

Nutralife (UK) Limited

Report and financial statements

Registered No. 3857588

31 December 2008

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COMPANIES HOUSE

Directors

G D Winn (resigned 3 October 2008)
S J Boydell (resigned 30 April 2008)
D Coates (appointed 30 April 2008)

Secretary

S J Boydell (resigned 30 April 2008)
M J Jeffreys (appointed 30 April 2008)

Independent Auditors

Ernst & Young LLP
14 New Street
St Peter Port
Guernsey
Channel Islands
GY1 4AF

Registered Office

7a High Street
Gosport
Hampshire
PO12 1BX

Directors' report

The directors present their report and financial statements for the period ended 31 December 2008.

Principal activity

The company's principal activity during the period was the supply of vitamins and supplements. The company effectively ceased trading in September and the office closed in December.

Results and dividends

The results for the period are set out in the profit and loss account on page 6. No dividends were paid during the period (2007: nil). The directors do not propose a final dividend for the period.

The accounting reference date has been changed to 31 December 2008.

Directors and their interests

The directors during the period ended 31 December 2008 and to date were:

G D Winn (resigned 3 October 2008)

S J Boydell (resigned 30 April 2008)

D S Coates (appointed 30 April 2008)


No director had any financial interest in the company.

The directors believe that there is no relevant audit information of which the company's auditors are unaware and that they have taken all the steps they ought to make themselves aware of any relevant audit information and to establish the company's auditors are aware of that information.

Auditors

In accordance with s 385 of the Companies Act 1985, a resolution to re-appoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the board


Secretary

Date: 27th March 2009

Statement of directors' responsibilities in respect of the financial statements

In preparing financial statements which give a true and fair view, the directors are required to:

- select suitable accounting 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. (see note 1)

The directors are responsible for keeping proper accounting records which are sufficient to show and explain the company's transactions and are such as to disclose with reasonable accuracy at any time the financial position of the company at that time 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.

Independent auditors' report

to the members of Nutralife (UK) Limited

We have audited the company's financial statements for the period ended 31 December 2008 which comprise the Profit and Loss Account, the Balance sheet and the related notes 1 to 13. These financial statements have been prepared on the basis of 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

The directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom Law & Accounting Standards as 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 International Standards on auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the information given in the Directors' Report is consistent with the financial statements.

We also report to you if, in our opinion, 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 director's remuneration and transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

Independent auditors' report

to the members of Nutralife (UK) Limited

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Accounting Standards, of the state of the company's affairs as at 31 December 2008 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985 and information given in the directors report is consistent with the financial statements.

Ernst & Young LLP
Registered Auditors

Guernsey, Channel Islands

Date: *27 March 2009*

Profit and loss account

for the 18 month period ended 31 December 2008

(Comparatives for the year ended 30 June 2007)

	Notes	2008	2007
		£	£
Turnover - continuing operations	3	5,566,198	4,611,814
Cost of sales	4	(5,085,340)	(4,319,244)
Gross profit		480,858	292,570
Administration expenses	4	(315,646)	(237,147)
Exceptional Item – waiver of inter-company loan	14	333,601	-
Operating profit-continuing operations	5	498,813	55,423
Interest payable and similar charges	6	(48,606)	(76,560)
Profit/(loss) for the year before taxation		450,207	(21,137)
Taxation	7	-	-
Profit/(loss) for the year		450,207	(21,137)

There are no other recognised gains or losses other than the profit for the period of £450,207 (2007: loss £21,137).

Balance sheet

As at 31 December 2008

	Notes	2008 £	30 June 2007 £
Fixed assets			
Tangible assets	8	-	2,917
		-	2,917
Current assets			
Stock		-	162,939
Debtors	9	10,481	364,601
Cash at bank and in hand		17,385	-
		27,866	527,540
Creditors - amounts falling due within one year	10	91,493	1,044,290
Net current (liabilities)		(63,627)	(516,750)
Total assets less current liabilities		(63,627)	(513,833)
Share capital and reserves			
Called up share capital	11	2	2
Profit and loss account	12	(63,629)	(513,835)
Shareholders' deficit - all attributable to equity interests		(63,627)	(513,833)



) Director

Date:

27th March 2009

Notes to the financial statements

For the 18 month period ended 31 December 2008

(Comparatives for the year ended 30 June 2007)

1. Basis of preparing the financial statements

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings and in accordance with applicable United Kingdom accounting standards and applicable requirement of UK Companies Act.

The directors believe that the company is able to continue in operational existence for the foreseeable future and have therefore adopted the going concern basis in preparing the financial statements.

In forming this opinion, the directors have given consideration to the following:-

The company meets its day-to-day working capital requirements by way of the loan from the immediate controlling party (note 13).

The financial statements do not include any adjustments that may result from the failure of the immediate controlling party to provide adequate support.

2. Accounting policies

Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off their cost evenly over their expected useful life, as follows:

Computer and office equipment - over 3 years

Fixtures & Fittings - over 5 years

Taxation

The company is subject to UK corporation tax.

Interest payable

Interest payable is debited to the profit and loss account on an accruals basis.

Cash flow statement

The company is a small company within the meaning of Financial Reporting Standard 1 and is therefore not required to present a cash flow statement.

Stocks

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

Foreign exchange

The financial statements are prepared in Sterling. Assets and liabilities are translated into the reporting currency at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated at the rate ruling on the date of the transaction.

Leasing and hire purchase agreements

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the lease and hire purchase contracts are included as liabilities in the balance sheet.

Notes to the financial statements

For the 18 month period ended 31 December 2008

(Comparatives for the year ended 30 June 2007)

The interest element of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Research and development

Research and development expenditure is written off as incurred.

3. Turnover

Turnover comprises the invoice value of goods supplied during the year and is stated net of value added tax.

Included within turnover are sales (before discounts) of £5,566,198 (2007: £4,611,814) made to the immediate controlling party, Healthy Direct Limited, a Guernsey registered company. As at 31 December 2008, the company was due nil (2007: £191,392) in respect of these sales.

4. Staff costs

Included within administrative expenses are the following staff costs:

	2008	2007
	£	£
Wages and salaries	86,413	63,762
National Insurance Contribution	32,070	33,839
	<u>118,483</u>	<u>97,601</u>

None of the directors are accruing any retirement benefits.

The monthly average number of employees during the year was as follows:

	2008	2007
	No	No
Administration	8	9
	<u>8</u>	<u>9</u>

5. Operating profit is stated after charging:

	2008	2007
	£	£
Auditors' remuneration	8,879	6,165
Depreciation	4,954	7,039
	<u></u>	<u></u>

Notes to the financial statements

For the 18 month period ended 31 December 2008

(Comparatives for the year ended 30 June 2007)

6. Interest payable and similar charges

	2008	2007
	£	£
On finance leases	9,044	600
Bank loans and overdrafts	39,562	75,891
On debt factoring	-	69
	<u>48,606</u>	<u>76,560</u>

7. Tax on profit on ordinary activities

a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2008	2007
	£	£
UK corporation tax:	-	-
Total current tax (note 7 (b))	<u>-</u>	<u>-</u>
<i>Deferred tax:</i>		
Origination and reversal of timing difference (note 7 (c))	-	-
Total current tax charge	<u>-</u>	<u>-</u>

b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 28% (2007: 30%). From the 1 April 2008 the standard rate of corporation tax in the UK is 28%. The accounts reflect a blended rate of 29%. The differences are reconciled below.

	2008	2007
	£	£
Profit/ (Loss) on ordinary activities before tax	<u>450,207</u>	<u>(21,137)</u>
Profit on ordinary activities multiplied by blended rate of corporation tax of 29% (2007: 30%)	130,560	(6,341)
Effect of:		
Non taxable income in respect of loans waived	(96,744)	-
Loss relief claimed on losses brought forwards	(33,816)	-
Taken to losses carried forward	-	6,341
Total current tax (note 7 (a))	<u>-</u>	<u>-</u>

Notes to the financial statements

For the 18 month period ended 31 December 2008

(Comparatives for the year ended 30 June 2007)

7. Tax on profit on ordinary activities (continued)

c) Deferred tax

Deferred tax is provided at 30% (2007: 30%) in the financial statements as follows:

	2008 £	2007 £
Capital allowance in advance of depreciation	-	-
Provision for deferred tax	-	-

8. Tangible fixed assets

	<i>Computer and Office equipment</i> £	<i>Fixtures and fittings</i> £	<i>Total</i> £
Cost:			
1 July 2007	35,979	-	35,979
Additions	9,118	349	9,467
Disposal	(45,097)	(349)	(45,446)
31 December 2008	-	-	-
Depreciation:			
1 July 2007	33,062	-	33,062
Charge for the period	4,873	81	4,954
Disposals	(37,935)	(81)	(38,016)
At 31 December 2008	-	-	-
Net book amounts:			
At 31 December 2008	-	-	-
At 30 June 2007	2,917	-	2,917

Notes to the financial statements

For the 18 month period ended 31 December 2008

(Comparatives for the year ended 30 June 2007)

9. Debtors

	2008	2007
	£	£
Trade Debtors (i)	-	214,774
Debtors Provision	-	(16,065)
Other Debtors	10,481	165,892
	<u>10,481</u>	<u>364,601</u>

(i) Included within trade debtors are amounts totalling nil (2007: £198,392) due from Healthy Direct Limited, a fellow group company.

10. Creditors Amounts falling due within one year

	2008	2007
	£	£
Bank overdraft (i)	-	614,055
Trade Creditors	35,389	226,639
Other Creditors and Accruals	42,537	23,098
Tax and Social Security	13,567	9,793
Obligations under Finance Leases (ii)	-	122,002
Loan from parent company Healthy Direct Limited (iii)	-	48,703
	<u>91,493</u>	<u>1,044,290</u>

(i) The overdraft was part of a group facility of £2,300,000 which was repayable on demand. The facility was repaid on 30 April 2008.

(ii) A lease facility was entered into by Nutralife (UK) Limited for the purpose of acquiring assets for the group. As at 30 April 2008 this facility was repaid in full.

(iii) The loan was unsecured, interest free and repayable on demand.

Notes to the financial statements

For the 18 month period ended 31 December 2008

(Comparatives for the year ended 30 June 2007)

11. Called up share capital

	2008 £	2007 £
Authorised:		
Ordinary shares of £1 each	10,000	10,000

	2008 No	2007 No	2008 £	2007 £
Allotted and called up:				
Ordinary Shares of £1 each	2	2	2	2

12. Reconciliation of movements in shareholders' funds/(deficit) and movement on reserves

	Share Capital £	Profit and Loss account £	Total £
Opening shareholders' deficit attributable to equity interest	2	(513,835)	(513,833)
Profit for the financial period	-	450,207	450,207
Closing shareholders' funds attributable to equity interests	2	(63,628)	(63,626)

13. Controlling party

The immediate controlling party is Healthy Direct Limited, a Guernsey company. The ultimate controlling party is Mr D S Coates, a director.

14. Exceptional Item

On the 31 December 2008 Healthy Direct Limited waived the outstanding loan balance of £ 333,601 due from the company.