

# Organix Brands Limited

Company Registration No. 2716145 (England and Wales)  
**(FORMERLY ORGANIX BRANDS PLC)**

## Directors' report and financial statements

For the year ended 30 June 2005



**ORGANIX BRANDS LIMITED  
(FORMERLY ORGANIX BRANDS PLC)  
COMPANY INFORMATION**

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<b>Directors</b>	E J Vann M S Thrasher A J Trim
<b>Secretary</b>	V J Keating
<b>Company number</b>	2716145
<b>Registered office</b>	Mill Road Christchurch Dorset BH23 2LU
<b>Auditors</b>	Mazars LLP 8 New Fields, 2 Stinsford Road Poole Dorset BH17 0NF
<b>Bankers</b>	Lloyds Bank Plc Beech House, 28-30 Wimborne Road Poole Dorset BH15 2BL
<b>Solicitors</b>	Coles Miller 44/46 Parkstone Road Poole Dorset BH15 2PG

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**ORGANIX BRANDS LIMITED  
(FORMERLY ORGANIX BRANDS PLC)  
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**ORGANIX BRANDS LIMITED  
(FORMERLY ORGANIX BRANDS PLC)  
DIRECTORS' REPORT  
FOR THE YEAR ENDED 30 JUNE 2005**

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The directors present their report and financial statements for the year ended 30 June 2005.

**Principal activities and review of the business**

The principal activity of the company continued to be that of manufacture and supply of organic baby and children's food.

Following the consolidation of our babyfood range, we have achieved all of our targets for the year. Focus on marketing and sales has strengthened the brand.

**Results and dividends**

The results for the year are set out on page 4.

The directors recommend payment of an ordinary dividend amounting to £46,515.

*It is proposed that the retained profit of £156,799 is transferred to reserves.*

**Purchase of own shares**

During the year 166,666 Ordinary A shares of 10p each were purchased back by the company for a total cash consideration of £260,000.

**Directors**

The following directors have held office since 1 July 2004:

E J Vann  
M S Thrasher  
A J Trim

**Directors' interests**

The directors' interests in the shares of the company were as stated below:

	Ordinary of 10p each	
	30 June 2005	1 July 2004
E J Vann	210,000	210,000
M S Thrasher	80,000	80,000
A J Trim	-	-

	Ordinary "A" of 10p each	
	30 June 2005	1 July 2004
E J Vann	-	-
M S Thrasher	-	-
A J Trim	-	-

A further 176,666 ordinary 10p shares are held by Yellowfish Executive Pension Fund, whose beneficiaries are E J Vann and M S Thrasher.

**ORGANIX BRANDS LIMITED**  
**(FORMERLY ORGANIX BRANDS PLC)**  
**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2005**

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Charitable donations	2005	2004
	£	£

During the year the company made the following payments:

Charitable donations	720	410
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**Auditors**

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Mazars LLP be reappointed as auditors of the company will be put to the Annual General Meeting.

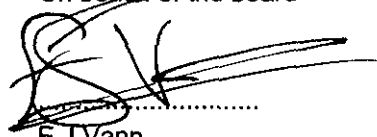
**Directors' responsibilities**

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;
- 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.

On behalf of the board



E J Vann

Director

*9 January 2006*

**ORGANIX BRANDS LIMITED  
(FORMERLY ORGANIX BRANDS PLC)  
INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF ORGANIX BRANDS LIMITED**

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We have audited the financial statements for the year ended 30 June 2005 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of the directors and auditors**

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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 circumstances of the company, consistently applied and adequately disclosed.

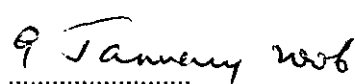
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 June 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
**Mazars LLP**

**Chartered Accountants  
and Registered Auditors**

  
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8 New Fields, 2 Stinsford Road  
Poole  
Dorset, BH17 0NF

**ORGANIX BRANDS LIMITED**  
**(FORMERLY ORGANIX BRANDS PLC)**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 30 JUNE 2005**

	Notes	2005 £	2004 £
<b>Turnover</b>	<b>2</b>	10,427,109	7,954,528
Cost of sales		(7,141,171)	(5,282,334)
<b>Gross profit</b>		3,285,938	2,672,194
Distribution costs		(1,609,883)	(1,311,497)
Administrative expenses		(1,263,920)	(1,203,971)
<b>Operating profit</b>	<b>3</b>	412,135	156,726
Cost of product line restructuring		(97,476)	(104,336)
<b>Profit on ordinary activities before interest</b>		314,659	52,390
Other interest receivable and similar income		569	-
Interest payable and similar charges	<b>4</b>	(10,119)	(19,895)
<b>Profit on ordinary activities before taxation</b>		305,109	32,495
Tax on profit on ordinary activities	<b>5</b>	(81,795)	(10,791)
<b>Profit on ordinary activities after taxation</b>		223,314	21,704
Dividends	<b>6</b>	(66,515)	(1,625)
<b>Retained profit for the year</b>	<b>15</b>	156,799	20,079

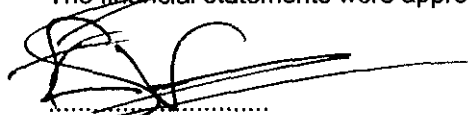
The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

**ORGANIX BRANDS LIMITED**  
**(FORMERLY ORGANIX BRANDS PLC)**  
**BALANCE SHEET**  
**AS AT 30 JUNE 2005**

	Notes	2005 £	£	2004 £	£
<b>Fixed assets</b>					
Intangible assets	7		20,083		17,134
Tangible assets	8		70,246		48,948
Investments	9		2		-
			<u>90,331</u>		<u>66,082</u>
<b>Current assets</b>					
Stocks	10	1,118,489		1,158,901	
Debtors	11	1,645,389		1,043,197	
Cash at bank and in hand		531		500	
		<u>2,764,409</u>		<u>2,202,598</u>	
<b>Creditors: amounts falling due within one year</b>	12	<u>(2,047,242)</u>		<u>(1,357,981)</u>	
<b>Net current assets</b>			<u>717,167</u>		<u>844,617</u>
<b>Total assets less current liabilities</b>			<u>807,498</u>		<u>910,699</u>
<b>Capital and reserves</b>					
Called up share capital	14		46,666		63,333
Share premium account	15		254,733		254,733
Other reserves	15		20,601		3,934
Profit and loss account	15		485,498		588,699
<b>Shareholders' funds - equity interests</b>	16		<u>807,498</u>		<u>910,699</u>

The financial statements were approved by the Board on 9 January 2006



E J Vann  
Director



**ORGANIX BRANDS LIMITED**  
**(FORMERLY ORGANIX BRANDS PLC)**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2005**

	£	2005 £	£	2004 £
<b>Net cash inflow/(outflow) from operating activities</b>		440,092		(42,602)
<b>Returns on investments and servicing of finance</b>				
Interest received	569		-	
Interest paid	(10,119)		(19,891)	
Interest element of finance lease rentals	-		(4)	
<b>Net cash outflow for returns on investments and servicing of finance</b>		(9,550)		(19,895)
<b>Taxation</b>		(10,267)		(50,786)
<b>Capital expenditure</b>				
Payments to acquire intangible assets	(4,180)		(695)	
Payments to acquire tangible assets	(56,069)		(10,012)	
Receipts from sales of tangible assets	4,447		-	
<b>Net cash outflow for capital expenditure</b>		(55,802)		(10,707)
<b>Equity dividends paid</b>		(21,625)		(49,930)
<b>Net cash inflow/(outflow) before management of liquid resources and financing</b>		342,848		(173,920)
<b>Financing</b>				
Purchase of own shares	(260,000)		(6,000)	
Capital element of hire purchase contracts	-		(528)	
<b>Net cash outflow from financing</b>		(260,000)		(6,528)
<b>Increase/(decrease) in cash in the year</b>		82,848		(180,448)

**ORGANIX BRANDS LIMITED**  
**(FORMERLY ORGANIX BRANDS PLC)**  
**NOTES TO THE CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2005**

1	Reconciliation of operating profit to net cash inflow/(outflow) from operating activities	2005	2004
		£	£
	Operating profit	412,135	156,726
	Costs of product line restructuring	(97,476)	(104,336)
	Depreciation of tangible assets	34,386	48,009
	Amortisation of intangible assets	1,231	1,044
	(Profit)/loss on disposal of tangible assets	(4,062)	364
	Decrease/(increase) in stocks	40,412	(167,146)
	(Increase)/decrease in debtors	(602,192)	286,086
	Increase/(decrease) in creditors within one year	655,658	(263,349)
	<b>Net cash inflow/(outflow) from operating activities</b>	<b>440,092</b>	<b>(42,602)</b>

2	Analysis of net debt	1 July 2004	Cash flow	Other non-cash changes	30 June 2005
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	500	31	-	531
	Bank overdrafts	(409,918)	82,817	-	(327,101)
		(409,418)	82,848	-	(326,570)
	Net debt	(409,418)	82,848	-	(326,570)

3	Reconciliation of net cash flow to movement in net debt	2005	2004
		£	£
	Increase/(decrease) in cash in the year	82,848	(180,448)
	Cash (inflow)/outflow from (increase)/decrease in debt	-	528
	<b>Movement in net debt in the year</b>	<b>82,848</b>	<b>(179,920)</b>
	Opening net debt	(409,418)	(229,498)
	<b>Closing net debt</b>	<b>(326,570)</b>	<b>(409,418)</b>

**ORGANIX BRANDS LIMITED**  
**(FORMERLY ORGANIX BRANDS PLC)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

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**1 Accounting policies**

**1.1 Accounting convention**

The financial statements are prepared under the historical cost convention.

**1.2 Turnover**

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

**1.3 Patents**

Trade marks are valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful lives. The useful economic life is considered to be 20 years.

**1.4 Research and development**

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

**1.5 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Computer equipment	33.33% straight line basis
Office equipment	20.00% straight line basis
Motor vehicles	25.00% straight line basis

**1.6 Leasing**

Assets held under finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

**1.7 Investments**

Fixed asset investments are stated at cost less provision for diminution in value.

**1.8 Stock**

Stock is valued at the lower of cost and net realisable value.

**1.9 Pensions**

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS 17.

**ORGANIX BRANDS LIMITED**  
**(FORMERLY ORGANIX BRANDS PLC)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2005**

**1 Accounting policies** (continued)

**1.10 Deferred taxation**

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

**1.11 Foreign currency translation**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

**1.12 Group accounts**

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a medium-sized group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts.

**2 Turnover**

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

<b>3 Operating profit and exceptional item</b>	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Operating profit is stated after charging:		
Amortisation of intangible assets	1,231	1,044
Depreciation of tangible assets	34,386	48,009
Loss on disposal of tangible assets	-	364
Operating lease rentals	46,451	52,891
Auditors' remuneration	8,400	8,300
and after crediting:		
Profit on disposal of tangible assets	(4,062)	-
Profit on foreign exchange transactions	18,799	43,258

The costs of product line restructuring of £97,476 (2004: £104,336) relate to the write off and provision for raw materials costs incurred and contracted for which will not be used following a fundamental restructuring of product lines.

<b>4 Interest payable</b>	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
On bank loans and overdrafts	10,119	19,891
Lease finance charges	-	4
	<u>10,119</u>	<u>19,895</u>

**ORGANIX BRANDS LIMITED**  
**(FORMERLY ORGANIX BRANDS PLC)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2005**

<b>5</b>	<b>Taxation</b>	<b>2005</b>	<b>2004</b>
		<b>£</b>	<b>£</b>
	<b>Domestic current year tax</b>		
	U.K. corporation tax	81,795	10,267
	Adjustment for prior years	-	524
		<hr/>	<hr/>
	<b>Current tax charge</b>	<b>81,795</b>	<b>10,791</b>
		<hr/>	<hr/>
	<b>Factors affecting the tax charge for the year</b>		
	Profit on ordinary activities before taxation	305,109	32,495
		<hr/>	<hr/>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2004: 19.00%)	91,533	6,174
		<hr/>	<hr/>
	Effects of:		
	Non deductible expenses	3,421	57
	Depreciation add back	9,417	9,389
	Capital allowances	(10,547)	(5,353)
	Adjustments to previous periods	-	524
	Marginal relief	(12,029)	-
		<hr/>	<hr/>
		(9,738)	4,617
		<hr/>	<hr/>
	<b>Current tax charge</b>	<b>81,795</b>	<b>10,791</b>
		<hr/>	<hr/>
<b>6</b>	<b>Dividends</b>	<b>2005</b>	<b>2004</b>
		<b>£</b>	<b>£</b>
	Ordinary interim paid	20,000	-
	Ordinary interim proposed	10,640	1,625
	Ordinary final proposed	35,875	-
		<hr/>	<hr/>
		66,515	1,625
		<hr/>	<hr/>

An interim dividend of 12.00p (2004: 0.00p) per share has been paid on Ordinary "A" shares.

A final dividend of 2.28p (2004: 0.975p) per share has been voted on Ordinary "A" shares.

An interim dividend of 2.28p (2004: 0.00p) per share has been voted on Ordinary shares.

A final dividend of 6.87p (2004: 0.00p) per share has been voted on Ordinary shares.

**ORGANIX BRANDS LIMITED**  
**(FORMERLY ORGANIX BRANDS PLC)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2005**

**7 Intangible fixed assets**

	<b>Patents £</b>
<b>Cost</b>	
At 1 July 2004	21,314
Additions	4,180
	<hr/>
At 30 June 2005	25,494
	<hr/>
<b>Amortisation</b>	
At 1 July 2004	4,180
Charge for the year	1,231
	<hr/>
At 30 June 2005	5,411
	<hr/>
<b>Net book value</b>	
At 30 June 2005	20,083
	<hr/>
At 30 June 2004	17,134
	<hr/>

**8 Tangible fixed assets**

	<b>Computer equipment £</b>	<b>Office equipment £</b>	<b>Motor vehicles £</b>	<b>Total £</b>
<b>Cost</b>				
At 1 July 2004	116,179	50,901	49,067	216,147
Additions	11,690	8,180	36,199	56,069
Disposals	(58,384)	(7,822)	(18,499)	(84,705)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2005	69,485	51,259	66,767	187,511
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>				
At 1 July 2004	93,757	45,776	27,666	167,199
On disposals	(58,384)	(7,822)	(18,114)	(84,320)
Charge for the year	15,721	4,677	13,988	34,386
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2005	51,094	42,631	23,540	117,265
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
At 30 June 2005	18,391	8,628	43,227	70,246
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2004	22,422	5,125	21,401	48,948
	<hr/>	<hr/>	<hr/>	<hr/>

**ORGANIX BRANDS LIMITED**  
**(FORMERLY ORGANIX BRANDS PLC)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2005**

**9 Fixed asset investments**

	Unlisted investments £
<b>Cost</b>	
At 1 July 2004	-
Additions	2
	<hr/>
At 30 June 2005	2
	<hr/> <hr/>

**Holdings of more than 20%**

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held Class	%
<b>Subsidiary undertakings</b>			
South Coast Snacks Limited	England and Wales	Ordinary	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves 2005 £	Profit for the year 2005 £
South Coast Snacks Limited	-	-
	<hr/> <hr/>	<hr/> <hr/>

South Coast Snacks Limited was incorporated on the 24 November 2004 and will be producing its first financial statements to 30 November 2005.

<b>10 Stocks</b>	<b>2005</b> £	<b>2004</b> £
Raw materials and consumables	10,620	30,103
Finished goods and goods for resale	1,107,869	1,128,798
	<hr/>	<hr/>
	1,118,489	1,158,901
	<hr/> <hr/>	<hr/> <hr/>

**ORGANIX BRANDS LIMITED**  
**(FORMERLY ORGANIX BRANDS PLC)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2005**

<b>11 Debtors</b>	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Trade debtors	1,330,506	927,373
Amounts owed by subsidiary undertakings	168,627	-
Other debtors	47,117	5,288
Prepayments and accrued income	99,139	110,536
	<u>1,645,389</u>	<u>1,043,197</u>

<b>12 Creditors: amounts falling due within one year</b>	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts	327,101	409,918
Trade creditors	885,616	636,833
Amounts owed to subsidiary undertakings	90,011	-
Corporation tax	81,795	10,267
Other taxes and social security costs	23,731	14,750
Other creditors	-	41,125
Accruals and deferred income	592,473	243,463
Proposed dividend	46,515	1,625
	<u>2,047,242</u>	<u>1,357,981</u>
Debt due in one year or less	<u>327,101</u>	<u>409,918</u>

The bank overdraft is secured by an unlimited debenture dated 23 March 2004 including right of set-off.

**13 Pension costs**

**Defined contribution**

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Contributions payable by the company for the year	<u>24,818</u>	<u>24,025</u>



**ORGANIX BRANDS LIMITED**  
**(FORMERLY ORGANIX BRANDS PLC)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2005**

<b>14 Share capital</b>	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
<b>Authorised</b>		
583,334 Ordinary of 10p each	58,333	58,333
- Ordinary "A" of 10p each	-	16,667
	<u>58,333</u>	<u>75,000</u>
<b>Allotted, called up and fully paid</b>		
466,666 Ordinary of 10p each	46,666	46,666
166,666 Ordinary "A" of 10p each	-	16,667
	<u>46,666</u>	<u>63,333</u>

The company has a share option scheme under which options for 7,500 Ordinary shares have been granted to staff as follows:

<b>Number of shares</b>	<b>Option price per share</b>	<b>Option period ending</b>
<u>7,500</u>	<u>£2.00</u>	<u>31 Dec 2010</u>

**Summary of class rights:**

The Ordinary "A" shares are entitled to cumulative preferential net cash dividends, whilst the Ordinary shares are entitled to dividends not exceeding specified levels. The balance of any profits may be distributed pari passu amongst the holders of the Ordinary "A" shares and the Ordinary shares with the prior written consent of the holders of 75% of the Ordinary "A" shares.

The Ordinary "A" shares take preference over the Ordinary shares in a winding up.

Both categories of shares carry equal voting rights.

On the 23 March 2005, the company purchased 166,666 Ordinary A shares of 10p.

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**15 Statement of movements on reserves**

	Share premium account £	Other reserves (see below) £	Profit and loss account £
Balance at 1 July 2004	254,733	3,934	588,699
Retained profit for the year	-	-	156,799
Purchase of own shares	-	-	(260,000)
Movement during the year	-	16,667	-
Balance at 30 June 2005	<u>254,733</u>	<u>20,601</u>	<u>485,498</u>

**Other reserves**

**Capital redemption reserve**

Balance at 1 July 2004	3,934
Capital redemption reserve movement	16,667
Balance at 30 June 2005	<u>20,601</u>

During the year 166,666 Ordinary A shares of 10p each were purchased back by the company for a total cash consideration of £260,000.

**16 Reconciliation of movements in shareholders' funds**

	2005 £	2004 £
Profit for the financial year	223,314	21,704
Dividends	(66,515)	(1,625)
	<u>156,799</u>	<u>20,079</u>
Purchase of own shares	(260,000)	(6,000)
Net (depletion in)/addition to shareholders' funds	(103,201)	14,079
Opening shareholders' funds	<u>910,699</u>	<u>896,620</u>
Closing shareholders' funds	<u>807,498</u>	<u>910,699</u>

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**17 Financial commitments**

At 30 June 2005 the company had annual commitments under non-cancellable operating leases as follows:

	<b>Land and buildings</b>			<b>Other</b>
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Expiry date:				
Within one year	-	-	2,462	1,284
Between two and five years	35,000	34,375	2,267	2,310
	<u>35,000</u>	<u>34,375</u>	<u>4,729</u>	<u>3,594</u>

**18 Directors' emoluments**

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Emoluments for qualifying services	114,523	48,311
Company pension contributions to money purchase schemes	2,705	1,750
Compensation for loss of office	-	30,000
	<u>117,228</u>	<u>80,061</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (2004- 1).

A management charge of £13,593 (2004: £77,732) was made by a related company, Captiva Brands Limited to Organix Brands plc for the services of two of the directors, E J Vann and M S Thrasher, including benefits and the provision of a car.

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**19 Employees**

**Number of employees**

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

	<b>2005</b>	<b>2004</b>
	<b>Number</b>	<b>Number</b>
Sales, marketing, operations and administration	<u>24</u>	<u>23</u>
<b>Employment costs</b>		
	<b>£</b>	<b>£</b>
Wages and salaries	734,751	711,142
Social security costs	65,351	66,479
Other pension costs	24,818	24,025
	<u>824,920</u>	<u>801,646</u>

**20 Control**

The ultimate controlling parties are E J Vann and M S Thrasher, directors of the company.

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**21 Related party transactions**

Yellowfish Executive Pension Fund, the pension scheme of which the directors E J Vann and M S Thrasher are beneficiaries, hold 176,666 10p Ordinary Shares in the company at market value. This is a 37.86% holding of the company's share capital.

*In respect of the year ended 30 June 2005, the company had the following transactions and balances with related parties:*

	<b>Sales</b>	<b>Purchases</b>	<b>Management charges</b>	<b>Debtors</b>	<b>Creditors</b>
	£	£	£	£	£
Michael Stewart Design Limited	1,178	27,784	-	-	-
Captiva Brands Limited	65	13,700	13,592	-	-
South Coast Snacks Limited	-	208,226	-	168,627	90,011

*In respect of the year ended 30 June 2004, the company had the following transactions and balances with related parties:*

	<b>Sales</b>	<b>Purchases</b>	<b>Management charges</b>	<b>Debtors</b>	<b>Creditors</b>
	£	£	£	£	£
Michael Stewart Design Limited	16,728	192,514	-	5,823	29,895
Captiva Brands Limited	-	9,790	77,732	-	186

Michael Stewart Design Limited and Captiva Brands Limited are companies controlled by the directors E J Vann and M S Thrasher.