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REGISTERED NUMBER: 899935 (England and Wales)

**ABBREVIATED ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2004**  
**FOR**  
**SUPREME ORGANICS LIMITED**



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20/07/05

**SUPREME ORGANICS LIMITED**

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for the year ended 31 December 2004**

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**SUPREME ORGANICS LIMITED**  
**COMPANY INFORMATION**  
**for the year ended 31 December 2004**

<b>DIRECTORS:</b>	J Heath Mrs P L Heath
<b>SECRETARY:</b>	Mrs P L Heath
<b>REGISTERED OFFICE:</b>	43 Bayton Road Exhall Coventry CV7 9EF
<b>REGISTERED NUMBER:</b>	899935 (England and Wales)
<b>AUDITORS:</b>	Hardeman Smith & Power Radclyffe House 66-68 Hagley Road Birmingham West Midlands B16 8PF
<b>BANKERS:</b>	Lloyds TSB Bank plc

# **SUPREME ORGANICS LIMITED**

## **REPORT OF THE DIRECTORS for the year ended 31 December 2004**

The directors present their report with the accounts of the company for the year ended 31 December 2004.

### **PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of the manufacture and distribution of hairdressing and beauty-care products.

### **REVIEW OF BUSINESS**

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

### **DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2004.

### **DIRECTORS**

The directors during the year under review were:

J Heath  
Mrs P L Heath

The beneficial interests of the directors holding office on 31 December 2004 in the issued share capital of the company were as follows:

	31.12.04	1.1.04
--	----------	--------

#### **'A' Ordinary shares £1 shares**

J Heath	932	932
Mrs P L Heath	987	987

In accordance with the Articles of Association, P L Heath will retire at the forthcoming Annual General Meeting, and being eligible, will stand for re-election.

### **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.

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.

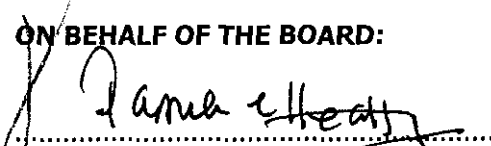
**SUPREME ORGANICS LIMITED**

**REPORT OF THE DIRECTORS  
for the year ended 31 December 2004**

**AUDITORS**

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

**ON BEHALF OF THE BOARD:**

  
.....  
Mrs P L Heath - Secretary

Date: ..... 07.06.2005 .....

**REPORT OF THE INDEPENDENT AUDITORS TO  
SUPREME ORGANICS LIMITED  
UNDER SECTION 247B OF THE COMPANIES ACT 1985**

We have examined the abbreviated accounts on pages five to seventeen, together with the full financial statements of the company for the year ended 31 December 2004 prepared under Section 226 of the Companies Act 1985.

This report is made solely to the company, in accordance with Section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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, for our work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

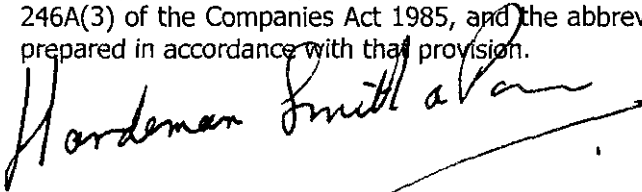
The directors are responsible for preparing the abbreviated accounts in accordance with Section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with that provision and to report our opinion to you.

**Basis of opinion**

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full financial statements.

**Opinion**

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Companies Act 1985, and the abbreviated accounts on pages five to seventeen are properly prepared in accordance with that provision.



Hardeman Smith & Power  
Radclyffe House  
66-68 Hagley Road  
Birmingham  
West Midlands  
B16 8PF

Date: 07.06.2005

**SUPREME ORGANICS LIMITED**

**ABBREVIATED PROFIT AND LOSS ACCOUNT  
for the year ended 31 December 2004**

		2004	2003
	Notes	£	£
<b>GROSS PROFIT</b>		217,022	798,584
Administrative expenses		248,583	737,092
<b>OPERATING (LOSS)/PROFIT</b>	3	(31,561)	61,492
Interest receivable and similar income		12,109	9,219
		(19,452)	70,711
Interest payable and similar charges	4	7,824	-
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(27,276)	70,711
Tax on (loss)/profit on ordinary activities	5	5,109	11,503
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION</b>		(32,385)	59,208
Retained profit brought forward		513,409	454,201
<b>RETAINED PROFIT CARRIED FORWARD</b>		<u>£481,024</u>	<u>£513,409</u>

**CONTINUING OPERATIONS**

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

**TOTAL RECOGNISED GAINS AND LOSSES**

The company has no recognised gains or losses other than the loss for the current year and the profit for the previous year.

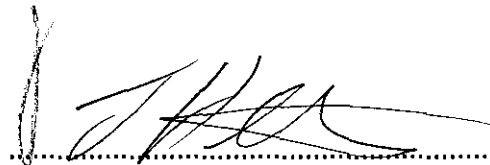
**SUPREME ORGANICS LIMITED**

**ABBREVIATED BALANCE SHEET  
31 December 2004**

		2004		2003	
	Notes	£	£	£	£
<b>FIXED ASSETS:</b>					
Intangible assets	6		369,228		-
Tangible assets	7		148,310		69,806
Investments	8		308,620		308,620
			<u>826,158</u>		<u>378,426</u>
<b>CURRENT ASSETS:</b>					
Stocks	9	163,676		372,372	
Debtors	10	58,848		144,172	
Cash at bank		61,611		2,193	
		<u>284,135</u>		<u>518,737</u>	
<b>CREDITORS:</b> Amounts falling due within one year	11	195,661		376,931	
<b>NET CURRENT ASSETS:</b>			<u>88,474</u>		<u>141,806</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES:</b>			914,632		520,232
<b>CREDITORS:</b> Amounts falling due after more than one year	12		(421,676)		-
<b>PROVISIONS FOR LIABILITIES AND CHARGES:</b>	15		(9,301)		(4,192)
			<u>£483,655</u>		<u>£516,040</u>
<b>CAPITAL AND RESERVES:</b>					
Called up share capital	16		1,919		1,919
Capital redemption reserve	17		712		712
Profit and loss account			481,024		513,409
<b>SHAREHOLDERS' FUNDS:</b>	18		<u>£483,655</u>		<u>£516,040</u>

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

**ON BEHALF OF THE BOARD:**



J Heath - Director

Approved by the Board on 07.06.2005

The notes form part of these abbreviated accounts



**SUPREME ORGANICS LIMITED**

**CASH FLOW STATEMENT  
for the year ended 31 December 2004**

		2004		2003	
	Notes	£	£	£	£
<b>Net cash inflow from operating activities</b>	1		115,176		8,235
<b>Returns on investments and servicing of finance</b>	2		4,285		9,219
<b>Taxation</b>			(13,377)		(23,432)
<b>Capital expenditure</b>	2		(572,348)		(25,703)
			<b>(466,264)</b>		<b>(31,681)</b>
<b>Financing</b>	2		531,668		-
<b>Increase/(Decrease) in cash in the period</b>			<b><u>£65,404</u></b>		<b><u>£(31,681)</u></b>
<hr/>					
<b>Reconciliation of net cash flow to movement in net debt</b>	3				
<b>Increase/(Decrease) in cash in the period</b>		<b>65,404</b>		<b>(31,681)</b>	
Cash outflow from decrease in debt and lease financing		-		1,490	
Change in net debt resulting from cash flows			65,404		(30,191)
<b>Movement in net debt in the period</b>			<b>65,404</b>		<b>(30,191)</b>
<b>Net (debt)/funds at 1 January</b>			<b>(3,793)</b>		<b>26,398</b>
<b>Net funds/(debt) at 31 December</b>			<b><u>£61,611</u></b>		<b><u>£(3,793)</u></b>

The notes form part of these abbreviated accounts

**SUPREME ORGANICS LIMITED**

**NOTES TO THE CASH FLOW STATEMENT  
for the year ended 31 December 2004**

**1. RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2004 £	2003 £
Operating (loss)/profit	(31,561)	61,492
Depreciation charges	124,616	14,677
Loss on sale of fixed assets	-	5,408
Decrease in stocks	208,696	241,042
Decrease in debtors	85,324	486
Decrease in creditors	(271,899)	(314,870)
<b>Net cash inflow from operating activities</b>	<u>115,176</u>	<u>8,235</u>

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

	2004 £	2003 £
<b>Returns on investments and servicing of finance</b>		
Interest received	12,109	9,219
Interest paid	(7,824)	-
<b>Net cash inflow for returns on investments and servicing of finance</b>	<u>4,285</u>	<u>9,219</u>
<b>Capital expenditure</b>		
Purchase of intangible fixed assets	(461,757)	-
Purchase of tangible fixed assets	(110,591)	(33,585)
Sale of tangible fixed assets	-	7,882
<b>Net cash outflow for capital expenditure</b>	<u>(572,348)</u>	<u>(25,703)</u>
<b>Financing</b>		
New loan taken out in year	550,000	-
Loan repayments in year	(18,332)	-
<b>Net cash inflow from financing</b>	<u>531,668</u>	<u>-</u>

**SUPREME ORGANICS LIMITED**

**NOTES TO THE CASH FLOW STATEMENT  
for the year ended 31 December 2004**

**3. ANALYSIS OF CHANGES IN NET DEBT**

	At 1.1.04 £	Cash flow £	At 31.12.04 £
Net cash:			
Cash at bank	2,193	59,418	61,611
Bank overdraft	(5,986)	5,986	-
	<u>(3,793)</u>	<u>65,404</u>	<u>61,611</u>
 Total	 <u>(3,793)</u>	 <u>65,404</u>	 <u>61,611</u>

**Analysed in Balance Sheet**

Cash at bank	2,193	61,611
Bank overdraft	(5,986)	-
	<u>(3,793)</u>	<u>61,611</u>

## SUPREME ORGANICS LIMITED

### NOTES TO THE ABBREVIATED ACCOUNTS for the year ended 31 December 2004

#### 1. ACCOUNTING POLICIES

##### Accounting convention

The financial statements have been prepared under the historical cost convention.

##### Turnover

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

##### Intangible fixed assets

Goodwill, being the amount paid in connection with the acquisition of a business in 2004, is being written off evenly over its estimated useful life of five years.

The cost of patents and trademarks acquired during the year are being written off evenly over their estimated useful lives of five years.

##### Tangible fixed assets

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

Plant and machinery	- 10% and 20% on cost
Office and computer equipment	- 20% on cost
Motor vehicles	- 20% on cost

##### Stocks

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

##### Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

##### 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. Contributions payable for the year are charged in the profit and loss account.

##### Group accounts

The company is entitled to the exemption under Section 248 of the Companies Act 1985 from the obligation to prepare group accounts.

#### 2. STAFF COSTS

	2004	2003
	£	£
Wages and salaries	152,550	437,364
Social security costs	15,136	36,202
Other pension costs	4,497	6,418
	<hr/>	<hr/>
	172,183	479,984
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# SUPREME ORGANICS LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS for the year ended 31 December 2004

### 2. STAFF COSTS - continued

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

	2004	2003
Sales and administration	<u>8</u>	<u>14</u>

### 3. OPERATING (LOSS)/PROFIT

The operating loss (2003 - operating profit) is stated after charging/(crediting):

	2004 £	2003 £
Hire of plant and machinery	406	1,625
Depreciation - owned assets	32,087	14,677
Loss on disposal of fixed assets	-	5,408
Goodwill written off	60,210	-
Patents and trademarks written off	32,319	-
Auditors' remuneration	3,725	3,300
Foreign exchange differences	<u>(16,710)</u>	<u>(35,386)</u>
Directors' emoluments	<u>-</u>	<u>-</u>

### 4. INTEREST PAYABLE AND SIMILAR CHARGES

	2004 £	2003 £
Bank loan interest	<u>7,824</u>	<u>-</u>

### 5. TAXATION

#### Analysis of the tax charge

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

	2004 £	2003 £
Current tax:		
UK corporation tax	-	13,377
Taxation earlier years	-	553
Total current tax	-	<u>13,930</u>
Deferred taxation	<u>5,109</u>	<u>(2,427)</u>
Tax on (loss)/profit on ordinary activities	<u>5,109</u>	<u>11,503</u>

# SUPREME ORGANICS LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS for the year ended 31 December 2004

### 5. TAXATION - continued

#### Factors affecting the tax charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2004 £	2003 £
(Loss)/profit on ordinary activities before tax	<u>(27,276)</u>	<u>70,711</u>
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 0% (2003 - 19%)	-	13,435
Effects of:		
Expenses not deductible for tax purposes	-	547
Excess of depreciation over capital allowances	-	(605)
Adjustment in respect of previous year	-	553
Current tax charge	<u>-</u>	<u>13,930</u>

### 6. INTANGIBLE FIXED ASSETS

	Goodwill	Patents and trademarks	Totals
	£	£	£
<b>COST:</b>			
Additions	<u>301,146</u>	<u>160,611</u>	<u>461,757</u>
At 31 December 2004	<u>301,146</u>	<u>160,611</u>	<u>461,757</u>
<b>AMORTISATION:</b>			
Charge for year	<u>60,210</u>	<u>32,319</u>	<u>92,529</u>
At 31 December 2004	<u>60,210</u>	<u>32,319</u>	<u>92,529</u>
<b>NET BOOK VALUE:</b>			
At 31 December 2004	<u>240,936</u>	<u>128,292</u>	<u>369,228</u>

**SUPREME ORGANICS LIMITED**

**NOTES TO THE ABBREVIATED ACCOUNTS  
for the year ended 31 December 2004**

**7. TANGIBLE FIXED ASSETS**

	Plant and machinery	Office and computer equipment	Motor vehicles	Totals
	£	£	£	£
<b>COST:</b>				
At 1 January 2004	154,511	4,270	4,250	163,031
Additions	110,591	-	-	110,591
At 31 December 2004	265,102	4,270	4,250	273,622
<b>DEPRECIATION:</b>				
At 1 January 2004	89,064	3,311	850	93,225
Charge for year	30,278	959	850	32,087
At 31 December 2004	119,342	4,270	1,700	125,312
<b>NET BOOK VALUE:</b>				
At 31 December 2004	145,760	-	2,550	148,310
At 31 December 2003	65,447	959	3,400	69,806

**8. FIXED ASSET INVESTMENTS**

	£
<b>COST:</b>	
At 1 January 2004 and 31 December 2004	308,620
<b>NET BOOK VALUE:</b>	
At 31 December 2004	308,620
At 31 December 2003	308,620
	2004
	£
Unlisted investments	308,620
	2003
	£
	308,620

# SUPREME ORGANICS LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS for the year ended 31 December 2004

### 8. FIXED ASSET INVESTMENTS - continued

The company's investments at the balance sheet date in the share capital of unlisted companies include the following:

#### E A Ellison & Co Limited

Country of incorporation: England and Wales

Nature of business: Hairdressing and beauty products.

	% holding	2004 £	2003 £
Class of shares:			
Ordinary	96.67		
Ordinary 'B'	100.00		
Aggregate capital and reserves		1,674,369	1,436,259
Profit for the year		238,110	138,342

E A Ellison & Co Limited has guaranteed the bank overdraft of the company up to a limit of £200,000.

J Heath and P L Heath are also directors of the company.

### 9. STOCKS

	2004 £	2003 £
Stock	163,676	372,372

### 10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004 £	2003 £
Trade debtors	22,038	115,153
Other debtors	15,426	28,287
Prepayments	220	732
Amounts owed by group undertakings	21,164	-
	58,848	144,172



**SUPREME ORGANICS LIMITED**

**NOTES TO THE ABBREVIATED ACCOUNTS  
for the year ended 31 December 2004**

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

	2004 £	2003 £
Bank loans and overdrafts (see note 13)	109,992	5,986
Trade creditors	53,981	151,449
Other creditors	16,054	32,730
Social security & other taxes	7,662	13,629
Amounts owed to group undertakings	-	153,099
Taxation	-	13,377
Accrued expenses	7,972	6,661
	<u>195,661</u>	<u>376,931</u>

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

	2004 £	2003 £
Bank loans (see note 13)	<u>421,676</u>	<u>-</u>

**13. LOANS AND OVERDRAFTS**

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

	2004 £	2003 £
Amounts falling due within one year or on demand:		
Bank overdrafts	-	5,986
Bank loans	<u>109,992</u>	<u>-</u>
	<u>109,992</u>	<u>5,986</u>
Amounts falling due between two and five years:		
Bank loans	<u>421,676</u>	<u>-</u>

**SUPREME ORGANICS LIMITED**

**NOTES TO THE ABBREVIATED ACCOUNTS  
for the year ended 31 December 2004**

**14. OPERATING LEASE COMMITMENTS**

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

	Operating leases	
	2004 £	2003 £
Expiring:		
Within one year	-	19,749
Between one and five years	-	13,380
	<u>-</u>	<u>33,129</u>

**15. PROVISIONS FOR LIABILITIES AND CHARGES**

	2004 £	2003 £
Deferred tax	<u>9,301</u>	<u>4,192</u>

	Deferred tax £
Balance at 1 January 2004	4,192
Accelerated capital allowances	<u>5,109</u>
Balance at 31 December 2004	<u>9,301</u>

	2004 £	2003 £
Deferred tax provision	<u>9,301</u>	<u>4,192</u>
Accelerated capital allowances	<u>9,301</u>	<u>4,192</u>

**16. CALLED UP SHARE CAPITAL**

Authorised:			2004	2003
Number:	Class:	Nominal value:	£	£
369	Ordinary shares	£1	369	369
1,919	'A' Ordinary shares	£1	<u>1,919</u>	<u>1,919</u>
			<u>2,288</u>	<u>2,288</u>

Allotted, issued and fully paid:			2004	2003
Number:	Class:	Nominal value:	£	£
1,919	'A' Ordinary shares	£1	<u>1,919</u>	<u>1,919</u>

**SUPREME ORGANICS LIMITED**

**NOTES TO THE ABBREVIATED ACCOUNTS  
for the year ended 31 December 2004**

**17. CAPITAL REDEMPTION RESERVE**

	2004	2003
	£	£
Brought forward	712	712
	<u>712</u>	<u>712</u>

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

	2004	2003
	£	£
(Loss)/Profit for the financial year	(32,385)	59,208
<b>Net (reduction)/addition to shareholders' funds</b>	<b>(32,385)</b>	<b>59,208</b>
Opening shareholders' funds	516,040	456,832
<b>Closing shareholders' funds</b>	<b>483,655</b>	<b>516,040</b>
	<u>483,655</u>	<u>516,040</u>
Equity interests	483,655	516,040
	<u>483,655</u>	<u>516,040</u>

**19. CONTROLLING INTEREST**

The company is under the control of J and P L Heath who through trusts and personal holdings hold all of the company's issued share capital.