

COMPANY NUMBER: 985998

MILO PLC
REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 1995



CLARK WHITEHILL
Chartered Accountants

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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
S L Feldman

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 7PL

AUDITORS

Clark Whitehill
Arkwright House
Parsonage Gardens
Manchester
M3 2LE

**MILO PLC
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 1995**

The directors have pleasure in presenting their report and the accounts for the year ended 31 March 1995.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the company's state of affairs at the end of the year and of its profit or loss 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 results for the year are satisfactory although significant improvement can be made in the future by careful control of overheads and a greater level of activity.

RESULTS AND DIVIDENDS

The profit for the year after taxation was £332,742 and the directors, who do not recommend the payment of a dividend, propose that this amount be transferred to reserves.

MILO PLC
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 1995

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 1995 had the following interests in shares of the company at the beginning and end of the financial year:

	£1 Ordinary shares fully paid	
	31 March 1995	31 March 1994
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
S L Feldman	-	-

FIXED ASSETS

Changes in tangible fixed assets during the year are shown in Note 9 to the accounts.

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.

MILO PLC
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 1995

AUDITORS

The company's auditors Kanas & Partners merged with Clark Whitehill on 9 January 1995 and the firm is continuing to practice in the name of Clark Whitehill.

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

K Oldham

Secretary

26th September 1995



CLARK WHITEHILL

Chartered Accountants

Arkwright House Parsonage Gardens Manchester M3 2LE
Telephone 0161-834 1654 Facsimile 0161-839 0282

AUDITORS' REPORT

TO THE SHAREHOLDERS OF

MILO PLC

We have audited the accounts on pages 6 to 26 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

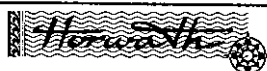
In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group at 31 March 1995 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Manchester
5 October 1995

Clark Whitehill

CLARK WHITEHILL
Chartered Accountants
and Registered Auditor

A member of Horwath International



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MILO PLC
GROUP PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 1995

	Notes	1995 £000	1994 £000
TURNOVER	2	14,030	13,338
Cost of sales		<u>(10,898)</u>	<u>(10,826)</u>
GROSS PROFIT		3,132	2,512
Selling and distribution costs		(560)	(621)
Administrative expenses		<u>(2,119)</u>	<u>(1,813)</u>
OPERATING PROFIT	3	453	78
Interest receivable and similar income	5	64	39
Interest payable and similar charges	6	<u>(111)</u>	<u>(112)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		406	5
Tax on profit on ordinary activities	7	<u>(73)</u>	<u>80</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		333	85
Minority interests		<u>-</u>	<u>(7)</u>
PROFIT FOR THE FINANCIAL YEAR	16	<u>333</u>	<u>78</u>

There is no material difference between the profits reported above and those on the historical cost basis.

The notes on pages 11 to 26 form part of these accounts.

MILO PLC
GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 MARCH 1995

	1995 £000	1994 £000
Profit for the financial year	333	78
Foreign investment retranslation differences on the net investment in foreign subsidiary	8	34
	<u> </u>	<u> </u>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	<u>341</u>	<u>112</u>

RECONCILIATION OF MOVEMENT IN GROUP SHAREHOLDERS' FUNDS

	1995 £000	1994 £000
Profit for the financial year	333	78
Other recognised gains and losses relating to the year	8	34
Issue of share capital (net of bonus issue)	80	-
Arising on consolidation of acquisitions in the year	<u>352</u>	<u>-</u>
Net addition to shareholders' funds	773	112
Opening shareholders' funds at 1 April 1994	<u>5,137</u>	<u>5,025</u>
Closing shareholders' funds at 31 March 1995	<u>5,910</u>	<u>5,137</u>

The notes on pages 11 to 26 form part of these accounts.

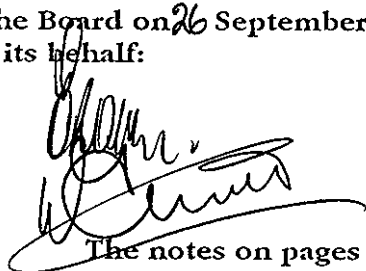
MILO PLC
GROUP BALANCE SHEET
31 MARCH 1995

	Notes	1995 £000	1994 as restated £000
FIXED ASSETS			
Intangible assets	8	1	1
Tangible assets	9	3,278	3,351
Investments	10	<u>50</u>	<u>50</u>
		<u>3,329</u>	<u>3,402</u>
CURRENT ASSETS			
Stocks	11	1,422	1,479
Debtors	12	2,432	2,620
Cash at bank and in hand		<u>1,256</u>	<u>2,492</u>
		5,110	6,591
CREDITORS: amounts falling due within one year	13	<u>(2,064)</u>	<u>(3,989)</u>
NET CURRENT ASSETS		<u>3,046</u>	<u>2,602</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		6,375	6,004
PROVISION FOR LIABILITIES AND CHARGES			
Deferred taxation	14	(89)	(90)
ACCRUALS AND DEFERRED INCOME			
Regional development grants		<u>(376)</u>	<u>(402)</u>
NET ASSETS		<u>5,910</u>	<u>5,512</u>
CAPITAL AND RESERVES			
Called up share capital	15	1,080	200
Share premium account	16	40	-
Revaluation reserve	16	728	728
Profit and loss account	16	3,206	3,709
Other reserves	16	<u>856</u>	<u>500</u>
SHAREHOLDERS' FUNDS		5,910	5,137
Minority interests		<u>-</u>	<u>375</u>
		<u>5,910</u>	<u>5,512</u>

Approved by the Board on 26 September 1995
and signed on its behalf:

E A Oldham

M G Tattersall



The notes on pages 11 to 26 form part of these accounts.

**MILO PLC
BALANCE SHEET
31 MARCH 1995**

	Notes	1995 £000	1994 as restated £000
FIXED ASSETS			
Intangible assets	8	1	1
Tangible assets	9	1,331	1,679
Investments	10	<u>1,315</u>	<u>235</u>
		<u>2,647</u>	<u>1,915</u>
CURRENT ASSETS			
Stocks	11	-	998
Debtors	12	1,336	1,083
Cash at bank and in hand		<u>1,158</u>	<u>2,428</u>
		2,494	4,509
CREDITORS: amounts falling due within one year	13	<u>(2,445)</u>	<u>(3,547)</u>
NET CURRENT ASSETS		<u>49</u>	<u>962</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,696</u>	<u>2,877</u>
CAPITAL AND RESERVES			
Called up share capital	15	1,080	200
Share premium account	16	40	-
Revaluation reserve	16	725	725
Profit and loss account	16	<u>851</u>	<u>1,952</u>
SHAREHOLDERS' FUNDS		<u>2,696</u>	<u>2,877</u>

Approved by the Board on 26 September 1995
and signed on its behalf:

E A Oldham

M G Tattersall

The notes on pages 11 to 26 form part of these accounts.

MILO PLC
GROUP CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 1995

	Notes	1995 £000	1994 £000
Net cash inflow from operating activities	17	<u>1,077</u>	<u>310</u>
Returns on investments and servicing of finance			
Interest received		64	39
Interest paid		<u>(111)</u>	<u>(112)</u>
Net cash outflow from returns on investments and servicing of finance		<u>(47)</u>	<u>(73)</u>
Taxation			
Overseas taxation payments		<u>(48)</u>	<u>(50)</u>
Tax Paid		<u>(48)</u>	<u>(50)</u>
Investing activities			
Purchase of subsidiary undertaking	20	14	-
Purchase of tangible fixed assets		(227)	(281)
Sale of tangible fixed assets		16	39
Sale of current asset investments		<u>-</u>	<u>598</u>
Net cash (outflow)/inflow from investing activities		<u>(197)</u>	<u>356</u>
Net cash inflow before financing		<u>785</u>	<u>543</u>
Financing			
Loans repaid	19	<u>(300)</u>	<u>-</u>
Net cash outflow from financing		<u>(300)</u>	<u>-</u>
Net increase in cash and cash equivalents	18	<u>485</u>	<u>543</u>

Major non-cash transactions :

See Note 20 for an analysis of the acquisitions of Milo Cosmetics Limited and ICAL Limited.

The notes on pages 11 to 26 form part of these accounts

MILO PLC
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 1995

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 equipment	-	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. This constitutes a departure from the Companies Act 1985 which requires fixed assets to be depreciated over their useful economic lives, and in the opinion of the directors, is necessary to enable the financial statements to give a true and fair view. Depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Investments

Fixed assets 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 in the case of work in progress and finished goods includes all direct expenditure and production and other overheads, based on normal levels of activity, incurred in bringing products to their present location and condition.

MILO PLC
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 1995

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 company contributes to a defined contribution pension scheme covering its directors and certain employees. The company's contributions to the scheme are charged in the profit and loss account as they accrue.

There is also a self administered pension trust fund for certain directors financed by annual voluntary contributions which is valued annually by actuaries. Contributions made to the fund are charged to profit and loss account as they accrue.

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 1995

1. ACCOUNTING POLICIES (CONTINUED)

Basis of Consolidation

The consolidated accounts incorporate the accounts of MILO PLC and its subsidiary undertakings made up to 25 March 1995. For the comparative year the accounts were made up to 26 March 1994. The results of companies acquired or disposed of during the year are included from the date of acquisition or up to the date of disposal. No profit and loss account is presented for MILO PLC as provided by Section 230 of the Companies Act 1985.

2. TURNOVER

In the opinion of the directors there is only one class of business and the geographical analysis of turnover is as follows :

	1995	1994
By destination :	£000	£000
United Kingdom	10,223	9,919
Europe	1,579	1,336
Australasia	426	170
Asia	678	405
Africa	66	71
America	<u>1,058</u>	<u>1,437</u>
	<u>14,030</u>	<u>13,338</u>
By origin :		
United Kingdom	9,396	8,581
Eire	<u>4,634</u>	<u>4,757</u>
	<u>14,030</u>	<u>13,338</u>

3. OPERATING PROFIT

This is stated after charging (or crediting):

Auditors' remuneration	33	25
Depreciation	284	297
Operating lease rentals : land and buildings	71	71
Release of regional development grants	(26)	(68)
Loss on disposal of tangible fixed assets	-	37
Exceptional item - bad debt	-	549
Foreign exchange gains	<u>(72)</u>	<u>(108)</u>

Auditors' remuneration paid by the company was £7,000 (1994 : £16,000).

MILO PLC
 NOTES TO THE ACCOUNTS (CONTINUED)
 FOR THE YEAR ENDED 31 MARCH 1995

4. STAFF COSTS	1995 £000	1994 £000
Wages and salaries	2,683	2,573
Social security costs	224	243
Other pension costs	<u>53</u>	<u>46</u>
	<u>2,960</u>	<u>2,862</u>
The weekly number of employees during the year was made up as follows:	No.	No.
Production	222	217
Selling and distribution	26	39
Finance and administration	<u>37</u>	<u>19</u>
	<u>285</u>	<u>275</u>
	£	£
Directors' emoluments:		
Emoluments (including pension contributions and benefits-in-kind)	<u>362</u>	<u>317</u>
Fees and other emoluments disclosed above (excluding pension contributions) include amounts paid to:		
The chairman and highest paid director	<u>100</u>	<u>85</u>
Other directors emoluments (excluding pension contributions) were in the following ranges:	No.	No.
£0 - £5,000	-	1
£5,001 - £10,000	1	-
£30,001 - £35,000	1	-
£35,001 - £40,000	-	2
£45,001 - £50,000	1	-
£50,001 - £55,000	-	1
£65,001 - £70,000	1	-
£80,001 - £85,000	1	1

MILO PLC
 NOTES TO THE ACCOUNTS (CONTINUED)
 FOR THE YEAR ENDED 31 MARCH 1995

	1995	1994
	£000	£000
5. INTEREST RECEIVABLE AND SIMILAR INCOME		
Interest receivable	64	15
Increase in value of current asset investments	<u>-</u>	<u>24</u>
	<u>64</u>	<u>39</u>
6. INTEREST PAYABLE AND SIMILAR CHARGES		
On bank loans, overdrafts and other loans : - repayable within five years, not by instalments	<u>111</u>	<u>112</u>
7. TAX ON PROFIT ON ORDINARY ACTIVITIES		
Taxation is based on the profit for the year and comprises :		
Overseas tax	74	48
Deferred taxation	<u>(1)</u>	<u>(128)</u>
	<u>73</u>	<u>(80)</u>
8. INTANGIBLE FIXED ASSETS		
Trade marks at cost 1 April 1994 and 31 March 1995	<u>1</u>	<u>1</u>

MILO PLC
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 1995

9. TANGIBLE FIXED ASSETS

GROUP	Freehold land and buildings £000	Plant and machinery £000	Fixtures and fittings £000	Motor vehicles £000	Dies £000	Total £000
Cost or valuation						
1 April 1994	1,713	3,672	170	253	124	5,932
Additions	1	153	6	67	-	227
Disposals	-	-	-	(41)	-	(41)
Fully depreciated items written off	—	—	(6)	—	—	(6)
31 March 1995	<u>1,714</u>	<u>3,825</u>	<u>170</u>	<u>279</u>	<u>124</u>	<u>6,112</u>
Depreciation						
1 April 1994	-	2,282	113	97	89	2,581
Provisions for year	-	215	13	47	9	284
Disposals	-	-	-	(25)	-	(25)
Fully depreciated items written off	—	—	(6)	—	—	(6)
31 March 1995	<u>—</u>	<u>2,497</u>	<u>120</u>	<u>119</u>	<u>98</u>	<u>2,834</u>
Net book value						
31 March 1995	<u>1,714</u>	<u>1,328</u>	<u>50</u>	<u>160</u>	<u>26</u>	<u>3,278</u>
31 March 1994	<u>1,713</u>	<u>1,390</u>	<u>57</u>	<u>156</u>	<u>35</u>	<u>3,351</u>

MILO PLC
 NOTES TO THE ACCOUNTS (CONTINUED)
 FOR THE YEAR ENDED 31 MARCH 1995

9. TANGIBLE FIXED ASSETS (CONTINUED)

COMPANY	Freehold land and buildings £000	Plant and machinery £000	Fixtures and fittings £000	Motor vehicles £000	Dies £000	Total £000
Cost or valuation						
1 April 1994	965	1,793	137	210	124	3,229
Additions	1	-	5	29	-	35
Disposals	-	-	-	(29)	-	(29)
Fully depreciated items written off	-	-	(6)	-	-	(6)
Transferred (to)/ from subsidiary undertakings	<u>245</u>	<u>(1,793)</u>	<u>-</u>	<u>(66)</u>	<u>(124)</u>	<u>(1,738)</u>
31 March 1995	<u>1,211</u>	<u>-</u>	<u>136</u>	<u>144</u>	<u>-</u>	<u>1,491</u>
Depreciation						
1 April 1994	-	1,294	87	80	89	1,550
Provisions for year	-	-	11	22	-	33
Disposals	-	-	-	(15)	-	(15)
Fully depreciated items written off	-	-	(6)	-	-	(6)
Transferred (to)/ from subsidiary undertakings	<u>-</u>	<u>(1,294)</u>	<u>-</u>	<u>(19)</u>	<u>(89)</u>	<u>(1,402)</u>
31 March 1995	<u>-</u>	<u>-</u>	<u>92</u>	<u>68</u>	<u>-</u>	<u>160</u>
Net book value						
31 March 1995	<u>1,211</u>	<u>-</u>	<u>44</u>	<u>76</u>	<u>-</u>	<u>1,331</u>
31 March 1994	<u>965</u>	<u>499</u>	<u>50</u>	<u>130</u>	<u>35</u>	<u>1,679</u>

MILO PLC
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 1995

9. TANGIBLE FIXED ASSETS (CONTINUED)

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
At 31 March 1995	<u>341</u>	<u>221</u>
At 31 March 1994	<u>340</u>	<u>220</u>

If the land and buildings were sold at their valuation, the resultant tax liability is estimated to be approximately £192,000 (1994 : £192,000). This has not been reserved for within the deferred tax provision as in the opinion of the directors no disposal of the property is envisaged in the foreseeable future.

10. FIXED ASSET INVESTMENTS

			Other Investments £000
Group			
Unlisted investments at cost			
At 1 April 1994 and 31 March 1995			<u>50</u>
Company	Subsidiary undertakings	Other investments	Total
	£000	£000	£000
Cost			
At 1 April 1994	185	50	235
Additions	<u>1,080</u>	<u>-</u>	<u>1,080</u>
At 31 March 1995	<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.

MILO PLC
 NOTES TO THE ACCOUNTS (CONTINUED)
 FOR THE YEAR ENDED 31 MARCH 1995

10. FIXED ASSET INVESTMENTS (CONTINUED)

At 31 March 1995 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

Details of acquisitions during the year are shown in note 20 to the accounts.

11. STOCKS

	1995		1994	
	Group £000	Company £000	Group £000	Company £000
Raw materials	754	-	730	372
Stocks held for resale	<u>668</u>	<u>-</u>	<u>749</u>	<u>626</u>
	<u>1,422</u>	<u>-</u>	<u>1,479</u>	<u>998</u>

12. DEBTORS

	1995		1994	
	Group £000	Company £000	Group £000	Company £000
Trade debtors	2,307	2	2,620	699
Amounts owed by group undertakings	-	1,226	-	384
Other debtors	108	108	-	-
Prepayments and accrued income	<u>17</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>2,432</u>	<u>1,336</u>	<u>2,620</u>	<u>1,083</u>

MILO PLC
NOTES TO THE ACCOUNTS (CONTINUED)
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13. CREDITORS amounts falling due within one year :	1995		1994	
	Group £000	Company £000	Group £000	Company £000
Bank loans and overdrafts (secured)	282	-	2,311	1,795
Trade creditors	1,283	3	1,335	540
Amounts owed to group undertakings	-	2,393	-	1,051
Overseas tax	74	-	48	-
Other taxes and social security costs	58	20	134	80
Other creditors	33	6	26	20
Accruals and deferred income	<u>334</u>	<u>23</u>	<u>135</u>	<u>61</u>
	<u>2,064</u>	<u>2,445</u>	<u>3,989</u>	<u>3,547</u>

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

14. DEFERRED TAXATION

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

Amount provided : Timing differences arising from:	1995		1994	
	Group £000	Company £000	Group £000	Company £000
Capital allowances	196	-	258	162
Relief for losses	<u>(107)</u>	<u>-</u>	<u>(168)</u>	<u>(162)</u>
	<u>89</u>	<u>-</u>	<u>90</u>	<u>-</u>
Full potential liability : Timing differences arising from :				
Capital allowances	196	-	258	162
Relief for losses	(107)	-	(168)	(162)
Revaluation surplus	<u>192</u>	<u>192</u>	<u>192</u>	<u>180</u>
	<u>281</u>	<u>192</u>	<u>282</u>	<u>180</u>

Movement in the provision	1995 £000
Provision at 1 April 1994	90
Transferred to Profit and Loss Account	<u>(1)</u>
Provision at 31 March 1995	<u>89</u>

MILO PLC
NOTES TO THE ACCOUNTS (CONTINUED)
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15. CALLED UP SHARE CAPITAL	1995 £	1994 £
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>200,000</u>

During the year the company made the following issues of share capital:

- i) On 28 March 1994 4,000 ordinary shares with a nominal value of £4,000 were issued in order to acquire the entire issued share capital of Milo Cosmetics Limited.
- ii) On 28 March 1994 a further 36,000 ordinary shares with a nominal value of £36,000 were issued in order to acquire 90,000 £1 ordinary shares in ICAL Limited.
- iii) On 30 March 1994 a further 840,000 ordinary shares with a nominal value of £840,000 were issued by way of a bonus issue, in order to increase the capital base of the company.

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 FOR THE YEAR ENDED 31 MARCH 1995

16. RESERVES

GROUP	Share premium account £000	Revaluation reserve £000	Profit and loss account £000	Other reserves £000
1 April 1994 as previously stated	-	385	4,052	500
Prior year adjustment	<u>-</u>	<u>343</u>	<u>(343)</u>	<u>-</u>
1 April 1994 as restated	-	728	3,709	500
Issue of share capital (note 15)	40	-	(840)	-
Retained profit for the year	-	-	333	-
Reclassification	-	-	(4)	4
Arising on acquisitions of subsidiary undertakings	-	-	-	352
Foreign exchange adjustments	<u>-</u>	<u>-</u>	<u>8</u>	<u>-</u>
31 March 1995	<u>40</u>	<u>728</u>	<u>3,206</u>	<u>856</u>

COMPANY	Share premium account £000	Revaluation reserve £000	Profit and loss account £000
1 April 1994 as previously stated	-	382	2,295
Prior year adjustment	<u>-</u>	<u>343</u>	<u>(343)</u>
1 April 1994 as restated	-	725	1,952
Issue of share capital (note 15)	40	-	(840)
Retained loss for the year	<u>-</u>	<u>-</u>	<u>(261)</u>
31 March 1995	<u>40</u>	<u>725</u>	<u>851</u>

The prior year adjustment relates to a reinstatement of revaluation surpluses, in respect of certain properties, previously released to distributable reserves.

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 £261,000 (1994 : £300,000).

MILO PLC
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 1995

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

	1995 £000	1994 £000
Operating profit	453	78
Release of government grants	(26)	(68)
Revaluation of current asset investments	-	(24)
Depreciation and amortisation charges	284	297
Loss on disposal of tangible fixed assets	-	37
Decrease in stocks	87	45
Decrease in debtors	679	231
Decrease in creditors	<u>(400)</u>	<u>(286)</u>
Net cash inflow from operating activities	<u>1,077</u>	<u>310</u>

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 1993	709	(563)	146
Net cash inflow/(outflow) for the year ended 31 March 1994	<u>1,783</u>	<u>(1,248)</u>	<u>535</u>
Balance at 31 March 1994	2,492	(1,811)	681
Net cash (outflow)/inflow for the year ended 31 March 1995	<u>(1,236)</u>	<u>1,729</u>	<u>493</u>
Balance at 31 March 1995	<u>1,256</u>	<u>(82)</u>	<u>1,174</u>

	1995 £000	1994 £000
Balance at 1 April 1994	681	146
Net cash inflow before adjustment for the effect of foreign exchange rate changes	485	543
Effect of foreign exchange rate changes	<u>8</u>	<u>(8)</u>
Balance at 31 March 1995	<u>1,174</u>	<u>681</u>

MILO PLC
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 1995

19. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Share capital (including premium) £000	Loans and finance lease obligations £000
Balance at 1 April 1994	200	500
Cash outflows from financing	-	(300)
Shares issued for non-cash consideration	<u>920</u>	<u>-</u>
Balance at 31 March 1995	<u>1,120</u>	<u>200</u>

20. PURCHASE OF SUBSIDIARY UNDERTAKINGS

a) Milo Cosmetics Limited

On 28 March 1994 the company acquired 100 ordinary shares of £1 each in Milo Cosmetics Limited, being 100% of its nominal share capital, for a consideration of £8,000 satisfied by the issue of 4,000 ordinary shares at £2.00 each. The net assets of Milo Cosmetics Limited at the date of acquisition, and the negative goodwill arising on acquisition which has been credited to other reserves are as follows :

	Book and Fair Values £000
Net assets acquired :	
Stocks	30
Debtors	491
Cash at bank and in hand	19
Creditors	(478)
Bank overdraft	<u>(5)</u>
Net assets on acquisition	57
Negative goodwill arising on acquisition	<u>(49)</u>
	<u>8</u>
Discharged by :	
Shares allotted (including premium)	<u>8</u>

Details of the cash flows caused by the acquisition are as follows :

Milo Cosmetics Limited contributed £51,000 to the group's net operating cash flows, and utilised £9,000 for investing activities.

MILO PLC
 NOTES TO THE ACCOUNTS (CONTINUED)
 FOR THE YEAR ENDED 31 MARCH 1995

20. PURCHASE OF SUBSIDIARY UNDERTAKINGS (CONTINUED)

Analysis of net inflow of cash and cash equivalents in respect of the purchase of the subsidiary undertaking:

	£000
Cash at bank and in hand acquired	19
Bank overdraft acquired	<u>(5)</u>
Net inflow of cash and cash equivalents	<u>14</u>

There was no cash consideration in respect of the purchase of Milo Cosmetics Limited and it has been accounted for using the acquisition method of accounting.

The profit attributable to the members of the parent company includes losses of £35,000 incurred by Milo Cosmetics Limited from 28 March 1994, the effective date of acquisition.

b) ICAL Limited

On 28 March 1994 the company acquired a further 90,000 ordinary shares of £1 each in ICAL Limited, being 90% of its nominal share capital, for a consideration of £72,000 satisfied by the issue of 36,000 ordinary shares of £2.00 each. ICAL Limited was already treated as a subsidiary undertaking in the group accounts and consequently, its net assets were included in the group balance sheet in the previous year. The effect on the purchase of the remaining 90% of the share capital of ICAL Limited is as follows :

	Book and fair values £000
Net assets acquired :	
Minority shareholders' interests	375
Negative goodwill arising on acquisition	<u>(303)</u>
	<u>72</u>
Discharged by :	
Shares allotted (including premium)	<u>72</u>

21. 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 1995 or 31 March 1994.

MILO PLC
 NOTES TO THE ACCOUNTS (CONTINUED)
 FOR THE YEAR ENDED 31 MARCH 1995

21. CONTINGENT LIABILITIES (CONTINUED)

(ii) There exists a group contingent liability to repay in whole or in part, £421,000 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.

22. CAPITAL COMMITMENTS

	1995		1994	
	Group £	Company £	Group £	Company £
Authorised but not contracted for	<u>25,000</u>	<u> -</u>	<u> -</u>	<u> -</u>

23. OPERATING LEASE COMMITMENTS

At 31 March 1995 the group and company had annual commitments under operating leases as follows:

	Land & Buildings	
	1995 £	1994 £
Leases expiring:		
Within one year	71,000	-
Within one to two years	<u> -</u>	<u>71,000</u>
	<u>71,000</u>	<u>71,000</u>

24. PENSION COSTS

The company contributes to defined contribution pension schemes for its directors and certain employees and there is also a self administered pension trust fund for certain directors financed by annual voluntary contributions.

The charge in the profit and loss account for the year in respect of contributions payable to the group's pension funds was £53,000 (1994 : £46,000).