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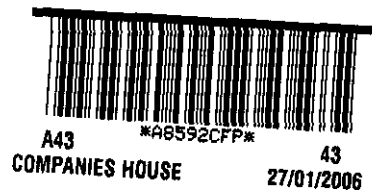
COMPANY NUMBER 3007166

**Ryman Limited**

Report and Financial Statements

Year Ended

2 April 2005



**IBDO**

BDO Stoy Hayward  
Chartered Accountants

# **RYMAN LIMITED**

## **Annual report and financial statements for the year ended 2 April 2005**

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### **Directors**

T Paphitis  
M S Cooke  
W S Cooper  
K Kyprianou  
I M Childs (non-executive)  
R E Towner (non-executive)

### **Secretary and registered office**

A E Mantz, Ryman House, Swallowfield Way, Hayes, Middlesex, UB3 1DQ

### **Company number**

3007166

### **Auditors**

BDO Stoy Hayward LLP, Northside House, 69 Tweedy Road, Bromley, Kent, BR1 3WA

### **Bankers**

National Westminster Bank Plc, 186 Brompton Road, London, SW3 1XJ

## **RYMAN LIMITED**

### **Chairman's statement for the year ended 2 April 2005**

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#### **Summary**

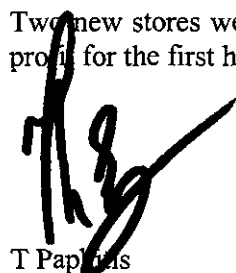
- Turnover increased to £49.9 million and was 8% higher than the previous year (2004 - £46.3 million)
- Operating profit of £3.5 million, up 12% (2004 - £3.2 million)
- Net assets as at 2 April 2005 of £12.1 million (2004 - £12.1 million)

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

Sales and profit for the Ryman business grew significantly during the year. Particularly pleasing was the fact that this was achieved against the backdrop of a downturn in consumer spending.

Strong growth was seen in the core stationery and computer consumables areas. Operating profits increased with margins ahead of the previous year. Margin opportunities from direct importation have been exploited and these should continue to reap benefits in the future.

Two new stores were opened subsequent to year end in London, at Edgware and Gloucester Road. Sales and profit for the first half of the current year were in line with expectations.



**T Pappas**  
**Chairman**

Date: 21 November 2005

## **RYMAN LIMITED**

### **Report of the directors for the year ended 2 April 2005**

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The directors present their report together with the audited financial statements for the year ended 2 April 2005.

#### **Results and dividends**

The profit and loss account is set out on page 6 and shows the profit for the year.

An interim dividend of £2,000,000 (2004 - £Nil) was paid during the year. The directors recommend a final ordinary dividend of £500,000 (2004 - £575,000).

#### **Principal activities, business review and future developments**

The principal activity during the year was that of high street retailer of stationery, office products and mobile phones.

A review of the business and future developments is contained in the Chairman's statement on page 1.

#### **Charitable and political contributions**

The Company made charitable contributions totalling £906 (2004 - £1,617) during the year. There were no political contributions made in either the current or prior year.

#### **Directors**

The directors of the Company during the year were:

T Paphitis  
M S Cooke  
W S Cooper  
K Kyprianou  
I M Childs  
R E Towner

No director had any beneficial interest in the share capital of the Company.

The directors are also directors of the ultimate parent company, Chancerealm Limited, and their interests in the share capital of that company are shown in its financial statements.

#### **Disabled employees**

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

## **RYMAN LIMITED**

### **Report of the directors for the year ended 2 April 2005 (*Continued*)**

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#### **Employee consultation**

The Company provides information to employees through a weekly newsletter, in which employees are encouraged to put forward their suggestions on matters affecting them. The Chairman and Directors visit the stores on a regular basis and are available to discuss matters with staff during their visits. The Board believes that the success of its business is improved by employees being involved in matters concerning both the operation of the business and its employees through direct communication and co-operation. During the year, the Company formalised its existing channels of communication in the form of a Communication and Consultation Policy which has been agreed with staff in accordance with Information and Consultation Directive, which came into force in March 2005.

#### **Directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year which 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to 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**

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the next annual general meeting.

**On behalf of the Board**



**T Paphitis**  
**Director**

Date: 21 November 2005

## **RYMAN LIMITED**

### **Report of the independent auditors**

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#### **To the shareholders of Ryman Limited**

We have audited the financial statements of Ryman Limited for the year ended 2 April 2005 on pages 6 to 17 which have been prepared under the accounting policies set out on pages 8 and 9.

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

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom 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.

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 with the Company 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 the Chairman's Statement. 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

#### *Basis of audit opinion*

We conducted our audit in accordance with United Kingdom 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.

**RYMAN LIMITED**

**Report of the independent auditors (Continued)**

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*Opinion*

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 2 April 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*BDO Stoy Hayward LLP*

**BDO STOY HAYWARD LLP**

*Chartered Accountants  
and Registered Auditors*  
Bromley

Date: 22 November 2005

**RYMAN LIMITED****Profit and loss account for the year ended 2 April 2005**

	Note	2005 £'000	2004 £'000
<b>Turnover</b>	2	49,906	46,286
Cost of sales		(39,212)	(37,033)
<b>Gross profit</b>		10,694	9,253
Administrative expenses		(7,148)	(6,074)
<b>Operating profit</b>	3	3,546	3,179
Interest receivable and similar income	6	253	99
Interest payable and similar charges	7	(91)	(75)
<b>Profit on ordinary activities before taxation</b>		3,708	3,203
Taxation on profit on ordinary activities	8	(1,167)	(996)
<b>Profit on ordinary activities after taxation</b>		2,541	2,207
Dividends	9	(2,500)	(575)
<b>Retained profit</b>	18	41	1,632

All amounts relate to continuing activities.

All recognised gains and losses in the current and prior year are included in the profit and loss account.

The notes on pages 8 to 17 form part of these financial statements.



**RYMAN LIMITED**

**Balance sheet at 2 April 2005**

	Note	2005 £'000	2005 £'000	2004 £'000	2004 £'000
<b>Fixed assets</b>					
Goodwill	10		35		-
Tangible assets	11		4,055		4,148
			<u>4,090</u>		<u>4,148</u>
<b>Current assets</b>					
Stocks	12	5,154		4,789	
Debtors	13	3,978		5,965	
Cash at bank and in hand		7,368		6,475	
		<u>16,500</u>		<u>17,229</u>	
<b>Creditors: amounts falling due within one year</b>	14	(8,097)		(9,124)	
				<u></u>	
<b>Net current assets</b>			8,403		8,105
			<u></u>		<u></u>
<b>Total assets less current liabilities</b>			12,493		12,253
<b>Creditors: amounts falling due after more than one year</b>	15		(197)		-
<b>Provision for liabilities and charges</b>	16		(185)		(183)
			<u></u>		<u></u>
<b>Net assets</b>			12,111		12,070
			<u></u>		<u></u>
<b>Capital and reserves</b>					
Called up share capital	17		1,000		1,000
Profit and loss account	18		11,111		11,070
			<u></u>		<u></u>
<b>Shareholders' funds – equity interests</b>	19		12,111		12,070
			<u></u>		<u></u>

The financial statements were approved by the Board on 21 November 2005.

  
T Paphitis  
Director

The notes on pages 8 to 17 form part of these financial statements.

## RYMAN LIMITED

### Notes forming part of the financial statements for the year ended 2 April 2005

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#### 1 Accounting policies

The financial statements have been prepared under the historical cost convention, and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

##### *Cash flow statement*

The Company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash flow statements (revised)' not to prepare a cash flow statement, on the basis that it is consolidated in the financial statements of its ultimate parent company.

##### *Goodwill*

Goodwill arising on the acquisition in the year ended 28 March 1988 and earlier years was written off to reserves in accordance with the accounting standard then in force. As permitted by the current accounting standard, the goodwill previously written off to reserves has not been reinstated in the balance sheet. On disposal or closure of a previously acquired business, the attributable amount of goodwill previously written off to reserves is included in determining the profit or loss on disposal.

Goodwill arising on acquisitions of unincorporated businesses, represents the difference between the fair value of the consideration and the fair value of the identifiable assets and liabilities acquired.

Positive and negative goodwill is capitalised and amortised/credited through the profit and loss account over the directors' estimate of its useful economic life, of 2 to 5 years on a pro rata basis.

##### *Turnover*

Turnover represents sales to external customers at invoiced amounts less trade discounts, net of value added tax or local tax on sales.

##### *Impairment of fixed assets*

The need for any fixed asset impairment write-down is assessed by comparison of the carrying value of the asset against the higher of realisable value and value in use.

##### *Depreciation*

Depreciation is provided on all tangible fixed assets, except land, at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life, as follows:

Freehold buildings	-	2% straight line
Short leaseholds	-	over the lease term
Leasehold improvements	-	over the lease term
Fixtures, and fittings and equipment	-	15% - 25% on written down value
Motor vehicles	-	25% on written down value

## **RYMAN LIMITED**

### **Notes forming part of the financial statements for the year ended 2 April 2005 (Continued)**

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#### **1 Accounting policies (continued)**

##### *Stocks*

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs.

Provision is made for obsolete, slow-moving or defective items, where appropriate.

##### *Leased assets*

All leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Reverse premiums and similar incentives received to enter into operating lease agreements are released to the profit and loss account over the period to the date on which the rent is first expected to be adjusted to the prevailing market rate.

##### *Deferred taxation*

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that the recognition of deferred tax assets is limited to the extent that the Company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

##### *Pension costs*

Contributions to the Company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable. The assets of the scheme are held separately from those of the Company in an independently administered fund.

#### **2 Turnover**

Turnover is wholly attributable to the principal activity of the Company and arises solely within the United Kingdom.

**RYMAN LIMITED**Notes forming part of the financial statements for the year ended 2 April 2005 (*Continued*)**3 Operating profit**

	2005 £'000	2004 £'000
This is arrived at after charging:		
Depreciation of tangible fixed assets	613	634
Hire of plant and machinery - operating leases	91	107
Hire of other assets - operating leases	6,225	5,928
Auditors' remuneration - audit services	29	29
- other	11	8
Loss on disposal of fixed assets	37	12
	<u>          </u>	<u>          </u>

**4 Employees**

	2005 £'000	2004 £'000
Staff costs (including directors) consist of:		
Wages and salaries	9,853	8,893
Social security costs	875	822
Other pension costs	113	113
	<u>          </u>	<u>          </u>
	10,841	9,828
	<u>          </u>	<u>          </u>

The average weekly number of employees (including directors) during the year was:

	2005 Number	2004 Number
Shop staff	723	650
Other staff	114	111
	<u>          </u>	<u>          </u>
	837	761
	<u>          </u>	<u>          </u>
Full time equivalent	633	573
	<u>          </u>	<u>          </u>

**5 Directors' remuneration**

The directors received no remuneration from the Company during the current or prior year.

**RYMAN LIMITED**

Notes forming part of the financial statements for the year ended 2 April 2005 (*Continued*)

<b>6</b>	<b>Interest receivable and similar income</b>	<b>2005</b> <b>£'000</b>	<b>2004</b> <b>£'000</b>
	Bank interest	253	99
		<u>          </u>	<u>          </u>
<b>7</b>	<b>Interest payable and similar charges</b>	<b>2005</b> <b>£'000</b>	<b>2004</b> <b>£'000</b>
	Bank interest	91	75
		<u>          </u>	<u>          </u>
<b>8</b>	<b>Taxation on profit on ordinary activities</b>	<b>2005</b> <b>£'000</b>	<b>2004</b> <b>£'000</b>
	<i>UK Corporation tax:</i>		
	Current tax on profits of the year	907	773
	Group relief payable	258	236
	Adjustments to tax charge in respect of previous periods	-	6
		<u>          </u>	<u>          </u>
	Total current tax	1,165	1,015
	<i>Deferred tax:</i>		
	Origination and reversal of timing differences	2	(19)
		<u>          </u>	<u>          </u>
	Taxation on profit on ordinary activities	<u>1,167</u>	<u>996</u>

# RYMAN LIMITED

## Notes forming part of the financial statements for the year ended 2 April 2005 (Continued)

### 8 Taxation on profit on ordinary activities (continued)

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

	2005 £'000	2004 £'000
Profit on ordinary activities before tax	3,708	3,203
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2004 - 30%)	1,112	961
Effects of:		
Expenses not deductible for tax purposes	17	5
Capital allowances for the period in excess of depreciation	(3)	(2)
Non qualifying depreciation	39	45
Adjustment to tax charge in respect of previous periods	-	6
Current tax charge for period	1,165	1,015

### 9 Dividends

	2005 £'000	2004 £'000
<i>Equity shares</i>		
Interim paid of £2 (2004 - £Nil) per share	2,000	-
Final proposed of 50p (2004 - 57.5p) per share	500	575
	2,500	575

### 10 Goodwill

	£'000
<i>Cost</i>	
28 March 2004	-
Additions	70
At 2 April 2005	70
<i>Amortisation</i>	
28 March 2004	-
Charge for the year	35
At 2 April 2005	35
<i>Net book value</i>	
At 2 April 2005	35
At 27 March 2004	-
Additions to goodwill in the year arose on the acquisition of an unincorporated business.	

# RYMAN LIMITED

Notes forming part of the financial statements for the year ended 2 April 2005 (Continued)

## 11 Tangible fixed assets

	Freehold property £'000	Short leasehold £'000	Leasehold improvements £'000	Fixtures, fittings, and equipment £'000	Motor vehicles £'000	Total £'000
<i>Cost or valuation</i>						
At 28 March 2004	118	904	2,489	4,661	4	8,176
Additions	-	24	69	464	-	557
Disposals	-	(30)	(27)	(25)	-	(82)
At 2 April 2005	<b>118</b>	<b>898</b>	<b>2,531</b>	<b>5,100</b>	<b>4</b>	<b>8,651</b>
<i>Depreciation</i>						
At 28 March 2004	9	485	907	2,623	4	4,028
Provided for the year	2	43	163	405	-	613
Disposals	-	(15)	(14)	(16)	-	(45)
At 2 April 2005	<b>11</b>	<b>513</b>	<b>1,056</b>	<b>3,012</b>	<b>4</b>	<b>4,596</b>
<i>Net book value</i>						
At 2 April 2005	<b>107</b>	<b>385</b>	<b>1,475</b>	<b>2,088</b>	<b>-</b>	<b>4,055</b>
At 27 March 2004	109	419	1,582	2,038	-	4,148

The directors are of the opinion that there is no material difference between the market value of the Company's interest in land and buildings and the amount at which it is shown in the financial statements.

## 12 Stocks

	2005 £'000	2004 £'000
Finished goods and goods for resale	5,154	4,789

There is no material difference between the replacement cost of stocks and the amounts stated above.

## 13 Debtors

	2005 £'000	2004 £'000
Trade debtors	237	278
Amounts owed by group undertakings	2,225	4,103
Other debtors	41	64
Prepayments and accrued income	1,475	1,520
	<b>3,978</b>	<b>5,965</b>

All amounts shown under debtors fall due for payment within one year.

**RYMAN LIMITED****Notes forming part of the financial statements for the year ended 2 April 2005 (Continued)****14 Creditors: amounts falling due within one year**

	<b>2005</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>
Bank loan (secured)	<b>1,500</b>	1,500
Trade creditors	<b>3,410</b>	3,938
Corporation tax	<b>460</b>	501
Other taxation and social security	<b>1,086</b>	964
Other creditors	<b>81</b>	92
Proposed dividend	<b>500</b>	575
Accruals and deferred income	<b>1,060</b>	1,554
	<b>8,097</b>	9,124

The bank loan is secured by a fixed charge over the freehold and leasehold property of the Company and by a floating charge over the assets of the Company.

**15 Creditors: amounts falling due after more than one year**

	<b>2005</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>
Accruals and deferred income	<b>197</b>	-



# RYMAN LIMITED

Notes forming part of the financial statements for the year ended 2 April 2005 (*Continued*)

## 16 Provision for liabilities and charges

	Deferred taxation £'000
Balance at 28 March 2004	183
Charged to profit and loss account (note 8)	2
	<hr/>
Balance at 2 April 2005	185
	<hr/>
	2005 £'000
	2004 £'000
<i>Deferred taxation</i>	
Accelerated capital allowances	185
Pension contributions	-
	<hr/>
	185
	<hr/>
	183
	<hr/>

## 17 Share capital

	Authorised 2005 and 2004		Allotted, called up and fully paid 2005 and 2004	
	No.	£'000	No.	£'000
Ordinary shares of £1 each	1,000,000	1,000	1,000,000	1,000
	<hr/>	<hr/>	<hr/>	<hr/>

## 18 Reserves

	Profit and loss account £'000
At 28 March 2004	11,070
Profit for the year	41
	<hr/>
At 2 April 2005	11,111
	<hr/>

# RYMAN LIMITED

Notes forming part of the financial statements for the year ended 2 April 2005 (*Continued*)

## 19 Reconciliation of movements in shareholders' funds

	2005 £'000	2004 £'000
Opening shareholders' funds	12,070	10,438
Profit for the year	2,541	2,207
Dividends	(2,500)	(575)
Closing shareholders' funds	12,111	12,070

## 20 Commitments under operating leases

The Company had annual commitments under non-cancellable operating leases as set out below:

	2005 Land and buildings £'000	2005 Other £'000	2004 Land and buildings £'000	2004 Other £'000
Operating leases which expire:				
Within one year	949	19	600	28
In two to five years	1,294	368	1,992	340
After five years	4,072	-	3,568	29
	6,315	387	6,160	397

## 21 Related party transactions

The Company has taken advantage of the exemption conferred by Financial Reporting Standard 8 'Related party disclosures' not to disclose transactions with members of the group headed by Chancerealm Limited on the grounds that at least 90% of the voting rights in the Company are controlled within that group and the Company is included in those consolidated financial statements.

### *Related party transactions and balances*

The Company made recharges to La Senza Limited of £619,487 (2004 - £776,524), in respect of shared overheads. T Paphitis, a director of the Company, has a controlling interest in Xunely Limited the parent undertaking of La Senza Limited. At the year end, the balance owed to La Senza Limited was £21,480 (2004 - owed by La Senza Limited was - £14,184).

The Company made recharges to Contessa (Ladieswear) Limited of £38,199 (2004 - £77,910) in respect of shared overheads. T Paphitis, a director of the Company, has a controlling interest in Contessa (Holdings) Limited, the parent undertaking of Contessa (Ladieswear) Limited. At the year end, the balance owed to Contessa (Ladieswear) Limited was £4,661 (2004 - £12,528).

Included within trade creditors is an amount of £Nil (2004 - £Nil) owed to Dandrop Limited, a company which undertakes a significant proportion of the Company's store refurbishments. Dandrop Limited is controlled by directors who are related to M S Cooke, a director of the Company. Amounts invoiced during the year total £272,750 (2004 - £144,332) and were entered into on arm's length terms.

**RYMAN LIMITED**

**Notes forming part of the financial statements for the year ended 2 April 2005 (*Continued*)**

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**22 Ultimate parent company**

At 2 April 2005 the Company's ultimate parent company was Chancerealm Limited, which is the parent of both the smallest and largest groups of which the Company is a member.

Copies of the consolidated financial statements of Chancerealm Limited are available from Companies House.

The directors consider T Paphitis to be the ultimate controlling party.