

VIVA (CONSUMER PRODUCTS) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1998
COMPANY NUMBER: 2742091

JACKSONS
CHARTERED ACCOUNTANTS



VIVA (CONSUMER PRODUCTS) LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1998

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DIRECTORS AND ADVISORS

Directors

R A Hobbs
Ms A M Thompson
B G Gallone

Secretary

V Hobbs

Registered Office

Beacon House
1 Willow Walk
Woodley Park
Skelmersdale
WN8 6UR

Registered Number

2742091 (England and Wales)

Auditors

Jacksons
Chartered Accountants
8 Bridgeman Terrace
Wigan
Lancashire
WN1 1SX

Bankers

National Westminster Bank Plc
1 New Bond Street
London
W1A 2JH

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 1998

The directors present their report and the audited financial statements of the company for the year ended 31 December 1998

Principal activity

The principal activity of the company in the year under review was that of the development, promotion and marketing of electrical health care products.

Directors

The directors during the year were:

R A Hobbs
Ms A M Thompson
B G Gallone - appointed 12 February 1999

The beneficial interest of the directors holding office on 31 December 1998 in the issued share capital of the company were as follows:

	31.12.98	31.12.97
R A Hobbs	655	655
Ms A M Thompson	180	180
B G Gallone	-	-

Millennium Compliance

The directors have undertaken a review of the risks and uncertainties associated with the year 2000 problem. Computer hardware used within the company is either millennium compliant or can be rectified with no significant additional costs.

The directors have developed plans to address year 2000 issues relating to relationships with suppliers to ensure the continued operations of the company.

Statement of Directors' responsibilities

Company law requires 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 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.

REPORT OF THE DIRECTORS - (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 1998

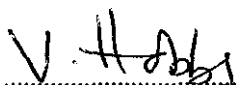
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the reappointment of Jacksons as auditors of the company is to be proposed at the forthcoming annual general meeting.

This report has been prepared taking advantage of the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the board



.....
V HOBBS - COMPANY SECRETARY

Date: 1 July 1999

**REPORT OF THE AUDITORS TO THE MEMBERS OF
VIVA (CONSUMER PRODUCTS) LIMITED**

We have audited the financial statements on pages 5 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described in the directors report on pages 2 and 3 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 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's affairs as at 31 December 1998 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.


Jacksons - Registered Auditors
Chartered Accountants

8 Bridgeman Terrace
Wigan
Lancashire
WN1 1SX

Date: 1 July 1999

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1998

		1998	1997 restated
		£	£
Turnover	2	5,188,803	3,199,436
Cost of sales		<u>4,016,798</u>	<u>2,707,903</u>
Gross profit		1,172,005	491,533
Distribution costs		12,198	9,420
Administrative expenses		<u>732,149</u>	<u>437,881</u>
		<u>744,347</u>	<u>447,301</u>
		427,658	44,232
Other operating income		<u>306</u>	<u>-</u>
Operating profit	3	427,964	44,232
Interest payable and similar charges	4	<u>40,025</u>	<u>26,498</u>
Profit on ordinary activities before taxation		387,939	17,734
Tax on profit on ordinary activities	5	<u>93,564</u>	<u>2,933</u>
Profit for the financial year after taxation		294,375	14,801
Retained profit brought forward		<u>63,468</u>	<u>48,667</u>
Retained profit carried forward		<u>357,843</u>	<u>63,468</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 profits for the current and previous years.

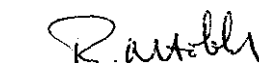
The notes form part of the financial statements

BALANCE SHEET AS AT 31 DECEMBER 1998

	Notes	1998		1997	
		£	£	£	£
Fixed assets					
Tangible assets	6		108,820		92,788
Current assets					
Stocks	7	202,619		34,653	
Debtors	8	1,981,152		386,128	
Cash at bank and in hand		<u>20,808</u>		<u>27,458</u>	
		2,204,579		448,239	
Creditors: Amounts falling due within one year	9	<u>1,839,527</u>		<u>328,896</u>	
Net current assets:			<u>365,052</u>		<u>119,343</u>
Total assets less current liabilities:			473,872		212,131
Creditors: Amounts falling due after more than one year	10		<u>35,694</u>		<u>68,333</u>
			<u>438,178</u>		<u>143,798</u>
Capital and reserves:					
Called up share capital	12		1,135		1,130
Share premium	13		79,200		79,200
Profit and loss account			<u>357,843</u>		<u>63,468</u>
Shareholders' funds	14		<u>438,178</u>		<u>143,798</u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the board:



R A HOBBS - DIRECTOR

Approved by the board on: 1/7/99

Date: 1 July 1999

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1998**1. Accounting Policies****Accounting convention**

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

Financial Reporting Standard Number 1

Exemption has been taken from preparing a cashflow statement on the grounds that the company qualifies as a small company.

2. Turnover

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

The turnover and profit before taxation are attributable to the principal activity of the company.

Leased assets/Hire purchase contracts

Assets held under finance leases / hire purchase contracts are included under tangible fixed assets at their capital value and depreciated over their useful economic lives. Finance payments consists of capital and interest elements and the interest is charged to the profit and loss account. The annual rentals in respect of operating leases are charged to the profit and loss account.

Product development

Expenditure on product development is treated as prepaid, and is written off over the shorter of 3 years and product life cycle.

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 - 20% straight line
Fixtures and fittings	15% reducing balance
Motor vehicles	25% reducing balance

Stock

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

Deferred taxation

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

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 1998

3. Operating profit

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

	1998	1997
	£	£
Hire of plant and machinery	7,154	5,607
Depreciation - owned assets	32,572	17,082
- leased assets	4,855	=
Profit on disposal of fixed assets	(483)	=
Directors' emoluments and other benefits etc.	<u>27,333</u>	<u>=</u>

4. Interest payable and similar charges

	1998	1997
	£	£
Bank interest	5,476	1,388
Loan interest	32,306	24,032
Hire purchase interest	<u>2,243</u>	<u>1,078</u>
	<u>40,025</u>	<u>26,498</u>

5. Taxation

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

	1998	1997
	£	£
UK Corporation Tax	<u>93,564</u>	<u>2,933</u>

UK Corporation tax has been charged at 23.6% (1997 - 21%)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 1998

6. Tangible fixed assets

	Plant & machinery	Fixtures & fittings	Motor vehicles	Total
	£	£	£	£
Costs				
At 1 January 1998	108,178	5,293	15,000	128,471
Additions	41,204	405	19,417	61,026
Disposals	—	—	(15,000)	(15,000)
At 31 December 1998	<u>149,382</u>	<u>5,698</u>	<u>19,417</u>	<u>174,497</u>
Depreciation				
At 1 January 1998	25,578	2,672	7,433	35,683
Charge for year	32,116	456	4,855	37,427
Eliminated on disposals	—	—	(7,433)	(7,433)
At 31 December 1998	<u>57,694</u>	<u>3,128</u>	<u>4,855</u>	<u>65,677</u>
Net book value				
At 31 December 1998	<u>91,688</u>	<u>2,570</u>	<u>14,562</u>	<u>108,820</u>
At 31 December 1997	<u>82,600</u>	<u>2,621</u>	<u>7,567</u>	<u>92,788</u>

The net book value of fixed assets includes £14,562 relating assets held under hire purchase contracts. Depreciation of £4,855 was charged on these assets in the year.

7. Stocks

	1998	1997
	£	£
Stock	<u>202,619</u>	<u>34,653</u>

8. Debtors: Amounts falling due with one year

	1998	1997
	£	£
Trade debtors	876,888	23,212
Other debtors	2,566	2,567
Prepayments	<u>1,101,698</u>	<u>360,349</u>
	<u>1,981,152</u>	<u>386,128</u>

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 1998

9. Creditors: Amounts falling due within one year

	1998	1997
	£	£
Bank loans and overdrafts (See note 11)	20,012	-
Trade creditors	436,097	188,378
Directors current accounts	16,995	22,248
Hire purchase	2,288	5,041
Other creditors	3,486	3,486
Social security and other taxes	135,091	15,914
Taxation	92,238	2,802
Accrued expenses	<u>1,133,320</u>	<u>91,027</u>
	<u>1,839,527</u>	<u>328,896</u>

Hire purchases are secured upon the assets which they finance.

10. Creditors: Amounts falling due after more than one year

	1998	1997
	£	£
Bank loans - (see note 11)	25,000	68,333
Hire purchase contracts (see note 12)	<u>10,694</u>	<u>-</u>
	<u>35,694</u>	<u>68,333</u>

11. Loans and overdrafts

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

	1998	1997
Amounts falling due within one year or on demand:		
Bank overdrafts	12	-
Bank loans	<u>20,000</u>	<u>-</u>
	<u>20,012</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 1998

Amounts falling due between one and two years:-

	1998	1997
Bank loans	<u>-</u>	<u>11,108</u>

Amounts falling due between two and five years:-

	1998	1997
Bank loans	<u>25,000</u>	<u>57,225</u>

12. Obligations under hire purchase contracts

	1998	1997
	£	£
Gross obligations repayable:		
Between one and five years	<u>10,694</u>	<u>-</u>
Net obligation repayable:		
Between one and five years	<u>10,694</u>	<u>-</u>

13. Called up Share Capital

Authorised: Number	Class:	Nominal value:	1998	1997
250,000	Ordinary shares	£1	<u>250,000</u>	<u>250,000</u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	1998	1997
1,135	Ordinary shares	£1	<u>1,135</u>	<u>1,130</u>

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 1998

14. Share premium

	1998	1997
	£	£
Brought forward	<u>79,200</u>	<u>79,200</u>

15. Related party disclosures

During the year, Select Marketing, a business in which Mr R Hobbs is a partner, provided consultancy services amounting to £25,755 (1997 £22,455) for the company.

Consultancy fees of £19,300 (1997 £30,217) were also paid to Ms A M Thompson.

16. Reconciliation of movements in shareholders' funds

	1998	1997
	£	£
Profit for the financial year	294,375	14,801
Issue of share capital	<u>5</u>	<u>-</u>
Net additions of shareholders' funds	294,380	14,801
Opening shareholders' funds	<u>143,798</u>	<u>128,997</u>
Closing shareholders' funds	<u>438,178</u>	<u>143,798</u>

17. Controlling party

Mr Hobbs (Director) owns 57.7% of the company's issued share capital and is therefore the ultimate controlling party.

18. Prior year adjustment

The 1997 financial statements have been restated in accordance with FRS 5 to reflect the substance of the turnover generated from commissions sales. The turnover and purchases figures have been restated to show the value of gross sales and purchases.

This disclosure in the financial statements has not led to any additional assets or liabilities being recognised.