

COMPANY NUMBER: 2880426

EDENFIELD SOAP & TOILETRIES LIMITED

REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 1997



CLARK WHITEHILL
Chartered Accountants

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

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EDENFIELD SOAP & TOILETRIES LIMITED

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EDENFIELD SOAP & TOILETRIES LIMITED
DIRECTORS AND ADVISERS

DIRECTORS

E A Oldham
M G Tattersall
R V Hughes
I C Harrison
S A Collinge

SECRETARY

K Oldham

REGISTERED OFFICE

Irwell Vale Works
Irwell Vale
Ramsbottom
Bury
Lancashire
BL0 0QG

BANKERS

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

AUDITORS

Clark Whitehill
Arkwright House
Parsonage Gardens
Manchester
M3 2LE

**EDENFIELD SOAP & TOILETRIES LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 1997**

The directors have pleasure in presenting their report and the accounts for the year ended 31 March 1997.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 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 company is the manufacture of soap and toiletries.

The directors consider that trading for the year was disappointing. Despite increased turnover, lower margins and increased overheads resulted in the company showing a loss for the year.

RESULTS AND DIVIDENDS

The loss for the year after taxation amounted to £86,020 (1996 - profit £25,676) as shown on page 5. The directors do not recommend the payment of a dividend.

FUTURE DEVELOPMENTS

With increasing pressures on gross margins on certain of the company's products, the directors intend to focus their attention during the current financial year on the more profitable sectors.

**EDENFIELD SOAP & TOILETRIES LIMITED
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 1997**

DIRECTORS

The directors during the year were as follows:

E A Oldham
M G Tattersall
R V Hughes
I C Harrison
S A Collinge

S A Collinge was appointed a director on 1 April 1996.

DIRECTORS' INTERESTS

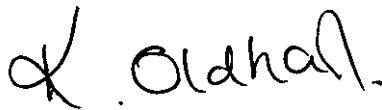
None of the directors who held office at 31 March 1997 had any interests in the issued share capital of the company at the beginning or end of the financial year.

With the exception of S A Collinge all of the directors were also on the board of the parent company and their interests in the shares of the parent company are disclosed in that company's financial statements.

AUDITORS

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

By order of the board



K Oldham
Secretary
26 June 1997



CLARK WHITEHILL

Chartered Accountants

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

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AUDITORS' REPORT

TO THE SHAREHOLDERS OF EDENFIELD SOAP & TOILETRIES LIMITED

We have audited the accounts on pages 5 to 11 which have been prepared under the accounting policies set out on pages 7 and 8.

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 the company's affairs at 31 March 1997 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Manchester
26 June 1997

Clark Whitehill
CLARK WHITEHILL
Chartered Accountants
and Registered Auditors

EDENFIELD SOAP & TOILETRIES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 1997

	Note	1997 £	1996 £
TURNOVER	2	6,696,095	6,469,324
Cost of sales		<u>(6,213,534)</u>	<u>(5,969,613)</u>
GROSS PROFIT		482,561	499,711
Administrative expenses		<u>(568,581)</u>	<u>(474,035)</u>
(LOSS)/ PROFIT BEFORE AND AFTER TAXATION AND (LOSS)/PROFIT FOR THE FINANCIAL YEAR	3 & 12	<u>(86,020)</u>	<u>25,676</u>

The Profit and Loss Account contains all the gains and losses recognised in the current and preceding year and the (loss)/profit is the only movement on shareholders' funds.

The notes on pages 7 to 11 form part of these accounts.

EDENFIELD SOAP & TOILETRIES LIMITED
BALANCE SHEET
31 MARCH 1997

	Note	1997 £	1996 £
FIXED ASSETS			
Tangible assets	6	<u>536,414</u>	<u>547,223</u>
CURRENT ASSETS			
Stocks	7	815,690	471,101
Debtors	8	<u>472,545</u>	<u>988,399</u>
		1,288,235	1,459,500
CREDITORS: amounts falling due within one year	9	<u>(756,096)</u>	<u>(852,150)</u>
NET CURRENT ASSETS		<u>532,139</u>	<u>607,350</u>
NET ASSETS		<u>1,068,553</u>	<u>1,154,573</u>
CAPITAL AND RESERVES			
Called up share capital	11	1,000,000	1,000,000
Profit and loss account	12	<u>68,553</u>	<u>154,573</u>
SHAREHOLDERS' FUNDS		<u>1,068,553</u>	<u>1,154,573</u>

Approved by the board on 26 June 1997
and signed on its behalf:


E A Oldham


M G Tattersall

The notes on pages 7 to 11 form part of these accounts.

EDENFIELD SOAP & TOILETRIES LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 1997

1. ACCOUNTING POLICIES

Basis of Accounting

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

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, at rates calculated to write off the cost 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% p.a. reducing balance
Motor vehicles	-	33% p.a. reducing balance
Dies	-	25% p.a. reducing balance

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. Net realisable value is based on estimated selling price less any further costs of realisation.

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. 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.

EDENFIELD SOAP & TOILETRIES LIMITED
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 1997

1. ACCOUNTING POLICIES (CONTINUED)

Pension Costs

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

Accounting Period

The accounts are prepared on the basis of the accounting period ending on the last Saturday in March each year. For the current year the accounts have been made up to 29 March 1997 and for the comparative period accounts were made up to 30 March 1996.

Related Party Transactions

The company is a wholly owned subsidiary of Milo Plc, a company registered in England and Wales, and has therefore taken advantage of the exemption in Financial Reporting Standard No 8 not to disclose transactions with other group members.

2. TURNOVER

Turnover wholly arises in the United Kingdom, and in the opinion of the directors there is only one class of business.

3. (LOSS)/PROFIT BEFORE AND AFTER TAXATION	1997	1996
This is stated after charging/(crediting):	£	£
Directors' remuneration	28,347	-
Auditors' remuneration	10,000	10,000
Depreciation	92,701	89,945
Profit on disposal of fixed assets	<u>-</u>	<u>(931)</u>

The directors' remuneration relates to S A Collinge. The other directors are also directors of the holding company and fellow subsidiaries. These directors received total remuneration for the year of £365,606, all of which was 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 company and their services as directors of the holding and fellow subsidiary companies.

	1997	1996
	£	£
Directors' remuneration comprises:		
Aggregate emoluments	24,385	-
Company pension contributions to money purchase scheme	<u>3,962</u>	<u>-</u>
	<u>28,347</u>	<u>-</u>

EDENFIELD SOAP & TOILETRIES LIMITED
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 1997

4. TAXATION

No corporation tax charge arises on the loss for the year.

5. STAFF COSTS	1997 £	1996 £
Wages and salaries	1,061,666	911,775
Social security costs	66,215	67,331
Other pension costs	<u>15,112</u>	<u>10,246</u>
	<u>1,142,993</u>	<u>989,352</u>

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

	No.	No.
Selling and distribution	7	9
Administration	1	1
Production	<u>112</u>	<u>111</u>
	<u>120</u>	<u>121</u>

6. TANGIBLE FIXED ASSETS

	Plant & machinery £	Fixtures & fittings £	Motor vehicles £	Dies £	Total £
Cost					
1 April 1996	1,974,413	1,623	12,741	124,409	2,113,186
Additions	<u>81,774</u>	<u>118</u>	<u>-</u>	<u>-</u>	<u>81,892</u>
31 March 1997	<u>2,056,187</u>	<u>1,741</u>	<u>12,741</u>	<u>124,409</u>	<u>2,195,078</u>
Depreciation					
1 April 1996	1,453,371	262	7,336	104,994	1,565,963
Provisions for year	<u>84,771</u>	<u>143</u>	<u>2,546</u>	<u>5,241</u>	<u>92,701</u>
31 March 1997	<u>1,538,142</u>	<u>405</u>	<u>9,882</u>	<u>110,235</u>	<u>1,658,664</u>
Net Book Value					
31 March 1997	<u>518,045</u>	<u>1,336</u>	<u>2,859</u>	<u>14,174</u>	<u>536,414</u>
31 March 1996	<u>521,042</u>	<u>1,361</u>	<u>5,405</u>	<u>19,415</u>	<u>547,223</u>

EDENFIELD SOAP & TOILETRIES LIMITED
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 1997

7. STOCKS	1997 £	1996 £
Raw materials	634,697	340,508
Finished goods	<u>180,993</u>	<u>130,593</u>
	<u>815,690</u>	<u>471,101</u>
 8. DEBTORS		
Trade debtors	149,790	107,508
Amounts owed by group undertakings	<u>322,755</u>	<u>880,891</u>
	<u>472,545</u>	<u>988,399</u>
 9. CREDITORS: amounts falling due within one year		
Bank overdraft (secured)	3,307	107,568
Trade creditors	393,544	582,047
Amounts owed to group undertakings	104,223	-
Other taxes and social security costs	24,316	32,921
Other creditors	19,892	19,077
Accruals and deferred income	<u>210,814</u>	<u>110,537</u>
	<u>756,096</u>	<u>852,150</u>

The bank overdraft is secured by a floating charge over all the assets of the company.

10. DEFERRED TAXATION

	1997		1996	
	Full potential liability £	Provided in the accounts £	Full potential liability £	Provided in the accounts £
Timing differences arising from:				
Capital allowances	65,000	65,000	55,000	55,000
Less: utilisation of losses	<u>(65,000)</u>	<u>(65,000)</u>	<u>(55,000)</u>	<u>(55,000)</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

At 31 March 1997 the company had unrelieved losses of approximately £271,000 available for relief against future profits of the same trade which has been used to reduce the deferred tax liability noted above.

EDENFIELD SOAP & TOILETRIES LIMITED
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 1997

11. CALLED UP SHARE CAPITAL	1997 £	1996 £
Authorised:		
5,000,000 Ordinary shares of £1 each	<u>5,000,000</u>	<u>5,000,000</u>
Allotted, issued and fully paid:		
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

12. RESERVES	Profit and loss account £
At 1 April 1996	154,573
Loss for the financial year	<u>(86,020)</u>
At 31 March 1997	<u>68,553</u>

13. CONTINGENT LIABILITY

The company is party to an unlimited multilateral guarantee in respect of the bank borrowings of the companies within the group.

The group was not indebted to the bank at 31 March 1997 or 31 March 1996.

14. ULTIMATE PARENT UNDERTAKING

The ultimate parent company is Milo Plc, which is registered in England and Wales. A copy of the accounts of the parent company can be obtained by writing to The Secretary, Milo Plc, Irwell Vale Works, Irwell Vale, Ramsbottom, Bury, Lancashire, BLO OQG.