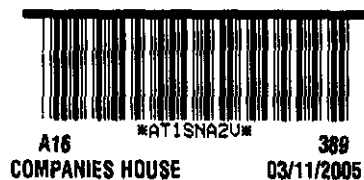


Ringtons Limited
Directors' report and accounts
for the year ended 30 June 2005

Registered Number 572008



Ringtons Limited

Directors' report and accounts for the year ended 30 June 2005

Contents

Directors and Advisors for the year ended 30 June 2005	1
Directors' report for the year ended 30 June 2005	2
Independent auditors' report to the members of Ringtons Limited	4
Profit and loss account for the year ended 30 June 2005.....	5
Balance sheet at 30 June 2005	6
Accounting policies	7
Notes to the financial statements for the year ended 30 June 2005	9

Ringtons Limited

Directors and Advisors for the year ended 30 June 2005

Directors

A M Hodson* (Chairman)

P N H Smith

S M Smith

C J Smith

R J Tucker*

G W Stern*

*non-executive directors

Auditors

PricewaterhouseCoopers LLP

89 Sandyford Road

Newcastle upon Tyne

NE1 8HW

Registered Office

Algernon Road

Newcastle upon Tyne

NE6 2YN

Ringtons Limited

Directors' report for the year ended 30 June 2005

The directors present their report and audited accounts for the year ended 30 June 2005.

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

	Year ended 30 June 2005 £'000	18 month period ended 30 June 2004 £'000
Profit for the period	1,831	3,214
Ordinary dividend paid during the period	(1,107)	(821)
Transferred to reserves	724	2,393

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 company and the staff by means of regular meetings and continuous individual contact.

Charitable and political donations during the period

The company made donations for charitable purposes amounting to £12,749 (2004: £Nil).

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 30 June 2005. Their shares in the parent company are shown in that company's accounts.

Ringtons Limited

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period 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 30 June 2005 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.

On behalf of the board



A M Hodson
Chairman

19 October 2005

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.

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 30 June 2005 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

19 October 2005

Ringtons Limited

Profit and loss account for the year ended 30 June 2005

		Year ended 30 June 2005	18 month period ended 30 June 2004
	Note	£'000	£'000
Turnover – continuing operations	1	29,040	42,555
Cost of sales		(14,650)	(21,953)
Gross profit		14,390	20,602
Distribution costs		(8,687)	(12,974)
Administrative expenses		(3,085)	(4,307)
Other operating income		-	3
Operating profit – continuing operations		2,618	3,324
Profit on sale of fixed assets		8	871
Interest receivable and similar income		136	79
Interest payable and similar charges	3	(227)	(147)
Profit on ordinary activities before taxation	2	2,535	4,127
Tax on profit on ordinary activities	7	(704)	(913)
Profit for the financial period		1,831	3,214
Dividends payable	6	(1,107)	(821)
Retained profit for the financial period	15	724	2,393

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 period stated above and their historical cost equivalents.

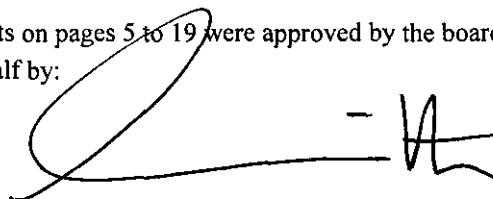
Ringtons Limited

Balance sheet at 30 June 2005

	Note	2005 £'000	2004 £'000
Fixed assets			
Tangible assets	8	7,143	7,241
Current assets			
Stock	9	3,215	3,536
Debtors	10	2,765	2,573
Short-term deposits and cash at bank and in hand		1,484	440
		7,464	6,549
Creditors: amounts falling due within one year	11	(3,318)	(3,290)
Net current assets		4,146	3,259
Total assets less current liabilities		11,289	10,500
Creditors: amounts falling due after one year	12	(3,397)	(3,397)
Provisions for liabilities and charges	13	(529)	(464)
Net assets		7,363	6,639
Capital and reserves			
Called up share capital	14	142	142
Capital redemption reserve	15	296	296
Profit and loss account	15	6,925	6,201
Equity shareholders' funds	16	7,363	6,639

The financial statements on pages 5 to 19 were approved by the board of directors on 19 October 2005 and were signed on its behalf by:


A M Hodson
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:

Retail 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

Deferred taxation is 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.

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 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.

In the period of termination of a defined benefit scheme, amounts committed by the company to make good a deficit will be charged to the profit and loss account in that period.

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. Cost comprises expenditure directly incurred in purchasing or manufacturing stocks together with, where appropriate, attributable overheads based on normal activity levels.

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 the transaction. Exchange gains or losses are taken to the profit and loss account.

Ringtons Limited

Notes to the financial statements for the year ended 30 June 2005

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):

	Year ended 30 June 2005	18 month period ended 30 June 2004
	£'000	£'000
Depreciation	1,156	1,767
Profit on sale of fixed assets	(8)	(871)
Auditor's remuneration		
- audit	25	23
- non-audit	3	2
Interest receivable on cash balances and deposits	(136)	(79)

3 Interest payable and similar charges

	Year ended 30 June 2005	18 month period ended 30 June 2004
	£'000	£'000
On bank loans and overdrafts	56	83
On amounts owed to group undertakings	171	64
	227	147

Ringtons Limited

4 Directors' emoluments

	Year ended 30 June 2005 £'000	18 month period ended 30 June 2004 £'000
Directors' emoluments including pension	667	437
Highest paid director including pension	429	256

Two directors have benefits accruing under the Ringtons Discretionary Retirement Plan (2004: two).

The highest paid director had an accrued pension at the end of the period of £44,947 (2004: £47,652).

5 Staff costs

Staff costs comprise:

	Year ended 30 June 2005 £'000	18 month period ended 30 June 2004 £'000
Wages and salaries	8,135	11,788
Social security costs	700	983
Other pension costs	361	665
	9,196	13,436

The average number of persons employed by the company was 575 (2004: 579).

6 Dividends

	Year ended 30 June 2005 £'000	18 month period ended 30 June 2004 £'000
Equity – ordinary		
Interim of £7.80 (2004: £5.78) per £1 share	1,107	821

Ringtons Limited

7 Taxation

Tax on profit on ordinary activities

	Year ended 30 June 2005 £'000	18 month period ended 30 June 2004 £'000
Current tax		
UK corporation tax on profits of the period	777	1,060
Adjustment in respect of previous periods	(138)	-
Total current tax	639	1,060
Deferred tax		
Origination and reversal of timing differences (ACA and other)	65	(147)
Total deferred tax	65	(147)
Tax on profit on ordinary activities	704	913

The tax assessed for the period is lower (2004: lower) than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	Year ended 30 June 2005 £'000	18 month period ended 30 June 2004 £'000
Profit on ordinary activities before tax	2,535	4,127
Profit on ordinary activities multiplied by standard rate in the UK 30% (2004: 30%)	760	1,238
Effects of:		
Expenses not deductible for tax purposes	35	(274)
Accelerated capital allowances/other timing differences	(5)	120
Group relief claimed not paid	(13)	(24)
Adjustments in respect of previous periods	(138)	-
Current tax charge for the period	639	1,060

Factors that may effect future tax charges:

There are no factors which are expected to materially affect future tax charges.

Ringtons Limited

8 Tangible fixed assets

	Freehold land and buildings	Long leasehold land & buildings	Plant and machinery	Motor vehicles	Fixtures & fittings	Computer equipment	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost							
At 1 July 2004	4,187	184	4,222	2,341	1,095	1,012	13,041
Additions	4	-	105	760	266	80	1,215
Disposals	-	-	(8)	(701)	(32)	(129)	(870)
At 30 June 2005	4,191	184	4,319	2,400	1,329	963	13,386
Accumulated depreciation							
At 1 July 2004	926	54	2,570	857	718	675	5,800
Charge for the year	77	4	326	452	124	173	1,156
Disposals	-	-	(8)	(552)	(27)	(126)	(713)
At 30 June 2005	1,003	58	2,888	757	815	722	6,243
Net book amount							
At 30 June 2005	3,188	126	1,431	1,643	514	241	7,143
At 30 June 2004	3,261	130	1,652	1,484	377	337	7,241

At 30 June 2005 the company had no capital commitments (2004: £Nil).

9 Stocks

	2005	2004
	£'000	£'000
Raw materials	1,835	2,122
Finished goods	1,380	1,414
	3,215	3,536

Ringtons Limited

10 Debtors

	2005	2004
	£'000	£'000
Amounts falling due within one year		
Trade debtors	1,121	1,069
Amounts due from group undertakings	1,288	1,106
Other debtors	95	133
Prepayments and accrued income	261	265
	2,765	2,573

11 Creditors – Amounts falling due within one year

	2005	2004
	£'000	£'000
Trade creditors	1,426	1,846
Amounts owed to group undertakings	523	-
Corporation tax	-	365
Other taxation and social security	212	208
Other creditors	147	96
Accruals and deferred income	1,010	775
	3,318	3,290

12 Creditors – Amounts falling due after one year

	2005	2004
	£'000	£'000
Amounts owed to group undertakings	3,397	3,397

Ringtons Limited

13 Provision for liabilities and charges

Provisions for liabilities and charges comprise:

	Deferred tax provision £'000
1 July 2004	464
Charged to the profit and loss account	65
30 June 2005	529

Provision for deferred tax	2005 £'000	2004 £'000
Accelerated capital allowances	527	529
Short term timing differences	(32)	(89)
Other timing differences	34	24
Total provision for deferred tax	529	464

14 Share capital

Shares of £1	Authorised £'000	2005 £'000 Allotted and fully paid	Authorised £'000	2004 £'000 Allotted and fully paid
Equity				
Ordinary	2,076	142	2,076	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	-
	2,234	142	2,234	142

Ringtons Limited

15 Reserves

	Capital redemption reserve £'000	Profit and loss reserve £'000
At 1 July 2004	296	6,201
Retained profit for the financial period	-	724
As at 30 June 2005	296	6,925

16 Reconciliation of movements in equity shareholders' funds

	2005 £'000	2004 £'000
Profit on ordinary activities after taxation	1,831	3,214
Dividends	(1,107)	(821)
Net addition in shareholders' funds	724	2,393
Shareholders' funds at beginning of period	6,639	4,246
Shareholders' funds at 30 June	7,363	6,639

17 Contingent liability

The company has no contingent liabilities at 30 June 2005 (2004: £Nil).

18 Pension commitments

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

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 period in which they are payable. The cost of contributions to the scheme in the period amount to £198,179 (2004: £252,990). An amount of £46,250 (2004: £43,267) is due to the scheme at the period end.

Ringtons Limited

Ringtons Discretionary Retirement Plan

The Ringtons 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 Discretionary Retirement Plan was carried out as at 31 December 2002. Details of the actuarial valuation are contained in the financial statements of Ringtons Holdings Limited.

The total pension charge for the year was £163,000 (2004: £412,000).

The valuation used for Financial Reporting Standard 17 - Retirement Benefits ("FRS17") disclosures has been based on the most recent actuarial valuation at 31 December 2002 and updated by Foden Boyes to take account of FRS17 in order to assess the liabilities of the scheme at 30 June 2005. Scheme assets are stated at their market value at 30 June 2005.

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

Valuation method	Year ended 30 June 2005 £'000	18 month period ended 30 June 2004 £'000
Rate of increase in salaries	3.5%	3.5%
Rate of increase in pensions in payment	2.8%	2.3%
Discount rate	5.5%	5.5%
Inflation assumption	2.8%	2.3%

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

	Long term rate of return expected at 30 June 2005	Value at 30 June 2005 £'000	Long term rate of return expected at 30 June 2004	Value at 30 June 2004 £'000
Equities	6.7%	4,223	6.7%	3,649
Bonds	5.5%	-	5.5%	875
Other	4.0%	3,386	4.0%	2,326
Total fair value of assets		7,609		6,850
Present value of scheme liabilities		(7,459)		(4,694)
Surplus in scheme		150		2,156
Related deferred tax for liability		(45)		(647)
Net pension asset		105		1,509

Ringtons Limited

If the above amounts had been recognised in the financial statements, the company's net assets and profit and loss reserve at 30 June 2005 would be as follows:

	30 June 2005 £'000	30 June 2004 £'000
Net assets		
Net assets excluding pension assets	7,363	6,639
Pension asset	105	1,509
Net assets including pension asset	7,468	8,148

	30 June 2005 £'000	30 June 2004 £'000
Reserves		
Profit and loss reserve excluding pension assets	6,925	6,201
Pension asset	105	1,509
Profit and loss reserve	7,030	7,710

The following amounts would have been recognised in the financial statements in the period to 30 June 2005 under the requirements of FRS 17:

	2005 £'000
Operating profit	
Current service cost	232
Past service cost	-
Total operating charge	232

	2005 £'000
Other finance income	
Expected return on pension scheme assets	390
Interest on pension scheme liabilities	(265)
Net return	125

Ringtons Limited

	2005
	£'000
Statement of total recognised gains and losses	
Actual return less expected return on pension scheme assets	133
Experience gains and losses arising on scheme liabilities	(1,851)
Changes in assumptions underlying the present value of the scheme liabilities	(417)
Actuarial loss recognised in STRGL	(2,135)
	2005
	£'000
Movement in surplus during the period	
Surplus in scheme at beginning of the period	2,156
Movement in period:	
Current service cost	(232)
Contributions	236
Past service costs	-
Other finance income	125
Actuarial loss	(2,135)
Surplus in scheme at end of the period	150
Details of experience gains and losses for the period to 30 June 2005	
	£'000
Difference between the expected and actual return on scheme assets	
Amount	133
Percentage of scheme assets	1.7%
Experience gains and losses on liabilities	
Amount	(1,851)
Percentage of scheme assets	(24.8%)
Total amount recognised in statement of total recognised gains and losses	
Amount	(2,135)
Percentage of scheme assets	(28.6%)

Ringtons Limited

19 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 £Nil (2004: £16,581) owed by Ringtons Foundation, a trust set up for the provision of benefits for the employees of Ringtons Limited.