

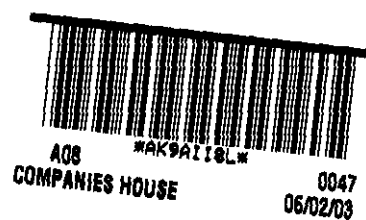
**MARIGOLD HEALTH FOODS LIMITED**

**Report of the Directors**

**And**

**Financial Statements**

**31 March 2002**



**Contents of the Financial Statements**  
**for the Year Ended 31 March 2002**

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MARIGOLD HEALTH FOODS LIMITED

Company Information  
for the Year Ended 31 March 2002

<b>DIRECTORS:</b>	D B R Swinsstead P J Tobin
<b>SECRETARY:</b>	D B R Swinstead
<b>REGISTERED OFFICE:</b>	102 Camley Street London NW1 OPF
<b>REGISTERED NUMBER:</b>	1300295 (England and Wales)
<b>AUDITORS:</b>	Bennett & Co Registered Auditors 16/18 Upland Road Dulwich London SE22 9GG
<b>BANKERS:</b>	Bank of Scotland St James Gate 14-16 Cockspur Street London SW1Y 5BL
<b>SOLICITORS:</b>	Solomon Taylor & Shaw 3 Coach House Yard Hampstead High Street London NW3 1QD

MARIGOLD HEALTH FOODS LIMITED

**Report of the Directors**  
**for the Year Ended 31 March 2002**

The directors present their report with the financial statements of the company for the year ended 31 March 2002.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of marketing and distribution of vegetarian and vegan foods, drinks, nutritional supplements and other animal-free products.

**REVIEW OF BUSINESS**

The results for the year and financial position of the company are as shown in the annexed financial statements.

**DIVIDENDS**

Interim dividends per share were paid as follows:

£6.3966	- 15 May 2001
£6.3966	- 15 August 2001
£13.8592	- 16 November 2001
£15.9914	- 25 March 2002
<u>£42.6438</u>	

The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 31 March 2002 will be £160,000.

**FIXED ASSETS**

The leasehold property was subject to a charge secured over the company's fixed and current assets. The charge was extinguished on 28th December 2001 by payment of the outstanding balance of the loan plus interest thereon.

**DIRECTORS**

The directors holding office throughout the year under review were:

D B R Swinsstead  
P J Tobin

The beneficial interests of the directors holding office throughout the year to 31 March 2002 in the issued share capital of the company were as follows:

	<b>31.3.02</b>	<b>1.4.01</b>
<b>Ordinary shares £1 shares</b>		
D B R Swinsstead	1,876	1,876
P J Tobin	1,876	1,876

**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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

MARIGOLD HEALTH FOODS LIMITED

**Report of the Directors**  
**for the Year Ended 31 March 2002**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued**

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**

The auditors, Bennett & Co, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

**ON BEHALF OF THE BOARD:**



Approved and signed by  
D B R Swinstead - SECRETARY

Dated: 27 January 2003

**Report of the Independent Auditors to the Shareholders of**  
**MARIGOLD HEALTH FOODS LIMITED**

We have audited the financial statements of MARIGOLD HEALTH FOODS LIMITED for the year ended 31 March 2002 on pages five to seventeen. These financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out therein.

**Respective responsibilities of directors and auditors**

As described on page three the company's directors are responsible for the preparation of 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 Report of the Directors 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 Report of the Directors 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 31 March 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Bennett & Co  
Registered Auditors  
16/18 Upland Road  
Dulwich  
London  
SE22 9GG



Dated:

28 Jan 2003

**MARIGOLD HEALTH FOODS LIMITED**

**Profit and Loss Account**  
**for the Year Ended 31 March 2002**

		31.3.02		31.3.01	
	Notes	£	£	£	£
<b>TURNOVER</b>			9,357,385		8,086,600
Cost of sales			<u>7,633,380</u>		<u>6,464,302</u>
<b>GROSS PROFIT</b>			1,724,005		1,622,298
Distribution costs		840,826		721,632	
Administrative expenses		<u>450,669</u>		<u>379,763</u>	
			<u>1,291,495</u>		<u>1,101,395</u>
			432,510		520,903
Other operating income			<u>1,381</u>		<u>1,540</u>
<b>OPERATING PROFIT</b>	2		433,891		522,443
Interest receivable and similar income			<u>16,541</u>		<u>12,512</u>
			450,432		534,955
Interest payable and similar charges	3		<u>23,492</u>		<u>15,310</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>			426,940		519,645
Interest on corporation tax			1,175		
Tax on profit on ordinary activities	4		<u>108,778</u>		<u>132,306</u>
<b>PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION</b>			316,987		387,339
Dividends	5		<u>160,000</u>		<u>96,000</u>
			156,987		291,339
Retained profit brought forward			<u>949,910</u>		<u>658,571</u>
<b>RETAINED PROFIT CARRIED FORWARD</b>			<u>£1,106,897</u>		<u>£949,910</u>

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the current and previous years.

The notes form part of these financial statements

MARIGOLD HEALTH FOODS LIMITED

**Statement of Total Recognised Gains and Losses**  
**for the Year Ended 31 March 2002**

	<u>31.3.02</u>	<u>31.3.01</u>
	£	£
<b>PROFIT FOR THE FINANCIAL YEAR</b>	316,987	387,339
Revaluation of leasehold property	<u>          </u>	<u>          </u>
<b>TOTAL RECOGNISED GAINS AND LOSSES</b>		
<b>RELATING TO THE YEAR</b>	<u>£316,987</u>	<u>£387,339</u>

**NOTE OF HISTORICAL COST PROFITS AND LOSSES**

The difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis is not material.

The notes form part of these financial statements



**MARIGOLD HEALTH FOODS LIMITED**

**Balance Sheet**  
**31 March 2002**

		31.3.02		31.3.01	
	Notes	£	£	£	£
<b>FIXED ASSETS:</b>					
Intangible assets	6		14,105		14,105
Tangible assets	7		<u>933,298</u>		<u>940,465</u>
			947,403		954,570
<b>CURRENT ASSETS:</b>					
Stocks	8	365,817		343,320	
Debtors	9	1,078,832		924,720	
Cash at bank and in hand		<u>207,736</u>		<u>470,303</u>	
		1,652,385		1,738,343	
<b>CREDITORS: Amounts falling due within one year</b>	10	<u>1,225,310</u>		<u>1,199,681</u>	
<b>NET CURRENT ASSETS:</b>			<u>427,075</u>		<u>538,662</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES:</b>			1,374,478		1,493,232
<b>CREDITORS: Amounts falling due after more than one year</b>	11		<u>-</u>		<u>275,741</u>
			<u>£1,374,478</u>		<u>£1,217,491</u>
<b>CAPITAL AND RESERVES:</b>					
Called up share capital	15		3,752		3,752
Revaluation reserve	16		263,829		263,829
Profit and loss account			<u>1,106,897</u>		<u>949,910</u>
<b>SHAREHOLDERS' FUNDS:</b>	19		<u>£1,374,478</u>		<u>£1,217,491</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

**ON BEHALF OF THE BOARD:**

  
D B R Swinsstead - DIRECTOR

  
P J Tobin - DIRECTOR

Approved by the Board on

27 January 2003

The notes form part of these financial statements

**MARIGOLD HEALTH FOODS LIMITED**

**Cash Flow Statement**  
**for the Year Ended 31 March 2002**

		31.3.02		31.3.01	
	Notes	£	£	£	£
Net cash inflow from operating activities	1		350,265		547,396
Returns on investments and servicing of finance	2		(6,951)		(2,798)
Taxation			(132,305)		(80,843)
Capital expenditure	2		(49,024)		(44,197)
Equity dividends paid			(160,000)		(96,000)
			1,985		323,558
Financing	2		(264,552)		(38,178)
(Decrease)/Increase in cash in the period			<u>£(262,567)</u>		<u>£285,380</u>
<hr/>					
Reconciliation of net cash flow to movement in net funds	3				
(Decrease)/Increase in cash in the period			(262,567)		285,380
Cash outflow from decrease in debt and lease financing			<u>508</u>		<u>13,706</u>
Change in net funds resulting from cash flows			(262,059)		299,086
Movement in net funds in the period			(262,059)		299,086
Net funds at 1 April			<u>469,795</u>		<u>170,709</u>
Net funds at 31 March			<u>£207,736</u>		<u>£469,795</u>

The notes form part of these financial statements

**Notes to the Cash Flow Statement**  
**for the Year Ended 31 March 2002**

**1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	31.3.02 £	31.3.01 £
Operating profit	433,891	522,443
Depreciation charges	53,313	50,511
Loss on sale of fixed assets	2,997	-
Increase in stocks	(22,497)	(105,356)
Increase in debtors	(155,409)	(216,065)
Increase in creditors	<u>37,970</u>	<u>295,863</u>
<b>Net cash inflow from operating activities</b>	<b><u>350,265</u></b>	<b><u>547,396</u></b>

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

	31.3.02 £	31.3.01 £
<b>Returns on investments and servicing of finance</b>		
Interest received	16,541	12,512
Interest paid	(23,487)	(13,928)
Interest element of hire purchase payments	<u>(5)</u>	<u>(1,382)</u>
Net cash outflow for returns on investments and servicing of finance	<b><u>(6,951)</u></b>	<b><u>(2,798)</u></b>
<b>Capital expenditure</b>		
Purchase of tangible fixed assets	(49,144)	(44,197)
Sale of tangible fixed assets	<u>120</u>	<u>-</u>
Net cash outflow for capital expenditure	<b><u>(49,024)</u></b>	<b><u>(44,197)</u></b>
<b>Financing</b>		
Loan repayments in year	(275,741)	(33,904)
Capital element - HP repayment	(508)	(15,087)
Repayment on director's loan	(7,939)	14,203
Amount withdrawn by director	<u>19,636</u>	<u>(3,390)</u>
Net cash outflow from financing	<b><u>(264,552)</u></b>	<b><u>(38,178)</u></b>

The notes form part of these financial statements

**MARIGOLD HEALTH FOODS LIMITED**  
**Notes to the Cash Flow Statement**  
**for the Year Ended 31 March 2002**

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.4.01 £	Cash flow £	At 31.3.02 £
Net cash:			
Cash at bank and in hand	<u>470,303</u>	<u>(262,567)</u>	<u>207,736</u>
	<u>470,303</u>	<u>(262,567)</u>	<u>207,736</u>
Debt:			
Hire purchase	<u>(508)</u>	<u>508</u>	<u>-</u>
	<u>(508)</u>	<u>508</u>	<u>-</u>
Total	<u>469,795</u>	<u>(262,059)</u>	<u>207,736</u>
<b>Analysed in Balance Sheet</b>			
Cash at bank and in hand	470,303		207,736
Hire purchase within one year	<u>(508)</u>		<u>-</u>
	<u>469,795</u>		<u>207,736</u>

The notes form part of these financial statements

**Notes to the Financial Statements**  
**for the Year Ended 31 March 2002**

**1. ACCOUNTING POLICIES**

**Accounting convention**

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

**Turnover**

Turnover represents net invoiced sales of goods, excluding value added tax.

**Goodwill and Trademark**

Goodwill and Trademark are stated in the financial statement at cost. The financial statement has departed from the companies legislation of amortising goodwill and trademark over a finite period for the overriding purpose of showing a true and fair view.

The reason for the departure is that in the directors' opinion the assets are stated in the financial statement at below their true market value.

**Tangible fixed assets**

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

Land and buildings	- Over the term of the lease
Plant and machinery etc	- Straight line over 6 years and Straight line over the life of the asset

**Stocks**

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

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Hire purchase and leasing commitments**

Rentals paid under operating leases are charged to the profit and loss account as incurred.

**Pensions**

The company operates a defined contribution pension scheme for a director. The company introduced a voluntary grouped personal pension scheme from 1 July 1999 for staff qualified by length of service. The assets of the schemes are held separately from those of the company in independently administered funds. The company's contributions to both schemes are charged in the profit and loss account.

MARIGOLD HEALTH FOODS LIMITED

**Notes to the Financial Statements**  
**for the Year Ended 31 March 2002**

**2. OPERATING PROFIT**

The operating profit is stated after charging:

	31.3.02	31.3.01
	£	£
Depreciation - owned assets	53,313	50,511
Loss on disposal of fixed assets	2,997	-
Auditors' remuneration	7,500	7,500
Pension costs	<u>16,996</u>	<u>15,827</u>
Directors' emoluments and other benefits etc	<u>42,518</u>	<u>40,872</u>

**3. INTEREST PAYABLE AND SIMILAR CHARGES**

Interest payable and similar charges includes the following:

	31.3.02	31.3.01
	£	£
Hire purchase interest	<u>5</u>	<u>1,382</u>

**4. TAXATION**

**Analysis of the tax charge**

The tax charge on the profit on ordinary activities for the year was as follows:

	31.3.02	31.3.01
	£	£
Current tax:		
UK corporation tax	<u>108,778</u>	<u>132,306</u>
Tax on profit on ordinary activities	<u>108,778</u>	<u>132,306</u>

UK corporation tax has been charged at 30% (2001 - 30%).

**5. DIVIDENDS**

	31.3.02	31.3.01
	£	£
Equity shares:		
Ordinary shares	<u>160,000</u>	<u>96,000</u>

MARIGOLD HEALTH FOODS LIMITED

Notes to the Financial Statements  
for the Year Ended 31 March 2002

6. INTANGIBLE FIXED ASSETS

	<u>Goodwill</u>
	£
<b>COST:</b>	
At 1 April 2001	
and 31 March 2002	<u>14,105</u>
<b>NET BOOK VALUE:</b>	
At 31 March 2002	<u>14,105</u>
At 31 March 2001	<u>14,105</u>

7. TANGIBLE FIXED ASSETS

	<u>Leasehold property</u>	<u>Motor vehicles</u>	<u>Equipment</u>	<u>Totals</u>
	£	£	£	£
<b>COST OR VALUATION:</b>				
At 1 April 2001	800,000	174,900	130,936	1,105,836
Additions	17,257	27,115	4,771	49,143
Disposals	<u>-</u>	<u>(25,404)</u>	<u>-</u>	<u>(25,404)</u>
At 31 March 2002	<u>817,257</u>	<u>176,611</u>	<u>135,707</u>	<u>1,129,575</u>
<b>DEPRECIATION:</b>				
At 1 April 2001	13,959	96,291	55,121	165,371
Charge for year	7,902	28,392	17,019	53,313
Eliminated on disposals	<u>-</u>	<u>(22,407)</u>	<u>-</u>	<u>(22,407)</u>
At 31 March 2002	<u>21,861</u>	<u>102,276</u>	<u>72,140</u>	<u>196,277</u>
<b>NET BOOK VALUE:</b>				
At 31 March 2002	<u>795,396</u>	<u>74,335</u>	<u>63,567</u>	<u>933,298</u>
At 31 March 2001	<u>786,041</u>	<u>78,609</u>	<u>75,815</u>	<u>940,465</u>

Cost or valuation at 31 March 2002 is represented by:

	<u>Leasehold property</u>	<u>Motor vehicles</u>	<u>Equipment</u>	<u>Totals</u>
	£	£	£	£
Cost	<u>817,257</u>	<u>176,611</u>	<u>135,707</u>	<u>1,129,575</u>

MARIGOLD HEALTH FOODS LIMITED

Notes to the Financial Statements  
for the Year Ended 31 March 2002

7. **TANGIBLE FIXED ASSETS - continued**

If leasehold property had not been revalued it would have been included at the following historical cost:

	31.3.02	31.3.01
	£	£
Cost	<u>536,171</u>	<u>536,171</u>
Aggregate depreciation	<u>14,498</u>	<u>9,324</u>

The leasehold property was valued on an open market basis on 28 November 2000 by Insignia Richard Ellis Limited.

The valuation as at 31st March 2000 resulted in a surplus of £263,829, which was transferred to Revaluation Reserve Account.

8. **STOCKS**

	31.3.02	31.3.01
	£	£
Stock	<u>365,817</u>	<u>343,320</u>

9. **DEBTORS: AMOUNTS FALLING  
DUE WITHIN ONE YEAR**

	31.3.02	31.3.01
	£	£
V.A.T.	48,488	32,517
Trade debtors	981,187	840,474
Prepayments	23,233	31,239
Staff loan	23,072	9,700
Corporation tax debtor	2,851	2,851
Directors' current accounts	-	7,939
	<u>1,078,831</u>	<u>924,720</u>



**Notes to the Financial Statements  
for the Year Ended 31 March 2002**

**10. CREDITORS: AMOUNTS FALLING  
DUE WITHIN ONE YEAR**

	31.3.02 £	31.3.01 £
Bank loans and overdrafts (see note 12)	-	33,905
Hire purchase contracts (see note 13)	-	508
Trade creditors	998,124	984,464
Other creditors	-	2,871
Directors' current accounts	45,674	8,012
Social security & other taxes	16,202	17,086
Taxation	108,199	131,727
Accrued expenses	57,111	21,108
	<u>1,225,310</u>	<u>1,199,681</u>

**11. CREDITORS: AMOUNTS FALLING  
DUE AFTER MORE THAN ONE YEAR**

	31.3.02 £	31.3.01 £
Bank loans (see note 12)	<u>-</u>	<u>275,741</u>

**12. LOANS AND OVERDRAFTS**

An analysis of the maturity of loans and overdrafts is given below:

	31.3.02 £	31.3.01 £
Amounts falling due within one year or on demand:		
Bank loans	<u>-</u>	<u>33,905</u>
Amounts falling due between one and two years:		
Bank loans	<u>-</u>	<u>36,000</u>
Amounts falling due between two and five years:		
Bank loans	<u>-</u>	<u>120,000</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans	<u>-</u>	<u>119,741</u>

MARIGOLD HEALTH FOODS LIMITED

Notes to the Financial Statements  
for the Year Ended 31 March 2002

12. **LOANS AND OVERDRAFTS - continued**

The bank loan(2001-£309,646) was repaid on 28 December 2001.

13. **OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES**

	Hire purchase contracts	
	31.3.02	31.3.01
	£	£
Gross obligations repayable:		
Within one year	-	508
Net obligations repayable:		
Within one year	-	508

The following payments are committed to be paid within one year:

	Land and buildings operating leases	
	31.3.02	31.3.01
	£	£
Expiring:		
Within one year	21,000	21,000
Between one and five years	84,000	84,000
	<u>105,000</u>	<u>105,000</u>

14. **SECURED DEBTS**

The following secured debts are included within creditors:

	31.3.02	31.3.01
	£	£
Bank loans	-	309,646
Hire purchase contracts	-	508
	<u>-</u>	<u>310,154</u>

**MARIGOLD HEALTH FOODS LIMITED**

**Notes to the Financial Statements**  
**for the Year Ended 31 March 2002**

**15. CALLED UP SHARE CAPITAL**

Authorised:				
Number:	Class:	Nominal	31.3.02	31.3.01
		value:	£	£
5,000	Ordinary shares	£1	<u>5,000</u>	<u>5,000</u>

Allotted, issued and fully paid:				
Number:	Class:	Nominal	31.3.02	31.3.01
		value:	£	£
3,752	Ordinary shares	£1	<u>3,752</u>	<u>3,752</u>

**16. REVALUATION RESERVE**

	31.3.02	31.3.01
	£	£
Revaluation reserve	<u>263,829</u>	<u>263,829</u>

**17. TRANSACTIONS WITH DIRECTORS**

The balances on the Directors Current Accounts were DBR Swinstead £10,607 and P J Tobin £35,067. These are included in creditors at the year-end.

Interest at the official rate is charged on all directors loans to and from the company.

**18. RELATED PARTY DISCLOSURES**

There are no other related party disclosures other than already reported under transactions with directors.

**19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	31.3.02	31.3.01
	£	£
Profit for the financial year	316,987	387,339
Dividends	<u>(160,000)</u>	<u>(96,000)</u>
<b>Net addition to shareholders' funds</b>	156,987	291,339
Opening shareholders' funds	<u>1,217,491</u>	<u>926,152</u>
<b>Closing shareholders' funds</b>	<u>1,374,478</u>	<u>1,217,491</u>
Equity interests	<u>1,374,478</u>	<u>1,217,491</u>

**20. ~~CONTROL~~ CONTROL OF THE COMPANY**

The company is jointly controlled by its two directors and shareholders, D B R Swinstead and P J Tobin.