

Company No: 2518921

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**JULIUS A MELLER MANAGEMENT
SERVICES LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1997



JULIUS A MELLER MANAGEMENT SERVICES LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1997

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JULIUS A MELLER MANAGEMENT SERVICES LIMITED

DIRECTORS' REPORT

The directors submit their report and the audited financial statements for the year ended 31st December 1997.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business;
- d. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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 financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Activity

The principal activity of the company which has remained unchanged during the financial year was the provision of management services.

Business review and future developments

The company has traded profitably during the year under review and is expected to continue to do so in 1998, providing a similar level of services.

Dividends

In view of the company's current and future requirements and the maintenance and development of the company's business the directors do not recommend the payment of a dividend.

Directors and their interests

The directors of the company during the year were as follows:

M J Meller
D R Meller
J N Curtis FCA

No director had any interest in the share capital of the company.

The interests of the directors in the shares of the parent company are disclosed in that company's directors' report.

JULIUS A MELLER MANAGEMENT SERVICES LIMITED

DIRECTORS' REPORT (continued)

Auditors

On 1st November 1997, the partners of Casson Beckman merged their practice with that of Baker Tilly, Chartered Accountants. A resolution to re-appoint Baker Tilly, Chartered Accountants, auditors of the company, will be put to the members at the Annual General meeting.

BY ORDER OF THE BOARD

J N Curtis FCA

Secretary

11th May 1998

Registered Office:

Meller House
42-43 Chagford Street
London NW1 6EB.

JULIUS A MELLER MANAGEMENT SERVICES LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS OF JULIUS A MELLER MANAGEMENT SERVICES LIMITED

We have audited the financial statements on pages 4 to 9 which have been prepared under the historical cost convention and the accounting policies as set out on page 6.

Respective responsibilities of directors and auditors

As described in the directors' report, the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, are consistently applied and are 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 financial statements 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 information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31st December 1997 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


BAKER TILLY

Chartered Accountants
and Registered Auditors

2 Bloomsbury Street
London WC1B 3ST

11th May 1998

JULIUS A MELLER MANAGEMENT SERVICES LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31ST DECEMBER 1997**

	Notes	1997 £'000	1996 £'000
Turnover	2	2,397	3,150
Administrative expenses		(2,362)	(3,115)
Operating profit		35	35
Interest payable	4	(1)	-
Profit on ordinary activities before taxation		34	35
Tax on profit on ordinary activities	5	(7)	(63)
Profit/(loss) on ordinary activities after taxation		27	(28)
Retained profit brought forward		2	30
Retained profit carried forward	9	29	2

There are no recognised gains or losses other than the profit for the financial year.

Turnover and operating profit all derive from continuing operations.

JULIUS A MELLER MANAGEMENT SERVICES LIMITED

BALANCE SHEET

AT 31ST DECEMBER 1997

	Notes	1997 £'000	1996 £'000
Current assets			
Debtors	6	626	1,041
Cash at bank and in hand		3	-
		629	1,041
 Creditors: Amounts falling due within one year	7	 (599)	 (1,038)
Total assets less current liabilities		30	3
Capital and reserves			
Called up share capital	8	1	1
Profit and loss account	9	29	2
Shareholders' funds		30	3

Approved by the Board on 11th May 1998 and signed on its behalf by

M J Meller - Director



J N Curtis - Director



JULIUS A MELLER MANAGEMENT SERVICES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1997

1. Accounting policies

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Turnover

Turnover represents amounts invoiced by the company in respect of services rendered during the year stated net of value added tax.

Pensions

The company operates a defined contribution scheme covering the majority of its permanent employees. Pension costs charged against profits, represent the amounts payable to the scheme in respect of the year.

2. Turnover

The turnover of the company during the year was made in the same geographical area.

The turnover of the company for the year derives from the same class of business as noted in the directors' report.

3. Employees and directors

	1997	1996
	£'000	£'000
Staff costs including executive directors during the year amounted to:-		
Wages and salaries	1,968	2,368
Social security costs	132	267
Other pension costs	260	210
	2,360	2,845
	=====	=====
The average monthly number of employees during the year was:-	No.	No.
Office and management	8	8
Directors' emoluments:	=====	=====
	£'000	£'000
Remuneration	1,850	2,520
Contributions to money purchase pension schemes	254	206
	2,104	2,726
	=====	=====

JULIUS A MELLER MANAGEMENT SERVICES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1997

3. Employees and directors (continued)	1997	1996
	No.	No.
The number of directors to whom retirement benefits are accruing in respect of qualifying services to the company is as follows:		
Money purchase schemes	3	3
	<u> </u>	<u> </u>
	1997	1996
	£'000	£'000
Emoluments in respect of the highest paid director amounted to:		
Remuneration	634	937
Contributions to money purchase pension schemes	121	103
	<u> </u>	<u> </u>
	755	1,040
	<u> </u>	<u> </u>
4. Interest payable	1997	1996
	£'000	£'000
Bank overdraft	1	-
	<u> </u>	<u> </u>
5. Taxation	1997	1996
	£'000	£'000
The taxation charge which is based on the results of the year is made up as follows:-		
Current year		
Corporation tax	7	4
Prior years		
Payment for group relief	-	59
	<u> </u>	<u> </u>
	7	63
	<u> </u>	<u> </u>
6. Debtors	1997	1996
	£'000	£'000
Amounts falling due within one year:		
Amounts owed by group undertakings	615	1,041
Amounts owed by former group undertakings	6	-
Prepayments	5	-
	<u> </u>	<u> </u>
	626	1,041
	<u> </u>	<u> </u>

JULIUS A MELLER MANAGEMENT SERVICES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1997

7. Creditors: Amounts falling due within one year	1997 £'000	1996 £'000
Bank overdrafts	-	137
Amounts owed to group undertakings	80	58
Amounts owed to former fellow subsidiary company	-	306
Corporation tax	7	5
Other taxation and social security costs	347	235
Accruals and deferred income	165	297
	<u>599</u>	<u>1,038</u>

Bank overdrafts amounting to £Nil (1996 - £137,000) are secured by a fixed charge over the company's book debts and a floating charge over all other assets.

8. Share capital	1997 £'000	1996 £'000
Authorised:		
1,000 ordinary shares of £1 each	1	1
	<u>1</u>	<u>1</u>
Allotted, issued and fully paid:		
1,000 ordinary shares of £1 each	1	1
	<u>1</u>	<u>1</u>

9. Reserves and reconciliation of movements in shareholders' funds

	Share Capital £'000	Profit and loss account £'000	Total shareholders' funds £'000
Opening shareholders' funds	1	2	3
Profit for the financial year	-	27	27
	<u>1</u>	<u>29</u>	<u>30</u>
Closing shareholders' funds	1	29	30

JULIUS A MELLER MANAGEMENT SERVICES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST DECEMBER 1997

10. Contingent liabilities

The company has guaranteed the borrowings of its parent company, fellow subsidiaries and former fellow subsidiaries as part of group banking arrangements. The borrowings are secured by a fixed and floating charge over the assets of the companies involved. At 31st December 1997 the contingent liability in respect of this guarantee was £735,000 (1996 - £685,000).

The company is included in a group registration for VAT purposes with its parent company fellow subsidiaries and former subsidiaries. All members of the VAT group are jointly and severally liable for the total amount of VAT due, and at 31st December 1997 the contingent liability in respect of this group registration was £1,903,000 (1996: £1,377,000).

11. Related party transactions

Details of the company's ultimate parent company are given in Note 11.

The company has taken advantage of the exemptions from disclosure of transactions with group companies available to subsidiary undertakings under Financial Reporting Standard No.8.

The company has provided services to former fellow subsidiaries and is owed monies by former group undertakings as follows:

		1997 Value £'000	1996 Value £'000
(i)	Services provided to former fellow subsidiaries		
	Company	Nature of services	
	Julius A Meller (Toiletries) Limited	Management services	360 978
			==
	CML Limited	Management services	24 24
			==
(ii)	Amounts owed by/(to) former group undertakings	1997 £'000	1996 £'000
	Julius A Meller (Toiletries) Limited	4	(306)
	CML Limited	2	-
		==	==

All former group companies are under common ownership and control to the company as at 31st December 1997.

12. Ultimate parent company

The company's ultimate parent company is Julius A. Meller Holdings Plc. Copies of the group financial statements of Julius A Meller Holdings Plc are available from Companies House, Crown Way, Maindy, Cardiff CF4 3UZ.