

"Signed"

Registration Number 1666827

STEREX ELECTROLYSIS INTERNATIONAL LIMITED

Abbreviated Accounts

for the year ended 31 July 2001



**Auditors' Report to STEREX ELECTROLYSIS INTERNATIONAL LIMITED
under Section 247B of the Companies Act 1985**

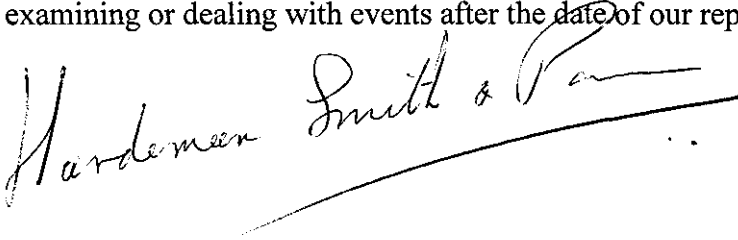
We have examined the abbreviated accounts set out on pages 2 to 6 together with the financial statements of STEREX ELECTROLYSIS INTERNATIONAL LIMITED for the year ended 31 July 2001 prepared under Section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

The directors are responsible for preparing abbreviated accounts in accordance with Section 246 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 Sections 246(5) and (6) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts 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 financial statements.

A handwritten signature in cursive script that reads "Hardeman Smith & Power". The signature is written in dark ink and is positioned above a horizontal line.

**Hardeman Smith and Power
Chartered Accountants and
Registered Auditor
16 November 2001**

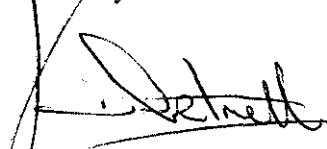
STEREX ELECTROLYSIS INTERNATIONAL LIMITED

Abbreviated Balance Sheet as at 31 July 2001

	Notes	2001 £	2000 £
Fixed Assets			
Tangible assets	2	523,081	405,787
Current Assets			
Stocks		134,477	105,286
Debtors		166,516	190,973
Assets in course of construction		-	81,632
Cash at bank and in hand		3,882	5,399
		<u>304,875</u>	<u>383,290</u>
Creditors: amounts falling due within one year		<u>(274,391)</u>	<u>(239,701)</u>
Net Current Assets		<u>30,484</u>	<u>143,589</u>
Total Assets Less Current Liabilities		<u>553,565</u>	<u>549,376</u>
Creditors: amounts falling due after more than one year		<u>(69,899)</u>	<u>(101,292)</u>
Net Assets		<u><u>483,666</u></u>	<u><u>448,084</u></u>
Capital and Reserves			
Called up share capital	3	140,000	140,000
Revaluation reserve		92,476	-
Profit and loss account		251,190	308,084
Shareholders' Funds		<u><u>483,666</u></u>	<u><u>448,084</u></u>

The abbreviated accounts are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

The abbreviated accounts were approved by the Board on 16 November 2001 and signed on its behalf by



D J Cartmell
Managing Director

The notes on pages 3 to 6 form an integral part of these financial statements.

STEREX ELECTROLYSIS INTERNATIONAL LIMITED

Notes to the Abbreviated Financial Statements for the year ended 31 July 2001

1. Accounting Policies

1.1. Accounting convention

The accounts are prepared under the historical cost convention modified to include the revaluation of certain fixed assets and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

1.3. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost or valuation less residual value of each asset over its expected useful life, as follows:

Freehold buildings	-	50 years
Plant and machinery	-	5 years
Office equipment	-	5 years
Computer equipment	-	3 years
Motor vehicles	-	5 years

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1.4. Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and 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 constant periodic rates of charge on the net obligations outstanding in each period.

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

1.5. Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value.

1.6. Pensions

The pension costs charged in the financial statements represent the contribution payable by the company during the year.

STEREX ELECTROLYSIS INTERNATIONAL LIMITED

Notes to the Abbreviated Financial Statements for the year ended 31 July 2001

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1.7. Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to materialise.

1.8. Foreign currencies

Monetary assets and liabilities denominated in US dollars are translated into sterling at the fixed rate of \$1.50 to £1. Monetary assets and liabilities existing at the year end are translated at the rate ruling at the balance sheet date. All differences are taken to the profit and loss account.

2. Fixed assets

Tangible fixed assets £

Cost or valuation

At 1 August 2000

1,123,121

Additions

112,632

Revaluation

55,934

Disposals

(43,981)

At 31 July 2001

1,247,706

Depreciation

At 1 August 2000

717,334

On disposals

(27,578)

Charge for year

71,411

Revaluation

(36,542)

At 31 July 2001

724,625

Net book values

At 31 July 2001

523,081

At 31 July 2000

405,787

STEREX ELECTROLYSIS INTERNATIONAL LIMITED

Notes to the Abbreviated Financial Statements for the year ended 31 July 2001

..... continued

3. Share capital	2001 £	2000 £
Authorised		
150,000 Ordinary shares of £1 each	<u>150,000</u>	<u>150,000</u>
Allotted, called up and fully paid		
140,000 Ordinary shares of £1 each	<u>140,000</u>	<u>140,000</u>

4. Transactions with directors

The following directors had interest free loans during the year. The movements on these loans are as follows:

	Amount Owing		Maximum
	2001	2000	in year
	£	£	£
R J Chapman	<u>-</u>	<u>1,571</u>	<u>1,571</u>

The director's loan account was repaid on 13 October 2000.

STEREX ELECTROLYSIS INTERNATIONAL LIMITED

Notes to the Abbreviated Financial Statements for the year ended 31 July 2001

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5. E A Ellison & Co Limited

J Heath, P L Heath, G J Challinor and B E Perry are also directors of E A Ellison & Co Limited. Their interest in the shares of the company are disclosed in the Directors' Report on page 2.

The issued share capital of E A Ellison & Co Limited consists of ordinary shares and 'B' ordinary shares; J Heath and P L Heath jointly own 38% of the ordinary shares and 50% of the 'B' ordinary shares whilst D Cartmell and L E Cartmell, directors of this company but not directors of E A Ellison & Co Limited, jointly own 18.7% of the ordinary shares and 50% of the 'B' ordinary shares. Of the remaining 43.3% of the ordinary shares, 40% are owned by Supreme Organics Limited.

E A Ellison & Co Limited is an unlisted company registered in England with a principal activity of that of the operation of cash and carry wholesale warehouses specialising in hairdressing and beauty-care products.

The company trades with E A Ellison & Co Limited under normal commercial terms.

6. Supreme Organics Limited

J Heath and P L Heath are also directors of Supreme Organics Limited.

J Heath and P L Heath jointly own 60% of the issued share capital of Supreme Organics Limited whilst L E Cartmell, a director of this company but not of Supreme Organics Limited, owns the remaining 40%.

Supreme Organics Limited is an unlisted company registered in England with a principal activity of that of the manufacture and distribution of hairdressing and beauty-care products.

The company trades with Supreme Organics Limited under normal commercial terms.