

COMPANY NUMBER: 985998

MILO PLC
REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 1996



CLARK WHITEHILL
Chartered Accountants

Arkwright House Parsonage Gardens Manchester M3 2LE
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MILO PLC

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**MILO PLC
DIRECTORS AND ADVISERS**

DIRECTORS

E A Oldham (Chairman)
K Oldham
R V Hughes
M G Tattersall
I C Harrison

SECRETARY

K Oldham

REGISTERED OFFICE

Irwell Vale Works
Irwell Vale
Ramsbottom
Bury
Lancs
BL0 0QG

BANKERS

National Westminster Bank Plc
179 Stamford Street
Ashton Under Lyne
Lancashire
OL6 7PX

AUDITORS

Clark Whitehill
Arkwright House
Parsonage Gardens
Manchester
M3 2LE

**MILO PLC
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 1996**

The directors have pleasure in presenting their report and the group accounts for the year ended 31 March 1996.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The purpose of this statement is to distinguish the directors' responsibility for the accounts from those of the auditors as stated in their report.

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the group at the end of the year and of the profit or loss for the group for the period. In preparing those accounts 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 accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to assume 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 accounts 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 or other irregularities.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the group is the manufacture and wholesale distribution of soap, toiletries and cosmetics.

The directors consider that the year under review was very pleasing, with the group showing substantial improvements in both turnover and net profit. Most of the improvement arose from increased activity in the subsidiary company in Eire whose turnover increased by 42% compared with the previous year. The UK operations, however, remain in a highly competitive market with increasing pressure on gross margins.

RESULTS AND DIVIDENDS

The group profit for the year after taxation was £1,014,000. The directors do not recommend the payment of a final dividend. This leaves a retained profit for the year of £896,000 after deduction of the interim dividend paid of £118,000 (11p per share).

MILO PLC
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 1996

FUTURE DEVELOPMENTS

The directors are constantly reviewing the controls over group overheads and as a result have purchased a new warehouse and distribution centre during the current year in order to reduce rental costs. The directors will continue to review overheads during the current financial year and will look at ways of increasing the group's turnover and gross margins.

DIRECTORS

The directors during the year were as follows:

E A Oldham
K Oldham
R V Hughes
M G Tattersall
I C Harrison
S L Feldman

S L Feldman resigned as a director of the company on 7 April 1995.

DIRECTORS' INTERESTS

The directors who held office at 31 March 1996 had the following interests in shares of the company at the beginning and end of the financial year:

	£1 Ordinary shares fully paid	
	1996	1995
E A Oldham	423,648	423,648
K Oldham	282,852	282,852
R V Hughes	109,440	109,440
M G Tattersall	63,900	63,900
I C Harrison	4,500	4,500

No director was interested in the shares of any subsidiary company.

Details of a director's interest in transactions during the year are shown in note 24 to the accounts.

POST BALANCE SHEET EVENTS

In April 1996 the company purchased property for a consideration of £715,000. At the balance sheet date the directors had authorised a further £150,000 of building work on the property. The whole £865,000 is shown in note 21 as a capital commitment.

MILO PLC
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 1996

CREDITOR PAYMENT POLICY

The company's policy concerning the payment of all of its suppliers is to:

- a) settle the terms of payment when agreeing the terms of each transaction;
- b) ensure that payment terms are included in the relevant terms of contract; and
- c) pay in accordance with its contractual and other legal obligations.

The payment policy applies to all suppliers of revenue and capital goods and services and whenever possible subsidiaries follow the same policy.

EMPLOYMENT OF DISABLED PERSONS

During the year the group has maintained its policy on providing an equal opportunity for the employment, training and career development of disabled persons.

EMPLOYEE INFORMATION

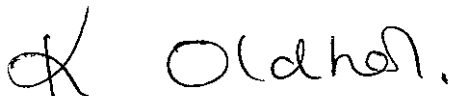
The group recognises the benefit of keeping employees informed on the growth and performance of the companies within it. The way in which employees become involved is determined by the local management within each group company and is ultimately dependent upon their particular needs and environment.

AUDITORS

In accordance with section 385 of the Companies Act 1985, a resolution proposing the reappointment of Clark Whitehill as auditors to the company will be put to the annual general meeting.

Mr P E Kanas, a partner in Clark Whitehill, holds non-beneficially 195,300 shares in the company as a trustee.

By Order of the Board



K Oldham
Secretary

4 October 1996



CLARK WHITEHILL
Chartered Accountants

Arkwright House Parsonage Gardens
Manchester M3 2LE
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AUDITORS' REPORT

TO THE SHAREHOLDERS OF

MILO PLC

We have audited the accounts on pages 6 to 22 which have been prepared under the accounting policies set out on pages 11 to 13.

Respective Responsibilities of Directors and Auditors

As described on page 2 the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 the information in the accounts.

Unqualified Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group at 31 March 1996 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Manchester
09 October 1996


CLARK WHITEHILL
Chartered Accountants
and Registered Auditor

MILO PLC
GROUP PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 1996

	Notes	1996 £000	1995 £000
TURNOVER	2	16,240	14,030
Cost of sales		<u>(12,350)</u>	<u>(10,898)</u>
GROSS PROFIT		3,890	3,132
Selling and distribution costs		(741)	(560)
Administrative expenses		<u>(2,054)</u>	<u>(2,119)</u>
OPERATING PROFIT		1,095	453
Interest receivable and similar income		68	64
Interest payable and similar charges	5	<u>(39)</u>	<u>(111)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,124	406
Tax on profit on ordinary activities	6	<u>(110)</u>	<u>(73)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,014	333
DIVIDENDS	7	<u>(118)</u>	-
RETAINED PROFIT FOR THE FINANCIAL YEAR	16	<u>896</u>	<u>333</u>

There is no material difference between the profit for the financial year as disclosed above and that on the historical cost basis.

The group has not acquired or discontinued any fundamental activities during the year.

MILO PLC
 GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
 FOR THE YEAR ENDED 31 MARCH 1996

	1996 £000	1995 £000
Profit for the financial year	1,014	333
Foreign investment retranslation differences on the net investment in foreign subsidiary	<u>-</u>	<u>8</u>
Total recognised gains and losses relating to the year	<u>1,014</u>	<u>341</u>

RECONCILIATION OF MOVEMENT IN GROUP SHAREHOLDERS' FUNDS

	1996 £000	1995 £000
Profit for the financial year before dividends	1,014	333
Other recognised gains and losses relating to the year	-	8
Dividends	(118)	-
Issue of share capital (net of bonus issue)	-	80
Arising on consolidation of acquisitions in the year	<u>-</u>	<u>352</u>
Net addition to shareholders' funds	896	773
Opening shareholders' funds at 1 April 1995	<u>5,910</u>	<u>5,137</u>
Closing shareholders' funds at 31 March 1996	<u>6,806</u>	<u>5,910</u>

The notes on pages 11 to 22 form part of these accounts.

MILO PLC
GROUP BALANCE SHEET
31 MARCH 1996

	Notes	1996 £000	1995 £000
FIXED ASSETS			
Intangible assets	8	1	1
Tangible assets	9	3,192	3,278
Investments	10	<u>50</u>	<u>50</u>
		<u>3,243</u>	<u>3,329</u>
CURRENT ASSETS			
Stocks	11	1,456	1,422
Debtors	12	2,704	2,432
Cash at bank and in hand		<u>2,188</u>	<u>1,256</u>
		6,348	5,110
CREDITORS: amounts falling due within one year	13	<u>(2,385)</u>	<u>(2,064)</u>
NET CURRENT ASSETS		<u>3,963</u>	<u>3,046</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		7,206	6,375
PROVISION FOR LIABILITIES AND CHARGES			
Deferred taxation	14	(47)	(89)
ACCRUALS AND DEFERRED INCOME			
Regional development grants		<u>(353)</u>	<u>(376)</u>
NET ASSETS		<u>6,806</u>	<u>5,910</u>
CAPITAL AND RESERVES			
Called up share capital	15	1,080	1,080
Share premium account	16	40	40
Revaluation reserve	16	728	728
Other reserves	16	856	856
Profit and loss account	16	<u>4,102</u>	<u>3,206</u>
SHAREHOLDERS' FUNDS		<u>6,806</u>	<u>5,910</u>

Approved by the Board on 4 October 1996
and signed on its behalf:


E A Oldham


M G Tattersall

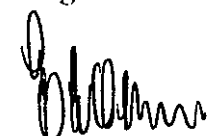
The notes on pages 11 to 22 form part of these accounts.

MILO PLC
BALANCE SHEET
31 MARCH 1996

	Notes	1996 £000	1995 £000
FIXED ASSETS			
Intangible assets	8	1	1
Tangible assets	9	1,300	1,331
Investments	10	<u>1,315</u>	<u>1,315</u>
		<u>2,616</u>	<u>2,647</u>
CURRENT ASSETS			
Debtors	12	1,077	1,336
Cash at bank and in hand		<u>2,110</u>	<u>1,158</u>
		3,187	2,494
CREDITORS: amounts falling due within one year	13	<u>(3,328)</u>	<u>(2,445)</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(141)</u>	<u>49</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,475</u>	<u>2,696</u>
CAPITAL AND RESERVES			
Called up share capital	15	1,080	1,080
Share premium account	16	40	40
Revaluation reserve	16	725	725
Profit and loss account	16	<u>630</u>	<u>851</u>
SHAREHOLDERS' FUNDS		<u>2,475</u>	<u>2,696</u>

Approved by the Board on
and signed on its behalf:

14 October 1996


E A Oldham


M G Tattersall

The notes on pages 11 to 22 form part of these accounts.

MILO PLC
GROUP CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 1996

	Notes	1996 £000	1995 £000
Net cash inflow from operating activities	17	<u>1,361</u>	<u>1,077</u>
Returns on investments and servicing of finance			
Interest received		68	64
Interest paid		(39)	(111)
Dividends paid		<u>(118)</u>	<u>-</u>
Net cash outflow from returns on investments and servicing of finance		<u>(89)</u>	<u>(47)</u>
Taxation			
Corporation tax payments		<u>(74)</u>	<u>(48)</u>
Tax Paid		<u>(74)</u>	<u>(48)</u>
Investing activities			
Purchase of subsidiary undertaking		-	14
Purchase of tangible fixed assets		(219)	(227)
Sale of tangible fixed assets		<u>41</u>	<u>16</u>
Net cash outflow from investing activities		<u>(178)</u>	<u>(197)</u>
Net cash inflow before financing		<u>1,020</u>	<u>785</u>
Financing			
Loans repaid	19	<u>(200)</u>	<u>(300)</u>
Net cash outflow from financing		<u>(200)</u>	<u>(300)</u>
Net increase in cash and cash equivalents	18	<u>820</u>	<u>485</u>

The notes on pages 11 to 22 form part of these accounts.

MILO PLC
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 1996

1. ACCOUNTING POLICIES

Basis of Accounting

The accounts are prepared under the historical cost convention, as modified by the revaluation of certain freehold land and buildings, and in accordance with applicable accounting standards.

Goodwill

Goodwill arising on acquisition is written off directly to reserves. Negative goodwill arising on acquisition is credited to other reserves.

Turnover

Turnover represents amounts invoiced to customers in respect of sales of goods and services, excluding value added tax and sales of fixed assets.

Depreciation

Depreciation is provided on all tangible fixed assets in use, other than freehold land and buildings, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life, as follows:

Plant and machinery	-	15% p.a.	reducing balance
Fixtures and fittings	-	10 - 25% p.a.	reducing balance
Motor vehicles	-	25 - 33% p.a.	reducing balance
Dies	-	25% p.a.	reducing balance

The group does not provide depreciation on land and buildings. The non-depreciation of buildings is a departure from the Companies Act 1985 which requires tangible fixed assets to be depreciated over their useful economic lives. In the opinion of the directors, the group's buildings are maintained in a state of good repair which means that their economic lives and residual value are such that any element of depreciation would not be significant.

Investments

Fixed asset investments are stated at cost, unless, in the opinion of the directors, there has been a permanent diminution in value, in which case an appropriate adjustment is made.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is determined on a first in, first out basis and includes all direct expenditure incurred in bringing products to their present location and condition.

MILO PLC
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 1996

1. ACCOUNTING POLICIES (CONTINUED)

Deferred Taxation

Deferred taxation is accounted for using the liability method on all material timing differences to the extent that it is probable that liabilities or assets will crystallise. Advance corporation tax is carried forward to the extent that it is expected to be recovered. Timing differences arise from certain items being included in taxation computations in periods different from those in which they appear in the accounts.

No provision for deferred taxation has been made in respect of future remittances to the UK from the group's overseas subsidiary undertaking, as the directors consider that it is impractical to estimate the amount of tax involved.

Foreign Currencies

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

Leased Assets

Assets acquired under finance lease and hire purchase agreements are included in tangible fixed assets and depreciated in accordance with the company's depreciation policy. The capital element of future lease payments is included in creditors.

The rentals payable under operating leases are charged on a straight line basis over the lease term.

Pension Costs

The group operates two defined contribution pension schemes, both of which require contributions to be made to separately administered funds. Contributions to these funds are charged to the profit and loss account as they accrue.

The group also operates a defined benefit scheme which requires contributions to be made to a separately administered fund. Contributions to the fund are charged to profit and loss account so as to spread the cost of pensions over the employees' working lives within the group. Variations in pension costs, which are identified as a result of actuarial valuations, are amortised over the average expected remaining working lives of employees in proportion to their expected payroll costs. Differences between the amounts funded and the amounts charged to the profit and loss account are treated as either provisions or prepayments in the balance sheet.

Deferred Government Grants

Government grants on capital expenditure are credited to a deferred account and are released to revenue over the expected useful life of the relevant asset on a reducing balance basis.

MILO PLC
 NOTES TO THE ACCOUNTS (CONTINUED)
 FOR THE YEAR ENDED 31 MARCH 1996

1. ACCOUNTING POLICIES (CONTINUED)

Basis of Consolidation

The consolidated accounts incorporate the accounts of Milo Plc and its subsidiary undertakings made up to 30 March 1996. For the comparative year the accounts were made up to 25 March 1995. No profit and loss account is presented for Milo Plc as provided by Section 230 of the Companies Act 1985.

2. TURNOVER AND SEGMENTAL ANALYSIS

In the opinion of the directors there is only one class of business. All of the group's turnover originates from Europe. The geographical analysis of turnover by destination is as follows :

	1996 £000	1995 £000
Europe	7,409	7,191
Rest of the world	<u>8,831</u>	<u>6,839</u>
	<u>16,240</u>	<u>14,030</u>

3. OPERATING PROFIT

This is stated after charging (or crediting):

Auditors' remuneration	35	33
Depreciation	268	284
Operating lease rentals for land and buildings	71	71
Release of regional development grants	(23)	(26)
Profit on disposal of tangible fixed assets	(4)	-
Foreign exchange losses/(gains)	<u>35</u>	<u>(72)</u>

Auditors' remuneration paid by the company was £8,500 (1995 - £7,000).

4. STAFF COSTS

	1996 £000	1995 £000
a) Employee information		
Wages and salaries	2,686	2,683
Social security costs	241	224
Other pension costs	<u>68</u>	<u>53</u>
	<u>2,995</u>	<u>2,960</u>

MILO PLC
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 1996

4. STAFF COSTS (CONTINUED)	1996 No.	1995 No.
The average number of employees during the year was made up as follows:		
Production	211	222
Selling and distribution	17	26
Finance and administration	<u>35</u>	<u>37</u>
	<u>263</u>	<u>285</u>
 b) Directors' emoluments:	 £000	 £000
Emoluments (including pension contributions and benefits-in-kind)	<u>381</u>	<u>362</u>
Fees and other emoluments disclosed above (excluding pension contributions) include amounts paid to:		
The chairman and highest paid director	<u>105</u>	<u>100</u>
Directors emoluments (excluding pension contributions) were in the following ranges:		
	No.	No.
£nil - £5,000	1	-
£5,001 - £10,000	-	1
£30,001 - £35,000	-	1
£35,001 - £40,000	1	-
£45,001 - £50,000	-	1
£50,001 - £55,000	1	-
£65,001 - £70,000	-	1
£70,001 - £75,000	1	-
£80,001 - £85,000	-	1
£85,001 - £90,000	1	-
£95,001 - £100,000	-	1
£100,001 - £105,000	<u>1</u>	<u>-</u>

The directors emoluments shown above amounting to £381,000 was all paid by the holding company. The directors do not believe that it is practicable to apportion this amount between their services as directors of the holding company and their services as directors of the subsidiary companies.

MILO PLC
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 1996

5.	INTEREST PAYABLE AND SIMILAR CHARGES	1996	1995				
		£000	£000				
	On bank loans, overdrafts and other loans repayable within five years	<u>39</u>	<u>111</u>				
6.	TAX ON PROFIT ON ORDINARY ACTIVITIES						
	Taxation is based on the profit for the year and comprises :						
	Corporation tax	152	74				
	Deferred taxation	<u>(42)</u>	<u>(1)</u>				
		<u>110</u>	<u>73</u>				
7.	DIVIDENDS						
	Interim dividends paid of 11p per share	<u>118</u>	—				
8.	INTANGIBLE FIXED ASSETS						
	Trade marks at cost						
	1 April 1995 and 31 March 1996	<u>1</u>	<u>1</u>				
9.	TANGIBLE FIXED ASSETS						
		Freehold land and buildings	Plant and machinery	Fixtures and fittings	Motor vehicles	Dies	Total
GROUP		£000	£000	£000	£000	£000	£000
	Cost or valuation						
	1 April 1995	1,714	3,825	170	279	124	6,112
	Additions	1	183	16	19	-	219
	Disposals	—	<u>(4)</u>	<u>(7)</u>	<u>(95)</u>	—	<u>(106)</u>
	31 March 1996	<u>1,715</u>	<u>4,004</u>	<u>179</u>	<u>203</u>	<u>124</u>	<u>6,225</u>
	Depreciation						
	1 April 1995	-	2,497	120	119	98	2,834
	Provisions for year	-	212	12	37	7	268
	Disposals	—	<u>(4)</u>	<u>(7)</u>	<u>(58)</u>	—	<u>(69)</u>
	31 March 1996	—	<u>2,705</u>	<u>125</u>	<u>98</u>	<u>105</u>	<u>3,033</u>
	Net book value						
	31 March 1996	<u>1,715</u>	<u>1,299</u>	<u>54</u>	<u>105</u>	<u>19</u>	<u>3,192</u>
	31 March 1995	<u>1,714</u>	<u>1,328</u>	<u>50</u>	<u>160</u>	<u>26</u>	<u>3,278</u>

MILO PLC
 NOTES TO THE ACCOUNTS (CONTINUED)
 FOR THE YEAR ENDED 31 MARCH 1996

9. TANGIBLE FIXED ASSETS (CONTINUED)

COMPANY	Freehold land and buildings £000	Fixtures and fittings £000	Motor vehicles £000	Total £000
Cost or valuation				
1 April 1995	1,211	136	144	1,491
Additions	1	13	-	14
Disposals	-	(8)	(53)	(61)
31 March 1996	<u>1,212</u>	<u>141</u>	<u>91</u>	<u>1,444</u>
Depreciation				
1 April 1995	-	92	68	160
Provisions for year	-	11	14	25
Disposals	-	(8)	(33)	(41)
31 March 1996	<u>-</u>	<u>95</u>	<u>49</u>	<u>144</u>
Net book value				
31 March 1996	<u>1,212</u>	<u>46</u>	<u>42</u>	<u>1,300</u>
31 March 1995	<u>1,211</u>	<u>44</u>	<u>76</u>	<u>1,331</u>

Freehold land and buildings were externally revalued on an open market basis in 1989. The historical cost of the freehold land and buildings included at valuation is as follows :

	Group £000	Company £000
31 March 1996	<u>862</u>	<u>361</u>
31 March 1995	<u>861</u>	<u>360</u>

If the land and buildings were sold at their valuation, the resultant tax liability is estimated to be approximately £187,000 (1995 - £192,000). This has not been reserved for within the deferred tax provision as in the opinion of the directors no disposals are envisaged in the foreseeable future.

MILO PLC
 NOTES TO THE ACCOUNTS (CONTINUED)
 FOR THE YEAR ENDED 31 MARCH 1996

10. FIXED ASSET INVESTMENTS

Group	Other investments £000		
Unlisted investments at cost At 1 April 1995 and 31 March 1996	<u>50</u>		
Company	Subsidiary undertakings £000	Other investments £000	Total £000
Cost At 1 April 1995 and 31 March 1996	<u>1,265</u>	<u>50</u>	<u>1,315</u>

Investments are valued at cost which, in the opinion of the directors, is a prudent valuation.

At 31 March 1996 the parent company had the following subsidiary undertakings, which are registered and operate in England and Wales with the exception of the Soap Company of Ireland Limited which is incorporated and operates in Eire.

Name of Subsidiary	Main trading activity	% of ordinary shares and voting rights held
ICAL Limited	Manufacture of toiletries and cosmetics	100
Edenfield Soap and Toiletries Limited	Manufacture of soap and toiletries	100
Milo Cosmetics Limited	Exporter of branded soap	100
Soap Company of Ireland Limited	Manufacture of soap	100

MILO PLC
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 1996

11. STOCKS	1996		1995	
	Group £000	Company £000	Group £000	Company £000
Raw materials	802	-	754	-
Stocks held for resale	<u>654</u>	<u>-</u>	<u>668</u>	<u>-</u>
	<u>1,456</u>	<u>-</u>	<u>1,422</u>	<u>-</u>

12. DEBTORS	1996		1995	
	Group £000	Company £000	Group £000	Company £000
Trade debtors	2,472	6	2,307	2
Amounts owed by group undertakings	-	858	-	1,226
Advance corporation tax	30	30	-	-
Other debtors	183	183	108	108
Prepayments and accrued income	<u>19</u>	<u>-</u>	<u>17</u>	<u>-</u>
	<u>2,704</u>	<u>1,077</u>	<u>2,432</u>	<u>1,336</u>

The advance corporation tax shown above is recoverable in more than one year.

13. CREDITORS amounts falling due within one year :	1996		1995	
	Group £000	Company £000	Group £000	Company £000
Bank loans and overdrafts (secured)	194	-	282	-
Trade creditors	1,535	3	1,283	3
Amounts owed to group undertakings	-	3,203	-	2,393
Corporation tax	152	-	74	-
Advance corporation tax	30	30	-	-
Other taxes and social security costs	132	52	58	20
Other creditors	33	8	33	6
Accruals and deferred income	<u>309</u>	<u>32</u>	<u>334</u>	<u>23</u>
	<u>2,385</u>	<u>3,328</u>	<u>2,064</u>	<u>2,445</u>

The bank loans and overdrafts are secured on the assets of the group.

MILO PLC
 NOTES TO THE ACCOUNTS (CONTINUED)
 FOR THE YEAR ENDED 31 MARCH 1996

14. DEFERRED TAXATION

The amount provided and the full potential liability for deferred taxation are as follows :

	1996		1995	
	Group £000	Company £000	Group £000	Company £000
Amount provided :				
Timing differences arising from:				
Capital allowances	133	-	196	-
Relief for losses	<u>(86)</u>	<u>-</u>	<u>(107)</u>	<u>-</u>
	<u>47</u>	<u>-</u>	<u>89</u>	<u>-</u>
Full potential liability :				
Timing differences arising from :				
Capital allowances	133	-	196	-
Relief for losses	(86)	-	(107)	-
Revaluation surplus	<u>187</u>	<u>187</u>	<u>192</u>	<u>192</u>
	<u>234</u>	<u>187</u>	<u>281</u>	<u>192</u>

Movement in the provision

Provision at 1 April 1995	89
Transferred to Profit and Loss Account	<u>(42)</u>
Provision at 31 March 1996	<u>47</u>

15. CALLED UP SHARE CAPITAL

	1996 £	1995 £
Authorised:		
2,000,000 Ordinary shares of £1 each	<u>2,000,000</u>	<u>2,000,000</u>
Allotted, issued and fully paid:		
1,080,000 Ordinary shares of £1 each	<u>1,080,000</u>	<u>1,080,000</u>

MILO PLC
 NOTES TO THE ACCOUNTS (CONTINUED)
 FOR THE YEAR ENDED 31 MARCH 1996

16. RESERVES	Share premium account £000	Revaluation reserve £000	Profit and loss account £000	Other reserves £000
GROUP				
At 1 April 1995	40	728	3,206	856
Retained profit for the year	—	—	<u>896</u>	—
At 31 March 1996	<u>40</u>	<u>728</u>	<u>4,102</u>	<u>856</u>

COMPANY	Share premium account £000	Revaluation reserve £000	Profit and loss account £000
At 1 April 1995	40	725	851
Retained loss for the year	—	—	<u>(221)</u>
At 31 March 1996	<u>40</u>	<u>725</u>	<u>630</u>

In accordance with Section 230 of the Companies Act 1985 the holding company has not published a separate profit and loss account. The loss for the financial year dealt with in the accounts of the company amounted to £103,000 (1995 - £261,000).

17. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES	1996 £000	1995 £000
Operating profit	1,095	453
Release of government grants	(23)	(26)
Depreciation	268	284
Profit on disposal of tangible fixed assets	(4)	—
(Increase)/decrease in stocks	(34)	87
(Increase)/decrease in debtors	(242)	679
Increase/(decrease) in creditors	<u>301</u>	<u>(400)</u>
Net cash inflow from operating activities	<u>1,361</u>	<u>1,077</u>

MILO PLC
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 1996

18. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS

	Cash at bank and in hand £000	Bank overdraft £000	Total £000
Balance at 1 April 1994	2,492	(1,811)	681
Net cash inflow/(outflow) for the year ended 31 March 1995	<u>(1,236)</u>	<u>1,729</u>	<u>493</u>
Balance at 31 March 1995	1,256	(82)	1,174
Net cash inflow/(outflow) for the year ended 31 March 1996	<u>932</u>	<u>(112)</u>	<u>820</u>
Balance at 31 March 1996	<u>2,188</u>	<u>(194)</u>	<u>1,994</u>
		1996 £000	1995 £000
Balance at 1 April 1995		1,174	681
Net cash inflow before adjustment for the effect of foreign exchange rate changes		820	485
Effect of foreign exchange rate changes		<u>-</u>	<u>8</u>
Balance at 31 March 1996		<u>1,994</u>	<u>1,174</u>

19. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Loans £000
Balance at 1 April 1995	200
Cash outflows from financing	<u>(200)</u>
Balance at 31 March 1996	<u>-</u>

20. CONTINGENT LIABILITIES

- (i) The company is party to an unlimited multi-lateral guarantee in respect of the bank borrowings of the companies within the group. The group was not indebted to the bank at 31 March 1996 or 31 March 1995.
- (ii) There exists a group contingent liability to repay in whole or in part, IR £462,000 of grants received if certain conditions are not met within a period of 11 years from 22 May 1987 stipulated in an agreement of such date.
- (iii) Pursuant to the provisions of Section 17 of the Companies Amendment Act 1986, the holding company has guaranteed the liabilities of its Irish Subsidiary, the result of which is to exempt that company from the provisions of Section 7 of the Companies Amendment Act 1986.

MILO PLC
 NOTES TO THE ACCOUNTS (CONTINUED)
 FOR THE YEAR ENDED 31 MARCH 1996

21. CAPITAL COMMITMENTS	1996		1995	
	Group £000	Company £000	Group £000	Company £000
Authorised and contracted for	<u>865</u>	<u>—</u>	<u>—</u>	<u>—</u>

22. OPERATING LEASE COMMITMENTS

At 31 March 1996 the group and company had annual commitments under operating leases as follows:

	Land & Buildings	
	1996 £000	1995 £000
Leases expiring:		
Within one year	<u>—</u>	<u>71</u>

23. PENSION COSTS

The group operates a defined benefit pension scheme which is funded by contributions to a separately administered fund. The contributions to the scheme are determined with the advice of an independent actuary on the basis of triennial valuations using the projected unit method. The results of the most recent valuation, which was conducted as at 6 April 1994, were as follows:

Main assumptions:

Rate of return on investment (% per annum)	9.0
Rate of salary increases (% per annum)	8.0
Market value of scheme assets (£000)	159
Level of funding being the actuarial value of assets expressed as a percentage of the benefit accrued to members, after allowing for future salary increases	122%

As a result of the above actuarial valuation the funding rate was reduced by 0.9% to eliminate the surplus over a 20 year control period.

The pension cost charge in the profit and loss account in respect of contributions payable to all of the group's pension funds amounted to £68,000 (1995 - £53,000).

24. DIRECTOR'S INTEREST IN TRANSACTIONS

During the year E A Oldham purchased a motor vehicle from the company for a consideration of £20,000. The net book value at the date of a sale was £16,601 resulting in a book profit on disposal of £3,399.