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COMPANY NUMBER: 985998

**MILO PLC**  
**REPORT AND ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2001**

**HORWATH  
CLARK WHITEHILL**  
*Chartered Accountants*

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## MILO PLC

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**MILO PLC**  
**DIRECTORS AND ADVISERS**

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**DIRECTORS**

E A Oldham (Chairman)  
K Oldham  
J D Ackroyd (Managing Director)

**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 2001**

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The directors have pleasure in presenting their report and the group accounts for the year ended 31 March 2001.

**PRINCIPAL ACTIVITY**

The principal activity of the group is the manufacture and distribution of soap, toiletries and gift products. However, the group has taken a strategic decision to discontinue the manufacture of the soap, toiletries and gift products and concentrate solely on the sales and distribution of these products. In April 2001 the group sold the trade of Ical Limited and the soap division of Edenfield Soap & Toiletries Limited as part of the implementation of their strategic change.

**RESULTS AND DIVIDENDS**

As shown on page 6, the group loss for the year after taxation was £574,000 (2000 - loss £970,000). 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. However, the planned program of overhead reduction put in place last year is now providing some benefit.

The directors anticipate that the current year results will show a significant improvement as compared to the prior year not least due to the strategic change of direction taken by the group to discontinue manufacturing and concentrate on sales and distribution which will significantly reduce overheads.

**DIRECTORS**

The directors who served during the year were as follows:

E A Oldham  
K Oldham  
I C Harrison (resigned 2 April 2001)  
J D Ackroyd

**DIRECTORS' INTERESTS**

The directors who held office at 31 March 2001 had the following interests in shares of the company at the beginning and end of the financial year:

	<b>£1 Ordinary shares fully paid</b>	
	<b>2001</b>	<b>2000</b>
E A Oldham	<b>423,648</b>	423,648
K Oldham	<b>282,852</b>	282,852
I C Harrison	<b>4,500</b>	4,500
J D Ackroyd	-	-

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

There are no share options.

**MILO PLC**  
**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2001**

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**CREDITOR PAYMENT POLICY**

Creditor days for the group at 31 March 2001 was 48 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.

**EVENTS SINCE THE YEAR END**

In April 2001 the group sold the trade and certain assets relating to Ical Limited and the soap division of Edenfield Soap & Toiletries Limited although, in addition, certain assets of MILO PLC and Milo Cosmetics were also included. The statutory accounts for both Ical Limited and Edenfield Soap & Toiletries have been extended to a fifteen month period to 30 June 2001 to encompass the winding down of trade and thereafter all remaining assets and liabilities have been transferred to other group companies and these companies are now dormant.

**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.

By order of the board



K Oldham  
Secretary

18 October, 2001

**MILO PLC**  
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 MARCH 2001**

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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.

**HORWATH  
CLARK WHITEHILL**

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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 in accordance with applicable law and United Kingdom Accounting Standards. 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 relevant legal and regulatory requirements and 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 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 2001 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read 'Horwath Clark Whitehill'.

Manchester  
25 October 2001

Chartered Accountants  
and Registered Auditors

**MILO PLC**  
**GROUP PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 2001**

	Notes	2001 £000	2001 £000	2000 £000	2000 £000
<b>TURNOVER</b>					
Continuing operations	2	5,695		8,063	
Discontinued operations		<u>2,495</u>		—	
			8,190		8,063
Cost of sales	3		<u>(6,418)</u>		<u>(6,247)</u>
<b>GROSS PROFIT</b>					
			1,772		1,816
Selling and distribution costs	3		<u>(633)</u>		<u>(645)</u>
Administrative expenses	3		<u>(1,713)</u>		<u>(2,186)</u>
<b>OPERATING LOSS</b>					
Continuing operations		<u>(39)</u>			<u>(1,015)</u>
Discontinued operations		<u>(535)</u>			—
	4		(574)		(1,015)
Interest receivable and similar income		20		35	
Interest payable and similar charges	6	<u>(20)</u>		<u>(5)</u>	
			—		30
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAX</b>					
			(574)		(985)
Tax on loss on ordinary activities	7		—		15
<b>LOSS FOR THE FINANCIAL YEAR</b>					
	16		(574)		(970)
Dividends			—		—
<b>RETAINED LOSS FOR THE FINANCIAL YEAR</b>					
			<u>(574)</u>		<u>(970)</u>

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.



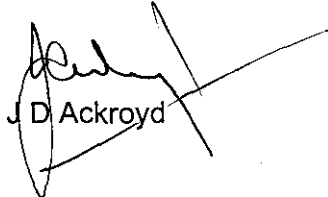
**MILO PLC  
GROUP BALANCE SHEET  
31 MARCH 2001**

	Notes	2001	2000
		£000	£000
<b>FIXED ASSETS</b>			
Intangible assets	8	1	1
Tangible assets	9	2,971	3,370
Investments	10	<u>50</u>	<u>50</u>
		<b><u>3,022</u></b>	<b><u>3,421</u></b>
<b>CURRENT ASSETS</b>			
Stocks	11	1,598	2,063
Debtors	12	1,342	1,120
Cash at bank and in hand		<u>654</u>	<u>1,218</u>
		<b>3,594</b>	<b>4,401</b>
<b>CREDITORS:</b> amounts falling due within one year	13	<b><u>(1,362)</u></b>	<b><u>(1,994)</u></b>
<b>NET CURRENT ASSETS</b>		<b><u>2,232</u></b>	<b><u>2,407</u></b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>5,254</b>	<b>5,828</b>
<b>PROVISION FOR LIABILITIES AND CHARGES</b>			
Deferred taxation	14	<u>-</u>	<u>-</u>
<b>NET ASSETS</b>		<b><u>5,254</u></b>	<b><u>5,828</u></b>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	906	906
Share premium account	16	40	40
Revaluation reserve	16	728	728
Capital redemption reserve	16	174	174
Other reserves	16	856	856
Profit and loss account	16	<u>2,550</u>	<u>3,124</u>
<b>SHAREHOLDERS' FUNDS</b>		<b><u>5,254</u></b>	<b><u>5,828</u></b>

Approved by the board on 18 October 2001  
and signed on its behalf:



E A Oldham



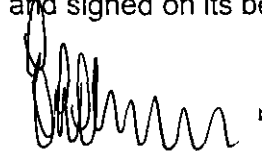
J D Ackroyd

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

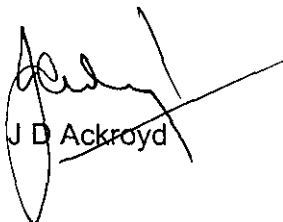
**MILO PLC  
BALANCE SHEET  
31 MARCH 2001**

	Notes	2001 £000	2000 £000
<b>FIXED ASSETS</b>			
Intangible assets	8	1	1
Tangible assets	9	1,947	2,221
Investments	10	<u>1,058</u>	<u>1,285</u>
		<b>3,006</b>	<b>3,507</b>
<b>CURRENT ASSETS</b>			
Debtors	12	2,044	3,289
Cash at bank and in hand		<u>636</u>	<u>408</u>
		<b>2,680</b>	<b>3,697</b>
<b>CREDITORS: amounts falling due within one year</b>	13	<b>(1,004)</b>	<b>(1,376)</b>
<b>NET CURRENT ASSETS</b>		<b><u>1,676</u></b>	<b><u>2,321</u></b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b><u>4,682</u></b>	<b><u>5,828</u></b>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	906	906
Share premium account	16	40	40
Revaluation reserve	16	725	725
Capital redemption reserve	16	174	174
Profit and loss account	16	<u>2,837</u>	<u>3,983</u>
<b>SHAREHOLDERS' FUNDS</b>		<b><u>4,682</u></b>	<b><u>5,828</u></b>

Approved by the board on *18 October* 2001  
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 2001**

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	2001 £000	2000 £000
Total recognised gains and losses in the year	(574)	(970)
Shareholders' funds at 1 April 2000	<u>5,828</u>	<u>6,798</u>
<b>Shareholders' funds at 31 March 2001</b>	<u><b>5,254</b></u>	<u><b>5,828</b></u>

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

**MILO PLC**  
**GROUP CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2001**

	Notes	2001 £000	2000 £000
Cash flow from operating activities	17	(212)	(521)
Returns on investments and servicing of finance	18	-	30
Taxation		-	(2)
Capital expenditure	18	<u>278</u>	<u>(337)</u>
Cash inflow/(outflow) before financing		66	(830)
Financing	18	-	-
<b>Increase/(decrease) in cash in the year</b>		<u>66</u>	<u>(830)</u>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**

	Notes	2001 £000	2000 £000
Increase/(decrease) in cash in the year and change in net funds resulting from cash flows		66	(830)
Net funds at 1 April 2000	19	<u>409</u>	<u>1,239</u>
<b>Net funds at 31 March 2001</b>	19	<u>475</u>	<u>409</u>

The notes on pages 11 to 20 form part of these accounts.

**MILO PLC**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2001**

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**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 United Kingdom accounting standards.

**Basis of Consolidation**

The consolidated accounts incorporate the accounts of Milo Plc and its subsidiary undertakings. The statutory accounts for Ical Limited and Edenfield Soap & Toiletries Limited have been extended to cover a fifteen month period to 30 June 2001. However, for the purposes of the preparation of the consolidated financial statements, interim accounts have been prepared for Ical Limited and Edenfield Soap & Toiletries Limited to the same date as those of the parent company, MILO PLC, notably 31 March 2001.

For the current year all accounts have been drawn up to 31 March 2001. For the comparative year the accounts were made up to 1 April 2000. Both the year ended 31 March 2001 and the year ended 31 March 2000 was a 52 week period.

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 Financial Reporting Standard No. 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.

**Revaluation of properties**

As permitted by the transitional provisions of Financial Reporting Standard No. 15 the company has elected not to adopt a policy of revaluation of tangible fixed assets. The company will retain the book value of land and buildings previously revalued in 1989, and will not update that valuation.

**MILO PLC**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2001**

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**1. ACCOUNTING POLICIES (CONTINUED)**

**Tangible fixed assets and depreciation (Continued)**

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
Dyes	-	25% p.a. reducing balance

The group does not provide depreciation on land and buildings in accordance with Financial Reporting Standard No. 15 because in the opinion of the directors, the group's buildings have long remaining useful economic lives and high residual values and therefore no depreciation charge is made on the grounds that it would be immaterial.

The directors carry out an impairment review in accordance with Financial Reporting Standard No. 11 to ensure that this policy is appropriate.

**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.

**MILO PLC**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2001**

**1. ACCOUNTING POLICIES (CONTINUED)**

**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.

**Intangible Assets**

Intangible assets, notably trademarks, are valued at cost. The group does not provide amortisation on intangible fixed assets in accordance with Financial Reporting Standard No. 10 on the grounds that it would be immaterial.

**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.

**Comparatives**

The comparative amounts for stock and accruals have been restated to remove a provision for unrealised profit on unsold finished goods at the year end from accruals to stock provisions.

**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 primarily comprise the manufacturing businesses of Ical Limited and Edenfield Soap & Toiletries Limited. The trade and assets of the liquid and soap manufacturing businesses were sold in April 2001.

**3. COST OF SALES AND OPERATING COSTS**

	2001 Continuing £000	2001 Discontinued £000	2001 Total £000	2000 Continuing £000	2000 Discontinued £000	2000 Total £000
Cost of sales	4,602	1,816	6,418	6,247	-	6,247
Selling and distribution costs	633	-	633	645	-	645
Administrative expenses	<u>1,215</u>	<u>498</u>	<u>1,713</u>	<u>2,186</u>	-	<u>2,186</u>

**MILO PLC**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2001**

**4. OPERATING LOSS**

<b>This is stated after charging/(crediting):</b>	<b>2001</b>	<b>2000</b>
	<b>£000</b>	<b>£000</b>
Auditors' remuneration	28	27
Depreciation of tangible fixed assets	212	221
(Profit)/loss on disposal of tangible fixed assets	(91)	1
Foreign exchange profits	<u>(83)</u>	<u>(18)</u>

Auditors' remuneration paid by the company was £10,000 (2000 - £10,000).

**5. STAFF COSTS**

<b>a) Employee information</b>	<b>2001</b>	<b>2000</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	2,441	2,295
Social security costs	174	178
Other pension costs	<u>81</u>	<u>90</u>
	<b><u>2,696</u></b>	<b><u>2,563</u></b>
The average number of employees during the year was made up as follows:	<b>No</b>	<b>No</b>
Production	156	143
Selling and distribution	13	14
Finance and administration	<u>24</u>	<u>28</u>
	<b><u>193</u></b>	<b><u>185</u></b>
<b>b) Directors' emoluments:</b>	<b>£000</b>	<b>£000</b>
Aggregate emoluments	286	346
Company pension contributions to money purchase schemes	<u>12</u>	<u>18</u>
	<b><u>298</u></b>	<b><u>364</u></b>
<b>Highest paid director</b>		
Aggregate emoluments	<u>126</u>	<u>119</u>

The directors emoluments shown above amounting to £126,000 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.

The number of directors accruing benefits under a money purchase pension scheme were two.



**MILO PLC**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2001**

<b>6. INTEREST PAYABLE AND SIMILAR CHARGES</b>	<b>2001</b> <b>£000</b>	<b>2000</b> <b>£000</b>				
On bank loans and overdrafts wholly repayable within five years	<u>20</u>	<u>5</u>				
<b>7. TAX ON LOSS ON ORDINARY ACTIVITIES</b>						
Taxation is based on the (loss)/profit for the year and comprises :						
Corporation tax at 30% (2000 - 30%)	-	-				
Deferred taxation release	<u>-</u>	<u>(15)</u>				
	<u>-</u>	<u>(15)</u>				
<b>8. INTANGIBLE FIXED ASSETS</b>	<b>2000</b> <b>£000</b>	<b>1999</b> <b>£000</b>				
Trade marks at cost						
1 April 2000 and 31 March 2001	<u>1</u>	<u>1</u>				
<b>9. TANGIBLE FIXED ASSETS</b>						
<b>GROUP</b>	<b>Freehold land and buildings £000</b>	<b>Plant and machinery £000</b>	<b>Fixtures and fittings £000</b>	<b>Motor vehicles £000</b>	<b>Dyes £000</b>	<b>Total £000</b>
<b>Cost or valuation</b>						
1 April 2000	2,090	3,535	311	228	98	6,262
Additions	6	69	10	-	-	85
Disposals	<u>(252)</u>	<u>(500)</u>	<u>-</u>	<u>(54)</u>	<u>-</u>	<u>(806)</u>
<b>31 March 2001</b>	<u>1,844</u>	<u>3,104</u>	<u>321</u>	<u>174</u>	<u>98</u>	<u>5,541</u>
<b>Depreciation</b>						
1 April 2000	-	2,477	194	132	89	2,892
Provisions for year	-	164	25	21	2	212
Disposals	<u>-</u>	<u>(500)</u>	<u>-</u>	<u>(34)</u>	<u>-</u>	<u>(534)</u>
<b>31 March 2001</b>	<u>-</u>	<u>2,141</u>	<u>219</u>	<u>119</u>	<u>91</u>	<u>2,570</u>
<b>Net book value</b>						
<b>31 March 2001</b>	<u>1,844</u>	<u>963</u>	<u>102</u>	<u>55</u>	<u>7</u>	<u>2,971</u>
31 March 2000	<u>2,090</u>	<u>1,058</u>	<u>117</u>	<u>96</u>	<u>9</u>	<u>3,370</u>

**MILO PLC**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2001**

**9. TANGIBLE FIXED ASSETS (CONTINUED)**

<b>COMPANY</b>	<b>Freehold land and buildings £000</b>	<b>Fixtures and fittings £000</b>	<b>Motor vehicles £000</b>	<b>Total £000</b>
<b>Cost or valuation</b>				
1 April 2000	2,090	260	127	2,477
Additions	6	10	-	16
Disposals	<u>(252)</u>	<u>-</u>	<u>(25)</u>	<u>(277)</u>
<b>31 March 2001</b>	<u>1,844</u>	<u>270</u>	<u>102</u>	<u>2,216</u>
<b>Depreciation</b>				
1 April 2000	-	176	80	256
Provisions for year	-	20	10	30
Disposals	<u>-</u>	<u>-</u>	<u>(17)</u>	<u>(17)</u>
<b>31 March 2001</b>	<u>-</u>	<u>196</u>	<u>73</u>	<u>269</u>
<b>Net book value</b>				
<b>31 March 2001</b>	<u>1,844</u>	<u>74</u>	<u>29</u>	<u>1,947</u>
31 March 2000	<u>2,090</u>	<u>84</u>	<u>47</u>	<u>2,221</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 :

	<b>Group and Company £000</b>
<b>31 March 2001</b>	<u>993</u>
31 March 2000	<u>1,239</u>

If the land and buildings were sold at their valuation, the resultant tax liability is estimated to be approximately £175,000 (2000 - £155,000). 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 2001**

**10. FIXED ASSET INVESTMENTS**

<b>Group</b>	<b>Other investments</b>		
		<b>£000</b>	
<b>Unlisted investments at cost</b>			
At 1 April 2000 and <b>31 March 2001</b>		<b><u>50</u></b>	
<b>Company</b>	<b>Subsidiary undertakings</b>	<b>Other investments</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Cost</b>			
At 1 April 2000	2,265	50	2,315
Additions in year	<u>1,000</u>	—	<u>1,000</u>
<b>At 31 March 2001</b>	<b><u>3,265</u></b>	<b><u>50</u></b>	<b><u>3,315</u></b>
<b>Amounts provided</b>			
At 1 April 2000	1,030	-	1,030
Provision for year	<u>1,227</u>	—	<u>1,227</u>
<b>31 March 2001</b>	<b><u>2,257</u></b>	<b><u>—</u></b>	<b><u>2,257</u></b>
<b>Net book value</b>			
<b>31 March 2001</b>	<b><u>1,008</u></b>	<b><u>50</u></b>	<b><u>1,058</u></b>
31 March 2000	<u>1,235</u>	<u>50</u>	<u>1,285</u>

During the year Milo Cosmetics Limited, a subsidiary undertaking, increased its authorised share capital and subsequently issued 1,000,000 ordinary £1 shares at par to MILO PLC which were fully paid.

At 31 March 2001 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:

<b>Name of Subsidiary</b>	<b>Main trading activity</b>	<b>% of ordinary shares and voting rights held</b>
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 and undergoing members voluntary liquidation	100

**MILO PLC**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2001**

**11. STOCKS**

	2001		2000	
	Group £000	Company £000	Group £000	Company £000
Raw materials	830	-	1,190	-
Finished goods	<u>768</u>	<u>-</u>	<u>873</u>	<u>-</u>
	<u>1,598</u>	<u>-</u>	<u>2,063</u>	<u>-</u>

**12. DEBTORS**

	2001		2000	
	Group £000	Company £000	Group £000	Company £000
Trade debtors	970	6	780	-
Amounts owed by group undertakings	-	2,030	-	3,170
Other debtors	7	8	110	110
Prepayments and accrued income	<u>365</u>	<u>-</u>	<u>230</u>	<u>9</u>
	<u>1,342</u>	<u>2,044</u>	<u>1,120</u>	<u>3,289</u>

**13. CREDITORS**

amounts falling due within  
one year :

	2001		2000	
	Group £000	Company £000	Group £000	Company £000
Bank loans and overdrafts (secured)	179	-	809	499
Trade creditors	798	19	906	17
Amounts owed to group undertakings	-	829	-	754
Corporation tax	-	-	-	-
Other taxes and social security costs	94	53	93	51
Other creditors	34	15	48	31
Accruals and deferred income	<u>257</u>	<u>88</u>	<u>138</u>	<u>24</u>
	<u>1,362</u>	<u>1,004</u>	<u>1,994</u>	<u>1,376</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 2001**

**14. DEFERRED TAXATION**

The amount provided and the full potential liability for deferred taxation at a rate of 20% (2000 - 20%) are as follows:

	2001		2000		
	Group £000	Company £000	Group £000	Company £000	
<b>Amount provided :</b>					
Timing differences arising from:					
Capital allowances	231	-	117	-	
Relief for losses	<u>(231)</u>	-	<u>(117)</u>	-	
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
<b>Full potential liability :</b>					
Timing differences arising from :					
Capital allowances	231	-	117	-	
Relief for losses	<u>(231)</u>	-	<u>(117)</u>	-	
Revaluation surplus	<u>175</u>	<u>175</u>	<u>150</u>	<u>150</u>	
	<u>175</u>	<u>175</u>	<u>150</u>	<u>150</u>	
<b>Movement in the provision</b>			<b>2001</b>		
			<b>£000</b>		
Provision at 1 April 2000			-		
Transferred to Profit and Loss Account			<u>-</u>		
<b>Provision at 31 March 2001</b>			<u>-</u>		
<b>15. CALLED UP SHARE CAPITAL</b>			<b>2001</b>	<b>2000</b>	
			<b>£000</b>	<b>£000</b>	
Authorised:					
2,000,000 Ordinary shares of £1 each			<u>2,000</u>	<u>2,000</u>	
Allotted, issued and fully paid:					
906,300 (1999: 906,300) Ordinary shares of £1 each			<u>906</u>	<u>906</u>	
<b>16. RESERVES</b>					
	Capital redemption reserve	Share premium account	Revaluation reserve	Profit and loss account	Other reserves
<b>GROUP</b>	£000	£000	£000	£000	£000
At 1 April 2000	174	40	728	3,124	856
Loss for the financial year	<u>-</u>	<u>-</u>	<u>-</u>	<u>(574)</u>	<u>-</u>
<b>At 31 March 2001</b>	<u>174</u>	<u>40</u>	<u>728</u>	<u>2,550</u>	<u>856</u>

**MILO PLC**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2001**

**16 RESERVES (CONTINUED)**

<b>COMPANY</b>	<b>Capital redemption reserve £000</b>	<b>Share premium account £000</b>	<b>Revaluation reserve £000</b>	<b>Profit and loss account £000</b>
At 1 April 2000	174	40	725	3,983
Loss for the financial year	—	—	—	(1,146)
<b>At 31 March 2001</b>	<u>174</u>	<u>40</u>	<u>725</u>	<u>2,837</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 £1,145,981 (2000 – loss £898,196).

<b>17. RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES</b>	<b>2001 £000</b>	<b>2000 £000</b>
Operating loss	(574)	(1,015)
Depreciation of tangible fixed assets	212	221
(Profit)/loss on disposal of tangible fixed assets	(91)	1
Decrease in stock	465	70
(Increase)/decrease in debtors	(222)	181
(Decrease)/increase in creditors	<u>(2)</u>	<u>21</u>
<b>Net cash outflow from operating activities</b>	<u>(212)</u>	<u>(521)</u>

**MILO PLC**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2001**

<b>18.</b>	<b>ANALYSIS OF CASH FLOW FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT</b>	<b>2001 £000</b>	<b>2000 £000</b>
	<b>Returns on investments and servicing of finance</b>		
	Interest received	20	35
	Interest paid	<u>(20)</u>	<u>(5)</u>
	<b>Net cash inflow from returns on investments and servicing of finance</b>	<b>—</b>	<b><u>30</u></b>
	<b>Capital expenditure</b>		
	Purchase of tangible fixed assets	(85)	(337)
	Sale of tangible fixed assets	<u>363</u>	<u>—</u>
	<b>Net cash outflow from capital expenditure</b>	<b><u>278</u></b>	<b><u>(337)</u></b>

<b>19.</b>	<b>ANALYSIS OF NET FUNDS</b>			
		<b>At 1 April 2000 £000</b>	<b>Cash flow £000</b>	<b>At 31 March 2001 £000</b>
	Cash at bank and in hand	1,218	(564)	654
	Bank overdraft and short term bank loan	<u>(809)</u>	<u>630</u>	<u>(179)</u>
	<b>Total</b>	<b><u>409</u></b>	<b><u>66</u></b>	<b><u>475</u></b>

**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 2001 or 31 March 2000.
- (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 2001 the liabilities of the Irish Subsidiary amounted to £nil (2000 - £10,000).

**21. RELATED PARTIES**

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.

**MILO PLC**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2001**

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**22. POST BALANCE SHEET EVENTS**

Following a strategic decision, in April 2001 the group discontinued the manufacture of soap, gift and toiletry products and sold the trade and assets of Ical Limited and the soap division of Edenfield Soap & Toiletries Limited.

The book value of group assets sold in April 2001 can be summarised as follows:

	<b>£000</b>
Tangible fixed assets	460
Stocks	440
Debtors	686
Trade creditors	<u>(246)</u>
	<u>1,340</u>
Proceeds	<u>1,340</u>

The accounting reference dates for Ical Limited and Edenfield Soap & Toiletries have been extended to 30 June 2001 although interim accounts have been prepared to 31 March 2001 for the purposes of preparing the group consolidated accounts.

At 30 June 2001 the remaining assets and liabilities of Ical Limited and Edenfield Soap & Toiletries have been transferred to Milo Cosmetics and MILO PLC at book value. Thereafter, Ical Limited and Edenfield Soap & Toiletries Limited are dormant non trading companies.