

**Company Registration No. 01785819**

**Validity Group Limited**

**Report and Financial Statements**

**24 September 2005**



# **Vitality Group Limited**

## **Report and financial statements 2005**

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# **Vitality Group Limited**

## **Officers and professional advisers**

### **Directors**

A R Deacon FCA	Chairman
A J W Campbell MA	Non Executive
G Rosen	
N Edden	

### **Company Secretary**

D C Harrison

### **Registered office**

Garman Road  
Tottenham  
London  
N17 0QN

### **Bankers**

Bank of Scotland  
London Chief Office  
PO Box 267  
38 Threadneedle Street  
London  
EC2P 2EH

### **Auditors**

Deloitte & Touche LLP  
Chartered Accountants  
London

# Vitality Group Limited

## Chairman's Statement

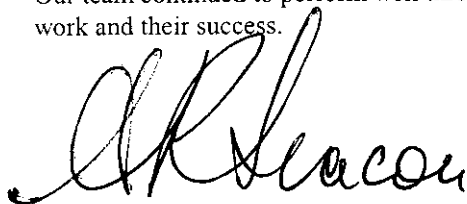
Profit before taxation for the financial year ended 24 September 2005 was £1,185,939 (2004 - £981,854). Turnover was £49.5 million (2004 - £44.9 million). Net current assets rose 10% to £4,553 million.

The financial year under review shows steady progress, profit growth was strong despite a slowing of retail demand in all areas served by the company and continued pressure on margins in all business sectors.

The company strategy continues to buy at the best price in the marketplace and offer an extensive range of stock to our customers at the lowest prices. In this respect constant attention to maintaining a low overhead structure, achieved through advanced integrated computer and warehousing systems remain the key to achieving a good level of profitability in challenging market conditions.

On the 31st July 2006, the Company completed the acquisition of the entire shareholding in Stephens Wholesale Limited, an independent wholesaler based in Dartford, Kent. In the remaining months of 2006, it is planned to integrate the activities of Stephens Wholesale into those of the Vitality Group.

Our team continued to perform well throughout the year and I am grateful to them for their hard work and their success.



A R Deacon

Chairman

26 September 2006

# Vitality Group Limited

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 24 September 2005.

### Activities

The principal activity of the group is trading as a wholesaler of toiletries, chemists' sundries and household products.

### Review of developments

A review of developments is included in the Chairman's statement.

### Future prospects

The Board have taken steps during the year under review which it expects will result in profits growth with resultant benefit to the company's future performance.

### Directors and their interests

The directors of the company who served throughout the year, unless otherwise stated, were:

A R Deacon  
A J W Campbell  
G Rosen  
N Edden

The directors' interests, as defined by the Companies Act 1985, in the ordinary shares of the company at 24 September 2005 were:

	2005	2004
A R Deacon	917,001	917,001
G Rosen	201,293	201,293

A R Deacon held a non-beneficial interest in 327,000 ordinary shares of the company (2004: 327,000), included in the above.

A J W Campbell and N Edden held no interests in the shares of the company.

### Dividends

The directors declared a dividend of £350,000 in respect of the year ended 24 September 2005 (2004 - £375,000).

### Auditors

A resolution to re-appoint Deloitte & Touche LLP as the company's auditors will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board



D C Harrison

Company secretary

26 September 2006

# **Vitality Group Limited**

## **Statement of directors' responsibilities**

United Kingdom 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 the group as at the end of the financial year and of the profit or loss of the group 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 group 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 of the group, and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Independent auditors' report to the members of Vitality Group Limited**

We have audited the financial statements of Vitality Group Limited for the year ended 24 September 2005 which comprise the consolidated profit and loss account, the balance sheets, the cash flow statement, notes to the cash flow statement and the related notes 1 to 23. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 if, in our opinion, the directors' report 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 directors' report and the other information contained in the annual report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

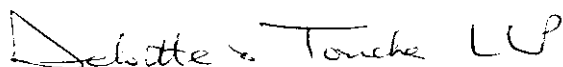
### **Basis of audit opinion**

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 and the group'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 affairs of the company and of the group as at 24 September 2005 and of the profit of the group for year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Deloitte & Touche LLP**

Chartered Accountants and Registered Auditors  
London

27 September 2006

# Vitality Group Limited

## Consolidated profit and loss account Year ended 24 September 2005

	Note	2005 £	2004 £
<b>Turnover</b>	2	49,540,559	44,908,973
Cost of sales		(43,289,128)	(39,086,888)
<b>Gross profit</b>		6,251,431	5,822,085
Operating expenses		(4,923,420)	(4,763,430)
Other operating income		196,350	177,253
<b>Operating profit</b>	2, 6	1,524,361	1,235,908
Interest payable and similar charges	5	(338,422)	(254,054)
<b>Profit on ordinary activities before taxation</b>		1,185,939	981,854
Tax on profit on ordinary activities	7	(376,186)	(307,678)
<b>Profit on ordinary activities after taxation</b>		809,753	674,176
Dividends paid or proposed	8	(350,000)	(375,000)
<b>Retained profit for the year</b>	19	459,753	299,176

As permitted by Section 230(4) of the Companies Act 1985, only the group's profit and loss account has been presented. The parent company's profit for the year amounted to £459,753 (2004: £242,824).

There are no recognised gains or losses for the current financial year and preceding financial year other than as stated in the profit and loss account. Accordingly no separate statement of total recognised gains and losses is presented.

The above results all derive from continuing operations.



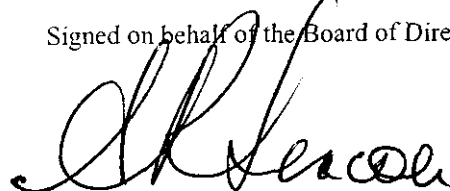
# Vitality Group Limited

## Consolidated balance sheet 24 September 2005

	Note	2005		2004	
		£	£	£	£
<b>Fixed assets</b>					
Goodwill	9		895,840		969,085
Investments	10		1		1
Tangible assets	11		370,845		536,762
			<u>1,266,686</u>		<u>1,505,848</u>
<b>Current assets</b>					
Stocks	12	6,218,471		6,130,115	
Debtors	13	7,019,312		5,889,144	
Cash in hand and at bank		5,251		83,399	
		<u>13,243,034</u>		<u>12,102,658</u>	
<b>Creditors: amounts falling due within one year</b>	14	(9,956,516)		(9,483,163)	
<b>Net current assets</b>			<u>3,286,518</u>		<u>2,619,495</u>
<b>Total assets less current liabilities</b>			<u>4,553,204</u>		<u>4,125,343</u>
<b>Creditors: amounts falling due after more than one year</b>	15		(5,778)		(37,670)
<b>Net assets</b>			<u>4,547,426</u>		<u>4,087,673</u>
<b>Capital and reserves</b>					
Called up share capital	18, 19		1,118,294		1,118,294
Share premium account	19		999,085		999,085
Capital redemption reserve	19		392,999		392,999
Profit and loss account	19		2,037,048		1,577,295
<b>Total equity shareholders' funds</b>			<u>4,547,426</u>		<u>4,087,673</u>

These financial statements were approved by the Board of Directors on 26 September 2006.

Signed on behalf of the Board of Directors



A R Deacon

Director

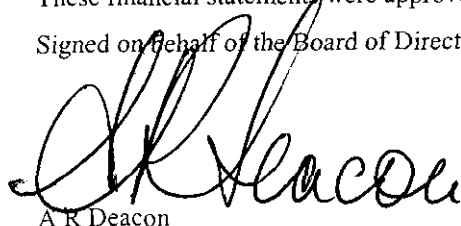
# Vitality Group Limited

## Company balance sheet 24 September 2005

	Note	2005		2004	
		£	£	£	£
<b>Fixed assets</b>					
Goodwill	9		895,840		969,085
Investments	10		1,378,040		1,378,040
Tangible assets	11		370,845		536,762
			<u>2,644,725</u>		<u>2,883,887</u>
<b>Current assets</b>					
Stocks	12	6,218,471		6,130,115	
Debtors	13	7,019,312		5,889,144	
Cash at bank and in hand		5,251		83,399	
		<u>13,243,034</u>		<u>12,102,658</u>	
<b>Creditors: amounts falling due within one year</b>	14	(11,328,043)		(10,854,690)	
<b>Net current assets</b>			<u>1,914,991</u>		<u>1,247,968</u>
<b>Total assets less current liabilities</b>			<u>4,559,716</u>		<u>4,131,855</u>
<b>Creditors: amounts falling due after more than one year</b>	15		(5,778)		(37,670)
			<u>4,553,938</u>		<u>4,094,185</u>
<b>Capital and reserves</b>					
Called up share capital	18, 19		1,118,294		1,118,294
Share premium account	19		999,085		999,085
Capital redemption reserve	19		392,999		392,999
Profit and loss account	19		2,043,560		1,583,807
<b>Total equity shareholders' funds</b>			<u>4,553,938</u>		<u>4,094,185</u>

These financial statements were approved by the Board of Directors on 26 September 2006.

Signed on behalf of the Board of Directors



A R Deacon

Director

# Vitality Group Limited

## Consolidated cash flow statement Year ended 24 September 2005

	Note	2005		2004	
		£	£	£	£
Net cash inflow from operating activities	A		732,980		114,721
Returns on investments and servicing of finance					
Interest paid			(339,566)		(263,083)
Taxation			(413,751)		(368,548)
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(25,322)		(82,858)	
Receipts from sales of fixed assets		-		12,214	
Net cash outflow from capital expenditure and financial investment			(25,322)		(70,644)
Acquisitions and disposals					
Payments to acquire investment in subsidiary*			-		(200,000)
Equity dividends paid			(350,000)		(575,000)
Net cash outflow before financing			(395,659)		(1,362,554)
Financing					
Capital element of finance lease contracts			(63,913)		(71,025)
Decrease in cash	C		(459,572)		(1,433,579)

\*Marsam (Fancy Goods) Limited was purchased by Vitality Group Limited on 12 December 2002. As part of the agreement, deferred consideration was paid one year after the acquisition date.

# Vitality Group Limited

## Notes to the consolidated cash flow statement Year ended 24 September 2005

### A. Reconciliation of operating profit to net cash inflow from operating activities

	2005 £	2004 £
Operating profit	1,524,361	1,235,908
Depreciation and amortisation of goodwill	264,484	313,681
Increase in stocks	(88,356)	(323,261)
Increase in debtors	(1,114,127)	(888,184)
Increase/(decrease) in creditors	146,618	(223,912)
Loss on sale of fixed assets	-	489
Net cash inflow from operating activities	<u>732,980</u>	<u>114,721</u>

### B. Analysis of net debt

	At 25 September 2004 £	Cash flow £	At 24 September 2005 £
Cash in hand and at bank	83,399	(78,148)	5,251
Overdrafts	(1,450,151)	(68,937)	(1,519,088)
Invoice discounting	(3,565,220)	(312,487)	(3,877,707)
	<u>(4,931,972)</u>	<u>(459,572)</u>	<u>(5,391,544)</u>
Finance leases	(101,583)	63,913	(37,670)
Total	<u>(5,033,555)</u>	<u>(395,659)</u>	<u>(5,429,214)</u>

### C. Reconciliation of net cash flow to movement in net debt

	2005 £	2004 £
Decrease in cash in the year	(459,572)	(1,433,579)
Cash outflow from decrease in debt and lease financing	63,913	71,025
Change in net debt resulting from cash flows	<u>(395,659)</u>	<u>(1,362,554)</u>
New finance leases	-	(72,025)
Movement in net debt in the year	<u>(395,659)</u>	<u>(1,434,579)</u>
Net debt at start of year	<u>(5,033,555)</u>	<u>(3,598,976)</u>
Net debt at end of year	<u>(5,429,214)</u>	<u>(5,033,555)</u>

# Vitality Group Limited

## Notes to the accounts

### Year ended 24 September 2005

#### 1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. The particular accounting policies adopted by the directors, which have been applied consistently throughout the current and preceding year, are described below.

##### **Basis of accounting**

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

##### **Basis of consolidation**

The consolidated profit and loss account and balance sheet include the financial statements of the company and all its subsidiary undertakings drawn up to 24 September 2005.

##### **Acquisitions and disposals**

On the acquisition of a business fair values are attributed to the group's share of net separable assets. Where the cost of acquisition exceeds the fair values attributable to such net assets, the difference is treated as purchased goodwill and capitalised in the balance sheet in the year of acquisition.

The results and cash flows relating to a business are included in the consolidated profit and loss account and the consolidated cash flow statement from the date of acquisition.

##### **Goodwill**

Goodwill arising on consolidation represents the differences between the fair value of consideration given and the fair value of the identifiable net assets acquired. Goodwill arising on acquisition of subsidiaries and businesses is capitalised within intangible fixed assets and is amortised over 15 years.

##### **Stocks**

Stocks are stated at the lower of cost and net realisable value.

##### **Turnover**

Turnover represents the invoiced value of goods sold and services provided during the year, net of VAT.

##### **Tangible fixed assets**

Depreciation is charged on a monthly basis with depreciation being charged in the month of addition and the month of disposal. Depreciation on tangible fixed assets has been provided at the following rates, in order to write off the assets over their estimated useful lives:

Leasehold improvements	Over term of lease
Plant, fixtures and fittings	10 - 50% per annum
Motor vehicles	25% per annum

##### **Taxation**

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

# Vitality Group Limited

## Notes to the accounts

Year ended 24 September 2005

### 1. Accounting policies (continued)

#### Pension costs

Retirement benefits to certain employees of the company are provided by defined contribution schemes which are funded by contributions from the company and the employees. Payments are charged against the profit and loss account in the year in which they become payable.

#### Leases

Assets held under finance leases and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the leases. The amounts by which the lease payments exceed the recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligation.

Rental costs under operating leases are charged to the profit and loss account in equal quarterly amounts over the periods of the leases.

### 2. Analysis of turnover, operating profit and net assets

All turnover, operating profit and net assets are derived from the company's and group's principal activity which originated in and is derived from the United Kingdom.

### 3. Directors' emoluments

	2005 £	2004 £
Fees	381,061	489,256

One director is a member of the pension scheme (2004: 1). In 2005 pension contributions made in respect of directors were £12,392 (2004: £11,439).

	2005 £	2004 £
Highest paid director		
Directors' remuneration	160,000	277,845

### 4. Employee information

	2005 £	2004 £
Staff costs		
Wages and salaries	2,088,028	1,969,280
Social security costs	212,326	218,146
Pension costs	13,647	15,593
	2,314,001	2,203,019
	No.	No.
Average number of persons employed		
Sales and distribution	78	80
Administration	6	6
	84	86

# Vitality Group Limited

## Notes to the accounts

### Year ended 24 September 2005

#### 5. Interest payable and similar charges

	2005	2004
	£	£
Interest on overdrafts and bank loans	333,214	244,887
Finance leases and hire purchase contracts	5,281	9,267
Interest received	(73)	(100)
	<u>338,422</u>	<u>254,054</u>

#### 6. Operating profit

	2005	2004
	£	£
<b>Operating profit is stated after charging</b>		
Depreciation charge for the year		
- owned	156,741	200,885
- held under hire purchase	34,498	39,553
Goodwill amortisation	73,245	73,245
Auditors' remuneration (Company and Group)		
- audit	35,500	35,300
- other services	-	-
Rentals under operating leases – land and buildings	562,583	520,000
Loss on sale of fixed assets	-	489
	<u></u>	<u></u>

# Vitality Group Limited

## Notes to the accounts

### Year ended 24 September 2005

#### 7. Tax charge on profit on ordinary activities

	2005 £	2004 £
United Kingdom corporation tax charge at 30% (2004 – 30%) based on the profit for the year	394,686	288,396
Adjustment in respect of prior years	(2,459)	(4,040)
	<u>392,227</u>	<u>284,356</u>
Deferred taxation:		
Timing differences	(14,521)	28,469
Adjustment in respect of prior years	(1,520)	(5,147)
	<u>376,186</u>	<u>307,678</u>

The tax assessed for the year is higher (2004: lower) than that resulting from applying the standard rate of corporation tax in the UK: 30 % (2004: 30%).

The differences are explained below:

	2005 £	2004 £
Profit on ordinary activities before tax	<u>1,185,939</u>	<u>981,854</u>
Tax at 30% thereon:	355,782	294,556
Effects of:		
Expenses not deductible for tax purposes	29,028	35,879
Capital allowances in excess of depreciation	13,585	11,364
Movement in short term timing differences	936	(83)
Other deferred tax movements	-	(39,750)
Rate differences on current tax	(4,645)	(13,570)
Prior year adjustments	(2,459)	(4,040)
	<u>392,227</u>	<u>284,356</u>
Current tax charge for year		

#### 8. Dividends

	2005 £	2004 £
Interim dividend paid – 31.3p per ordinary share (2004: 33.5p)	350,000	375,000
	<u>350,000</u>	<u>375,000</u>
Total dividend		



# Vitality Group Limited

## Notes to the accounts Year ended 24 September 2005

### 9. Goodwill

#### Group and Company

£

#### Cost

At 24 September 2005 and 25 September 2004

1,098,672

#### Accumulated amortisation

At 24 September 2004

129,587

Charge for the period

73,245

At 24 September 2005

202,832

#### Net book value

At 24 September 2005

895,840

At 25 September 2004

969,085

# Vitality Group Limited

## Notes to the accounts Year ended 24 September 2005

### 10. Fixed asset investments

Group		Other investments £	Total £
Cost			
At 25 September 2004 and 24 September 2005		1	1
Company	Shares in subsidiary undertakings £	Other investments £	Total £
Cost			
At 25 September 2004 and 24 September 2005	1,378,039	1	1,378,040

All the above investments are unlisted

Subsidiary undertakings	Country of incorporation and operation	Activity	Proportion of ordinary shares held %
Marsam (Fancy Goods) Limited	UK	Non-trading	100%

### 11. Tangible fixed assets

Group and Company	Leasehold improvements £	Plant, fixtures and fittings £	Motor vehicles £	Total £
Cost				
At 25 September 2004	416,514	846,378	104,171	1,367,063
Additions	2,213	23,109	-	25,322
Disposals	-	(306,308)	-	(306,308)
At 24 September 2005	418,727	563,179	104,171	1,086,077
Accumulated depreciation				
At 24 September 2004	261,712	550,023	18,566	830,301
Charge for the year	23,515	141,682	26,042	191,239
Disposals	-	(306,308)	-	(306,308)
At 24 September 2005	285,227	385,397	44,608	715,232
Net book value				
At 24 September 2005	133,500	177,782	59,563	370,845
At 25 September 2004	154,802	296,355	85,605	536,762

Fixed assets include items of plant, fixtures and fittings and motor vehicles with a cost of £144,390 (2004: £218,354) and accumulated depreciation of £75,103 (2004: £61,940) which are held under hire purchase or finance leases.

# Vitality Group Limited

## Notes to the accounts

Year ended 24 September 2005

### 12. Stocks

All stocks held by the company and the group are finished goods for resale.

### 13. Debtors

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Trade debtors	6,120,859	5,270,608	6,120,859	5,270,608
Other debtors	535,081	443,002	535,081	443,002
Prepayments	345,110	173,313	345,110	173,313
Deferred tax asset (note 17)	18,262	2,221	18,262	2,221
	<u>7,019,312</u>	<u>5,889,144</u>	<u>7,019,312</u>	<u>5,889,144</u>

### 14. Creditors: amounts falling due within one year

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Bank overdraft	1,519,088	1,450,152	1,519,088	1,450,152
Invoice discounting	3,877,707	3,565,220	3,877,707	3,565,220
Amounts due to subsidiary undertaking	-	-	1,371,527	1,371,527
Trade creditors	3,869,985	3,798,403	3,869,985	3,798,403
Obligations under finance leases and hire purchase contracts (note 16)	31,892	63,913	31,892	63,913
Corporation tax	222,767	244,291	222,767	244,291
Other taxation and social security costs	262,886	241,338	262,886	241,338
Accruals and other creditors	172,191	119,846	172,191	119,846
	<u>9,956,516</u>	<u>9,483,163</u>	<u>11,328,043</u>	<u>10,854,690</u>

The invoice discounting facility is secured on the relevant trade debtors.

### 15. Creditors: amounts falling due after more than one year

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Obligation under finance leases and hire purchase contracts (note 16)	5,778	37,670	5,778	37,670
	<u>5,778</u>	<u>37,670</u>	<u>5,778</u>	<u>37,670</u>

# Vitality Group Limited

## Notes to the accounts

Year ended 24 September 2005

### 16. Obligations under finance leases and hire purchase contracts

The company is committed to the following minimum payments under finance leases and hire purchase contracts

	2005 £	2004 £
<b>Group and Company</b>		
Payable within one year or less	33,436	69,095
Payable more than one year but not more than two years	6,018	35,284
Payable more than two years but not more than five years	-	4,888
	<u>39,454</u>	<u>109,267</u>
Future finance charges included	(1,784)	(7,684)
	<u>37,670</u>	<u>101,583</u>
Creditors due within one year	31,892	63,913
Creditors due after more than one year	5,778	37,670
	<u>37,670</u>	<u>101,583</u>

Finance leases are charged over the assets to which they relate.

### 17. Deferred tax asset

	2005 £	2004 £
<b>Group and Company</b>		
<i>Movement on deferred taxation balance in the period</i>		
Opening balance	2,221	25,543
Credit/(charge) to the profit and loss account	16,041	(23,322)
Closing balance	<u>18,262</u>	<u>2,221</u>
<i>Analysis of deferred tax balance</i>		
Capital allowances in excess of depreciation	15,633	528
Short term timing differences	2,629	1,693
Deferred tax asset	<u>18,262</u>	<u>2,221</u>

# Vitality Group Limited

## Notes to the accounts

### Year ended 24 September 2005

#### 18. Called up share capital

	2005 £	2004 £
<b>Authorised:</b>		
1,118,294 ordinary shares of £1 each	<u>1,118,294</u>	<u>1,118,294</u>
<b>Called up, allotted and fully paid:</b>		
1,118,294 ordinary shares of £1 each	<u>1,118,294</u>	<u>1,118,294</u>

#### 19. Combined statement of movements on reserves and shareholders' funds

Group	Share capital £	Share- premium account £	Capital redemption reserve £	Profit and loss account £	Total £
At 25 September 2004	1,118,294	999,085	392,999	1,577,295	4,087,673
Retained profit for the year	-	-	-	459,753	459,753
At 24 September 2005	<u>1,118,294</u>	<u>999,085</u>	<u>392,999</u>	<u>2,037,048</u>	<u>4,547,426</u>
<b>Company</b>					
At 25 September 2004	1,118,294	999,085	392,999	1,583,807	4,094,185
Retained profit for the year	-	-	-	459,753	459,753
At 24 September 2005	<u>1,118,294</u>	<u>999,085</u>	<u>392,999</u>	<u>2,043,560</u>	<u>4,553,938</u>

#### 20. Related party transactions

At 24 September 2005, Vitality Group Limited was owed an amount of £ 60,112 (2004: £59,688) by Active Participation Limited, a company of which A R Deacon is a director. The amount relates to recoverable fees previously paid to that company for directors services.

There are no other related party transactions requiring disclosure under the terms of Financial Reporting Standard No.8.

# Vitality Group Limited

## Notes to the accounts

Year ended 24 September 2005

### 21. Operating lease commitments

	2005 Land and buildings £	2004 Land and buildings £
<b>Group and Company</b>		
Leases which expire: After five years	<u>568,000</u>	<u>520,000</u>

### 22. Subsequent Events

In July 2006, the company acquired 100% of the share capital of Stephens Wholesale Limited. It is not practicable to estimate the financial impact of the acquisition as the consideration payable is dependent on post acquisition results.

### 23. Controlling party

The company is controlled by A R Deacon, a director of the company.