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MARIGOLD HEALTH FOODS LIMITED

DIRECTORS' REPORT

AND

ACCOUNTS

31st MARCH, 1995.



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

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED
31st MARCH, 1995.

The Directors present their Report and audited Accounts for the year ended 31st March, 1995.

PRINCIPAL ACTIVITIES

Marketing and distribution of vegetarian and vegan foods and drinks, food supplements and other non-animal products.

FIXED ASSETS

Movements in fixed assets are shown in note 2 to the Accounts.

RESULTS

The results for the year are set out in the Profit and Loss Account on page 9.

DIRECTORS' LOANS

Included in Debtors is a loan totalling £23,079, made to a Director. Interest at the official rate has been charged on the outstanding amount.

DIVIDENDS

An interim dividend of £7,996 per share was declared payable 15th March 1995. The Directors do not recommend a further dividend in respect of the year.

DIRECTORS' RESPONSIBILITIES

The Directors are required by law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at end of the financial year and of the profit or loss, total recognised gains or losses and cash flows of the Company for that period. The Directors confirm their responsibility to ensure that appropriate accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made, in the preparation of the financial statements.

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REPORT OF THE DIRECTORS CONTINUED
FOR THE YEAR ENDED
31st MARCH, 1995.

DIRECTORS' RESPONSIBILITIES CONTINUED

The Directors also confirm their responsibility to 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 maintaining adequate records for safeguarding the assets of the Company and for taking reasonable steps to prevent and detect fraud and other irregularities.

SHARES

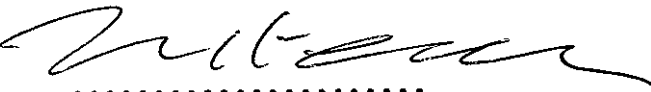
The Directors and their shareholdings throughout the year were:

	<u>31st March 1995</u>	<u>31st March 1994</u>
	<u>£1 Ordinary Shares</u>	<u>£1 Ordinary Shares</u>
D. R. R. Swinstead	1,876	1,876
P. J. Tobin	1,876	1,876

AUDITORS

In accordance with Section 384 of the Companies Act 1985, a Resolution proposing the re-appointment of Bennett & Co., as Auditors of the Company will be put to the Members at the Annual General Meeting.

By Order of the Board


.....
D. B. R. Swinstead
Secretary

AUDITORS' REPORT TO THE SHAREHOLDERS
FOR THE YEAR ENDED
31st MARCH, 1995.

We have audited the financial statements on pages 4 to 9 which have been prepared under the historical cost convention and the Accounting Policies set out on page 6.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in pages 1 and 2 the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion based on our audit on those statements and to report our opinion to you.

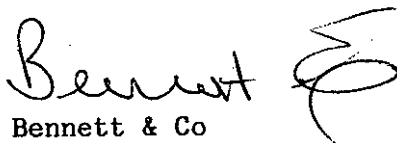
BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on 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 31st March, 1995, and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



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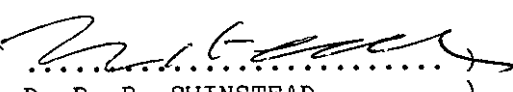
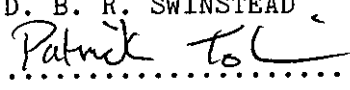
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MARIGOLD HEALTH FOODS LIMITED

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BALANCE SHEET AS AT 31st MARCH, 1995.

	<u>Note</u>	<u>1995</u>	<u>1994</u>
<u>FIXED ASSETS</u>	2	44,327	54,935
<u>CURRENT ASSETS</u>			
Stock	3	115,000	96,946
Trade and Sundry Debtors	4	116,040	112,630
Payments in Advance	4A	22,915	8,233
Value Added Tax		7,735	5,125
Cash at Bank		2,507	-
Cash and Stamps in Hand		<u>707</u>	<u>1,032</u>
		264,904	223,966
<u>CURRENT LIABILITIES</u>			
Sundry Creditors	5	204,699	176,806
Corporation Tax		10,116	2,847
Bank Overdraft		<u>7,214</u>	<u>400</u>
		222,029	180,053
<u>NET CURRENT ASSETS</u>		42,875	43,913
		87,202	98,848
<u>SHARE CAPITAL</u>			
Authorised: 5,000 Shares of £1 each		<u>5,000</u>	<u>5,000</u>
Issued and Fully Paid:		3,752	3,752
<u>GENERAL RESERVE</u>		83,450	95,096
 D. B. R. SWINSTEAD)  P. J. TOBIN) DIRECTORS		87,202	98,848

APPROPRIATION ACCOUNT
FOR THE YEAR ENDED
31st MARCH, 1995.

	<u>1995</u>	<u>1994</u>
<u>TRADING PROFIT</u>	23,494	4,276
Interest on Directors' Loans	<u>3,612</u>	<u>2,448</u>
<u>NET PROFIT PRIOR TO TAXATION</u>	27,106	6,724
<u>CORPORATION TAX</u>		
Prior Years Adjustments	(727)	3,794
Interest	1,797	-
Based on these Accounts	<u>7,682</u>	<u>2,182</u>
	<u>8,752</u>	<u>5,976</u>
<u>NET PROFIT AFTER TAXATION</u>	18,354	748
<u>DIVIDEND</u>	(30,000)	-
	(11,646)	748
<u>GENERAL RESERVE 31st MARCH 1994</u>	<u>95,096</u>	<u>94,348</u>
<u>GENERAL RESERVE 31st MARCH 1995</u>	<u>83,450</u>	<u>95,096</u>

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED
31st MARCH, 1995.

1. ACCOUNTING POLICIES

a. Accounting Convention

The accounts are prepared under the historical cost convention.

b. Depreciation

Depreciation is provided as follows:

Leasehold Premises: Amortised over the period of the lease.

Other Assets: Over estimated life of the asses on straight line basis.

c. Turnover

Turnover represents the invoiced value of goods and services sold during the year less discounts exclusive of VAT.

2. FIXED ASSETS

	<u>Leasehold Premises</u>	<u>Motor Vans</u>	<u>Equipment</u>	<u>Goodwill and Trade- Marks</u>	<u>Total</u>
Cost at 1st April 1994	1,393	44,268	58,950	905	105,516
Additions	-	-	1,500	-	1,500
Disposal	-	-	(43)	-	(43)
Cost at 31st March 1995	1,393	44,268	60,407	905	106,973
Depreciation as at 1st April 1994	580	33,922	16,079	-	50,581
Charged in Year	56	5,671	6,381	-	12,108
On Disposal	-	-	(43)	-	(43)
Depreciation at 31st March 1995	636	39,593	22,417	-	62,646
Net Book Values 31st March 1995	757	4,675	37,990	905	44,327
31st March 1994	813	10,346	42,871	905	54,935

MARIGOLD HEALTH FOODS LIMITED

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NOTES TO THE ACCOUNTS CONTINUED
FOR THE YEAR ENDED
31st MARCH, 1995.

3. STOCK

Stock consists of vegetarian and vegan foods, drinks, food supplements other non-animal products and containers at cost.

4. DEBTORS

	<u>1995</u>	<u>1994</u>
Trade Debtors	92,961	65,057
Directors' Loan Accounts	<u>23,079</u>	<u>47,573</u>
	<u>116,040</u>	<u>112,630</u>

4A. PAYMENTS IN ADVANCE

Prepayments	7,665	8,233
Income Tax	<u>15,250</u>	<u>-</u>
	<u>22,915</u>	<u>8,233</u>

5. SUNDRY CREDITORS

Due within One Year:

Directors' Loan Accounts	10,784	-
Trade Creditors	172,025	156,640
Social Security and Other Taxes	7,907	7,224
Expenses	<u>13,983</u>	<u>12,942</u>
	<u>204,699</u>	<u>176,806</u>

MARIGOLD HEALTH FOODS LIMITED

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SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED

31st MARCH, 1995.

	<u>1995</u>	<u>1994</u>
<u>SOURCE OF FUNDS</u>		
Profit before Taxation	23,494	4,276
Increase in Share Capital	-	1
Interest on Directors' Loan	3,612	2,448
Depreciation	12,107	12,551
(Decrease) in Directors' Accounts	<u>35,278</u>	<u>(14,121)</u>
	<u>74,491</u>	<u>5,155</u>
 <u>APPLICATION OF FUNDS</u>		
Dividend Paid	30,000	-
Purchase of Fixed Assets	1,500	9,562
Increase in Stocks	18,054	20,662
Increase in Debtors	27,336	20,248
(Increase) in Creditors	(15,226)	(31,426)
Decrease in Bank and Cash Balances	(4,632)	(16,122)
Corporation and Income Tax Paidf	<u>17,459</u>	<u>2,231</u>
	<u>74,491</u>	<u>5,155</u>

TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31st MARCH, 1995.

	<u>1995</u>	<u>1994</u>
<u>SALES</u>	1,858,785	1,512,798
<u>COST OF SALES</u>	1,493,588	1,208,318
<u>GROSS PROFIT</u>	365,197	304,480
Goods Storage Fees	285	-
Interest Received	<u>255</u>	<u>345</u>
	365,737	304,825
<u>ESTABLISHMENT EXPENSES</u>		
Rent, Rates and Service Charge	23,899	26,230
Repairs	273	290
Telephone	3,604	3,709
Light, Heat and Power	2,720	3,117
Insurance	<u>5,466</u>	<u>4,803</u>
	35,962	38,149
<u>MARKETING EXPENSES</u>		
Directors' Salaries	76,756	81,291
Directors' Pension	6,312	1,578
Directors' Pension Provision	<u>7,244</u>	<u>7,209</u>
	90,312	90,078
Staff Salaries	127,954	101,560
National Insurance	<u>18,970</u>	<u>19,331</u>
	237,236	210,969
Delivery Expenses	<u>26,409</u>	<u>16,664</u>
	263,645	227,633
<u>GENERAL EXPENSES</u>		
Design	661	-
Exhibitions	2,143	1,190
Publicity	4,735	254
Postages	1,405	1,631
Stationery and Equipment Maintenance	2,360	2,333
Price Lists	2,275	1,500
Trade Subscriptions	1,552	1,522
Bad Debts	1,225	2,332
Bad Debt Provision	426	-
Sundry Expenses	<u>6,399</u>	<u>4,857</u>
	23,181	15,619
<u>FINANCIAL EXPENSES</u>		
Sundry Interest	117	-
Bank Charges and Interest	5,731	5,347
Audit Fee	<u>1,500</u>	<u>1,250</u>
	7,348	6,597
<u>DEPRECIATION AND AMORTISATION</u>	12,107	12,551
	342,243	300,549
<u>TRADING PROFIT</u>	<u>23,494</u>	<u>4,276</u>