

COMPANY NO: 2764368

ACHESON & ACHESON LTD



BALANCE SHEET & ACCOUNTS

FOR THE YEAR ENDED
31ST MARCH, 1999

FORDYCE, CURRY & CO
CHARTERED CERTIFIED ACCOUNTANTS
BOUNDARY HOUSE
91-93 CHARTERHOUSE STREET
LONDON EC1M 6PN

ACHESON & ACHESON LTD

DIRECTORS' REPORT

The Directors have pleasure in presenting their report, together with the Company's audited accounts for the year ended 31st March 1999.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The Company's principal activity is the manufacture and marketing of toiletries and gift products.

During the year the Company continued to make steady progress and, with the extension of its own manufacturing and warehouse facilities, is well placed for future expansion.

The Directors consider the results for the year to be satisfactory.

RESULTS AND DIVIDENDS

The results for the year are as shown in the attached Profit & Loss Account. The Directors do not recommend the payment of a dividend for the year.

DIRECTORS

The Directors of the Company in the year and their interest in the share capital were as follows:-

	<u>31.3.99</u>	<u>31.3.98</u>
K. H. Acheson	10,000	10,000
F. J. Acheson	10,000	10,000
T. R. Acheson	-	-

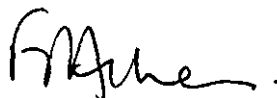
YEAR 2000

All the company's computer systems are fairly new, and the directors after having made enquiries of the relevant suppliers are confident that they are all year 2000 compliant.

AUDITORS

Messrs. Fordyce, Curry & Co. have indicated that they are willing to continue as auditors to the Company, and a resolution proposing their reappointment will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD



F. J. ACHESON
SECRETARY

DATE: 20 July 1999

ACHESON & ACHESON LTD

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:-

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 financial statements.

Prepare the financial statements on the going concern basis unless it is inappropriate to presume 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 financial statements 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 and other irregularities.

AUDITORS REPORT TO THE SHAREHOLDERS OF
ACHESON & ACHESON LTD

We have audited the financial statements on pages 4 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of Directors and Auditors

As described on page 2, the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

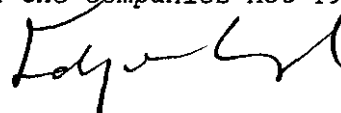
Basis of opinion

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, 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 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 the Company's affairs as at 31st March 1999, and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



FORDYCE, CURRY & CO.
CHARTERED CERTIFIED ACCOUNTANTS

REGISTERED AUDITORS

BOUNDARY HOUSE
91-93 CHARTERHOUSE STREET
LONDON EC1M 6PN

DATE: 20 July 1999

ACHESON & ACHESON LTD

BALANCE SHEET
AS AT 31ST MARCH, 1999

As At
31st March, 1998

FIXED ASSETS

Tangible (Note 3)	1,126,657	783,198
Investments (Note 14)	<u>200</u>	<u>200</u>
	1,126,857	783,398

CURRENT ASSETS

Stocks	348,803	531,833
Debtors & Prepayments (Note 4)	410,003	289,453
Cash at Bank & In Hand	<u>598,745</u>	<u>577,778</u>
	1,357,551	1,399,064

CREDITORS: AMOUNTS FALLING DUE

<u>WITHIN ONE YEAR</u> (Note 5)	<u>741,889</u>	<u>996,166</u>
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NET CURRENT ASSETS

<u>615,662</u>	<u>402,898</u>
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TOTAL ASSETS LESS CURRENT LIABILITIES

1,742,519	1,186,296
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DEFERRED TAX (Note 15)

<u>25,359</u>	<u>15,219</u>
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NET ASSETS

£ <u>1,717,160</u>	£ <u>1,171,077</u>
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CAPITAL & RESERVES


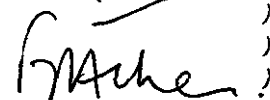
Called Up Share Capital (Note 2)	20,000	20,000
Profit & Loss Account	<u>1,697,160</u>	<u>1,151,077</u>
<u>SHAREHOLDERS FUNDS - EQUITY</u>	£ <u>1,717,160</u>	£ <u>1,171,077</u>

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

The financial statements were approved by the Board of Directors on 20 July 1999 and signed on its behalf.

K. H. ACHESON

F. J. ACHESON


DIRECTORS


ACHESON & ACHESON LTD

TRADING & PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED TO 31ST MARCH, 1999

Year Ended
31st March, 1998

<u>TURNOVER</u>	5,087,113	4,336,072
<u>COST OF SALES</u>	<u>3,534,731</u>	<u>3,251,478</u>
<u>GROSS PROFIT</u>	1,552,382	1,084,594
Selling & Distribution	75,745	56,500
Administration	<u>714,640</u>	<u>478,812</u>
	<u>790,385</u>	<u>535,312</u>
<u>OPERATING PROFIT</u> (Note 6)	761,997	549,282
Interest Receivable	12,491	14,542
Interest Payable & Similar Charges	<u>(7,595)</u>	<u>(16,366)</u>
<u>NET PROFIT BEFORE TAX</u>	766,893	547,458
Taxation (Note 8)	<u>220,810</u>	<u>144,542</u>
<u>NET PROFIT AFTER TAX</u>	546,083	402,916
<u>BALANCE BROUGHT FORWARD</u>	<u>1,151,077</u>	<u>748,161</u>
<u>BALANCE CARRIED FORWARD</u>	£ 1,697,160	£ 1,151,077

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

None of the Company's activities was acquired or discontinued during the above two financial years.

STATEMENT OF RECOGNISED GAINS & LOSSES

There were no recognised gains or losses in the above two financial years other than the net profit after tax.

ACHESON & ACHESON LTD

CASHFLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 1999

Year Ended
31st March, 1998

OPERATING ACTIVITIES

Net Cash Inflow from Operating Activities (Note 17a)	859,252	530,383
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RETURNS ON INVESTMENT AND
SERVICING OF FINANCE

Interest Receivable	12,491	14,542
Interest Payable	<u>(7,595)</u>	<u>(16,366)</u>
	4,896	(1,824)

TAXATION

Corporation Tax Paid	(126,266)	(201,489)
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CAPITAL EXPENDITURE

Payments to acquire Tangible Fixed Assets	(449,451)	(406,895)
Receipts for sale of Tangible Fixed Assets	10,500	21,425
Payments to acquire Investments	<u>-</u>	<u>(200)</u>
	(438,951)	(385,670)

INCREASE IN CASH

(Note 17b)	£ <u>298,931</u>	£ <u>(58,600)</u>
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The Notes on pages 7 to 11 form part of these Financial Statements.

ACHESON & ACHESON LTD

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED TO 31ST MARCH, 1999

1. ACCOUNTING POLICIES

a) The Accounts are prepared under the historical cost convention and in accordance with applicable Accounting Standards.

b) The Company and its subsidiary undertakings comprise a medium sized group. The Company has taken advantage of the exemption provided by S.248 of the Companies Act 1985 not to prepare Group Accounts. The financial statements therefore present information about the Company as an individual undertaking and not about its Group.

c) Depreciation is provided for at rates calculated to write assets down to their residual value over their expected useful lives. The rates currently in use are:-

Freehold Buildings	2% Cost
Motor Cars	25% Cost
Furniture & Equipment	15% Cost
Plant & Machinery	15% Cost

The cost of Freehold land is not depreciated.

d) Stocks and work in progress are valued at the lower of cost and net realisable value.

e) Deferred taxation is provided for in full using the liability method.

f) Transactions paid for in foreign currencies are converted at the rate ruling at the date of payment, and balances in foreign currencies are converted at the rate ruling at the Balance Sheet date.

g) Turnover represents goods invoiced net of VAT and discounts, and arose wholly in the U.K.

h) Rentals under operating leases are charged to Profit & Loss as they fall due.

i) The Company provides a money purchase pension scheme, the assets of which are held separately from those of the Company in an independently managed fund. Contributions to the scheme are charged to the Profit and Loss Account as they become payable. Contributions totalling nil (1998 nil) were payable to the fund at the year end. The Company also contributes to Personal Pension Schemes for the benefit of its senior employees.

2. SHARE CAPITAL

	<u>1999</u>	<u>1998</u>
Authorised - £1 Ordinary	£ <u>20,000</u>	£ <u>20,000</u>
Allotted, Called Up and Fully Paid - £1 Ordinary	£ <u>20,000</u>	£ <u>20,000</u>

ACHESON & ACHESON LTD

NOTES TO THE ACCOUNTS (CONT'D)
FOR THE YEAR ENDED TO 31ST MARCH, 1999

3. TANGIBLE FIXED ASSETS

	<u>Freehold Land & Buildings</u>	<u>Motor Cars</u>	<u>Furniture & Equipment</u>	<u>Plant & Machinery</u>	<u>Total</u>
Cost at 1.4.98	571,649	59,514	60,723	170,126	862,012
Disposals	-	(18,832)	-	-	(18,832)
Additions	<u>247,242</u>	<u>118,210</u>	<u>29,514</u>	<u>54,485</u>	<u>449,451</u>
Cost at 31.3.99	£ 818,891	£ 158,892	£ 90,237	£ 224,611	£ 1,292,631
Depreciation at 1.4.98	9,107	24,295	15,216	30,196	78,814
Disposals	-	(14,124)	-	-	(14,124)
Charge for the Year	<u>14,332</u>	<u>39,723</u>	<u>13,539</u>	<u>33,690</u>	<u>101,284</u>
Depreciation at 31.3.99	£ 23,439	£ 49,894	£ 28,755	£ 63,886	£ 165,974
Net Book Value at 1.4.98	£ 562,542	£ 35,219	£ 45,507	£ 139,930	£ 783,198
Net Book Value at 31.3.99	£ 795,452	£ 108,998	£ 61,482	£ 160,725	£ 1,126,657

Included within Freehold Land & Buildings is land at cost of £102,305, which is not subject to depreciation.

4. DEBTORS & PREPAYMENTS

	<u>1999</u>	<u>1998</u>
Trade Debtors	359,683	200,834
Other Debtors	32,703	76,394
Prepayments & Accrued Income	<u>17,617</u>	<u>12,225</u>
	£ 410,003	£ 289,453

5. CREDITORS: AMOUNTS FALLING DUE
WITHIN ONE YEAR

Bank Overdraft	-	277,964
Trade Creditors	243,375	424,199
Directors' Current Accounts	93,000	67,000
Taxation & Social Security	41,469	32,929
Corporation Tax due 1.1.2000	213,727	129,323
Amounts due to Group Companies	200	200
Sundry Creditors & Accruals	<u>150,118</u>	<u>64,551</u>
	£ 741,889	£ 996,166

The bank overdraft is secured by a fixed and floating charge over the assets of the Company and is repayable on demand.

ACHESON & ACHESON LTD

NOTES TO THE ACCOUNTS (CONT'D)
FOR THE YEAR ENDED TO 31ST MARCH, 1999

6. OPERATING PROFIT

Operating profit is stated after charging:-

	<u>1999</u>	<u>1998</u>
Operating Lease Rentals		
- Land & Buildings	-	1,946
Depreciation	101,284	58,612
(Profit)/Loss on Disposal of Fixed Assets	(5,792)	2,568
Auditors Remuneration	<u>8,600</u>	<u>8,200</u>

7. DIRECTORS REMUNERATION

Gross Remuneration & Benefits	233,764	168,075
Contributions under Money Purchase Schemes	<u>20,000</u>	<u>25,000</u>
	£ <u>253,764</u>	£ <u>193,075</u>
 Highest Paid Director	 £ <u>117,963</u>	 £ <u>84,933</u>
 Contributions to Money Purchase Schemes in Respect of Highest Paid Director	 £ <u>8,000</u>	 £ <u>15,000</u>

During the year retirement benefits were accruing to two Directors (1998 - 2) in respect of Money Purchase Schemes.

8. TAXATION

The charge for the year comprises:-

Prior Year Adjustment	(3,051)	-
Repayment Supplement	(6)	-
Transfer to Deferred Tax	10,140	15,219
Corporation Tax @ 28.50% (1998 25.97%)	<u>213,727</u>	<u>129,323</u>
	£ <u>220,810</u>	£ <u>144,542</u>

9. PENSION SCHEMES

The Company operates money purchase schemes for the benefit of its Directors. At the Balance Sheet date, there were no unpaid contributions to the schemes. The Company also contributes to Personal Pension Schemes for the benefit of its senior employees.

10. RECONCILIATION OF MOVEMENT
ON SHAREHOLDERS FUNDS

	<u>1999</u>	<u>1998</u>
Profit for the Financial Year	546,083	402,916
Opening Shareholders Funds	<u>1,171,077</u>	<u>768,161</u>
Closing Shareholders Funds	£ <u>1,717,160</u>	£ <u>1,171,077</u>

All shareholders funds are attributable to equity interests.

ACHESON & ACHESON LTD

NOTES TO THE ACCOUNTS (CONT'D)
FOR THE YEAR ENDED TO 31ST MARCH, 1999

11. CAPITAL EXPENDITURE

There was no capital expenditure contracted for at the Balance Sheet date and not included in the accounts of the company for the year.

12. STAFF COSTS

Staff costs including Directors remuneration were as follows:-

	<u>1999</u>	<u>1998</u>
Salaries & Benefits	520,409	324,037
Social Security Costs	52,543	29,642
Other Pension Costs	<u>29,931</u>	<u>25,686</u>
	£ 602,883	£ 379,365

The average number of employees, including Directors, during the year was as follows:-

Office & Administration	4	4
Production & Marketing	<u>12</u>	<u>8</u>
	<u>16</u>	<u>12</u>

13. INTEREST PAYABLE

On Bank Loan and Overdrafts	£ <u>7,595</u>	£ <u>16,366</u>
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14. INVESTMENTS

Shares in Group Undertakings	£ <u>200</u>	£ <u>200</u>
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The Company holds the following investments in Group Companies.

<u>Name</u>	<u>Holding</u>	<u>%</u>	<u>Country of Incorporation</u>	<u>Activity</u>
1010 Products Ltd	100 £1			
	Ordinary Shares	100	England	Dormant
One-o-One-o	100 £1			
Products Ltd	Ordinary Shares	100	England	Dormant

Neither subsidiary has traded and each has net assets equal to their issued share capital.

15. DEFERRED TAXATION

	<u>1999</u>	<u>1998</u>
Balance at 1.4.1998	15,219	-
Transfer for the Year	<u>10,140</u>	<u>15,219</u>
Balance at 31.3.1999	£ <u>25,359</u>	£ <u>15,219</u>

The provision is in respect of accelerated capital allowances. There were no unprovided potential liabilities at the Balance Sheet date.

NOTES TO THE ACCOUNTS (CONT'D)
FOR THE YEAR ENDED TO 31ST MARCH, 1999

16. RELATED PARTIES

The following related party has given personal guarantees to the Company's bankers:-

K. H. Acheson (Director) - £160,000
- charge over 17½ acres of land

The guarantee previously given by T. R. Acheson was released on 17th February 1999.

17. NOTES TO THE CASHFLOW STATEMENT

a) Reconciliation of Operating Profit to
Net Cash Inflow from Operating Activities

	<u>1999</u>	<u>1998</u>
Operating Profit	761,997	549,282
Depreciation	101,284	58,612
(Profit)/Loss on Sale of Fixed Assets	(5,792)	2,568
Increase in Stocks	183,030	(229,702)
Increase in Debtors	(120,550)	(52,874)
Increase in Creditors	<u>(60,717)</u>	<u>202,497</u>
Net Cash Inflow from Operating Activities	£ 859,252	£ 530,383

b) Analysis of Cash

	<u>Cash at Bank and in Hand</u>	<u>Bank Overdraft</u>	<u>Total</u>
At 1.4.1997	358,414	-	358,414
Cashflows	219,364	(277,964)	(58,600)
At 31.3.1998	577,778	(277,964)	299,814
Cashflows	20,967	277,964	298,931
At 31.3.1999	£ 598,745	£ -	£ 598,745

The Company does not have any net debt and therefore no analysis of net debt has been presented.

18. CONTROL

The Company is controlled by the Directors, K.H. & F.J. Acheson.