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SAVANNAH PRODUCTS LIMITED

ACCOUNTS

YEAR ENDED 30TH JUNE 1995

DIRECTORS' REPORT

- and -

STATEMENT OF ACCOUNTS

- incorporating -

DETAILED ACCOUNTS

E.C. BROWN & BATTS

Registered Auditors

Chartered Accountants

Hearts of Oak House

84 Kingsway

LONDON WC2B 6NF



SAVANNAH PRODUCTS LIMITED

REPORT OF THE DIRECTORS

The directors submit their report and accounts for the year ended 30th June 1995.

RESULTS AND DIVIDENDS

The profit after taxation amounted to £ 12,093 (1994 - Profit £25,017)

The directors do not recommend the payment of a dividend. (1994 - nil)

REVIEW OF THE BUSINESS AND PRINCIPAL ACTIVITIES

The principal activity of the company is that of "services offered" and specialised products to the end consumption, food and pharmaceutical industry.

Both the level of business and the year end financial position were satisfactory and the directors expect that the present level of activity will be sustained for the foreseeable future.

DIRECTORS AND THEIR INTERESTS IN THE SHARES OF THE COMPANY

The directors and their shareholdings throughout the year were as follows:-

	Ordinary Shares <u>Of £1 each</u>
S M Chaudhary (Resigned 1st May 1995)	1
O H Khan	1
	===

SAVANNAH PRODUCTS LIMITED

REPORT OF THE DIRECTORS
(CONTINUED)

STATEMENT OF THE 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.

AUDITORS

In accordance with Section 384 of the Companies Act 1985, Messrs E.C. Brown & Batts offer themselves for reappointment and a Resolution to this effect will be proposed at the Annual General Meeting.

By order of the Board

E. R. Zaidi

Secretary

14th August 1995

SAVANNAH PRODUCTS LIMITED

AUDITORS ' REPORT TO THE SHAREHOLDERS OF SAVANNAH PRODUCTS LIMITED

We have audited the financial statements on pages 4 to 8 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITORS

As described on page 2, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form 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 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 as at 30th June 1995 and of the profit of the company for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Without qualifying our opinion above, we draw your attention to note 1(a) which refers to the continuing financial support offered by the company's creditors.

E.C. Brown & Batts
E.C. BROWN & BATTS

Registered Auditors
Chartered Accountants

Hearts of Oak House
84 Kingsway
LONDON WC2B 6NF

14th August 1995

SAVANNAH PRODUCTS LIMITED**PROFIT AND LOSS ACCOUNT**
FOR THE YEAR ENDED 30TH JUNE 1995

	Notes	<u>1995</u> £	<u>1994</u> £
TURNOVER	1	887,033	1,827,301
Cost of sales		<u>804,238</u>	<u>1,590,597</u>
GROSS PROFIT		82,795	236,704
Administrative expenses		62,699	37,307
Distribution expenses		<u>9,383</u>	<u>175,042</u>
Operating Profit	2	10,713	24,355
Interest receivable	4	<u>1,485</u>	<u>662</u>
Profit on ordinary activities before taxation		12,198	25,017
Taxation	5	<u>165</u>	<u>-</u>
Profit on ordinary activities after taxation		12,033	25,017
Balance brought forward		<u>(37,345)</u>	<u>(62,362)</u>
Balance carried forward		£(25,312) =====	£(37,345) =====

The company made no recognised gains or losses in 1995 or 1994 other than those included in the Profit and Loss Account.

SAVANNAH PRODUCTS LIMITED**BALANCE SHEET****AT 30TH JUNE 1995**

	Notes	<u>1995</u> £	<u>1994</u> £
CURRENT ASSETS			
Stock	6	203,300	-
Debtors	7	38,458	62,758
Cash at Bank		<u>31,180</u>	<u>50,558</u>
		272,938	113,316
CREDITORS: Amounts falling due within one year	8	<u>298,248</u>	<u>150,659</u>
Net current liabilities		£(25,310) =====	£(37,343) =====
CAPITAL AND RESERVES			
Called up share capital	9	2	2
Profit and loss account		(25,312)	(37,345)
		£ (25,310) =====	£ (37,343) =====

On Behalf of the Board

O.H. KHAN - Director


14th August 1995

SAVANNAH PRODUCTS LIMITED

NOTES TO THE ACCOUNTS

30TH JUNE 1995

1. ACCOUNTING POLICIES

(a) Basis of Accounts

The accounts have been prepared under the historical cost convention on a going concern basis which assumes that the company will continue to trade. The validity of the assumption is dependent upon the continued support of the company's creditors. If the company were unable to continue to trade, adjustments would have to be made to reduce the value of the assets to their recoverable amount, to provide for any further liabilities which might arise.

(b) Turnover

Turnover represents the value of goods and services invoiced to customers, net of value added tax.

(c) Stocks

Stocks have been valued at the lower of cost and net realisable value.

(d) Foreign Currencies

The business transactions of the company are predominately conducted in a foreign currency. These transactions are translated into sterling in which the company reports.

Profit and loss items are translated into sterling using average rate of exchange ruling during the financial period.

All assets and liabilities denominated in foreign currency are translated into sterling using the exchange rate ruling on the balance sheet date except the paid up share capital which is expressed in sterling at a rate prevailing at the time of subscription.

All exchange differences which arise from normal trading activities are included in operating profit.

(e) Deferred Taxation

Provision is made at current rate for taxation deferred in respect of all material timing differences except to the extent that in the opinion of directors there is a reasonable probability that the liability will not arise in the foreseeable future.

SAVANNAH PRODUCTS LIMITEDNOTES TO THE ACCOUNTS30TH JUNE 1995**2. OPERATING PROFIT/(LOSS)**

This is stated after charging:-

	<u>1995</u>	<u>1994</u>
	£	£
Auditors remuneration	£ 3,920	£ 3,687
	=====	=====

3. EMPLOYEE INFORMATION

The average number of persons employed by the company during the period, including executive directors, was as follows:-

Administration	2	1
	===	===
See Note 10.		

4. INTEREST RECEIVABLE

	<u>1995</u>	<u>1994</u>
	£	£
Interest receivable	£ 1,485	£ 662
	=====	=====

5. TAXATION

	<u>1995</u>	<u>1994</u>
	£	£
U.K. corporation tax at 25%	£ 165	£ -
	=====	=====

SAVANNAH PRODUCTS LIMITEDNOTES TO THE ACCOUNTS30TH JUNE 1995

	<u>1995</u> £	<u>1994</u> £
6. STOCK		
Stock of raw materials and commodities	£203,300 =====	£ NIL =====
7. DEBTORS		
Trade debtors	NIL	47,873
Other debtors and prepayments	<u>38,458</u>	<u>14,885</u>
	£ 38,458 =====	£ 62,758 =====
8. CREDITORS: Amounts Falling Due Within One year		
Trade creditors	45,260	35,425
Connected company	252,988	111,595
Accruals and other creditors	<u>-</u>	<u>3,639</u>
	£ 298,248 =====	£150,659 =====
9. CALLED UP SHARE CAPITAL		
Ordinary shares of £1 each	2 =====	2 =====
10. TRANSACTIONS WITH DIRECTORS		

Mr O. Khan and Mr S. Chaudhary (resigned 1st May 1995) are directors and significant shareholders in Specgulf Limited with whom the following transactions have taken place.

	<u>1995</u> £	<u>1994</u> £
Sales	NIL	878,407
Purchases	<u>476,750</u>	<u>1,363,107</u>
	=====	=====

The operational facilities for the company is provided by Specgulf Ltd for which a management charge of £47,740 for the year (1994 £23,130) has been provided for in the accounts.