

# The Day Chocolate Company Limited

## FINANCIAL STATEMENTS

for the year ended

30 September 2005



Company Registration No. 03433202

# The Day Chocolate Company Limited

## DIRECTORS AND OFFICERS

---

### DIRECTORS

Jacqui MacDonald  
Alexander Balfour  
Robin Murray  
Kwabena Ohemeng-Tinyase  
Kojo Appiah Kubi  
Gordon Roddick  
Sophi Tranchell (Managing Director)  
Pauline Tiffen  
Patrick Fleming  
Amanda Horton-Mastin  
Peter Lockyer

### SECRETARY

Caelia Pereira

### COMPANY NUMBER

03433202 (England and Wales)

### REGISTERED OFFICE

4 Gainsford Street  
London SE1 2NE

### AUDITORS

Baker Tilly  
Chartered Accountants  
The Clock House  
140 London Road  
Guildford  
Surrey GU1 1UW

### BANKERS

National Westminster Bank Plc  
PO Box 34  
15 Bishopsgate  
London EC2P 2AP

# The Day Chocolate Company Limited

## DIRECTORS' REPORT

---

The directors submit their report and the financial statements of The Day Chocolate Company Limited for the year ended 30 September 2005.

### PRINCIPAL ACTIVITIES

The principal activity of the company during the year was the marketing and distribution of 'fair trade' chocolate products.

### DIRECTORS

The following directors have held office since 1 October 2004:

Jacqui MacDonald	
Tim Moulds	(resigned 12 October 2004)
Alexander Balfour	
Robin Murray	
Kwabena Ohemeng-Tinyase	
Kojo Appiah Kubi	
Gordon Roddick	
Martin Tyler	(resigned 12 October 2004)
Sophi Tranchell	
Pauline Tiffen	
Patrick Fleming	(appointed 6 June 2005)
Amanda Horton-Mastin	
Peter Lockyer	(appointed 1 February 2005)

### DIRECTORS' INTERESTS IN SHARES

Directors' interests in the shares of the company, including family interests, were as follows:

	7% redeemable preference shares	
	30.09.05	01.10.04
Pauline Tiffen	15,000	15,000

None of the other directors held any interests in the shares of the company during the year.

### CHARITABLE DONATIONS

During the year, the company recognised the following donations as a charge against profits:

Fair trade donations	£0
Other charitable donations	£0

# The Day Chocolate Company Limited

## DIRECTORS' REPORT (continued)

---

### AUDITORS

A resolution to reappoint Baker Tilly, Chartered Accountants, as auditors will be put to the members at the annual general meeting.

This report has 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



Sophi Tranchell  
Managing Director

Date: 13 February 2006

# The Day Chocolate Company Limited

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

---

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 year. In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent; and
- c. 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 requirements of 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.



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE DAY CHOCOLATE COMPANY LIMITED**

We have audited the financial statements on pages 6 to 15.

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 auditor's 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**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom 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 to you 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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### **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 at 30 September 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**BAKER TILLY**  
Registered Auditor  
Chartered Accountants  
The Clock House  
140 London Road  
Guildford  
Surrey GU1 1UW

20 February 2006

# The Day Chocolate Company Limited

## PROFIT AND LOSS ACCOUNT

For the year ended 30 September 2005

	Notes	2005	2004
		£	£
TURNOVER	1	7,673,298	5,586,239
Cost of sales		5,773,232	4,181,697
Gross profit		1,900,066	1,404,542
Other operating expenses (net)	2	1,217,676	861,098
OPERATING PROFIT		682,390	543,444
Interest payable and similar charges		64,362	63,460
Interest receivable		(53)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	618,081	479,984
Taxation	5	120,600	49,395
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	11	497,481	430,589

The operating profit for the year arises from the company's continuing operations.

No separate statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account.

# The Day Chocolate Company Limited

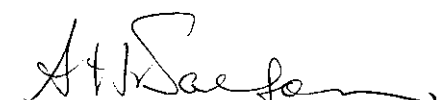
## BALANCE SHEET

30 September 2005

	Notes	2005 £	2004 £
<b>FIXED ASSETS</b>			
Tangible fixed assets	6	46,104	13,460
<b>CURRENT ASSETS</b>			
Stock		845,801	345,284
Debtors: amounts falling due within one year	7	1,335,299	981,653
Debtors: amounts falling due after more than one year	7	-	120,600
Cash at bank and in hand		145,196	186,643
		<u>2,326,296</u>	<u>1,634,180</u>
<b>CREDITORS: Amounts falling due within one year</b>	8	(1,586,899)	(1,213,060)
<b>NET CURRENT ASSETS</b>		<u>739,397</u>	<u>421,120</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>785,501</u>	<u>434,580</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	9	(50,000)	(196,560)
<b>NET ASSETS</b>		<u>735,501</u>	<u>238,020</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	828,079	828,079
Profit and loss account	11	(92,578)	(590,059)
<b>SHAREHOLDERS' FUNDS</b>	12	<u>735,501</u>	<u>238,020</u>
Equity interests		(92,479)	(589,960)
Non-equity interests		827,980	827,980
		<u>735,501</u>	<u>238,020</u>

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

Approved by the board on 24 January 2006

  
 Alexander Balfour—Director



# The Day Chocolate Company Limited

## ACCOUNTING POLICIES

---

### BASIS OF ACCOUNTING

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

### TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at historical cost less depreciation. Depreciation is provided on all tangible fixed assets to write off the cost of each asset evenly over its useful life. The rate used is:

Plant and machinery	25% per annum
---------------------	---------------

### STOCKS

Stocks are valued at the lower of cost and net realisable value. Net realisable value is based upon estimated selling prices less further costs expected to be incurred to completion and disposal. Provision is made 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 where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

### TURNOVER

Turnover represents the invoiced value, net of Value Added Tax, of goods sold and services provided to customers.

### FOREIGN CURRENCIES

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

### OPERATING LEASES

The annual rentals arising under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

### PENSIONS

For defined contribution schemes, the amount charged to the profit and loss account in respect of pension costs is the contribution payable in the year. Differences between contributions payable in the year and contributions actually paid are shown either as other debtors or other creditors in the balance sheet.

# The Day Chocolate Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2005

### 1 TURNOVER

The percentage of turnover relating to sales to non-UK markets was 5% (2004: 5%).

2	OTHER OPERATING EXPENSES (NET)	2005	2004
		£	£
	Marketing and advertising	660,579	358,454
	Administration expenses	557,097	512,644
	Other operating income	-	(10,000)
		<u>1,217,676</u>	<u>861,098</u>

### 3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging/(crediting):

Auditors' remuneration	4,745	3,950
Operating lease rentals:		
Plant and machinery	3,680	3,680
Land and buildings	19,152	28,253
Exchange gain	(8,107)	(5,618)
Depreciation on tangible fixed assets – owned assets	<u>9,246</u>	<u>5,599</u>

### 4 DIRECTORS' EMOLUMENTS

The aggregate amount of directors' emoluments comprised:

Salary	<u>52,750</u>	<u>49,313</u>
--------	---------------	---------------

No No

The number of directors for whom retirement benefits were accruing under money purchase schemes was:

1 1

# The Day Chocolate Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2005

5	TAXATION	2005	2004
		£	£
	Current tax:		
	UK corporation tax on profit for year	-	-
	Total current tax	-	-
	Deferred tax:		
	Reversal of timing differences	120,600	49,395
	Tax on profit on ordinary activities	120,600	49,395
	Factors affecting tax charge for year:		
	Profit on ordinary activities before taxation	618,081	479,984
	Profit on ordinary activities multiplied by standard rate of corporation tax for small companies in the UK of 19% (2004: 19%)	117,435	91,197
	Effects of:		
	Expenses not deductible for tax purposes	250	208
	Capital allowances less than depreciation	1,757	1,064
	Losses utilized	(118,278)	(102,512)
	Other short-term timing differences	(1,164)	10,043
	Current tax charge for the year	-	-

The deferred tax asset was originally recognised based on projected profit forecasts for the three years ending 30 September 2007.

The company has estimated tax losses of £Nil (2004: £622,517) available for carry forward against future trading profits.

# The Day Chocolate Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2005

---

6	TANGIBLE FIXED ASSETS	Plant and machinery £
	Cost:	
	1 October 2004	20,904
	Additions	41,890
	30 September 2005	<hr/> 62,794
	Depreciation:	
	1 October 2004	7,444
	Charged in the year	9,246
	30 September 2005	<hr/> 16,690
	Net book value:	
	30 September 2005	<hr/> 46,104
	30 September 2004	<hr/> 13,460

---

# The Day Chocolate Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2005

7	DEBTORS	2005 £	2004 £
	Due within one year:		
	Trade debtors	1,302,541	940,814
	Other debtors	32,758	40,839
		<u>1,335,299</u>	<u>981,653</u>
	Due after more than one year:		
	Deferred tax asset	-	120,600
		<u>1,335,299</u>	<u>1,102,253</u>
	Deferred tax asset:		£
	Balance at 1 October 2004		120,600
	Amount released to the profit and loss account		(120,600)
	Balance at 30 September 2005		-
	Deferred taxation provided in the financial statements is as follows:	£	£
	Tax losses available	-	120,600

Included within trade debtors are amounts totalling £882,649 (2004: £433,188) in respect of factored debts.

8	CREDITORS: Amounts falling due within one year	2005 £	2004 £
	Bank loans	123,079	123,076
	Trade creditors	398,801	389,514
	Taxation and social security costs	270,009	218,046
	Other creditors	795,010	482,424
		<u>1,586,899</u>	<u>1,213,060</u>

Included within other creditors are amounts totalling £325,273 (2004: £2) in respect of advances received against factored trade debts.

# The Day Chocolate Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2005

9	CREDITORS: Amounts falling due after more than one year	2005 £	2004 £
	Bank loans	-	123,079
	Loan Stock 2007	50,000	50,000
	Other loans	-	23,481
		<u>50,000</u>	<u>196,560</u>
	Loans:		
	Wholly repayable within five years	196,862	343,117
	Included in current liabilities	(146,862)	(146,557)
		<u>50,000</u>	<u>196,560</u>
	Loan maturity analysis:		
	In more than one year, but not more than two years	50,000	146,560
	In more than two, but not more than five years	-	50,000
		<u></u>	<u></u>

The Loan Stock 2007 is unsecured and carries a rate of interest of 5% per annum.

The bank loans and other loans are secured by fixed and floating charges over the assets of the company.

10	SHARE CAPITAL	2005 £	2004 £
	Authorised:		
	100 ordinary shares of £1 each	100	100
	9,999,900 7% redeemable preference shares of £1 each	9,999,900	9,999,900
		<u>10,000,000</u>	<u>10,000,000</u>
	Allotted, issued and fully paid:		
	99 ordinary shares of £1 each	99	99
	827,980 7% redeemable preference shares of £1 each	827,980	827,980
		<u>828,079</u>	<u>828,079</u>

Preference shareholders are entitled to a fixed non-cumulative dividend at 7% per annum. On liquidation preference shareholders are entitled to repayment in priority to any other shareholders. Preference shares are redeemable by the company at any time.

# The Day Chocolate Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2005

11	STATEMENT OF MOVEMENT ON RESERVES	Profit and loss account
	1 October 2004	(590,059)
	Profit for the financial year	497,481
	30 September 2005	<u>(92,578)</u>

12	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	2005 £	2004 £
	Profit for the financial year	497,481	430,589
	Opening shareholders' funds	238,020	(192,569)
	Closing shareholders' funds	<u>735,501</u>	<u>238,020</u>

### 13 COMMITMENTS UNDER OPERATING LEASES

At 30 September 2005, the company had annual commitments under non-cancellable operating leases as follows:

	2005 £	2004 £
Plant and machinery: expiring in one to two years	3,680	3,680
Land and buildings: expiring in more than five years	24,107	26,000

### 14 PENSION COMMITMENTS

#### DEFINED CONTRIBUTION

The company makes contributions into defined contribution pension schemes on behalf of certain employees. The pension costs charged to the profit and loss account represent the amount contributions payable for the year.

	2005 £	2004 £
Contributions payable by the company for the year/period	18,146	15,173

# The Day Chocolate Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2005

---

### 15 ULTIMATE PARENT COMPANY

The ultimate parent company and controlling party of The Day Chocolate Company Limited is Twin Trading Limited, a company incorporated in England and Wales.

### 16 RELATED PARTY TRANSACTIONS

During the year, the company was charged £4,188 (2004: £1,078) by Kuappa Kokoo Farmers Union, a shareholder of the company, in respect of travel costs for attending UK Board meetings. At the balance sheet date, the amount owed to Kuappa Kokoo Farmers Union was £Nil (2004: £Nil).

During the year, the company made sales of £2,578 (2004: £17,013) to Body Shop International Plc, a shareholder of the company. At the balance sheet date, the amount owed by Body Shop International Plc was £Nil (2004: £1,924).

During the year, the company was recharged expenses of £Nil (2004: £47,000) by its parent company, Twin Trading Limited. At the balance sheet date, the amount owed to Twin Trading Limited was £Nil (2004: £Nil).

During the year, the company made a cash advance of £15,000 to Pauline Tiffen, a director and shareholder of the company. The loan is interest free and unsecured. At the balance sheet date, the amount owed by Pauline Tiffen was £15,000 (2004: £Nil)