COMPANY NUMBER: 985998

MILO PLC

REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 1999

HORWATH
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 J D Ackroyd (Managing Director) I C Harrison B Parnell
SECRETARY	K Oldham
REGISTERED OFFICE	Irwell Vale Works Irwell Vale Ramsbottom Bury Lancs BL0 0QG
BANKERS	National Westminster Bank Plc Warrington Street Ashton-under-Lyne Lancashire OL6 6JL
AUDITORS	Horwath Clark Whitehill Arkwright House Parsonage Gardens Manchester M3 2LF

MILO PLC
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 1999

The directors have pleasure in presenting their report and the group accounts for the year ended 31 March 1999.

PRINCIPAL ACTIVITY

The principal activity of the group is the manufacture and distribution of soap, toiletries and gift products.

RESULTS AND DIVIDENDS

As shown on page 6, the group loss for the year after taxation was £530,000 (1998 - profit £939,000). The directors do not recommend the payment of a dividend.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The directors are disappointed with the results for the year under review. However, it is anticipated that new products launched in 1999 together with a planned programme of overhead reductions will achieve a significant improvement in profitability during the current year.

DIRECTORS

The directors who served during the year were as follows:

E A Oldham	
K Oldham	
R V Hughes	(resigned 30 March 1999)
I C Harrison	
J D Ackroyd	
M I Greenwood	(resigned 4 January 1999)
B Parnell	(appointed 14 April 1998)

DIRECTORS' INTERESTS

The directors who held office at 31 March 1999 had the following interests in shares of the company at the beginning (or date of appointment if later) and end of the financial year:

	£1 Ordinary shares fully paid	
	1999	1998
E A Oldham	**423,648**	423,648
K Oldham	**282,852**	282,852
I C Harrison	**4,500**	4,500
J D Ackroyd	**-**	-
B Parnell	**-**	-*

(* at date of appointment)

None of the directors had interests in the shares of any of the subsidiary companies during the year.

CREDITOR PAYMENT POLICY

Creditor days for the group at 31 March 1999 was 50 days.

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.

PURCHASE AND CANCELLATION OF ORDINARY SHARES

At an Extraordinary Meeting on 30 March 1999, shareholders gave authority for the company to purchase 109,800 £1 ordinary shares, representing 10.8% of the shares in issue at that time. Under this authority the shares were purchased for a total consideration of £750,000 and were immediately cancelled. Details of the transaction are given in note 16 to the accounts.

YEAR 2000

The directors are taking all steps they consider necessary to ensure that the company will meet the Year 2000 date change and believe that the company's business will not be materially affected. It is unlikely that significant costs are to be incurred in this respect.

AUDITORS

A resolution proposing the reappointment of Horwath Clark Whitehill as auditors to the company will be put to the members at the annual general meeting.

Mr P E Kanas, who was a partner in Horwath Clark Whitehill until 31 December 1998, holds non-beneficially 195,300 shares in the company as a trustee.

By order of the board

K. Oldham

K Oldham
Secretary

28 September 1999

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 MARCH 1999

The purpose of this statement is to distinguish the directors' responsibilities 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 group 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 group and hence for taking reasonable steps for the prevention and detection of fraud or other irregularities.

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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 4 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 1999 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Horwath Clark Whitehill

HORWATH CLARK WHITEHILL
Chartered Accountants
and Registered Auditors

Manchester
4 October 1999

MILO PLC
GROUP PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 1999

	Notes	1999 £000	1999 £000	1998 £000	1998 £000
TURNOVER					
Continuing operations		9,498		8,946	
Discontinued operations		-		6,080	
	2		9,498		15,026
Cost of sales	3		(7,527)		(11,438)
GROSS PROFIT			1,971		3,588
Selling and distribution costs	3		(552)		(722)
Administrative expenses	3		(2,022)		(2,540)
OPERATING (LOSS)/PROFIT					
Continuing operations			(737)		(484)
Discontinued operations			134		810
	4		(603)		326
Discontinued operations: Profit on disposal of discontinued operations	5		-		877
			(603)		1,203
Interest receivable and similar income		206		29	
Interest payable and similar charges	7	(88)		(38)	
			118		(9)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAX			(485)		1,194
Tax on (loss)/profit on ordinary activities	8		(45)		(255)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	17		(530)		939

The profit and loss account contains all the gains and losses recognised in the current and preceding year.

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

MILO PLC
GROUP BALANCE SHEET
31 MARCH 1999

	Notes	1999 £000	1998 £000
FIXED ASSETS			
Intangible assets	9	**1**	1
Tangible assets	10	**3,255**	3,196
Investments	11	**50**	50
		3,306	3,247
CURRENT ASSETS			
Stocks	12	**2,392**	2,075
Debtors	13	**1,301**	1,756
Cash at bank and in hand		**2,518**	8,380
		6,211	12,211
CREDITORS: amounts falling due within one year	14	**(2,704)**	(7,344)
NET CURRENT ASSETS		**3,507**	4,867
TOTAL ASSETS LESS CURRENT LIABILITIES		6,813	8,114
PROVISION FOR LIABILITIES AND CHARGES			
Deferred taxation	15	(15)	(36)
NET ASSETS		**6,798**	8,078
CAPITAL AND RESERVES			
Called up share capital	16	**906**	1,016
Share premium account	17	**40**	40
Revaluation reserve	17	**728**	728
Capital redemption reserve	17	**174**	64
Other reserves	17	**856**	856
Profit and loss account	17	**4,094**	5,374
SHAREHOLDERS' FUNDS		**6,798**	8,078

Approved by the board on 28 September 1999
and signed on its behalf:

E A Oldham

J D Ackroyd

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

MILO PLC
BALANCE SHEET
31 MARCH 1999

	Notes	1999 £000	1998 £000
FIXED ASSETS			
Intangible assets	9	1	1
Tangible assets	10	2,247	2,248
Investments	11	2,315	1,315
		4,563	3,564
CURRENT ASSETS			
Debtors	13	1,288	1,879
Cash at bank and in hand		2,375	688
		3,663	2,567
CREDITORS: amounts falling due within one year	14	(1,500)	(4,141)
NET CURRENT ASSETS/(LIABILITIES)		2,163	(1,574)
TOTAL ASSETS LESS CURRENT LIABILITIES		6,726	1,990
CAPITAL AND RESERVES			
Called up share capital	16	906	1,016
Share premium account	17	40	40
Revaluation reserve	17	725	725
Capital redemption reserve	17	174	64
Profit and loss account	17	4,881	145
SHAREHOLDERS' FUNDS		6,726	1,990

Approved by the board on 28 September 1999
and signed on its behalf:

E A Oldham

J D Ackroyd

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

MILO PLC
RECONCILIATION OF MOVEMENT IN GROUP SHAREHOLDERS' FUNDS
FOR THE YEAR ENDED 31 MARCH 1999

	1999 £000	1998 £000
Total recognised gains and losses	(530)	939
Purchase of own shares	(750)	(590)
Movement in the year	(1,280)	349
Shareholders' funds at 1 April 1998	8,078	7,729
Shareholders' funds at 31 March 1999	**6,798**	8,078

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

MILO PLC
GROUP CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 1999

	Notes	1999 £000	1998 £000
Cash flow from operating activities	18	(1,514)	2,220
Returns on investments and servicing of finance	19	118	(9)
Taxation		(337)	(111)
Capital expenditure	19	(280)	1,289
Cash (outflow)/inflow before financing		(2,013)	3,389
Financing	19	(750)	(590)
(Decrease)/increase in cash in the year		(2,763)	2,799

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	Notes	1999 £000	1998 £000
(Decrease)/increase in cash in the year and change in net funds resulting from cash flows		(2,763)	2,799
Net funds at 1 April 1998	20	4,002	1,203
Net funds at 31 March 1999	20	1,239	4,002

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

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. The accounts are prepared in accordance with applicable accounting standards. The true and fair override provisions of the Companies Act 1985 have been invoked in respect of the non-depreciation of buildings.

Basis of Consolidation

The consolidated accounts incorporate the accounts of Milo Plc and its subsidiary undertakings. For the current year all accounts have been drawn up to 28 March 1999. For the comparative year the accounts were made up to 27 March 1998 except for the accounts of Soap Company of Ireland Limited which were drawn up to 3 April 1998. No profit and loss account is presented for Milo Plc as provided by Section 230 of the Companies Act 1985.

Goodwill

Positive and negative goodwill arising on acquisition and consolidation is capitalised and amortised through the profit and loss account over the director's estimate of its useful life.

The company's previous accounting policy was to eliminate purchased or consolidated positive goodwill directly against reserves, or to credit other reserves with negative goodwill. In accordance with FRS 10 the company is leaving £856,000 of negative goodwill in other reserves. Such negative goodwill will be credited to the profit and loss account upon disposal of the relevant businesses.

Turnover

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

Tangible fixed assets and 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

1. ACCOUNTING POLICIES (CONTINUED)

Depreciation (Continued)

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.

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.

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.

1. ACCOUNTING POLICIES (CONTINUED)

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.

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.

2. TURNOVER AND SEGMENTAL INFORMATION

Milo Plc competes internationally, with only one class of business. The directors are of the opinion that to comply fully with the requirements of SSAP25 'Segmental Reporting' would be seriously prejudicial to the interests of the group.

The discontinued operations comprise Soap Company of Ireland Limited.

3. COST OF SALES AND OPERATING COSTS

	1999 Continuing £000	1999 Discontinued £000	1999 Total £000	1998 Continuing £000	1998 Discontinued £000	1998 Total £000
Cost of sales	7,527	-	7,527	6,768	4,670	11,438
Selling and distribution costs	552	-	552	670	52	722
Administrative expenses	2,156	(134)	2,022	2,072	468	2,540

4. OPERATING (LOSS)/PROFIT

This is stated after charging/(crediting):	1999 £000	1998 £000
Auditors' remuneration	35	37
Depreciation of tangible fixed assets	215	271
Release of regional development grants	-	(16)
Loss on disposal of tangible fixed assets	6	-
Foreign exchange losses	13	95

Auditors' remuneration paid by the company was £10,000 (1998 - £9,100).

5. EXCEPTIONAL ITEM

	1999 £000	1998 £000
Profit on disposal of discontinued operations	-	877

The exceptional item represents the profit made on the sale of certain assets and the operations of Soap Company of Ireland Limited. The profit on disposal includes the release of deferred regional development grants which were directly related to the assets sold.

The effect on the prior year tax charge of the exceptional item is shown in note 8.

6. STAFF COSTS

a) **Employee information**	1999 £000	1998 £000
Wages and salaries	2,527	3,222
Social security costs	198	260
Other pension costs	83	73
	2,808	3,555

	No	No
The average number of employees during the year was made up as follows:		
Production	182	219
Selling and distribution	14	17
Finance and administration	31	38
	227	274

b) **Directors' emoluments:**	£000	£000
Aggregate emoluments	427	506
Company pension contributions to money purchase schemes	18	21
	445	527
Highest paid director		
Aggregate emoluments	120	142

The directors emoluments shown above amounting to £445,000 were 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.

7. INTEREST PAYABLE AND SIMILAR CHARGES

	1999 £000	1998 £000
On bank loans and overdrafts wholly repayable within five years	88	38

8. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

Taxation is based on the (loss)/profit for the year and comprises :

	1999	1998
Corporation tax at 30% (1998 - 10%)	36	303
Deferred taxation release	(21)	(48)
Irrecoverable ACT written off	30	-
	45	255

The tax effect in the prior year profit and loss account of the exceptional item recognised below operating profit is a charge of £87,000.

9. INTANGIBLE FIXED ASSETS

	1999 £000	1998 £000
Trade marks at cost		
1 April 1998 and **31 March 1999**	1	1

10. 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 1998	2,075	3,041	236	239	98	5,689
Additions	15	183	58	32	-	288
Disposals	-	-	-	(44)	-	(44)
31 March 1999	**2,090**	**3,224**	**294**	**227**	**98**	**5,933**
Depreciation						
1 April 1998	-	2,171	137	102	83	2,493
Provisions for year	-	145	29	37	4	215
Disposals	-	-	-	(30)	-	(30)
31 March 1999	-	**2,316**	**166**	**109**	**87**	**2,678**
Net book value						
31 March 1999	**2,090**	**908**	**128**	**118**	**11**	**3,255**
31 March 1998	2,075	870	99	137	15	3,196

10. TANGIBLE FIXED ASSETS (CONTINUED)

COMPANY	Freehold land and buildings £000	Fixtures and fittings £000	Motor vehicles £000	Total £000
Cost or valuation				
1 April 1998	2,075	213	156	2,444
Additions	15	37	-	52
Disposals	-	-	(29)	(29)
31 March 1999	**2,090**	**250**	**127**	**2,467**
Depreciation				
1 April 1998	-	133	63	196
Provisions for year	-	23	23	46
Disposals	-	-	(22)	(22)
31 March 1999	**-**	**156**	**64**	**220**
Net book value				
31 March 1999	**2,090**	**94**	**63**	**2,247**
31 March 1998	2,075	80	93	2,248

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 and Company £000
31 March 1999	**1,239**
31 March 1998	1,224

If the land and buildings were sold at their valuation, the resultant tax liability is estimated to be approximately £155,000 (1998 - £160,000). 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.

11. FIXED ASSET INVESTMENTS

Group

	Other investments £000
Unlisted investments at cost	
At 1 April 1998 and **31 March 1999**	50

Company

	Subsidiary undertakings £000	Other investments £000	Total £000
Cost			
At 1 April 1998	1,265	50	1,315
Additions	1,000	-	1,000
At 31 March 1999	2,265	50	2,315

At 31 March 1999 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 operated 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	Sale and distribution of toiletries	100
Soap Company of Ireland Limited	Non trading company	100

12. STOCKS

	1999		1998	
	Group £000	Company £000	Group £000	Company £000
Raw materials	967	-	784	-
Finished goods	1,425	-	1,291	-
	2,392	-	2,075	-

13. DEBTORS

	1999		1998	
	Group £000	Company £000	Group £000	Company £000
Trade debtors	1,033	-	1,615	-
Amounts owed by group undertakings	-	1,207	-	1,768
Advance corporation tax	-	-	30	30
Other debtors	64	64	81	81
Prepayments and accrued income	204	17	30	-
	1,301	1,288	1,756	1,879

14. CREDITORS

amounts falling due within one year :

	1999		1998	
	Group £000	Company £000	Group £000	Company £000
Bank loans and overdrafts (secured)	1,279	-	4,378	4,000
Trade creditors	878	18	1,532	15
Amounts owed to group undertakings	-	1,364	-	-
Corporation tax	2	-	303	-
Other taxes and social security costs	96	53	133	53
Other creditors	79	47	148	59
Accruals and deferred income	370	18	850	14
	2,704	1,500	7,344	4,141

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

15. DEFERRED TAXATION

The amount provided and the full potential liability for deferred taxation at a rate of 21% (1998 - 21%) are as follows:

	1999		1998	
	Group	Company	Group	Company
Amount provided :	£000	£000	£000	£000
Timing differences arising from:				
Capital allowances	99	-	102	-
Relief for losses	(84)	-	(66)	-
	15	-	36	-
Full potential liability :				
Timing differences arising from :				
Capital allowances	99	-	102	-
Relief for losses	(84)	-	(66)	-
Revaluation surplus	155	155	160	160
	170	155	196	160

Movement in the provision	1999
	£000
Provision at 1 April 1998	36
Transferred to Profit and Loss Account	(21)
Provision at 31 March 1999	15

16. CALLED UP SHARE CAPITAL

	1999	1998
	£000	£000
Authorised:		
2,000,000 Ordinary shares of £1 each	2,000	2,000
Allotted, issued and fully paid:		
906,300 (1998: 1,016,100) Ordinary shares of £1 each	906	1,016

During the year the company purchased and subsequently cancelled 109,800 Ordinary Shares of £1 each, representing 10.8% of the called up share capital, for a total consideration of £750,000. The total cost of the purchase has been charged against the profit and loss account.

109,440 of the shares purchased were acquired from Mr R V Hughes and his wife. Mr Hughes was a director of the company until 30 March 1999.

17. RESERVES

GROUP	Capital redemption reserve £000	Share premium account £000	Revaluation reserve £000	Profit and loss account £000	Other reserves £000
At 1 April 1998	64	40	728	5,374	856
Purchase of own shares	110	-	-	(750)	-
Loss for the financial year	-	-	-	(530)	-
At 31 March 1999	**174**	**40**	**728**	**4,094**	**856**

COMPANY	Capital redemption reserve £000	Share premium account £000	Revaluation reserve £000	Profit and loss account £000
At 1 April 1998	64	40	725	145
Purchase of own shares	110	-	-	(750)
Profit for the financial year	-	-	-	5,486
At 31 March 1999	**174**	**40**	**725**	**4,881**

In accordance with Section 230 of the Companies Act 1985 the holding company has not published a separate profit and loss account. The profit for the financial year dealt with in the accounts of the company amounted to £5,486,000 (1998 - loss £38,000).

18. RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	1999 £000	1998 £000
Operating (loss)/profit	**(603)**	326
Release of regional development grants	**-**	(16)
Depreciation of tangible fixed assets	**215**	271
Loss on disposal of tangible fixed assets	**6**	-
(Increase)/decrease in stock	**(317)**	310
Decrease in debtors	**425**	224
(Decrease)/increase in creditors	**(1,240)**	1,105
Net cash (outflow)/inflow from operating activities	**(1,514)**	2,220

19. ANALYSIS OF CASH FLOW FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	1999 £000	1998 £000
Returns on investments and servicing of finance		
Interest received	206	29
Interest paid	(88)	(38)
Net cash inflow/(outflow) from returns on investments and servicing of finance	118	(9)
Capital expenditure		
Purchase of tangible fixed assets	(288)	(163)
Sale of tangible fixed assets	8	1,452
Net cash (outflow)/inflow from capital expenditure	(280)	1,289
Financing		
Purchase of own shares	(750)	(590)

Cash flows relating to non-operating exceptional items

1998 capital expenditure cash flows include £1,452,000 arising from the sale of the tangible fixed assets of Soap Company of Ireland Limited

20. ANALYSIS OF NET FUNDS

	At 1 April 1998 £000	Cash flow £000	At 31 March 1999 £000
Cash at bank and in hand	8,380	(5,862)	2,518
Bank overdraft and short term bank loan	(4,378)	3,099	(1,279)
Total	4,002	(2,763)	1,239

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 1998 or 31 March 1999.

(ii) Pursuant to the provisions of Section 17(1) 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. At 31 March 1999 the liabilities of the Irish Subsidiary amounted to £15,000 (1998 - £1,360,000).

22. RELATED PARTY TRANSACTIONS

The company is controlled by the Chairman, Mr E A Oldham, who holds a majority of the issued share capital with his wife Mrs K Oldham, who is also a director.

During the year Mr E A Oldham provided the company's bankers with a personal guarantee of £1,500,000 as part security for a £4,000,000 short term loan, which was repaid during the year.

During the year Mr R V Hughes, who resigned as a director on 30 March 1999, purchased a motor vehicle from MILO PLC for £4,000.