

REGISTRARS SOFT

COMPANY NUMBER 2007166

Ryman Limited

Report and Financial Statements

Year Ended

30 March 2002



BDO

BDO Stoy Hayward
Chartered Accountants

RYMAN LIMITED

Annual report and financial statements for the year ended 30 March 2002

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Directors

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Directors

T Paphitis
M Cooke
W Cooper
I Childs (non-executive)
R Towner (non-executive)

Secretary and registered office

R Towner, Ryman House, Swallowfield Way, Hayes, Middlesex, UB3 1DQ

Company number

3007166

Auditors

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

Bankers

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

Solicitors

Richards Butler, Beaufort House, 15 St. Boltolph Street, London, EC3A 7EE

RYMAN LIMITED

Chairman's Statement for the period ended 30 March 2002

Summary

- Turnover increased to £45.8 million from £42.9 million, an increase of 7%.
- Operating Profit increased by 5% to £3.3 million (2001 - £3.1 million)
- Net assets as at 30 March 2002 of £8.9 million (2001 - £7.4 million)

Business Review

Ryman continued to grow and produced a 5% increase in operating profits; the seventh successive year of profits growth. Sales improved by 7% despite a slow down in sales of mobile telephones. The underlying sales of the core stationery and machine consumables areas were very strong. Ryman achieved budgeted sales for the first quarter of the new year and I am confident of another successful year.

RYMAN LIMITED

Report of the directors for the year ended 30 March 2002

The directors present their report together with the audited financial statements for the year ended 30 March 2002.

Results and dividends

The profit and loss account is set out on page 5 and shows the result for the year.

The directors recommend the payment of a final dividend of £575,000 (2001 - £575,000).

Principal activities and business review

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

A review of the business is contained in the Chairman's Statement on page 1.

Directors

The directors of the company during the year were:

T Paphitis
R Towner
I Childs
M Cooke
W Cooper

During the year, none of the directors had any interests in the shares of the company.

The interests of the directors in the shares of the parent company are shown in the financial statements of that company.

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 30 March 2002 (*Continued*)

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. There are established lines of communication for all employees and the chairman and directors visit the shops on a regular basis and are available to staff during their visits.

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

Arthur Andersen resigned as auditors and BDO Stoy Hayward were appointed to fill the casual vacancy arising. A resolution will be proposed at the annual general meeting to appoint BDO Stoy Hayward as auditors for the ensuing year.

By order of the Board



T Paphitis
Director

27 September 2002

RYMAN LIMITED

Report of the independent auditors

To the shareholders of Ryman Limited

We have audited the financial statements of Ryman Limited for the year ended 30 March 2002 on pages 5 to 16 which have been prepared under the accounting policies set out on pages 7 and 8.

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 the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

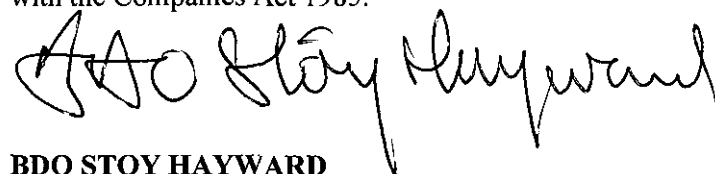
Basis of audit opinion

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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 March 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BDO STOY HAYWARD

*Chartered Accountants
and Registered Auditors*

Bromley

30 September 2002

RYMAN LIMITED**Profit and loss account for the year ended 30 March 2002**

	Note	2002 £'000	2001 (restated) £'000
Turnover	1	45,752	42,875
Cost of sales		(37,260)	(34,299)
Gross profit		8,492	8,576
Administrative expenses		(5,235)	(5,465)
Operating profit		3,257	3,111
Interest receivable	2	114	220
Interest payable	3	(113)	(142)
Profit on ordinary activities before taxation	4	3,258	3,189
Taxation on profit from ordinary activities	7	(1,195)	(992)
Profit on ordinary activities after taxation		2,063	2,197
Dividends	8	(575)	(575)
Retained profit for the year	17	1,488	1,622

All amounts relate to continuing activities.

Statement of total recognised gains and losses

	2002 £'000	2001 £'000
Profit for the year	2,063	2,197
Total recognised gains and losses relating to the year	2,063	2,197
Prior year adjustment – deferred taxation (note 15)	(161)	
Total gains and losses recognised since last annual report and accounts	1,902	

The notes on pages 7 to 16 form part of these financial statements.

RYMAN LIMITED

Balance sheet at 30 March 2002

	Note	2002 £'000	2002 £'000	2001 (restated) £'000	2001 (restated) £'000
Fixed assets					
Goodwill	9		37		84
Tangible assets	10		3,859		3,937
			<u>3,896</u>		<u>4,021</u>
Current assets					
Stocks	11	4,641		3,830	
Debtors	12	5,776		5,669	
Cash at bank and in hand		2,781		2,574	
		<u>13,198</u>		<u>12,073</u>	
Creditors: amounts falling due within one year	13	<u>(8,052)</u>		<u>(8,544)</u>	
Net current assets			<u>5,146</u>		<u>3,529</u>
Total assets less current liabilities			<u>9,042</u>		<u>7,550</u>
Creditors: amounts falling due after more than one year	14		(21)		(21)
Provision for liabilities and charges	15		(165)		(161)
Net assets			<u>8,856</u>		<u>7,368</u>
Capital and reserves					
Called up share capital	16		1,000		1,000
Profit and loss account	17		7,856		6,368
Shareholders' funds – equity interests	18		<u>8,856</u>		<u>7,368</u>

The financial statements were approved by the Board on 27th September 2002.

T Paphitis
Director

The notes on pages 7 to 16 form part of these financial statements.

RYMAN LIMITED

Notes forming part of the financial statements for the year ended 30 March 2002

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:

Turnover

Turnover represents amounts receivable for goods and services provided, net of trade discounts, VAT and other related taxes.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, less depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, 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 and leasehold improvements	-	over the lease term
Fixtures, and fittings and equipment	-	15% on written down value
Motor vehicles	-	25% on written down value

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account over the shorter of estimated useful economic life and the period of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor. All other 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.

Stocks

Stock is stated at the lower of cost and net realisable value. Provision is made for obsolete, slow-moving or defective items, where appropriate.

Goodwill

Goodwill arising on the acquisition in the year ended 28 March 1998 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.

RYMAN LIMITED

Notes forming part of the financial statements for the year ended 30 March 2002 (*Continued*)

1 Accounting policies (*continued*)

Goodwill (continued)

Goodwill arising on acquisitions of subsidiary undertakings and business after this date, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, are capitalised and written off on a straight line basis over its useful economic life. Provision will be made for any impairment.

Pension costs

The company operates a defined contribution pension scheme. The amount charged in the profit and loss account in respect of pension costs is the contribution payable in the year.

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:

- deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief; and
- the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances arising from underlying timing differences in respect of tax allowances on industrial buildings are reversed if and when all conditions for retaining those allowances have been met.

Deferred tax balances are not discounted.

Cash flow statement

The company has taken advantage of the exemption in Financial Reporting Standard No. 1 (Revised) not to prepare a cash flow statement, on the basis that it is consolidated in the financial statements of its ultimate parent company.

Related party disclosures

The company has taken advantage of the exemption in Financial Reporting Standard No 8, 'Related Party Disclosures', whereby disclosure is not required by a subsidiary undertaking, 90% or more of whose voting rights are controlled within a group, of transactions with other group undertakings.

2 Interest receivable

	2002 £'000	2001 £'000
Bank interest	114	220

RYMAN LIMITEDNotes forming part of the financial statements for the year ended 30 March 2002 *(Continued)***3 Interest payable**

	2002	2001
	£'000	£'000
Bank interest	113	142
	=====	=====

4 Profit on ordinary activities before taxation

	2002	2001
	£'000	£'000
This has been arrived at after charging:		
Depreciation - owned fixed assets	578	518
Operating lease rentals - and and buildings	5,463	5,439
- other	100	101
Auditors' remuneration - audit services	25	25
- other	3	3
	=====	=====

5 Directors

The emoluments of directors of the company were:

	2002	2001
	£'000	£'000
Emoluments	-	32
	=====	=====

6 Employees

The average monthly number of persons (including directors) and part time staff employed by the company during the year was:

	2002	2001
	Number	Number
Shop staff	644	647
Other staff	134	121
	-----	-----
	778	768
	=====	=====
Full time equivalent	590	582
	=====	=====

RYMAN LIMITED**Notes forming part of the financial statements for the year ended 30 March 2002 (Continued)****6 Employees (continued)**

	2002	2001
	£'000	£'000
Employment costs:		
Wages and salaries	8,323	8,124
Social security costs	680	660
Other pension costs	96	81
	9,099	8,865

7 Taxation on profit from ordinary activities

The tax charge is based on the profit for the year and comprises:

	2002	2001
	£'000	(restated) £'000
Current tax:		
Corporation tax at 30% (2001 – 30%)	798	780
Group relief payable	247	240
Adjustments in respect of previous periods	146	-
	1,191	1,020
Deferred tax:		
Movement in deferred tax	4	(28)
Taxation on profit on ordinary activities	1,195	992

RYMAN LIMITED

Notes forming part of the financial statements for the year ended 30 March 2002 (*Continued*)

7 Taxation on profit from ordinary activities (*continued*)

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

	2002 £'000	2001 £'000
Profit on ordinary activities before tax	3,258	3,189
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2001 - 30%)	977	957
Effects of:		
Expenses not deductible for tax purposes	25	13
Non qualifying depreciation	47	43
Net group relief claimed	-	(5)
Adjustment to tax charge in respect of previous periods	146	(28)
Other	-	12
Current tax charge for period	1,195	992

8 Dividends

	2002 £'000	2001 £'000
Ordinary dividends:		
Final proposed of 57.5p (2001 - 57.5p) per share	575	575

9 Goodwill

	£'000
<i>Cost</i>	
1 April 2001 and at 30 March 2002	203
<i>Amortisation</i>	
1 April 2001	119
Charge for the year	47
At 30 March 2002	166
<i>Net book value</i>	
At 30 March 2002	37
At 31 March 2001	84

RYMAN LIMITED

Notes forming part of the financial statements for the year ended 30 March 2002 (Continued)

10 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 1 April 2001	118	734	2,008	3,367	4	6,231
Additions	-	18	152	330	-	500
At 30 March 2002	118	752	2,160	3,697	4	6,731
<i>Depreciation</i>						
At 1 April 2001	2	349	436	1,503	4	2,294
Charge for the year	3	39	164	372	-	578
At 30 March 2002	5	388	600	1,875	4	2,872
<i>Net book value</i>						
At 30 March 2002	113	364	1,560	1,822	-	3,859
At 31 March 2001	116	385	1,572	1,864	-	3,937

11 Stocks

	2002 £'000	2001 £'000
Goods held for resale	4,641	3,830

12 Debtors

	2002 £'000	2001 £'000
Trade debtors	364	344
Amounts owed by group companies	3,979	4,003
Other debtors	181	429
Prepayments and accrued income	1,252	893
	5,776	5,669

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 30 March 2002 *(Continued)*

13 Creditors: amounts falling due within one year

	2002 £'000	2001 £'000
Bank loan	1,500	1,500
Trade creditors	4,089	2,982
Taxation and social security	873	2,907
Corporation tax	469	168
Other creditors	80	144
Accruals and deferred income	466	268
Proposed dividend	575	575
	<u>8,052</u>	<u>8,544</u>

The bank loan is secured by a fixed and floating charge over the assets of the company.

14 Creditors: amounts falling due after more than one year

	2002 £'000	2001 £'000
Accruals and deferred income	21	21
	<u>21</u>	<u>21</u>

15 Provision for liabilities and charges

	Deferred taxation £'000	
Balance at 1 April 2001:		
- as previously reported	-	
- prior year adjustment (see below)	161	
	<hr/>	
As restated	161	
Charged to profit and loss account (note 7)	4	
	<hr/>	
Balance at 30 March 2002	165	
	<hr/> <hr/>	
	2002 £'000	2001 £'000
Accelerated capital allowances	165	161
	<hr/>	<hr/>

RYMAN LIMITED

Notes forming part of the financial statements for the year ended 30 March 2002 (*Continued*)

15 Provision for liabilities and charges (*continued*)

The company has changed its accounting policy in respect of deferred tax following the decision to adopt FRS 19 'Deferred Tax' this year. Under the company's previous accounting policy deferred tax was only recognised to the extent that it was probable that an asset or liability would crystallise. The company's new accounting policy is set out in note 1.

The effect of this accounting policy change has been to decrease the taxation charge and increase profit after tax in the prior year by £28,000. Had the accounting policy remained the same, the taxation charge in the current year would have decreased by £4,000 and profit after tax for the current year would have been £4,000 higher. The deferred tax provision of £165,000 and £161,000 in the current and prior year respectively would not have been recognised in the balance sheet under the previous accounting policy.

16 Share capital

	Authorised, allotted called up and fully paid			
	2002 Number	2001 Number	2002 £'000	2001 £'000
Ordinary shares of £1 each	1,000,000	1,000,000	1,000	1,000

17 Reserves

	Profit and loss account £'000
At 1 April 2001	6,529
Prior year adjustment – deferred taxation	(161)
As restated	6,368
Retained profit for the year	1,488
At 30 March 2002	7,856

RYMAN LIMITED

Notes forming part of the financial statements for the year ended 30 March 2002 *(Continued)*

18 Reconciliation of movements in equity shareholders' funds

	2002 £'000
Opening shareholders' funds	
- as previously stated	7,529
- prior year adjustments – deferred taxation	(161)
	<hr/>
As restated	7,368
Profit for the financial year	1,488
	<hr/>
Closing shareholders' funds	8,856
	<hr/>

19 Commitments under operating leases

As at 30 March 2002, the company had annual commitments under non-cancellable operating leases as set out below:

	2002 Land and buildings £'000	2002 Other £'000	2001 Land and buildings £'000	2001 Other £'000
Operating leases which expire:				
Within one year	108	94	129	84
In two to five years	2,695	272	1,814	91
Over five years	3,343	-	3,310	-
	<hr/>	<hr/>	<hr/>	<hr/>
	6,146	366	5,253	175
	<hr/>	<hr/>	<hr/>	<hr/>

20 Related party transactions

Ryman Limited has made recharges to La Senza Limited of £634,441 (2001 - £500,000), in respect of their proportion of shared central overheads. T Paphitis has a controlling interest in La Senza Limited. At the year end, the balance owed from La Senza Limited was £29,155.

Ryman Limited has made recharges to Contessa (Ladieswear) Limited of £159,990 in respect of their proportion of shared central overheads. T Paphitis has a controlling interest in Contessa (Ladieswear) Limited. At the year end, the balance owed from Contessa (Ladieswear) Limited was £46,477.

RYMAN LIMITED

Notes forming part of the financial statements for the year ended 30 March 2002 *(Continued)*

21 Ultimate parent undertaking

The directors consider that the ultimate parent undertaking is Chancerealm Limited, a company registered in England and Wales.

Chancerealm Limited is the parent undertaking of the largest and the smallest group of which Ryman Limited is a member and for which group accounts are drawn up. Copies of the latest group accounts are available from the Registrar of Companies.