

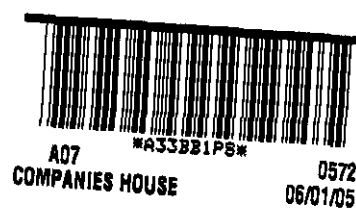
REGISTRAR'S
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1300295

MARIGOLD HEALTH FOODS LIMITED

FINANCIAL STATEMENTS

31 MARCH 2004



MARIGOLD HEALTH FOODS LIMITED

Company Information

Directors	DBR Swinstead PJ Tobin
Secretary	D B R Swinstead
Registered Number	1300295 (England and Wales)
Registered Office	102 Camley Street London NW1 OPF
Auditors	Nexia Audit Limited Prospect House 2 Athenaeum Road Whetstone London N20 9YU
Solicitors	Soloman Taylor & Shaw 3 Coach House Yard Hampstead High Street London NW3 1QD
Bankers	Bank of Scotland 14/16 Cockspur Street London SW1Y 5BL

MARIGOLD HEALTH FOODS LIMITED

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MARIGOLD HEALTH FOODS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2004

The directors present their report and the financial statements for the year ended 31 March 2004.

Principal activities

The company's principal activity continues to be that of distribution of vegetarian and vegan foods, drinks, nutritional supplements and other animal-free products.

Business Review

The financial results for the year and the Company's financial position at the year end are shewn in the attached statements.

Results and dividends

The profit for the year after taxation, amounted to £509,180 (2003 - £442,320) .

By a Special Resolution dated 30 October 2002 the issued share capital of the company was divided into 'A' and 'B' ordinary shares. These shares rank pari passu in all respects excepting that the Directors may declare a separate dividend in respect of each type of share.

Interim dividends per share were paid as follows:

	Ordinary shares	
	'A'	'B'
15 May 2003	£15.99147	£12.65991
15 August 2003	£15.99147	£12.65991
14 November 2003	£15.99147	£12.65991
16 February 2004	£15.99147	£12.65991
16 March 2004	£15.99147	£19.97957

The total distribution of dividends for the year has been £282,482 (2003: £330,417). The Directors do not recommend payment of a final dividend.

Directors

The directors who served during the year and their beneficial interests in the company's issued share capital were :

	Ordinary A shares of £1 each		Ordinary B shares of £1 each	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
DBR Swinstead	1,876	1,876	-	-
PJ Tobin	-	-	1,876	1,876

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2004

The Environment

The Company seeks to build upon the progress so far made towards promoting social and environmental activities as Company policy.

Some good quality food approaching self-by date is donated to charities. We also donate very substantial quantities of used office paper for recycling and purchase the reconstituted paper for office use - similarly with cartridges. We are planning a review of power and water use aiming to effect economies.

Charitable donations

During the year the Company made charitable donations amounting to £600.

Auditors

The auditors, Nexia Audit Limited, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

Statement of 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;
- 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.

This report was approved by the board on 14 December 2004 and signed on its behalf.



D B R Swinstead
Secretary

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
MARIGOLD HEALTH FOODS LIMITED**

We have audited the accounts of Marigold Health Foods Limited for the year ended 31 March 2004 comprising the Balance Sheet, Profit and Loss Account, Statement of Recognised Gains and Losses, Note of Historical Cost Profits and Losses, Cash Flow Statement and related notes. These accounts have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets 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 auditors' 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 directors and auditors

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

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts 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 accounts, 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 the 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 accounts. 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 accounts 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 accounts.

MARIGOLD HEALTH FOODS LIMITED

Opinion

In our opinion, the accounts give a true and fair view of the state of the company's affairs as at 31 March 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Nexia Audit Limited
Chartered Accountants
Registered Auditors

Nexia Audit Limited

Prospect House
2 Athenaeum Road
Whetstone
London
N20 9YU

Date: *23rd December 2004.*

MARIGOLD HEALTH FOODS LIMITED

BALANCE SHEET
As at 31 March 2004

	Note	£	2004 £	£	2003 £
FIXED ASSETS					
Intangible fixed assets	2		14,105		14,105
Tangible fixed assets	3		972,732		932,616
			<u>986,837</u>		<u>946,721</u>
CURRENT ASSETS					
Stocks	4	457,660		448,468	
Debtors	5	1,151,257		1,013,617	
Investment	6	277,639		194,881	
Cash at bank and in hand		310,339		356,779	
		<u>2,196,895</u>		<u>2,013,745</u>	
CREDITORS: amounts falling due within one year	7	<u>(1,459,425)</u>		<u>(1,456,784)</u>	
NET CURRENT ASSETS			<u>737,470</u>		<u>556,961</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,724,307</u>		<u>1,503,682</u>
PROVISIONS FOR LIABILITIES AND CHARGES	8		<u>(19,951)</u>		<u>(17,301)</u>
NET ASSETS			<u>1,704,356</u>		<u>1,486,381</u>
CAPITAL AND RESERVES					
Called up share capital	9		3,752		3,752
Revaluation reserve	10		252,584		263,829
Profit and loss account			1,448,020		1,218,800
SHAREHOLDERS' FUNDS	11		<u>1,704,356</u>		<u>1,486,381</u>

The financial statements were approved by the board on 14 December 2004 and signed on its behalf.



DBR Swinstead

Director



PJ Tobin

Director

The notes on pages 10 to 17 form part of these financial statements.

MARIGOLD HEALTH FOODS LIMITED

PROFIT AND LOSS ACCOUNT
For the year ended 31 March 2004

	Note	2004 £	2003 £
TURNOVER	1,12	11,043,165	10,062,916
Cost of sales		<u>(8,947,485)</u>	<u>(8,115,671)</u>
GROSS PROFIT		2,095,680	1,947,245
Selling and distribution costs		<u>(181,270)</u>	<u>(175,134)</u>
Administrative expenses		<u>(1,249,589)</u>	<u>(1,154,149)</u>
OPERATING PROFIT	13	664,821	617,962
Interest receivable	16	31,660	14,099
Interest payable	17	<u>(901)</u>	<u>(2,382)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		695,580	629,679
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	18	<u>(186,400)</u>	<u>(187,359)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		509,180	442,320
DIVIDENDS	19	<u>(282,482)</u>	<u>(330,417)</u>
RETAINED PROFIT FOR THE YEAR		226,698	111,903
RETAINED PROFIT BROUGHT FORWARD		1,218,800	1,106,897
Transferred from Revaluation Reserve	10	<u>2,522</u>	<u>-</u>
RETAINED PROFIT CARRIED FORWARD		<u>1,448,020</u>	<u>1,218,800</u>

All amounts relate to continuing operations.

The notes on pages 10 to 17 form part of these financial statements.

MARIGOLD HEALTH FOODS LIMITED

STATEMENT OF RECOGNISED GAINS AND LOSSES
For the year ended 31 March 2004

	2004	2003
	£	£
Profit for the financial year after taxation	509,180	442,320
Unrealised gain on revaluation of investments	8,723	-
Total gains and losses relating to the year	<u><u>517,903</u></u>	<u><u>442,320</u></u>

NOTE OF HISTORICAL COST PROFITS AND LOSSES
For the year ended 31 March 2004

	2004	2003
	£	£
Reported profit on ordinary activities before taxation	695,580	629,679
Unrealised movement on current asset investment	8,723	-
Difference between a historical cost depreciation charge and actual depreciation charge for the year calculated on the revalued amount	2,522	-
Historical cost profit on ordinary activities before taxation	<u><u>706,825</u></u>	<u><u>629,679</u></u>
 Historical cost profit for the year retained after taxation	 <u><u>237,943</u></u>	 <u><u>111,903</u></u>

MARIGOLD HEALTH FOODS LIMITED

CASH FLOW STATEMENT
For the year ended 31 March 2004

	Note	£	2004 £	£	2003 £
Net cash inflow from operating activities (Page 9)			553,775		815,572
Returns on investments and servicing of finance	20		23,267		11,717
Taxation			(169,690)		(108,984)
Capital expenditure and financial investment	20		(94,814)		(44,750)
Equity dividends paid			(282,482)		(330,417)
Cash inflow before use of liquid resources and financing			<u>30,056</u>		<u>343,138</u>
Management of liquid resources	20		(70,034)		(194,881)
(Decrease)/increase in cash in the period			<u>(39,978)</u>		<u>148,257</u>

The notes on pages 10 to 17 form part of these financial statements.

MARIGOLD HEALTH FOODS LIMITED

CASH FLOW STATEMENT INFORMATION
For the year ended 31 March 2004

	Note	£	2004 £	2003 £	£
RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES					
Operating profit			664,821		617,962
Depreciation of tangible fixed assets			44,645		45,431
Loss on disposal of tangible fixed assets			10,053		-
(Increase)/decrease in debtors			(137,640)		65,215
Increase in stocks			(9,192)		(82,651)
(Decrease)/increase in creditors			(18,912)		169,615
Net cash inflow from operating activities			553,775		815,572
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT					
	21				
(Decrease)/increase in cash in the period			(39,978)		148,257
Cash inflow from (decrease)/increase in liquid resources			70,034		(194,881)
Change in net debt resulting from cash flows			30,056		(46,624)
Net debt at 1 April 2003			551,660		598,284
Net debt at 31 March 2004			581,716		551,660

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2004

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom.

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of Leasehold land and buildings and include the results of the company's operations which are described in the Directors' Report and all of which are continuing.

1.2 Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, exclusive of Value Added Tax.

1.3 Tangible fixed assets and depreciation

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Leasehold buildings	Over the term of the lease
Motor vehicles	Straight line over 6 or 5 years as deemed appropriate
Fixtures & fittings	At variable rates on straight line over estimated life

1.4 Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to profit and loss account as incurred.

1.5 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving items.

1.6 Foreign currencies

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

1.7 Deferred taxation

Provision is made for taxation deferred as a result of material timing differences between the incidence of income and expenditure for taxation and accounts purposes, using the liability method, only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the near future.

1.8 Pensions

The company contributes to a grouped personal pension scheme. The assets of the scheme are held separately from those of the Company in independently administered funds. The Company's contributions to the scheme for the year are charged to the profit and loss account.

1.9 Goodwill and trade mark

Goodwill and trade mark are stated in the financial statements at cost. The financial statements have departed from the requirement to amortise the assets over a finite period for the overriding intention to shew a true and fair view.

The reason for this departure is that in the Directors' opinion the assets are in the financial statements at below their true market value.

MARIGOLD HEALTH FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2004

2. INTANGIBLE FIXED ASSETS

	Goodwill
	£
Cost	
At 1 April 2003	14,105
At 31 March 2004	14,105
Net Book Value	
At 31 March 2004	14,105
At 31 March 2003	14,105

3. TANGIBLE FIXED ASSETS

	Long Term Leasehold Land & Buildings £	Fixtures & Equipment £	Motor Vehicles £	Total £
Cost or valuation				
At 1 April 2003	830,462	149,751	194,111	1,174,324
Additions	-	20,894	76,000	96,894
Disposals	-	(19,805)	(32,680)	(52,485)
At 31 March 2004	830,462	150,840	237,431	1,218,733
Depreciation				
At 1 April 2003	29,872	84,804	127,032	241,708
Charge for year	7,936	13,459	23,250	44,645
On disposals	-	(12,177)	(28,175)	(40,352)
At 31 March 2004	37,808	86,086	122,107	246,001
Net Book Value				
At 31 March 2004	792,654	64,754	115,324	972,732
At 31 March 2003	800,590	64,947	67,079	932,616

The Company's Leasehold property was valued at 31 March 2000 by Insignia Richard Ellis Ltd and the resulting surplus of £263,829 was transferred to the revaluation reserve.

If leasehold property had not been revalued it would have been included at the following historic costs:

	2004 £	2003 £
Cost	566,633	566,633
Cumulative depreciation	(27,958)	(22,308)
Net book amount	538,675	544,325

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2004

4. STOCKS

	2004 £	2003 £
Finished goods	457,660	448,468

5. DEBTORS

	2004 £	2003 £
Due within one year		
Trade debtors	1,030,671	892,557
Other debtors	81,135	84,782
Prepayments and accrued income	39,451	36,278
	<u>1,151,257</u>	<u>1,013,617</u>

6. INVESTMENT

This is the cost to date of a holding in the Corporate Bond Fund within Halifax UK Investment Funds Open-ended Investment Company. The market value at date was £279,900

7. CREDITORS:**Amounts falling due within one year**

	2004 £	2003 £
Trade creditors	1,131,151	1,222,544
Corporation tax	184,119	170,058
Social security and other taxes	-	17,719
Other creditors	86,767	18,847
Accruals and deferred income	57,388	27,616
	<u>1,459,425</u>	<u>1,456,784</u>

8. PROVISIONS FOR LIABILITIES AND CHARGES

	2004 £	2003 £
Deferred Tax		
At 1 April 2003	17,301	-
Charge for the year	2,650	17,301
	<u>19,951</u>	<u>17,301</u>
At 31 March 2004	<u>19,951</u>	<u>17,301</u>

MARIGOLD HEALTH FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2004

9. SHARE CAPITAL

	2004 £	2003 £
Authorised		
5,000 A ordinary shares of £1 each	5,000	5,000
5,000 B ordinary shares of £1 each	5,000	5,000
	<u>10,000</u>	<u>10,000</u>
Allotted, called up and fully paid		
1,876 A ordinary shares of £1 each	1,876	1,876
1,876 B ordinary shares of £1 each	1,876	1,876
	<u>3,752</u>	<u>3,752</u>

By a Special Resolution dated 30 October 2002 the issued share capital was divided into 'A' and 'B' ordinary shares. These shares rank pari passu in all respects excepting that the Directors may declare a separate dividend in respect of each class of share.

10. RESERVES

	£
Revaluation Reserve	
At 1 April 2003	263,829
Unrealised movement on market value of investments	(8,723)
Transfer to profit & loss reserve	(2,522)
	<u>252,584</u>

11. MEMBERS' FUNDS

Reconciliation of movements on members' funds

	2004 £	2003 £
Profit for the year	509,180	442,320
Dividends	(282,482)	(330,417)
	<u>226,698</u>	<u>111,903</u>
Other recognised gains and losses during year	(8,723)	-
	<u>217,975</u>	<u>111,903</u>
Opening shareholders' funds	1,486,381	1,374,478
	<u>1,704,356</u>	<u>1,486,381</u>

12. TURNOVER

The whole of the turnover is attributable to the one principal activity of the company being distribution of vegetarian and vegan foods, drinks, nutritional supplements and other animal-free products.

All turnover arose within the United Kingdom.

MARIGOLD HEALTH FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2004

13. OPERATING PROFIT

The operating profit is stated after charging:

	2004 £	2003 £
Depreciation of tangible fixed assets		
- owned by the company	44,645	45,431
Audit fees	9,000	7,500
Operating lease rentals		
- other	52,968	52,464
	<u>52,968</u>	<u>52,464</u>

14. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	2004 £	2003 £
Wages and salaries	812,220	739,512
Social security costs	78,310	64,869
Other pension costs	23,664	28,787
	<u>914,194</u>	<u>833,168</u>

The average monthly number of employees, including directors, during the year was as follows:

	2004	2003
Average employees	38	35
	<u>38</u>	<u>35</u>

15. DIRECTORS' REMUNERATION

	2004 £	2003 £
Aggregate emoluments	17,518	32,102
Company pension contributions to money purchase schemes	-	7,482
	<u>17,518</u>	<u>39,584</u>

16. INTEREST RECEIVABLE

	2004 £	2003 £
Other interest receivable	31,660	14,099
	<u>31,660</u>	<u>14,099</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2004

17. INTEREST PAYABLE

	2004 £	2003 £
On other amounts	-	784
On directors' accounts	901	1,598
	<u>901</u>	<u>2,382</u>

18. TAXATION

	2004 £	2003 £
Current year taxation		
UK Corporation Tax at 30% (2003 - 30%)	184,119	170,058
Transfer to deferred taxation	2,650	17,301
	<u>186,769</u>	<u>187,359</u>
Prior years		
UK corporation tax	(369)	-
	<u>186,400</u>	<u>187,359</u>

Factors affecting the tax charge for period

	2004 £	2003 £
Profit on ordinary activities before tax	<u>695,580</u>	<u>629,679</u>
- Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 30% (2003: 30%)	<u>208,674</u>	<u>188,904</u>
Effects of:		
Expenses not deductible for tax purposes	17	1,001
Capital allowances for period in excess of depreciation	(269)	3,829
Marginal relief	(22,144)	(23,232)
Income tax suffered	(2,159)	(444)
	<u>184,119</u>	<u>170,058</u>
Current tax Charge for period		

19. DIVIDENDS

	2004 £	2003 £
Ordinary - interim paid	<u>282,482</u>	<u>330,417</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2004

**20. ANALYSIS OF CASH FLOWS FOR HEADINGS
NETTED IN THE CASH FLOW STATEMENT**

	2004 £	2003 £
Returns on investments and servicing of finance		
Interest received	24,168	14,099
Interest paid	(901)	(2,382)
Net cash inflow for returns on investments and servicing of finance	<u>23,267</u>	<u>11,717</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(96,894)	(44,750)
Sale of tangible fixed assets	2,080	-
Net cash outflow for capital expenditure	<u>(94,814)</u>	<u>(44,750)</u>
Management of liquid resources		
Increase in current asset investment	(70,034)	(194,881)
Net cash outflow for management of liquid resources	<u>(70,034)</u>	<u>(194,881)</u>

21. ANALYSIS OF NET DEBT

	At 1 Apr 2003 £	Cash flow £	At 31 Mar 2004 £
Net cash:			
Cash at bank and in hand	356,779	(46,440)	310,339
Liquid resources:			
Current asset investments	194,881	70,034	271,377
Debt:			
	-	-	-
Net debt	<u>551,660</u>	<u>23,594</u>	<u>581,716</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2004

22. OTHER COMMITMENTS

At 31 March 2004 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2004	2003
	£	£
Expiry date:		
In more than 5 years	<u>21,000</u>	<u>21,000</u>

23. TRANSACTIONS WITH DIRECTORS

During the current year the current account of DBR Swinstead was overdrawn for a maximum period of 72 days. The maximum amount owed by the director to the company was £86,411. The account was in credit at the year end.