

**Ringtons Limited**

**Directors' report and financial statements  
for the 52 week period ended 24 June 2022**

**Registered Number 00572008**

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# Ringtons Limited

## Directors' report and financial statements for the 52 week period ended 24 June 2022

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## **Ringtons Limited**

### **Directors and advisers**

#### **Directors**

P N H Smith

S M Smith

C J Smith

J D Smith

J C Thompson

D N Brown

#### **Company secretary**

P N H Smith

#### **Registered number**

00572008

#### **Registered office**

10-22 Algernon Road

Heaton

Newcastle upon Tyne

Tyne & Wear

NE6 2YN

#### **Independent auditors**

PricewaterhouseCoopers LLP

Central Square South

Orchard Street

Newcastle upon Tyne

NE1 3AZ

#### **Bankers**

Lloyds Bank Plc

PO Box 72

Bailey Drive

Gillingham Business Park

Kent

ME8 0LS

# **Ringtons Limited**

## **Strategic report for the 52 week period ended 24 June 2022**

### **Introduction**

The directors present their strategic report for the 52 week period ended 24 June 2022.

### **Control and ownership**

The group is a 100+ year old private, family owned and managed business.

### **Principal activities**

The principal activities of the company comprise the following:

- Sourcing, blending and packaging of tea and infusion for its own brand and a variety of other customers.
- Retailing of its tea brand and related products directly to households via sales vans, primarily throughout north and central England.

### **Business review and future developments**

The directors were satisfied with the company's performance during the year, as shown in the table of key financial and other performance indicators below.

Retained profits continue to be invested in facility improvements, efficiency improvements together with additional tea and coffee packing capacity.

The directors continue to be ready to invest in other trading ventures particularly in the tea and coffee market as opportunities arise.

### **Principal risks and uncertainties**

The management of the business and the execution of the group's strategy are subject to a number of risks. The key business risks affecting the group are considered to relate to commodity sourcing, production costs, selling prices and customer contracts. These risks are minimised by implementing buying strategies to assist with commodity markets, continued investment in production equipment and processes to reduce production costs and market research for competitor activity and consumer trends to assist with customer contracts and prices.

### **Financial risk management**

The directors consider the key financial risks to the business to be in relation to bad debts, payments and cash management. The directors are satisfied that these risks are sufficiently managed and controlled by credit control management and regular cash flow forecasting to ensure requirements are within available facilities.

## **Ringtons Limited**

### **Strategic report for the 52 week period ended 24 June 2022 (continued)**

#### **Financial key performance indicators**

The company's directors and senior managers use a wide range of key performance indicators to monitor the business' financial performance on a monthly basis.

The company's key financial and other performance indicators during the year were as follows:

	2022	2021	Changes
	£'000	£'000	%
Turnover	70,595	65,204	8.3
Gross profit	23,945	23,507	1.9
Operating profit	4,574	4,591	-0.4
Total Shareholders' funds	31,480	29,619	6.3
Average monthly number of employees	555	562	-1.2

The shareholders are well informed about performance of the business, and receive a comprehensive review of the results, an update on key customer and supplier relationships, markets and future development plans, on an annual basis.

#### **Other key performance indicators**

The directors and senior managers continually monitor the customer satisfaction levels and delivery against their expectations inclusive of, but not limited to, performance on timeliness and quality.

#### **Section 172 Companies Act 2006**

The directors must act in a way they consider would be most likely to promote the success of the company for the benefit of its members and in so doing must have regard to the six matters set out in Section 172(1):

- (1) Long term consequences - the company aims to secure its long term prospects and viability by seeking out strategies that provide mutual long term benefits to its supply chain. The group values long term relationships with its tea suppliers in origin and has supported them and their employees by a number of charitable projects.
- (2) Interest of employees - the company has a long history of supporting its employees for many years via its employee foundation as well as directly via the company itself. Recently it has extended this via a dedicated employee engagement and welfare manager and development of a wellness program.
- (3) Interest of other stakeholders is reported in the directors report.
- (4) Impact on community & environment - the company has supported the local North East community for many years either directly through the company or via The Ringtons Community Fund setup in 1996.
- (5) High standards of business conduct - the company, its directors and employees always aim to act to high ethical standards. Policies are in place to ensure this & align with best practice. Recent statutory improvements around Modern Slavery & Data Protection form part of this.
- (6) Act fairly between shareholders - the company has only one corporate shareholder.

## **Ringtons Limited**

### **Strategic report for the 52 week period ended 24 June 2022 (continued)**

This report was approved by the board on 31 October 2022 and signed on its behalf of:



**P N H Smith**  
**Director**

# **Ringtons Limited**

## **Directors' report for the 52 week period ended 24 June 2022**

The directors present their report and the audited financial statements for the 52 week period ended 24 June 2022.

### **Results and dividends**

The profit for the financial year, amounted to £3,660,587 (2021: £3,569,744).

Particulars of dividends paid are detailed in note 17 to the financial statements.

### **Directors**

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

P N H Smith  
S M Smith  
C J Smith  
J D Smith  
J C Thompson  
D N Brown

### **Charitable contributions**

The company made charitable donations of £266,547 (2021: £647,407) in the year.

### **Employees**

The company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status and offers appropriate training and career development for disabled staff. If members of staff become disabled, the company continues employment wherever possible and arranges retraining.

The company is also committed to providing employees with information on matters of concern to them on a regular basis, so that the views of employees can be taken into account when making decisions that are likely to affect their interests. In addition, the company encourages the involvement of employees by formally publicising important developments and promoting the common awareness in relation to the financial and economic factors that affect the performance of the group by means of regular meetings and continuous individual contact.

### **Matters detailed in the strategic report**

Future developments and financial risk management are detailed within the strategic report.

Principal activities and financial risks are detailed in the Strategic Report.

## **Ringtons Limited**

### **Directors' report for the 52 week period ended 24 June 2022 (continued)**

#### **Stakeholder engagement**

Effective communication and engagement with stakeholders (shareholders, customers, suppliers and employees) is vital in maintaining the company's reputation and success.

The company is able to engage with its shareholder via its common board of directors.

The company is able to engage directly with its retail customers face to face via its loyal delivery staff together with quarterly newsletters and social media. Communication with our business customers is via an account manager. Regular meetings are encouraged albeit these have needed to be of a virtual form in recent months.

The company values long term relationships with its suppliers and encourages management to work closely with them to ensure we provide a high level of service for our customers and agree fair commercial terms.

The company engages with its employees via an employee forum, regular business updates and Q&A sessions.

#### **Statement of directors' responsibilities in respect of the financial statements**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, 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 group and company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.



## **Ringtons Limited**

### **Directors' report for the 52 week period ended 24 June 2022 (continued)**

#### **Directors' confirmations**

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

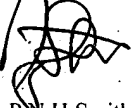
#### **Streamlined Energy and Carbon Reporting (SECR)**

Ringtons Limited does not have to report on SECR as this is included in the group SECR statement within the consolidated Ringtons Holdings Limited accounts.

#### **Independent auditors**

During the year PricewaterhouseCoopers LLP were re-appointed as auditors of the Company.

On behalf of the board



P. H. Smith

**Director**

31 October 2022

# **Ringtons Limited**

## **Independent auditors' report to the members of Ringtons Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion, Ringtons Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 24 June 2022 and of its profit for the 52 week period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Directors' report and financial statements (the "Annual Report"), which comprise: balance sheet as at 24 June 2022; statement of income and retained earnings for the period then ended; the Statement of accounting policies; and the notes to the financial statements.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### **Conclusions relating to going concern**

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

#### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

## **Ringtons Limited**

### **Independent auditors' report to the members of Ringtons Limited (continued)**

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

#### **Strategic report and Directors' report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the period ended 24 June 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

#### **Responsibilities for the financial statements and the audit**

##### **Responsibilities of the directors for the financial statements**

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

##### **Auditors' 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 auditors' 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.

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.

## **Ringtons Limited**

### **Independent auditors' report to the members of Ringtons Limited (continued)**

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation as well as compliance with the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries to increase profit, and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management including those charged with governance, inquiring specifically as to whether there was any known or suspected instances of non-compliance with laws and regulations and fraud;
- Review of board minutes;
- Review of legal expenditure in the year to identify potential non-compliance with laws and regulations;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations impacting profit; and
- Challenging assumptions and judgements made by management in their key accounting estimates.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

#### **Use of this report**

This report, including the opinions, has been prepared for and only for the 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.

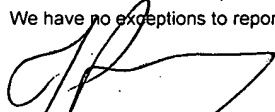
#### **Other required reporting**

##### **Companies Act 2006 exception reporting**

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

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

We have no exceptions to report arising from this responsibility.



Jonathan Greenaway (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Newcastle upon Tyne  
31 October 2022

## Ringtons Limited

### Statement of income and retained earnings for the 52 week period ended 24 June 2022

	Note	52 week period ended 24 June 2022 £	52 week period ended 25 June 2021 £
<b>Turnover</b>	1	70,594,577	65,203,949
Cost of sales		(46,650,012)	(41,697,336)
<b>Gross profit</b>		23,944,565	23,506,613
Distribution costs		(15,133,101)	(13,962,440)
Administrative expenses		(4,488,306)	(5,453,248)
Dividends received from subsidiaries	2	250,500	500,000
<b>Operating profit</b>	2	4,573,658	4,590,925
Interest receivable and similar income	5	1,326	3,917
Interest payable and similar expenses	6	(9,648)	(12,947)
<b>Profit before taxation</b>		4,565,336	4,581,895
Tax on profit	7	(904,749)	(1,012,151)
<b>Profit for the financial year</b>	16	3,660,587	3,569,744
<b>Profit and loss account brought forward</b>		27,507,053	27,937,309
Dividends paid	17	(1,800,000)	(4,000,000)
<b>Profit and loss account at the end of the year</b>		29,367,640	27,507,053

All amounts relate to continuing operations.

## Ringtons Limited

### Balance sheet as at 24 June 2022

		24 June 2022		25 June 2021	
	Note	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	8		13,751,470		12,557,013
Investments	9		2,343,165		2,343,165
			16,094,635		14,900,178
<b>Current assets</b>					
Stocks	10	15,154,389		13,591,420	
Debtors	11	6,214,362		5,043,875	
Cash at bank and in hand		3,274,562		4,333,684	
		24,643,313		22,968,979	
<b>Creditors: amounts falling due within one year</b>	12	(8,273,919)		(7,640,649)	
<b>Net current assets</b>			16,369,394		15,328,330
<b>Total assets less current liabilities</b>			32,464,029		30,228,508
<b>Creditors: amounts falling due after more than one year</b>	13		-		(13,914)
Provisions for liabilities	14		(984,467)		(595,619)
<b>Net assets</b>			31,479,562		29,618,975
<b>Capital and reserves</b>					
Called up share capital	15		142,444		142,444
Capital redemption reserve	16		1,969,478		1,969,478
Profit and loss account	16		29,367,640		27,507,053
<b>Total shareholders' funds</b>			31,479,562		29,618,975

The financial statements on pages 11 to 27 were approved by the board of directors on 31 October 2022 and were signed on its behalf by:



P N H Smith  
Director

Company registered number: 00572008

## **Ringtons Limited**

### **Statement of accounting policies**

#### **Company information**

Ringtons Limited is a private business, limited by shares and is incorporated in the United Kingdom and registered in England. The address of its registered office is 10-22 Algernon Road, Heaton, Newcastle upon Tyne, Tyne & Wear, NE6 2YN.

The principal activities of the company comprise the following:

- Sourcing, blending and packaging of tea and infusion for its own brand and a variety of other customers.
- Retailing of its tea brand and related products directly to households via sales vans, primarily throughout north and central England.

#### **Statement of compliance**

The financial statements of Ringtons Limited have been prepared in compliance with the applicable United Kingdom Accounting Standards including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

#### **Basis of preparation of financial statements**

The financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

As the company is a wholly owned subsidiary of Ringtons Holdings Limited and is included in the consolidated financial statements of Ringtons Holdings Limited which are publicly available. Consequently, the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies' Act 2006.

The company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company Ringtons Holdings Limited includes the company's cash flow in its own consolidated financial statements.

The company has taken advantage of the exemption under Section 33.1A of FRS102 from disclosing transactions with other group companies on grounds that it is a wholly owned subsidiary of a group headed by Ringtons Holdings Limited which are publicly available. There are no other related party transactions requiring disclosure.

#### **Turnover**

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

Retail van sales – the value of sales of goods accepted by customers, excluding value added tax.

Other customers – the value of sales of goods despatched to customers, excluding value added tax.

#### **Stocks**

Stocks are valued at the lower of cost and fair value less costs to sell after making due allowance for obsolete and slow moving stocks.

# **Ringtons Limited**

## **Statement of accounting policies (continued)**

### **Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	- 2% straight line
Leasehold property	- 2% straight line
Plant and machinery	- 10%-25% straight line
Fixtures, fittings and other assets	- 10%-25% straight line

Depreciation is not charged on land or assets under construction.

### **Finance leases**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

### **Operating leases**

Rental under operating leases are charged to the statement of income and retained earnings on a straight line basis over the lease term.

### **Investments**

Investments held as fixed assets are shown at cost less provision for impairment.

### **Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.



## Ringtons Limited

### Statement of accounting policies (continued)

#### Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date or at the agreed contractual rate.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the statement of income and retained earnings.

#### Financial instruments

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

##### (i) *Financial assets*

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled; or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party; or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

##### (ii) *Financial liabilities*

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

## **Ringtons Limited**

### **Statement of accounting policies (continued)**

#### **Financial instruments (continued)**

##### **(ii) *Financial liabilities (continued)***

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables 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. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method. Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

#### **Pensions**

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

#### **Critical accounting judgements and key source of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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:

#### **Stocks**

Stocks are valued at the lower of cost and fair value less costs to sell after making due allowance for obsolete and slow moving stocks.

## **Ringtons Limited**

### **Notes to the financial statements for the 52 week period ended 24 June 2022**

#### **1 Turnover**

The whole of the turnover and profit before taxation are attributable to the one principal activity of the company.

All turnover arose within the United Kingdom.

#### **2 Operating profit**

Operating profit is stated after charging/(crediting):

	<b>52 week period ended 24 June 2022</b>	<b>52 week period ended 25 June 2021</b>
	<b>£</b>	<b>£</b>
Depreciation of tangible fixed assets:		
- owned by the company	<b>1,830,123</b>	<b>1,757,860</b>
- held under hire purchase agreements	<b>109,302</b>	<b>109,302</b>
Operating lease rentals:		
- other operating leases	<b>104,580</b>	<b>33,700</b>
Net gain on foreign currency translation	<b>(22,982)</b>	<b>(22,971)</b>
Auditors' remuneration:		
Audit of these financial statements	<b>20,000</b>	<b>15,500</b>
Amounts receivable by the auditors and their associates in respect of:		
Other services relating to taxation	<b>3,000</b>	<b>3,000</b>
Dividends received from subsidiaries	<b>(250,500)</b>	<b>(500,000)</b>

## **Ringtons Limited**

### **Notes to the financial statements for the 52 week period ended 24 June 2022 (continued)**

#### **3 Staff costs**

Staff costs, including directors' remuneration, were as follows:

	52 week period ended 24 June 2022	52 week period ended 25 June 2021
	£	£
Wages and salaries	14,842,780	13,952,204
Social security costs	1,435,424	1,342,265
Other pension costs	879,598	862,573
	17,157,802	16,157,042

The average monthly number of employees, including the directors, during the year was as follows:

	52 week period ended 24 June 2022	52 week period ended 25 June 2021
	Number	Number
Production	140	143
Selling and distribution	366	372
Administrative	49	47
	555	562

#### **4 Directors' remuneration and key management remuneration**

	52 week period ended 24 June 2022	52 week period ended 25 June 2021
	£	£
Remuneration	730,087	775,018
Company pension contributions to defined contribution pension schemes	28,800	28,800
	758,887	803,818

## **Ringtons Limited**

### **Notes to the financial statements for the 52 week period ended 24 June 2022 (continued)**

#### **4 Directors' remuneration and key management remuneration (continued)**

During the year retirement benefits were accruing to 1 director (2021: 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £325,932 (2021: £341,584) and pension contributions to defined contribution pension of £nil (2021: £nil).

The key management personnel within the company are considered to be the directors.

#### **5 Interest receivable and similar income**

	52 week period ended 24 June 2022	52 week period ended 25 June 2021
	£	£
Bank interest receivable	518	495
Other interest receivable	808	3,422
	<b>1,326</b>	<b>3,917</b>

#### **6 Interest payable and similar expenses**

	52 week period ended 24 June 2022	52 week period ended 25 June 2021
	£	£
Interest payable on hire purchase	1,663	5,201
Interest payable on bank borrowing	7,985	7,746
	<b>9,648</b>	<b>12,947</b>

## Ringtons Limited

### Notes to the financial statements for the 52 week period ended 24 June 2022 (continued)

#### 7 Tax on profit

##### Analysis of tax charge in the year

	52 week period ended 24 June 2022	52 week period ended 25 June 2021
Current tax	£	£
UK corporation tax charge on profit for the year	774,581	1,098,176
Adjustments in respect of prior periods	(258,680)	(707)
<b>Total current tax</b>	<b>515,901</b>	<b>1,097,469</b>
Deferred tax		
Origination and reversal of timing differences	36,862	(228,725)
Adjustments in respect of prior periods	340,346	459
Effect of changes in tax rate	11,640	142,948
<b>Total deferred tax (see note 14)</b>	<b>388,848</b>	<b>(85,318)</b>
<b>Tax on profit</b>	<b>904,749</b>	<b>1,012,151</b>

##### Factors affecting tax charge for the year

The tax assessed for the year is higher (2021: higher) than the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	52 week period ended 24 June 2022 £	52 week period ended 25 June 2021 £
Profit before taxation	4,565,336	4,581,895
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	867,414	870,560
<i>Effects of:</i>		
Expenses not deductible for tax purposes	-	94,999
Income not taxable	(55,972)	(96,107)
Adjustments in respect of prior periods	81,666	(248)
Effect of changes in tax rate	11,641	142,947
<b>Tax on profit</b>	<b>904,749</b>	<b>1,012,151</b>

##### Factors that may affect future tax charges

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. The proposed increase in the corporation tax rate was substantively enacted on 24 May 2021 and therefore a corporation tax rate of 25% has been used to measure deferred tax assets and liabilities where applicable.

# Ringtons Limited

## Notes to the financial statements for the 52 week period ended 24 June 2022 (continued)

### 8 Tangible assets

	Freehold property £	Leasehold property £	Plant and machinery £	Fixtures, fittings and other assets £	Total £
<b>Cost</b>					
At 26 June 2021	6,806,769	947,227	12,480,076	7,261,885	27,495,957
Additions	403,192	-	1,360,919	1,378,477	3,142,588
Disposals	-	-	(408,684)	(496,976)	(905,660)
<b>At 24 June 2022</b>	<b>7,209,961</b>	<b>947,227</b>	<b>13,432,311</b>	<b>8,143,386</b>	<b>29,732,885</b>
<b>Accumulated depreciation</b>					
At 26 June 2021	2,115,982	268,976	7,585,820	4,968,166	14,938,944
Charge for the year	133,411	18,944	781,268	1,005,802	1,939,425
On disposals	-	-	(406,387)	(490,567)	(896,954)
<b>At 24 June 2022</b>	<b>2,249,393</b>	<b>287,920</b>	<b>7,960,701</b>	<b>5,483,401</b>	<b>15,981,415</b>
<b>Net book value</b>					
<b>At 24 June 2022</b>	<b>4,960,568</b>	<b>659,307</b>	<b>5,471,610</b>	<b>2,659,985</b>	<b>13,751,470</b>
At 25 June 2021	4,690,787	678,251	4,894,256	2,293,719	12,557,013

Plant and machinery includes assets under construction of £902,138 (25 June 2021: £1,213,355).

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	24 June 2022 £	25 June 2021 £
Plant and machinery	194,376	303,678

## Ringtons Limited

### Notes to the financial statements for the 52 week period ended 24 June 2022 (continued)

#### 9 Investments

	Investments in subsidiary companies £
<b>Cost</b>	
At 26 June 2021	4,843,165
Additions	-
<b>At 24 June 2022</b>	<b>4,843,165</b>
<b>Provision for impairment</b>	
At 26 June 2021	2,500,000
Charge for the year	-
<b>At 24 June 2022</b>	<b>2,500,000</b>
<b>Net book value</b>	
<b>At 24 June 2022</b>	<b>2,343,165</b>
At 25 June 2021	2,343,165

The directors believe that the carrying value of the investments is supported by their underlying net assets.

#### Subsidiary undertakings

Details of subsidiary undertakings, all of which are registered in England, are as follows:

Name	Country of incorporation	Class of shares	Holding	Principal activity	Registered office
Infusion GB Holdings Limited	United Kingdom	Ordinary	50.1%	Holding company	Unit 5, The IO Centre, Hurricane Road, Gloucester Business Park, Gloucester, GL3 4AQ
Infusion GB Limited	United Kingdom	Ordinary	50.1%*	Tea and herbal drink packaging	Unit 5, The IO Centre, Hurricane Road, Gloucester Business Park, Gloucester, GL3 4AQ
The Perfectly Picked and Packed Company Limited	United Kingdom	Ordinary	50.1%*	Dormant	PO Box 3, Algernon Road, Newcastle upon Tyne, NE6 2YN

\*Indirect holding



## **Ringtons Limited**

### **Notes to the financial statements for the 52 week period ended 24 June 2022 (continued)**

#### **10 Stocks**

	<b>24 June 2022</b>	<b>25 June 2021</b>
	<b>£</b>	<b>£</b>
Raw materials	<b>10,266,512</b>	<b>8,913,458</b>
Finished goods and goods for resale	<b>4,887,877</b>	<b>4,677,962</b>
	<b>15,154,389</b>	<b>13,591,420</b>

#### **11 Debtors**

	<b>24 June 2022</b>	<b>25 June 2021</b>
	<b>£</b>	<b>£</b>
Trade debtors	<b>5,339,032</b>	<b>4,344,812</b>
Amounts owed by group undertaking	<b>10,596</b>	<b>-</b>
Other debtors	<b>106,657</b>	<b>176,910</b>
VAT recoverable	<b>513,913</b>	<b>289,459</b>
Prepayments and accrued income	<b>244,164</b>	<b>232,694</b>
	<b>6,214,362</b>	<b>5,043,875</b>

## **Ringtons Limited**

### **Notes to the financial statements for the 52 week period ended 24 June 2022 (continued)**

#### **12 Creditors: amounts falling due within one year**

	24 June 2022	25 June 2021
	£	£
Trade creditors	4,334,385	2,314,337
Amounts owed to group undertakings	-	7,028
Net obligations under hire purchase contracts	13,914	166,968
Corporation tax	268,571	634,920
Other taxation and social security	518,390	466,571
Accruals and deferred income	3,138,659	4,050,825
	8,273,919	7,640,649

The amounts owed to group undertakings are unsecured, interest free and have no fixed repayment date.

Hire purchase liabilities are secured over the assets to which they relate.

#### **13 Creditors: amounts falling due after more than one year**

	24 June 2022	25 June 2021
	£	£
Net obligation under finance leases and hire purchase contracts	-	13,914

Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

	24 June 2022	25 June 2021
	£	£
Between two and five years	-	13,914

Hire purchase liabilities are secured over the assets to which they relate.

# Ringtons Limited

## Notes to the financial statements for the 52 week period ended 24 June 2022 (continued)

### 14 Provisions for liabilities

	52 week period ended 24 June 2022	52 week period ended 25 June 2021
	£	£
At the beginning of the year	595,619	680,937
Charge/(credit)	48,502	(85,777)
Adjustment in respect of prior years	340,346	459
<b>At the end of the year</b>	<b>984,467</b>	<b>595,619</b>

The provision for deferred taxation is made up as follows:

	24 June 2022	25 June 2021
	£	£
Fixed asset timing differences	1,002,016	624,839
Short term timing differences	(17,549)	(29,220)
	<b>984,467</b>	<b>595,619</b>

### 15 Called up share capital

	24 June 2022	25 June 2021
	£	£
<b>Authorised</b>		
2,076,000 (25 June 2021: 2,076,000) ordinary shares of £1 each	2,076,000	2,076,000
<b>Allotted, called up and fully paid</b>		
142,444 (25 June 2021: 142,444) ordinary shares of £1 each	142,444	142,444

## Ringtons Limited

### Notes to the financial statements for the 52 week period ended 24 June 2022 (continued)

#### 16 Reserves

	Capital redemption reserve	Profit and loss account
	£	£
At 26 June 2021	1,969,478	27,507,053
Profit for the financial year	-	3,660,587
Dividends: Equity capital	-	(1,800,000)
<b>At 24 June 2022</b>	<b>1,969,478</b>	<b>29,367,640</b>

#### 17 Dividends paid

	52 week period ended 24 June 2022	52 week period ended 25 June 2021
	£	£
Dividends paid on equity capital	1,800,000	4,000,000

Dividends paid at £12.64 (2021: £28.08) per share.

#### 18 Pension commitments

The company's pension contributions 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 £879,598 (2021: £862,573). An amount of £75,106 (25 June 2021: £71,207) is due to the scheme at the year end.

## **Ringtons Limited**

### **Notes to the financial statements for the 52 week period ended 24 June 2022 (continued)**

#### **19 Operating lease commitments**

At 24 June 2022 and 25 June 2021 the company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	24 June 2022	25 June 2021
	£	£
Operating leases which expire:		
Within one year	145,330	25,700
Two to five years	469,323	-

#### **20 Ultimate parent undertaking and controlling party**

The immediate and ultimate parent undertaking, and controlling party is Ringtons Holdings Limited, a company registered in the United Kingdom.

Ringtons Holdings Limited is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements at 24 June 2022. The consolidated financial statements of Ringtons Holdings Limited are available from 10-22 Algernon Road, Heaton, Newcastle upon Tyne, NE6 2YN.