefits to certain employees within the company and the assets are held separately from the Company's assets. The latest actuarial valuation of the Ringtons Limited Discretionary Retirement Plan was carried out as at 1 December 1999 and an actuarial valuation is currently in progress. Details of the actuarial valuation are contained in the financial statements of Ringtons Holdings Limited.

The valuation used for Financial Reporting Standard 17 - Retirement Benefits ("FRS17") disclosures has been based on the most recent actuarial valuation at 1 December 1999 and updated by Foden Boyes to take account of FRS17 in order to assess the liabilities of the scheme at 31 December 2002. Scheme assets are stated at their market value at 31 December 2002.

The major assumptions used to calculate scheme liabilities under FRS17 are:

Valuation method	2002	2001
Rate of increase in salaries	3.4%	3.7%
Rate of increase in pensions in payment	1.9%	2.2%
Discount rate	5.4%	5.7%
Inflation assumption	1.9%	2.2%



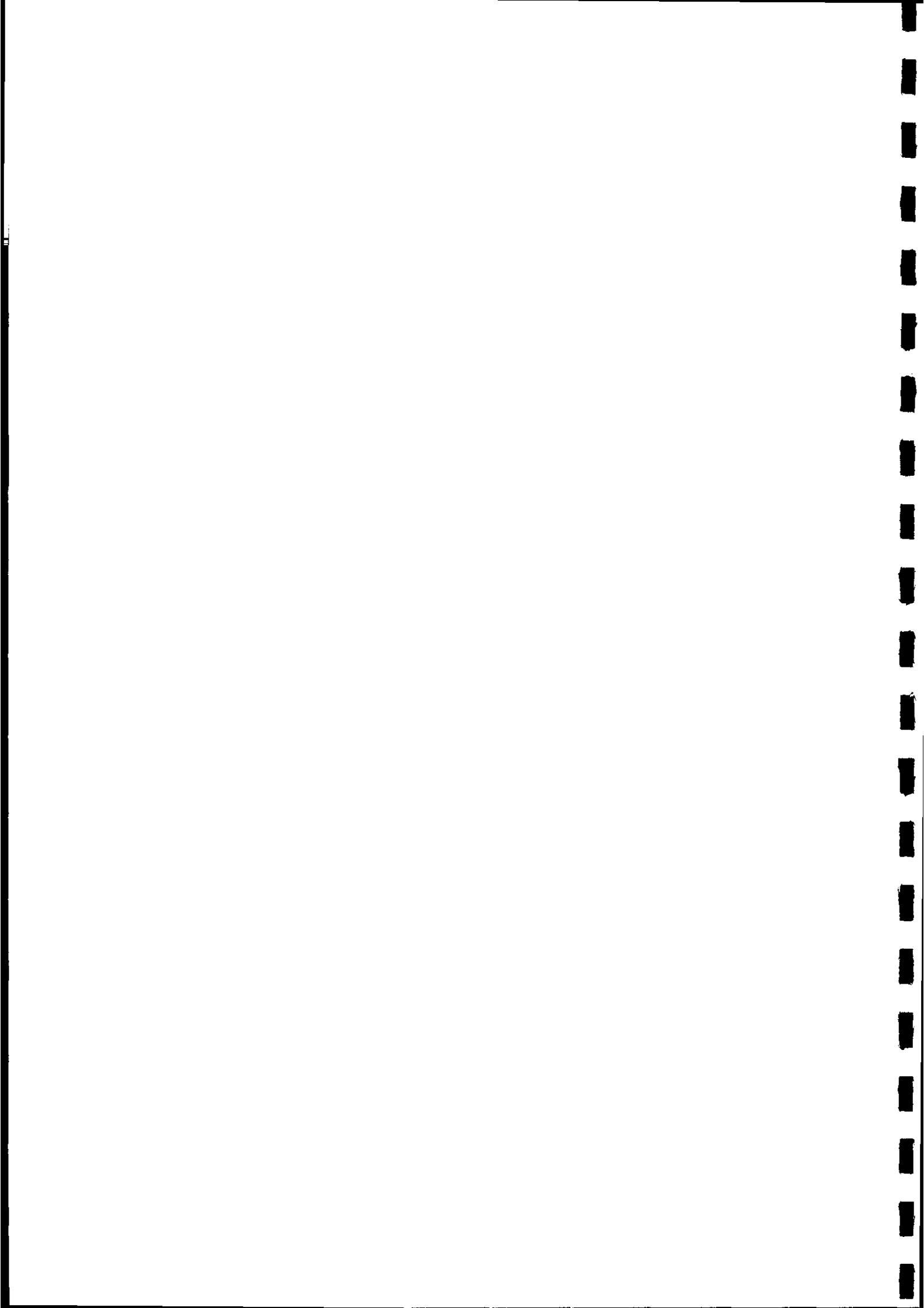
Ringtons Limited

The assets in the scheme and the expected rate of return were:

	Long term rate of return expected at 31 December 2002	Value at 31 December 2002 £'000	Long term rate of return expected at 31 December 2001	Value at 31 December 2001 £'000
Equities	6.6%	4,518	6.9%	5,178
Bonds	5.4%	-	5.7%	220
Cash		330		514
Current assets/(liabilities)		(12)		-
Total fair value of assets		4,836		5,912
Present value of scheme liabilities		(3,653)		(3,562)
Surplus in scheme		1,183		2,350
Related deferred tax for liability		(355)		(705)
Net pension asset		828		1,645

If the above amounts had been recognised in the financial statements, the company's net assets and profit and loss reserve at 31 December 2002 would be as follows:

	2002 £'000	2001 £'000
Net assets		
Net assets excluding pension assets	4,246	2,960
Pension asset	828	1,645
Net assets including pension asset	5,074	4,605
	2002 £'000	2001 £'000
Reserves		
Profit and loss reserve excluding pension assets	3,808	2,522
Pension asset	828	1,645
Profit and loss reserve	4,636	4,167



Ringtons Limited

The following amounts would have been recognised in the financial statements in the year to 31 December 2002 under the requirements of FRS 17:

	2002
	£'000
Operating profit	
Current service cost	210
Past service cost	-
Total operating charge	210
	2002
	£'000
Other finance income	
Expected return on pension scheme assets	398
Interest on pension scheme liabilities	(209)
Net return	189
	2002
	£'000
Statement of total recognised gains and losses	
Actual return less expected return on pension scheme assets	(1,303)
Experience gains and losses arising on scheme liabilities	(70)
Changes in assumptions underlying the present value of the scheme liabilities	-
Actuarial loss recognised in STRGL	(1,373)

Ringtons Limited

	2002
	£'000
Movement in surplus during the year	
Surplus in scheme at beginning of the year	2,350
Movement in year:	
Current service cost	(210)
Contributions	227
Past service costs	-
Other finance income	189
Actuarial loss	(1,373)
Surplus in scheme at end of the year	1,183

Details of experience gains and losses for the year to 31 December 2002

	£'000
Difference between the expected and actual return on scheme assets	
Amount	(1,303)
Percentage of scheme assets	(29.6%)
Experience gains and losses on liabilities	
Amount	(70)
Percentage of scheme assets	(1.4%)
Total amount recognised in statement of total recognised gains and losses	
Amount	(1,373)
Percentage of scheme assets	(28.4%)

Ringtons Limited

16 Ultimate parent undertaking and related party transactions

The immediate and ultimate parent undertaking, and the ultimate controlling party is Ringtons Holdings Limited, a company registered in England. The group accounts of that company are available from Algernon Road, Newcastle upon Tyne, NE6 2YN.

Transactions with other companies within the Ringtons Group which are eliminated on consolidation are not disclosed as the company has taken advantage of the exemption available under Financial Reporting Standard No 8 "Related Party Disclosures".

Within other debtors is a balance of £4,305 owed by Ringtons Foundation, a trust set up for the provision of benefits for the employees of Ringtons Limited.

