

Ringtons Limited  
Directors' report and accounts  
for the year ended 30 June 2008

Registered number 572008

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# Ringtons Limited

## Directors' report and accounts

### for the year ended 30 June 2008

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# **Ringtons Limited**

## **Directors and advisers for the year ended 30 June 2008**

### **Directors**

P N H Smith

S M Smith

C J Smith

P R Mumby (resigned 31 January 2009)

J R Malton

C W Moffett

### **Company secretary**

C W Moffett

### **Independent auditors**

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

89 Sandyford Road

Newcastle upon Tyne

NE1 8HW

### **Registered office**

10-22 Algernon Road

Newcastle upon Tyne

NE6 2YN

# Ringtons Limited

## Directors' report for the year ended 30 June 2008

The directors present their report and audited accounts of the company for the year ended 30 June 2008.

### Principal activity and business review

The principal activity of the company comprises the blending, packing and retailing of tea.

### Results and dividends

The sales for the company for the year were £30,584,000 (2007: £30,082,000) and the results for the year are detailed below:

	2008 £'000	2007 £'000
Profit for the financial year	2,027	2,091
Dividend paid during the year £5.30 per share (2007: £6.81 per share)	(752)	(966)
Transferred to reserves	1,275	1,125

### Future outlook

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

### Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks affecting the company are considered to relate to raw tea availability and pricing.

### Key performance indicators

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

### 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.

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.

# Ringtons Limited

## **Financial risk management**

The monitoring and subsequent management of the company's exposure to financial risk is the responsibility of the company's directors. The company is exposed to tea price fluctuations although this is managed through purchasing bulk quantities at auction at defined prices. Bulk purchasing also mitigates the risk of exposure to tea shortages.

## **Directors**

The directors of the company who served during the year, and up to the date of signing the financial statements unless otherwise stated, are listed on page 1.

## **Statement of directors' responsibilities**

The directors are responsible for preparing the Annual Report and financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

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**

## **Disclosure of information to auditors**

Each of the persons who is a director at the date of approval of this report confirms that:

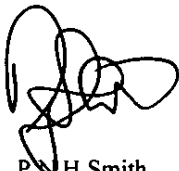
- (1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (2) each director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

## **Independent auditors**

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

On behalf of the board



P M H Smith  
**Director**

27 March 2009

# **Ringtons Limited**

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

We have audited the financial statements of Ringtons Limited for the year ended 30 June 2008 which comprise the profit and loss account, the balance sheet, the statement of accounting policies and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland). 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 report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the directors' report and all of the other information listed on the directors and advisers page. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

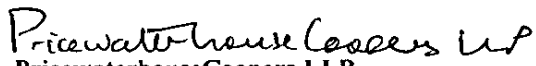
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

# Ringtons Limited

## Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

  
**PricewaterhouseCoopers LLP**  
Chartered Accountants and Registered Auditors  
Newcastle upon Tyne

27 March 2009

# Ringtons Limited

## Profit and loss account for the year ended 30 June 2008

	Note	Year ended 30 June 2008 £'000	Year ended 30 June 2007 £'000
<b>Turnover</b>	1	<b>30,584</b>	<b>30,082</b>
Cost of sales		(16,307)	(15,827)
<b>Gross profit</b>		<b>14,277</b>	<b>14,255</b>
Distribution costs		(9,352)	(9,011)
Administrative expenses			
Administrative expenses		(2,607)	(3,040)
Provision against amounts owed by group undertakings	2	(377)	-
		<b>(2,984)</b>	<b>(3,040)</b>
<b>Operating profit</b>		<b>1,941</b>	<b>2,204</b>
Profit on sale of fixed assets		101	17
Interest receivable and similar income		255	211
Interest payable and similar charges	3	(248)	(232)
<b>Profit on ordinary activities before taxation</b>	2	<b>2,049</b>	<b>2,200</b>
Tax on profit on ordinary activities	7	(22)	(109)
<b>Profit for the financial year</b>		<b>2,027</b>	<b>2,091</b>
Dividends paid	6	(752)	(966)
<b>Retained profit for the financial year</b>	16	<b>1,275</b>	<b>1,125</b>

All operations are continuing.

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.


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

# Ringtons Limited

## Balance sheet at 30 June 2008

	Note	2008 £'000	2007 £'000
<b>Fixed assets</b>			
Investments	8	1,910	-
Tangible assets	9	6,472	6,428
		<b>8,382</b>	<b>6,428</b>
<b>Current assets</b>			
Stocks	10	4,155	3,309
Debtors	11	5,456	5,206
Cash at bank and in hand		369	741
		<b>9,980</b>	<b>9,256</b>
<b>Creditors: amounts falling due within one year</b>	12	<b>(4,530)</b>	<b>(3,112)</b>
<b>Net current assets</b>		<b>5,450</b>	<b>6,144</b>
<b>Total assets less current liabilities</b>		<b>13,832</b>	<b>12,572</b>
<b>Creditors: amounts falling due after more than one year</b>	13	<b>(3,397)</b>	<b>(3,397)</b>
<b>Provisions for liabilities</b>	14	<b>(172)</b>	<b>(187)</b>
<b>Net assets</b>		<b>10,263</b>	<b>8,988</b>
<b>Capital and reserves</b>			
Called up share capital	15	142	142
Capital redemption reserve	16	296	296
Profit and loss account	16	9,825	8,550
<b>Total shareholder's funds</b>	17	<b>10,263</b>	<b>8,988</b>

The financial statements on pages 7 to 18 were approved by the board of directors on 27 March 2009 and were signed on its behalf by:



P. H. Smith  
Director

# Ringtons Limited

## Statement of accounting policies

### Basis of accounting

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom.

The Company prepares its report and accounts for the financial year ending on the nearest Saturday to 30 June of a given calendar year.

The principal accounting policies, which have been applied consistently throughout the year, are set out below.

### Consolidated accounts

These financial statements present information about the company as an individual undertaking and do not contain consolidated financial information as the parent of a group.

The company is exempt under section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it is included by full consolidation in the consolidated financial statements of its ultimate parent, Ringtons Holdings Limited, a company registered in England and Wales.

### Turnover

Turnover represents the following:

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 and invoiced to customers, excluding value added tax.

Turnover is recognised at the point goods are accepted by customers for retail van sales and at point of despatch for other customers.

### 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 year in which timing differences reverse, based on taxation rates and laws enacted at the balance sheet date.

### Tangible fixed assets

Freehold land is stated at cost and is not depreciated. Other tangible fixed assets are stated at cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation on tangible fixed assets is provided on a straight line basis as follows:

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

# **Ringtons Limited**

## **Pensions**

The company operates a defined contribution scheme where contributions are charged to the profit and loss account as they arise.

## **Stocks**

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. Provision is made where necessary for obsolete, slow moving and defective stocks.

## **Cash flow statement**

The company is a wholly owned subsidiary company of a group headed by Ringtons Holdings Limited, and is included in the consolidated accounts of that company, which are publicly available. Consequently, the company has taken advantage of the exemption within FRS 1 'Cash flow statements (revised 1996)' from preparing a cash flow statement.

## **Foreign currencies**

Monetary assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the date of the balance sheet or at the agreed contractual rate. Transactions in foreign currency are converted to sterling at the rate ruling at the date of the transaction. All differences on exchange are taken to the profit and loss account.

## **Investments**

Fixed asset investments in subsidiaries are shown at cost less any permanent diminution in value.

# Ringtons Limited

## Notes to the financial statements for the year ended 30 June 2008

### 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 2008	Year ended 30 June 2007
	£'000	£'000
Depreciation of tangible fixed assets	1,054	1,104
Profit on sale of fixed assets	(101)	(17)
Auditor's remuneration		
- audit of the financial statements	13	13
- other services relating to taxation	6	12
Interest receivable on cash balances and deposits	(255)	(211)
Provision against amounts owed by group undertakings	377	-

A store closure program for Ringtons Stores Limited, subsidiary undertaking, commenced 5 January 2009 with the last store closing on 15 March 2009. The amount owed by Ringtons Stores Limited of £377,000 is considered irrecoverable so has been provided in full.

### 3 Interest payable and similar charges

	Year ended 30 June 2008	Year ended 30 June 2007
	£'000	£'000
On bank loans and overdrafts	62	51
On amounts owed to group undertakings	186	181
	248	232

# Ringtons Limited

## 4 Directors' emoluments

	Year ended 30 June 2008	Year ended 30 June 2007
	£'000	£'000
Directors' emoluments including pension contributions	587	468
Highest paid director including pension contributions	197	294

The aggregate directors' emoluments above include pension contributions of £19,000 (2007: £144,000).

## 5 Staff costs

Staff costs comprise:

	Year ended 30 June 2008	Year ended 30 June 2007
	£'000	£'000
Wages and salaries	8,580	8,423
Social security costs	777	756
Other pension costs (note 18)	373	405
	9,730	9,584

The average monthly number of persons, including directors, employed by the company was as follows:

	2008	2007
By activity:	Number	Number
Production	86	80
Selling and distribution	364	393
Administrative	40	38
	490	511

## 6 Dividends

	Year ended 30 June 2008	Year ended 30 June 2007
	£'000	£'000
Ordinary shares		
Dividend paid during the year of £5.30 (2007: £6.80) per £1 share	752	966

# Ringtons Limited

## 7 Tax on profit on ordinary activities

	Year ended 30 June 2008	Year ended 30 June 2007
	£'000	£'000
<b>Current tax</b>		
UK corporation tax on profits of the year	35	415
Adjustment in respect of previous years	2	(29)
Total current tax	37	386
<b>Deferred tax</b>		
Origination and reversal of timing differences	(15)	(255)
Effect of increased tax rate on opening liability	-	2
Adjustment in respect of previous years	-	(24)
Total deferred tax (note 14)	(15)	(277)
Tax on profit on ordinary activities	22	109

The tax assessed for the year is lower (2007: lower) than the standard rate of corporation tax in the UK (29.5% (2007: 30%). The differences are explained below:

	Year ended 30 June 2008	Year ended 30 June 2007
	£'000	£'000
Profit on ordinary activities before tax	2,049	2,200
Profit on ordinary activities multiplied by standard rate in the UK 29.5% (2007: 30%)	604	660
Effects of:		
Expenses not deductible/(income not chargeable) for tax purposes	99	(1)
Accelerated capital allowances/other timing differences	15	22
Group relief claimed not paid	(683)	(266)
Adjustments in respect of previous years	2	(29)
Current tax charge for the year	37	386

### Factors that may affect future tax charges:

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

# Ringtons Limited

## 8 Investments

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

Trading companies	Effective % shareholding of ordinary share capital	Activity
Ringtons Stores Limited	100%	Tea and coffee retailer
The Perfectly Picked and Packed Company Limited	100%	Dormant

The directors do not consider the fair value of the investments to be less than their carrying value in the financial statements. The directors believe that the carrying value of the investments is supported by their underlying net assets.

	Group companies £'000
Cost and net book value	
At 1 July 2007	-
Additions	1,910
At 30 June 2008	1,910

During the year the company purchased 1,909,851 additional ordinary £1 shares in Ringtons Stores Limited for cash at par.

# Ringtons Limited

## 9 Tangible assets

	Freehold land and buildings	Long leasehold land and buildings	Plant and machinery	Motor vehicles	Fixtures and fittings	Computer equipment	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>							
At 1 July 2007	4,192	184	4,546	2,719	1,564	1,049	14,254
Additions	-	-	381	814	192	28	1,415
Disposals	-	-	-	(894)	(10)	-	(904)
<b>At 30 June 2008</b>	<b>4,192</b>	<b>184</b>	<b>4,927</b>	<b>2,639</b>	<b>1,746</b>	<b>1,077</b>	<b>14,765</b>
<b>Accumulated depreciation</b>							
At 1 July 2007	1,149	66	3,459	1,115	1,106	931	7,826
Charge for the year	76	2	261	514	142	59	1,054
Disposals	-	-	-	(581)	(6)	-	(587)
<b>At 30 June 2008</b>	<b>1,225</b>	<b>68</b>	<b>3,720</b>	<b>1,048</b>	<b>1,242</b>	<b>990</b>	<b>8,293</b>
<b>Net book amount</b>							
<b>At 30 June 2008</b>	<b>2,967</b>	<b>116</b>	<b>1,207</b>	<b>1,591</b>	<b>504</b>	<b>87</b>	<b>6,472</b>
At 30 June 2007	3,043	118	1,087	1,604	458	118	6,428

At 30 June 2008 the company had no capital commitments (2007: £Nil).

## 10 Stocks

	2008	2007
	£'000	£'000
Raw materials	2,475	2,135
Finished goods	1,680	1,174
	<b>4,155</b>	<b>3,309</b>

# Ringtons Limited

## 11 Debtors

	2008	2007
	£'000	£'000
Trade debtors	1,241	1,438
Amounts owed by group undertakings	3,550	3,334
Other debtors	376	86
Corporation tax	-	64
Prepayments and accrued income	289	284
	5,456	5,206

Amounts owed by group undertakings are unsecured and have no fixed date of repayment. Interest is receivable at 0.25% above Base Rate.

## 12 Creditors: amounts falling due within one year

	2008	2007
	£'000	£'000
Bank overdraft	1,068	-
Trade creditors	1,268	1,255
Corporation tax	11	-
Other taxation and social security	243	244
Accruals and deferred income	1,940	1,613
	4,530	3,112

The interest rate applicable to the bank overdraft is 1% above Base Rate.

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

	2008	2007
	£'000	£'000
Amounts owed to group undertakings	3,397	3,397

Amounts owed to group undertakings are unsecured and have no fixed date of repayment. Interest is payable at Base Rate.

# Ringtons Limited

## 14 Provision for liabilities

Provisions for liabilities and charges comprise:

	Deferred tax provision £'000
At 1 July 2007	187
Credited to the profit and loss account (note 7)	(15)
<b>At 30 June 2008</b>	<b>172</b>

Provision for deferred tax	2008 £'000	2007 £'000
Accelerated capital allowances	189	203
Short term timing differences	(17)	(16)
<b>Total provision for deferred tax</b>	<b>172</b>	<b>187</b>

## 15 Called up share capital

	2008 £'000	2007 £'000
<b>Authorised</b>		
2,076,000 (2007: 2,076,000) ordinary shares of £1 each	2,076	2,076
<b>Allotted and fully paid</b>		
142,000 (2007: 142,000) ordinary shares of £1 each	142	142

## 16 Reserves

	Capital redemption reserve £'000	Profit and loss account £'000
At 1 July 2007	296	8,550
Retained profit for the financial year	-	1,275
<b>As at 30 June 2008</b>	<b>296</b>	<b>9,825</b>

## **Ringtons Limited**

### **17 Reconciliation of movements in shareholder's funds**

	2008	2007
	£'000	£'000
Profit for the financial year	2,027	2,091
Dividends	(752)	(966)
Net addition to shareholder's funds	1,275	1,125
Opening shareholder's funds	8,988	7,863
Closing shareholder's funds	10,263	8,988

### **18 Pension commitments**

The company's 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 £373,000 (2007: £405,000). An amount of £30,000 (2007: £33,000) is due to the scheme at the year end.

### **19 Ultimate parent undertaking and related party transactions**

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 30 June 2008. The consolidated financial statements of Ringtons Holdings Limited 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 FRS No 8 "Related Party Disclosures".