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WELEDA (UK) LIMITED
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2002



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FOR THE YEAR ENDED 31ST DECEMBER 2002**

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WELEDA (UK) LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31ST DECEMBER 2002**

DIRECTORS: P Sirdey (Chairman)
R Ballard
M Van den Hoogenband
I Wiggle (Non-executive)
A Jenkinson (Non-executive)

SECRETARY: D Parker

REGISTERED OFFICE: Heanor Road
Ilkeston
Derbyshire
DE7 8DR

REGISTERED NUMBER: 203230

AUDITORS: Ernst & Young LLP
City Gate West
Toll House Hill
Nottingham
NG1 5FY

BANKERS: HSBC Bank plc
Bath Street
Ilkeston
Derbyshire
DE7 8DD

SOLICITORS: Chambers & Hind
Bath Street
Ilkeston
Derbyshire
DE7 8GT

WELEDA (UK) LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST DECEMBER 2002

The directors present their report with the financial statements of the company for the year ended 31st December 2002.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £143,751 (2001 - £120,874). A dividend of £5,949 has been proposed on the preference shares. A final dividend of 3% is proposed on the ordinary shares. The profit after dividends paid and proposed is £108,552 (2001 - £41,914).

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the company in the year under review was that of the manufacture and distribution of medicinal products and high quality toiletries based on the principles of anthroposophical medicines.

FUTURE DEVELOPMENTS

The directors aim to maintain the management policies, which have resulted in the company's substantial growth in recent years. They consider that 2003 will show a further significant growth in sales.

DIRECTORS

The directors during the year under review were:

P Sirdey (Chairman)	
R Ballard	
R Evans	(resigned 18/04/02)
D Parker	(resigned 18/04/02)
M Van den Hoogenband	
I Wiggle (Non-executive)	(appointed 18/04/02)
A Jenkinson (Non-executive)	(appointed 18/04/02)

The beneficial interests of the directors holding office on 31st December 2002 in the issued share capital of the company were as follows:

	31.12.02	1.1.02
Ordinary £1 shares		
P Sirdey	-	-
R Ballard	-	-
M Van den Hoogenband	-	-
I Wiggle	-	-
A Jenkinson	-	-
6% redeemable cumulative preference £1 shares		
P Sirdey	-	-
R Ballard	2,500	2,000
M Van den Hoogenband	-	-
I Wiggle	1,000	1,000
A Jenkinson	-	-

STATEMENT OF 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

WELEDA (UK) LIMITED

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST DECEMBER 2002**

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

The auditors, Ernst & Young LLP, will be proposed for re-appointment in accordance with Section 385A of the Companies Act 1985.

ON BEHALF OF THE BOARD:



.....
R Ballard - DIRECTOR

Dated: 06 March 2003

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WELEDA (UK) LIMITED

We have audited the company's financial statements for the year ended 31 December 2002 which comprise the Profit and Loss Account, Note of Historical Cost Profits and Losses, Balance Sheet, Cash Flow Statement and the related notes 1 to 25. 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

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 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 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 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 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 as at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Nottingham

Date *6 March 2003*

WELEDA (UK) LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2002**

		<u>31.12.02</u>	<u>31.12.01</u>
	Notes	£	£
TURNOVER	2	3,605,285	3,551,730
Cost of sales		<u>838,640</u>	<u>769,796</u>
GROSS PROFIT		2,766,645	2,781,934
Administrative expenses		2,577,364	2,576,200
Other operating income		<u>9,267</u>	<u>19,688</u>
OPERATING PROFIT	4	198,548	225,422
Profit on disposal of tangible fixed assets		34,416	-
Bank interest receivable		605	1,092
Interest payable and similar charges	5	<u>33,745</u>	<u>41,185</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		199,824	185,329
Tax on profit on ordinary activities	6	<u>56,073</u>	<u>64,455</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		143,751	120,874
Dividends	7	<u>35,199</u>	<u>78,960</u>
		108,552	41,914
Retained profit brought forward		<u>312,410</u>	<u>271,396</u>
		420,962	313,310
Purchase of own shares		<u>-</u>	<u>(900)</u>
RETAINED PROFIT CARRIED FORWARD		<u>420,962</u>	<u>312,410</u>

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current and previous years.

NOTE OF HISTORICAL COST PROFITS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2002

	<u>31.12.02</u>	<u>31.12.01</u>
	£	£
Reported profit on ordinary activities before taxation	199,824	185,329
Difference between a historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	<u>5,431</u>	<u>5,308</u>
Historical profit on ordinary activities before taxation	<u>205,255</u>	<u>190,637</u>
Historical cost profit for the year retained after taxation and dividends	<u>113,983</u>	<u>47,222</u>

The notes form part of these financial statements

WELEDA (UK) LIMITED

**BALANCE SHEET
31ST DECEMBER 2002**

		<u>31.12.02</u>		<u>31.12.01</u>	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	8		1,359,984		1,378,989
CURRENT ASSETS:					
Stocks	10	655,346		621,966	
Debtors	11	546,543		607,219	
Cash at bank and in hand		<u>384,786</u>		<u>104,867</u>	
		1,586,675		1,334,052	
CREDITORS: Amounts falling due within one year	12	<u>(905,302)</u>		<u>(954,981)</u>	
NET CURRENT ASSETS:			<u>681,373</u>		<u>379,071</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			2,041,357		1,758,060
CREDITORS: Amounts falling due after more than one year	13		(508,963)		(341,343)
PROVISIONS FOR LIABILITIES AND CHARGES:	17		<u>(30,882)</u>		<u>(29,057)</u>
			<u>1,501,512</u>		<u>1,387,660</u>
CAPITAL AND RESERVES:					
Called up share capital	18		1,074,150		1,068,850
Capital redemption reserve	19		6,400		6,400
Profit and loss account			<u>420,962</u>		<u>312,410</u>
SHAREHOLDERS' FUNDS:	24		<u>1,501,512</u>		<u>1,387,660</u>

The shareholders funds include non-equity interests (Note 24)

ON BEHALF OF THE BOARD:



.....
R Ballard - DIRECTOR

Approved by the Board on 06 March 2003

The notes form part of these financial statements

WELEDA (UK) LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2002**

		31.12.02		31.12.01	
	Notes	£	£	£	£
Net cash inflow from operating activities	1		553,201		290,410
Returns on investments and servicing of finance	2		(38,771)		(45,778)
Taxation			(50,175)		(72,385)
Capital expenditure	2		(55,611)		(40,848)
Equity dividends paid			(58,500)		(14,829)
Financing	2		<u>(70,225)</u>		<u>(72,692)</u>
Increase in cash in the period			<u>279,919</u>		<u>43,878</u>
Reconciliation of net cash flow to movement in net debt					
Increase in cash in the period			279,919		43,878
Cash outflow from decrease in debt			<u>75,525</u>		<u>71,792</u>
Change in net debt resulting from cash flows			<u>355,444</u>		<u>115,670</u>
Movement in net debt in the period			355,444		115,670
Net debt at 1st January			<u>(563,391)</u>		<u>(679,061)</u>
Net debt at 31st December	3		<u>(207,947)</u>		<u>(563,391)</u>

The notes form part of these financial statements

WELEDA (UK) LIMITED

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2002**

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	31.12.02 £	31.12.01 £
Operating profit	198,548	225,422
Depreciation charges	109,032	114,036
Increase in stocks	(33,380)	(43,966)
Decrease in debtors	60,676	38,602
Increase/(Decrease) in creditors	<u>218,325</u>	<u>(43,684)</u>
Net cash inflow from operating activities	<u>553,201</u>	<u>290,410</u>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	31.12.02 £	31.12.01 £
Returns on investments and servicing of finance		
Interest received	605	1,092
Interest paid	(33,745)	(41,185)
Preference dividends paid	<u>(5,631)</u>	<u>(5,685)</u>
Net cash outflow for returns on investments and servicing of finance	<u>(38,771)</u>	<u>(45,778)</u>
Capital expenditure		
Purchase of tangible fixed assets	(105,603)	(40,848)
Sale of tangible fixed assets	<u>49,992</u>	<u>-</u>
Net cash outflow for capital expenditure	<u>(55,611)</u>	<u>(40,848)</u>
Financing		
Net movement in short term borrowings	(243,145)	98,705
Net movement in long term borrowings	167,620	(170,497)
Cash receipt re share issue	5,300	-
Preference shares redeemed	<u>-</u>	<u>(900)</u>
Net cash outflow from financing	<u>(70,225)</u>	<u>(72,692)</u>

WELEDA (UK) LIMITED

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2002**

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.1.02 £	Cash flow £	At 31.12.02 £
Net cash:			
Cash at bank and in hand	<u>104,867</u>	<u>279,919</u>	<u>384,786</u>
Debt:			
Debts falling due within one year	(326,915)	243,145	(83,770)
Debts falling due after one year	<u>(341,343)</u>	<u>(167,620)</u>	<u>(508,963)</u>
	<u>(668,258)</u>	<u>75,525</u>	<u>(592,733)</u>
Total	<u>(563,391)</u>	<u>355,444</u>	<u>(207,947)</u>

WELEDA (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2002

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention modified to include the revaluation of freehold land and buildings. The accounts are prepared in accordance with applicable accounting standards.

Turnover

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

Tangible fixed assets

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less the estimated residual value based on prices prevailing at the date of acquisition, of each asset over its expected useful life, as follows:

Freehold land and buildings	- 5% on reducing balance
Assets under construction	- not provided
Plant and machinery	- 20% on reducing balance
Fixtures and fittings	- 10% on reducing balance
Motor vehicles	- 25% on reducing balance

The transitional rules of FRS15, Tangible Fixed Assets, has been applied with Land and Buildings held at a revalued amount based on the valuation performed on 18 May 1994 which has not been updated.

All other fixed assets are recorded at cost less depreciation.

Stocks

Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value, after making due allowance for obsolete and slow-moving items. Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax with the following exceptions;

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposals of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions expressed in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Leasing commitments

Rentals paid under operating leases are charged to the profit and loss account as incurred.

WELEDA (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2002

1. ACCOUNTING POLICIES – continued

Pensions

The company operates a defined benefit pension scheme. The pension cost charged to the profit and loss account is calculated so as to spread the costs of the pension over the employee's working lives with the company.

In accordance with FRS 17, Retirement Benefits, the scheme is deemed to meet the requirements of a multi-employer scheme without separable assets identifiable and therefore the accounting treatment is that applied to a defined contribution scheme.

2. TURNOVER

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

An analysis of turnover by geographical market is given below:

	31.12.02	31.12.01
	£	£
United Kingdom	3,286,620	3,203,299
Other EU Member States	309,298	340,330
Others	<u>9,367</u>	<u>8,101</u>
	<u>3,605,285</u>	<u>3,551,730</u>

3. STAFF COSTS

	31.12.02	31.12.01
	£	£
Wages and salaries	1,151,524	1,131,653
Social security costs	72,292	68,961
Other pension costs	<u>61,173</u>	<u>63,760</u>
	<u>1,284,989</u>	<u>1,264,374</u>

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

	31.12.02	31.12.01
Office and Management	11	11
Production and Sales	<u>67</u>	<u>67</u>
	<u>78</u>	<u>78</u>

4. OPERATING PROFIT

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

	31.12.02	31.12.01
	£	£
Depreciation - owned assets	109,032	114,036
Auditors' remuneration	15,000	14,500
Foreign exchange differences	7,786	13,192
Operating lease rentals - plant and machinery	<u>27,740</u>	<u>27,424</u>
Directors' emoluments	86,044	77,320
Directors' pension contributions	<u>7,401</u>	<u>10,070</u>

During the year David Parker was paid £5,532 for services offered to the company for his responsibilities as company secretary.

The number of directors to whom retirement benefits were accruing was as follows:

Defined benefit schemes	<u>1</u>	<u>1</u>
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WELEDA (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2002**

5. INTEREST PAYABLE AND SIMILAR CHARGES

	31.12.02	31.12.01
	£	£
Bank interest	4	-
Bank loan interest	14,241	21,185
Group undertakings interest	<u>19,500</u>	<u>20,000</u>
	<u>33,745</u>	<u>41,185</u>

6. TAXATION

(a) Analysis of the tax charge

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

	31.12.02	31.12.01
	£	£
Current tax:		
UK corporation tax	56,523	65,207
Adjustment in respect of previous years:		
Corporation tax	<u>(2,275)</u>	<u>(1,863)</u>
Total current tax	54,248	63,344
Deferred tax:		
Deferred taxation	1,825	1,111
Tax on profit on ordinary activities	<u>56,073</u>	<u>64,455</u>

(b) Factors affecting the current tax charge

Profit on ordinary activities before tax	<u>199,824</u>	<u>185,329</u>
<i>Profit on ordinary activities before tax multiplied by a standard corporation tax in the UK of 30%</i>	59,947	55,599
Disallowed expenses and non-taxable income	6,052	8,855
Capital allowances in excess of depreciation	(1,589)	974
Other timing differences	-	(221)
Adjustment in respect of previous periods	(2,275)	(1,863)
Indexation allowances	<u>(7,887)</u>	<u>-</u>
Current tax charge	<u>54,248</u>	<u>63,344</u>

7. DIVIDENDS

	31.12.02	31.12.01
	£	£
Paid:		
On ordinary shares of £1		
-first interim	-	14,829
Proposed:		
On 6% preference shares of £1	5,949	5,631
On ordinary shares of £1 – second interim		29,250
- final	<u>29,250</u>	<u>29,250</u>
	<u>35,199</u>	<u>78,960</u>

WELEDA (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2002**

8. TANGIBLE FIXED ASSETS

	Freehold land and buildings	Assets under construction	Plant and machinery
	£	£	£
COST OR VALUATION:			
At 1st January 2002	1,378,292	6,730	1,116,350
Additions	29,628	5,500	49,645
Disposals	(21,500)	(6,730)	(13,650)
At 31st December 2002	<u>1,386,420</u>	<u>5,500</u>	<u>1,152,345</u>
DEPRECIATION:			
At 1st January 2002	276,493	-	936,064
Charge for year	56,003	-	41,593
Eliminated on disposals	(12,960)	-	(13,344)
At 31st December 2002	<u>319,536</u>	<u>-</u>	<u>964,313</u>
NET BOOK VALUE:			
At 31st December 2002	<u>1,066,884</u>	<u>5,500</u>	<u>188,032</u>
At 31st December 2001	<u>1,101,799</u>	<u>6,730</u>	<u>180,286</u>
	Fixtures and fittings	Motor vehicles	Totals
	£	£	£
COST:			
At 1st January 2002	246,485	9,108	2,756,965
Additions	20,830	-	105,603
Disposals	-	-	(41,880)
At 31st December 2002	<u>267,315</u>	<u>9,108</u>	<u>2,820,688</u>
DEPRECIATION:			
At 1st January 2002	159,530	5,889	1,377,976
Charge for year	10,623	813	109,032
Eliminated on disposals	-	-	(26,304)
At 31st December 2002	<u>170,153</u>	<u>6,702</u>	<u>1,460,704</u>
NET BOOK VALUE:			
At 31st December 2002	<u>97,162</u>	<u>2,406</u>	<u>1,359,984</u>
At 31st December 2001	<u>86,955</u>	<u>3,219</u>	<u>1,378,989</u>

The historical cost of freehold land and buildings is as follows:

	£
At 1 January and 31 December 2002	<u>1,558,444</u>
Cumulative depreciation based on cost:	
At 1 January 2002	<u>359,767</u>
At 31 December 2002	<u>421,201</u>

The freehold land and buildings were valued at their open market value for existing use on 18 May 1994.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2002**

9. INVESTMENTS

The company owns 30% of the issued ordinary share capital of Weleda (Ireland) Limited, a company incorporated in Ireland. The nominal value of shares held is £3,000. The cost of this investment amounting to £3,000 was fully provided against in 1994.

10. STOCKS

	31.12.02	31.12.01
	£	£
Raw materials and consumables	190,987	183,866
Work in progress	149,382	156,851
Finished goods	<u>314,977</u>	<u>281,249</u>
	<u>655,346</u>	<u>621,966</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

**11. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	31.12.02	31.12.01
	£	£
Trade debtors	467,072	539,862
Other debtors	-	1,760
Prepayments	65,845	57,424
Amounts due from group undertakings	<u>13,626</u>	<u>8,173</u>
	<u>546,543</u>	<u>607,219</u>

**12. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	31.12.02	31.12.01
	£	£
Bank loan (see note 14)	50,141	47,582
Loan from Camphill Social Fund (see note 14)	23,629	19,333
Trade creditors	195,822	86,711
Other creditors	10,545	1,571
Ordinary dividend payable	29,250	58,500
Preference dividend payable	5,949	5,631
Other taxes and social security costs	118,893	128,073
Amounts due to group undertakings	389,769	507,069
Corporation tax	31,113	27,040
Accrued expenses	<u>50,191</u>	<u>73,471</u>
	<u>905,302</u>	<u>954,981</u>

**13. CREDITORS: AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR**

	31.12.02	31.12.01
	£	£
Bank loan (see note 14)	108,516	158,657
Loan from Camphill Social Fund (see note 14)	30,447	52,686
Amounts due to group undertakings	<u>370,000</u>	<u>130,000</u>
	<u>508,963</u>	<u>341,343</u>

WELEDA (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2002**

14. LOANS AND OVERDRAFTS

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

	31.12.02 £	31.12.01 £
Wholly repayable within five years:		
Bank loan	158,657	206,239
Camphill Social Fund	54,076	72,019
Intercompany loans	300,000	300,000
Not wholly repayable within five years:		
Intercompany sterling loan at 5% per annum payable in annual instalments of £10,000 commencing December 1996	<u>80,000</u>	<u>90,000</u>
	592,733	668,258
Less included in creditors: amount falling due within one year	<u>(83,770)</u>	<u>(326,915)</u>
	<u>508,963</u>	<u>341,343</u>
Amounts repayable:		
In one year or less, or on demand	83,770	326,915
In more than one year, but no more than two years	385,594	125,000
In more than two years, but not more than five years	93,369	176,343
	<u>562,733</u>	<u>628,258</u>
In more than five years	<u>30,000</u>	<u>40,000</u>
	<u>592,733</u>	<u>668,258</u>

The parent company have confirmed that the intercompany loan of £300,000 will not become repayable during 2003.

15. OBLIGATIONS UNDER LEASING AGREEMENTS

At 31 December 2002 the company had annual commitments under non-cancellable operating leases in respect of plant and machinery as set out below:

	31.12.02 £	31.12.01 £
Operating lease which expire:		
Within one year	7,259	4,440
Between one and five years	<u>18,567</u>	<u>17,343</u>
	<u>25,826</u>	<u>21,783</u>

16. SECURED DEBTS

The following secured debts are included within creditors:

	31.12.02 £	31.12.01 £
Bank loan	<u>158,657</u>	<u>206,239</u>

The bank loan is secured by a fixed charge over the freehold premises at Heanor Road, Ilkeston

There is a legal mortgage over freehold property known as land lying west of Hassock Lane North, Shipley.

WELEDA (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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17. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred tax provision:

	£
Balance at 1st January 2002	29,057
Charge for year	<u>1,825</u>
Balance at 31st December 2002	<u>30,882</u>

Deferred tax provision

	31.12.02	31.12.01
	£	£
Accelerated capital allowances	37,854	36,029
Other timing differences	<u>(6,972)</u>	<u>(6,972)</u>
	<u>30,882</u>	<u>29,057</u>

There is no unprovided deferred tax in the year (2001: nil)

18. CALLED UP SHARE CAPITAL

Authorised:

Number:	Class:	Nominal value:	31.12.02	31.12.01
			£	£
1,400,000	Ordinary	£1	1,400,000	1,400,000
100,000	6% redeemable cumulative preference	£1	<u>100,000</u>	<u>100,000</u>
			<u>1,500,000</u>	<u>1,500,000</u>

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.12.02	31.12.01
			£	£
975,000	Ordinary	£1	975,000	975,000
99,150	6% redeemable cumulative preference	£1	<u>99,150</u>	<u>93,850</u>
			<u>1,074,150</u>	<u>1,068,850</u>

5,300 6% redeemable cumulative preference shares were issued during the year at a aggregate nominal value of £5,300, for which a total of £5,300 was fully paid in cash.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2002**

18. CALLED UP SHARE CAPITAL - continued

Rights of non-equity shares 6% redeemable cumulative preference shares of £1 each:

- i) entitle holders, in priority to the ordinary shareholders, to a fixed cumulative preference dividend payable annually in arrears;
- ii) on a return of capital on a winding up, carry the right to repayment of capital in priority to the rights of the ordinary shareholders;
- iii) are redeemable at the company's option at par;
- iv) carry the right to vote at a general meeting of the company only if payment of any dividend on the redeemable cumulative preference shares is more than six months in arrears or if the business of the meeting includes a resolution to vary the rights attaching to the preference shares.

19. CAPITAL REDEMPTION RESERVES

	31.12.02	31.12.01
	£	£
Brought forward	6,400	5,500
Redemption of preference shares	<u> </u>	<u> 900 </u>
	<u> 6,400 </u>	<u> 6,400 </u>

20. PENSION COMMITMENTS

The company participates in a funded defined benefit pension scheme, providing benefits based on final pensionable earnings, which are salaries, overtime and bonuses. The scheme has equal pension rights with respect to members of either sex. The assets of the scheme are held in a separate trustee administered (multi-employer) fund. The assets and liabilities of the fund are not wholly attributable to the company, as the fund includes the pensions of employees of other participating organisations. The employer is unable to identify its share of the underlying assets and liabilities on a consistent basis. The company is exposed to actuarial risks associated with the current and former employees of other entities, and contributions are set at a common level for all participant organisations and thus does not reflect the characteristics of the workforce of the company's employers.

The most recent formal actuarial valuation was undertaken by an independent professionally qualified actuary as at 31 March 1998 using the projected unit method. The principal assumptions which have the most significant effect on the computation of the pension costs are those related to the rate of return on the investments and the rates of increase in earnings and pensions. These assumptions have been derived from market yields applying at the valuation date. In particular, the investment return used relating to pre-retirement liabilities was two and a quarter percentage points per annum in excess of the assumed rate of increase in earnings.

At 31 March 1998 the market value of assets was £6,081,408. The actuarial value of the scheme assets was £4,518,000 compared to actuarial liabilities of £4,506,000. The company's share of the total fund surplus of £12,000 has not been recognised in the accounts as the regular pension cost is not significantly different from the contribution rate required to meet accrued liabilities. Employer contributions made during the year were £61,333 (2001: £61,183). Contributions outstanding at the balance sheet date were £6,823 (2001: prepayment of £1,760).

WELEDA (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2002**

21. CAPITAL COMMITMENTS

	31.12.02	31.12.01
	£	£
Contracted but not provided for in the financial statements	<u>6,188</u>	<u>42,000</u>

22. CONTINGENT LIABILITY

The company has indemnified its bankers for the sum of up to £9,050 in respect of VAT and duty deferment bonds.

23. RELATED PARTY DISCLOSURES

The company has taken advantage of the exemption in paragraph 3(c) of FRS 8 from disclosing transactions with related parties that are part of the Weleda AG group or investees of the group.

24. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31.12.02	31.12.01
	£	£
Profit for the financial year	143,751	120,874
Dividends	<u>(35,199)</u>	<u>(78,960)</u>
	108,552	41,914
Shares issued/(redeemed)	<u>5,300</u>	<u>(900)</u>
Net addition to shareholders' funds	113,852	41,014
Opening shareholders' funds	<u>1,387,660</u>	<u>1,346,646</u>
Closing shareholders' funds	<u>1,501,512</u>	<u>1,387,660</u>
Equity interests	1,402,362	1,293,810
Non-equity interests	<u>99,150</u>	<u>93,850</u>

25. ULTIMATE HOLDING COMPANY AND LARGEST AND SMALLEST GROUPS

The ultimate parent undertaking and controlling party is Weleda AG, a company incorporated in Switzerland.

The parent undertaking of the only group of undertakings for which group accounts are drawn up and of which the company is a member is Weleda AG. Copies of Weleda AG's accounts can be obtained from CH-4144 Arlesheim, Switzerland.