

Ringtons Limited
Directors' report and accounts
for the year ended 31 December 2000

Registered Number 572008



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Ringtons Limited

Directors' report and accounts

for the year ended 31 December 2000

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Ringtons Limited

Directors and Advisors for the year ended 31 December 2000

Directors

PNH Smith (Chairman)

SM Smith

CJ Smith

RJ Tucker (appointed 2 January 2000)

GW Stern (appointed 2 January 2001)

Auditors

PricewaterhouseCoopers

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 2000

The directors present their report and audited accounts for the year ended 31 December 2000.

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.

Redemption of shares

On 2 August 2000 the company redeemed 295,846 (68%) of its allotted and fully paid £1 ordinary shares for a total consideration of £13,500,000.

The directors approved the share reduction to improve the efficiency of the capital structure of the company.

Results and dividends

	2000 £	1999 £
Profit available for distribution	3,614,309	1,994,932
Ordinary dividend - paid during the year	-	(1,000,000)
Transfer to reserves	3,614,309	994,932

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 group made donations for charitable purposes amounting to £Nil (1999: £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 31 December 2000. 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 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 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 2000 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.

Auditors

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the board



PNH Smith

Chairman

6 April 2001

Ringtons Limited

Auditors' report to the members of Ringtons Limited

We have audited the financial statements on pages 5 to 15 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 3, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. 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.

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 2000 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers

Chartered Accountants and Registered Auditors

Newcastle upon Tyne

6 April 2001

Ringtons Limited

Profit and loss account for the year ended 31 December 2000

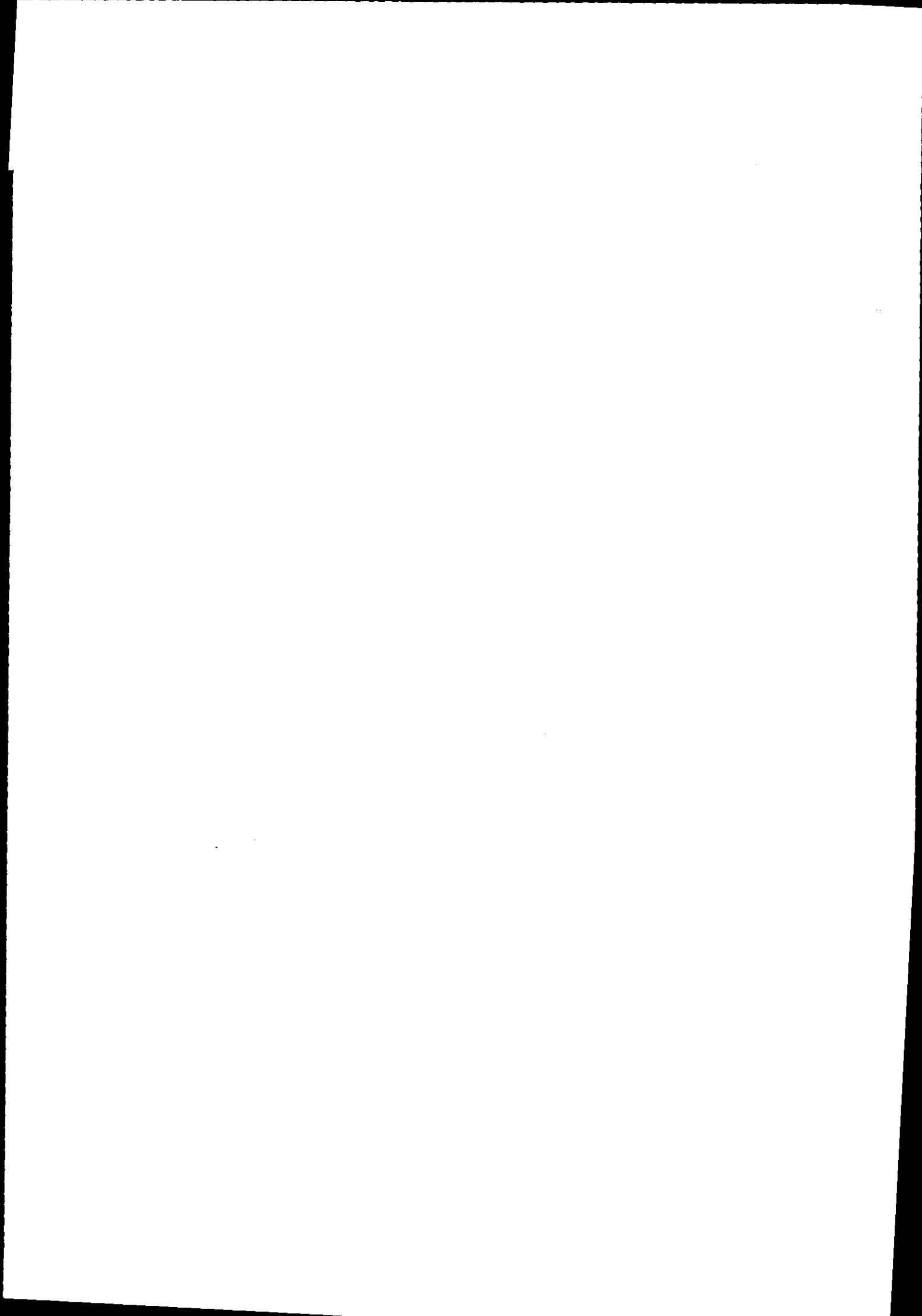
	Note	2000 £	1999 £
Turnover – continuing operations	1	27,894,579	29,110,396
Cost of sales		(15,627,588)	(15,586,663)
Gross profit		12,266,991	13,523,733
Distribution costs		(7,659,853)	(7,678,079)
Administrative expenses		(2,932,856)	(3,291,940)
Other operating income		228,605	242,181
Operating profit – continuing operations		1,902,887	2,795,895
Profit on sale of fixed assets		2,225,925	12,491
Interest receivable and similar income		101,576	134,956
Interest payable and similar charges		(44,635)	(46,473)
Profit on ordinary activities before taxation	2	4,185,753	2,896,869
Tax on profit on ordinary activities	5	(571,444)	(901,937)
Profit on ordinary activities after taxation		3,614,309	1,994,932
Dividends	6	-	(1,000,000)
Amount transferred to reserves	15	3,614,309	994,932

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 is no difference between reported profits and historical cost profits for 2000 or 1999.



Ringtons Limited

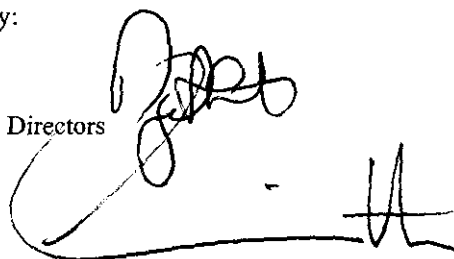
Balance sheet at 31 December 2000

	Note	2000 £	2000 £	1999 £	1999 £
Fixed assets					
Tangible assets	7		6,626,904		7,926,600
Investments	8		-		1,819,466
			6,626,904		9,746,066
Current assets					
Stock	9	3,178,197		3,025,523	
Debtors	10	1,406,194		1,711,112	
Short-term deposits and cash at bank and in hand		2,232,815		1,647,315	
		6,817,206		6,383,950	
Creditors: amounts falling due within one year	11	(11,361,732)		(4,161,947)	
Net current (liabilities)/assets			(4,544,526)		2,222,003
Total assets less current liabilities			2,082,378		11,968,069
Provisions for liabilities and charges	12		(140,000)		(140,000)
Net assets			1,942,378		11,828,069
Capital and reserves					
Called up share capital	13		142,444		438,290
Capital redemption reserve	14		295,846		-
Profit and loss account	15		1,504,088		11,389,779
Equity shareholders' funds	16		1,942,378		11,828,069

The financial statements on pages 5 to 15 were approved by the board of directors on 6 April 2001 and were signed on its behalf by:

PNH Smith)
)
 SM Smith)

Directors



Ringtons Limited

Accounting policies

Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

Turnover

Turnover represents the value of sales and services invoiced to customers net of value added tax.

Deferred taxation

Provision is made using the liability method for tax deferred by accelerated capital allowances and other timing differences to the extent that a liability is expected to arise in the foreseeable future.

Depreciation

The annual rates of depreciation applied to write off tangible fixed assets in equal annual instalments over their estimated useful lives are:

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

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.

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 life 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 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.

Cash Flow Statement

The company is exempt from the requirement of Financial Reporting Standard No. 1 (revised) to prepare 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 immediately.

Ringtons Limited

Notes to the financial statements for the year ended 31 December 2000

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):

	2000	1999
	£	£
Depreciation (Note 7)	925,660	986,248
Profit on sale of fixed assets	2,225,925	12,491
Auditor's remuneration – statutory audit of the company	23,000	18,000
Interest receivable on cash balances and deposits	(101,576)	(134,956)
Interest payable on bank and other borrowings repayable within five years	44,635	46,473

3 Directors' emoluments

	2000	1999
	£	£
Directors' emoluments including pension	206,054	256,631
Highest paid director including pension	146,126	154,259

Three directors have benefits accruing under the Ringtons Limited Discretionary Retirement Plan (1999: three).

Ringtons Limited

4 Staff costs

Staff costs comprise:

	2000	1999
	£	£
Wages and salaries	6,934,364	7,206,269
Social security costs	538,716	562,526
Other pension costs	410,363	374,992
	7,883,443	8,143,787

The average number of persons employed by the group was 591 (1999: 603).

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

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 Ringtons Limited 1998 Pension Plan is a defined contribution scheme providing benefits to certain employees within the company and the assets are held separately from the Company's assets.

5 Taxation

The taxation charge based on the profit for the year comprises:

	2000	1999
	£	£
Current year corporation tax payable at 30% (1999: 30.25)	600,000	920,000
Tax attributable to franked investment income	2,206	10,230
Over provision in respect of prior year	(30,762)	(28,293)
	571,444	901,937

Ringtons Limited

6 Dividends

On equity shares:

	2000	1999
	£	£
Paid £Nil (1999: £2.28) per £1 ordinary share	-	1,000,000

7 Tangible fixed assets

	Freehold land and buildings £	Long leasehold land & buildings £	Plant and machinery £	Motor vehicles £	Fixtures & fittings £	Computer equipment £	Total £
Cost							
At 1 January 2000	5,312,713	326,664	3,364,217	2,414,234	762,032	336,794	12,516,654
Additions	2,493	-	-	708,650	114,578	108,270	933,991
Disposals	(1,320,558)	(52,500)	(18,398)	(762,067)	(4,830)	(10,883)	(2,169,236)
At 31 December 2000	3,994,648	274,164	3,345,819	2,360,817	871,780	434,181	11,281,409
Accumulated depreciation							
At 1 January 2000	1,037,331	76,080	1,948,230	908,468	417,092	202,853	4,590,054
Charge for the year	50,624	5,921	249,783	489,747	74,327	55,258	925,660
Disposals	(340,259)	(16,187)	-	(492,101)	(3,748)	(8,914)	(861,209)
At 31 December 2000	747,696	65,814	2,198,013	906,114	487,671	249,197	4,654,505
Net book amount							
At 31 December 2000	3,246,952	208,350	1,147,806	1,454,703	384,109	184,984	6,626,904
At 31 December 1999	4,275,382	250,584	1,415,987	1,505,766	344,940	133,941	7,926,600

At 31 December 2000 there were no contractual commitments for the group for capital expenditure (1999: £Nil).

Ringtons Limited

8 Investments

	Unlisted investments £	Listed investments £	Total
At 1 January 2000	53,624	1,765,842	1,819,466
Additions	-	145,885	145,885
Disposals	(53,624)	(1,911,727)	(1,965,351)
At 31 December 2000	-	-	-

Unlisted investments

During the year the company transferred its shareholding in MotionObject Limited to Ringtons Holdings Limited.

9 Stocks

	2000 £	1999 £
Raw materials	1,981,911	1,786,128
Finished goods	1,196,286	1,239,395
	3,178,197	3,025,523

Ringtons Limited

10 Debtors

	2000	1999
	£	£
Amounts falling due within one year		
Trade debtors	1,289,309	1,406,867
Amounts owed by associated undertaking	-	33,532
Other debtors	61,222	65,806
Prepayments and accrued income	55,663	82,071
	1,406,194	1,588,276
Amounts falling due after more than one year		
Amounts owed by associated undertaking	-	122,836
	-	122,836
	1,406,194	1,711,112

11 Creditors – Amounts falling due within one year

	2000	1999
	£	£
Trade creditors	1,334,947	1,459,420
Amount owed to group undertakings	8,811,505	1,135,092
Corporation tax	393,471	621,792
Other taxation and social security	255,058	261,469
Other creditors	201,910	232,743
Accruals and deferred income	364,841	451,431
	11,361,732	4,161,947

Ringtons Limited

12 Provision for liabilities and charges

Provisions for liabilities and charges comprise:

	2000	1999
	£	£
Taxation deferred by capital allowances and other timing differences at 30% (1999: 30%)	140,000	140,000

The full potential deferred tax liability not provided for amounts to:

	2000	1999
	£	£
Taxation deferred by capital allowances and other timing differences at 30% (1999: 30%)	288,035	589,000

13 Share capital

Shares of £1	2000 Authorised £	2000 Allotted and fully paid £	1999 Authorised £	1999 Allotted and fully paid £
Non-equity				
4.55% (formerly 6.5%) Cumulative 'A' First Preference	78,300	-	78,300	-
4.20% (formerly 6%) Cumulative 'B' First Preference	32,490	-	32,490	-
4.55% (formerly 6.5%) Cumulative 'C' Second Preference	47,500	-	47,500	-
Equity				
Ordinary	2,045,864	142,444	2,341,710	438,290
	2,204,154	142,444	2,500,000	438,290

On 1 August 2000 the company redeemed 295,846 of its £1 ordinary shares for an aggregate consideration of £13,500,000.

The total nominal value of the shares (£295,846) has been credited to the capital redemption reserve (Note 14).

Ringtons Limited

14 Capital redemption reserve

	£
At 1 January 2000	-
Share redeemed (Note 13)	295,846
At 31 December 2000	295,846

15 Reserves

	Profit and loss reserve £
At 1 January 2000	11,389,779
Share redemption	(13,500,000)
Retained profit for the year	3,614,309
Dividends	-
As at 31 December 2000	1,504,088

16 Reconciliation of movements in equity shareholders' funds

	2000 £	1999 £
Profit on ordinary activities after taxation	3,614,309	1,994,932
Share redemption	(13,500,000)	
Dividends	-	(1,000,000)
Net (reduction in)/addition to shareholders' funds	(9,885,691)	994,932
Shareholders' funds at 1 January	11,828,069	10,833,137
Shareholders' funds at 31 December	1,942,378	11,828,069

Ringtons Limited

17 Contingent liability

The company has no contingent liabilities at 31 December 2000 (1999: £Nil).

18 Ultimate parent undertaking and related party transactions

The 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 are not disclosed as the company has taken advantage of the exemption available under Financial Reporting Standard No 8 "Related Party Disclosures".