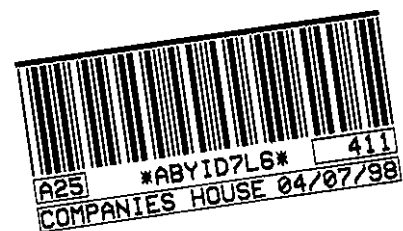


Stafford - Miller Limited
Annual Report
for the year ended 31st December 1997

Registered No: 318499



Stafford-Miller Ltd

**Annual Report
for the year ended 31 December 1997**

	Pages
Directors and advisers	1
Directors' report	2 - 4
Statement of directors' responsibilities	5
Report of the auditors	6
Profit and Loss account	7
Statement of total recognised gains and losses	8
Balance sheet	9
Notes to the financial statements	10 - 25

Stafford - Miller Ltd

Directors and advisers

Directors

Mr J A Block (USA)
Mr T R Block (USA)
Mr J S Rigby (Managing Director)
Mr A J Devaney
Mr R J Lenton
Mr D R White

Secretary and registered office

Mr J E Peters
Broadwater Road
Welwyn Garden City
Herts
AL7 3SP

Registered Auditors

Coopers & Lybrand
Harman House
1 George Street
Uxbridge
Middlesex
UB8 1QQ

Solicitors

Baker & McKenzie
100 New Bridge Street
London
EC4V 6JA

Bankers

Barclays Bank Plc

Stafford - Miller Limited

Directors' report for the year ended 31 December 1997

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

Principal activities

The principal activities of the company are the manufacture, distribution and sale of pharmaceutical and toiletry products. Stafford-Miller Limited operates a branch in Australia.

Review of business

Sales for the year totalled £89,917,000 compared with sales for 1996 of £83,042,000. Advertising and selling expenditure amounted to £34,256,000 for 1997, compared with expenditure of £34,595,000 for 1996. A loss before tax for 1997 of £664,000 was achieved, compared with a loss of £1,361,000 for the previous year.

On 31 July 1998 the company sold the production facilities based in Cwmbran. This resulted in a loss on sale, details of which are set out in note 4.

The future development and growth of the business depends to a large extent on the introduction of new products. The parent company's research facilities referred to below cover all potential areas of development in the pharmaceutical and toiletry field and many new products are being developed.

Dividends and transfers to reserves

The directors have paid a dividend in 1997 of £200,000 (1996 : Nil).

Post balance sheet events

Closure of the Australian production facility began on 12 February 1998. details of this are in note 4.

Research and development

All research and development is carried out by the parent company, Block Drug Company, Inc. of Jersey City. The company obtains all the benefits of research carried out by Block Drug Company, Inc.

Stafford - Miller Limited

Directors' report for the year ended 31 December 1997 (continued)

Market value of land and buildings

In the past, the directors have received informal professional advice that the values of the company's properties have fallen below the £6,410,000 (1996: £7,203,000) at which they are stated in the accounts. Since receiving that advice, property values in the United Kingdom have risen somewhat and, although the company's properties have yet to recover the full book values, in the opinion of the directors the shortfall is not material to the appreciation of these accounts.

Directors

The directors of the company who served throughout the year ended 31 December 1997 are listed on page 1. G B Perry resigned on 6 June 1997.

Directors' interests

No director had at any time during the year ended 31 December 1997 any interest nor any beneficial interest in the shares of the company or any other group company which is required to be notified to the company. For this purpose, the directors are exempt from notifying the company of any interest in shares of a company incorporated outside the United Kingdom.

Charitable and political contributions

Contributions made by the company during the year for charitable purposes amounted to £1,512 (1996: £1,320). No political contributions were made.

Employment of disabled persons

It is the policy of the company to recruit disabled persons when appropriate vacancies are available. At present, the company employs a number of disabled persons and their training, career development and promotion are the same as for other company employees. Should the situation arise, arrangements would be made, where possible, for retraining employees who became disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Stafford - Miller Ltd

Directors' report for the year ended 31 December 1997 (continued)

Employee involvement

The company is conscious of its responsibility regarding the involvement of its employees in their understanding of the nature of the company's business. For some years a Works Council, composed of elected hourly paid employees and management has met regularly to discuss the company's financial progress and day to day problems encountered by employees. Information made available at Work Council meetings is communicated to employees not in attendance verbally and by printed minutes of matters discussed.

Staff handbooks are issued to hourly paid employees to inform them of the company's policies concerning their employment. Throughout the year sales conferences, meetings and seminars are held to ensure that details of the company's products, marketing and promotional plans are understood.

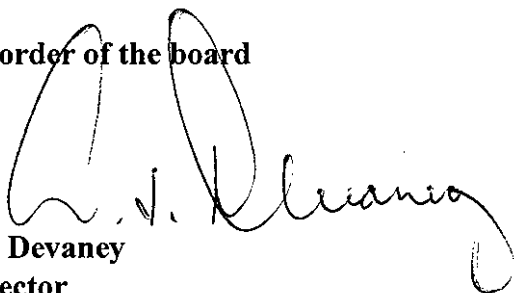
Creditor payment policy

It is company policy to pay suppliers promptly. The company usually pays invoices at the end of the month following the date of the invoice.

Auditors

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the Annual General Meeting.

By order of the board

A handwritten signature in dark ink, appearing to read 'A. J. Devaney', written over the text 'By order of the board'.

**A J Devaney
Director
1 June 1998**

Stafford - Miller Limited

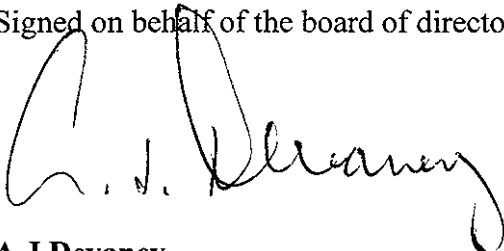
Statement of directors' responsibilities

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 taking reasonable steps for the prevention and detection of fraud and other irregularities.

Signed on behalf of the board of directors by:

A handwritten signature in black ink, appearing to read 'A. J. Devaney', written over a horizontal line.

A J Devaney
Director
1 June 1998

Stafford - Miller Ltd

Report of the auditors to the members of Stafford - Miller Limited

We have audited the financial statements on pages 7 to 25.

Respective responsibilities of directors and auditors

As described on page 5 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.

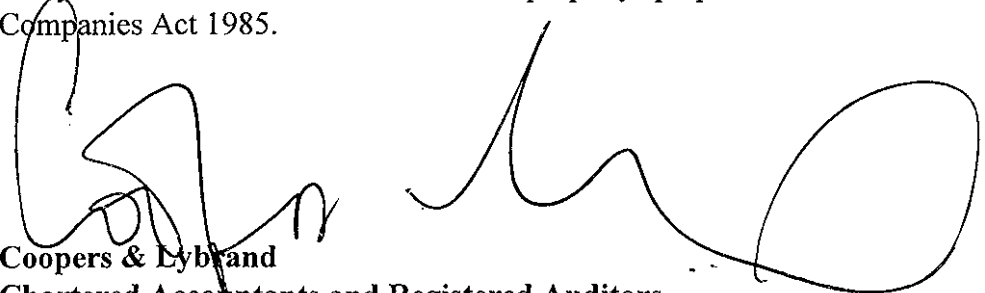
Basis of opinion

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 at 31 December 1997 and of the loss and total recognised losses for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand
Chartered Accountants and Registered Auditors
London
1 June 1998

Stafford - Miller Ltd

Profit and loss account for the year ended 31 December 1997

	Notes	1997 £'000	1996 £'000
Turnover	2	89,917	83,042
Cost of sales		<u>(39,259)</u>	<u>(35,527)</u>
Gross profit		50,658	47,515
Selling and distribution costs		(36,906)	(37,267)
Administrative expenses		(8,175)	(7,384)
Other operating income		354	19
Other operating costs		<u>(2,728)</u>	<u>(2,343)</u>
Operating profit	3	3,203	540
Losses on sale / termination of operations	4	(1,818)	-
Interest receivable and similar income		25	7
Interest payable and similar charges	7	<u>(2,074)</u>	<u>(1,908)</u>
Loss on ordinary activities before taxation	2	(664)	(1,361)
Tax on loss on ordinary activities	8	<u>(492)</u>	<u>404</u>
Loss on ordinary activities after taxation		(1,156)	(957)
Dividend paid		<u>(200)</u>	<u>-</u>
Loss retained for the financial year		<u><u>(1,356)</u></u>	<u><u>(957)</u></u>

Statement of retained profits

Retained profits at 1 January	9,909	11,055
Exchange movement	(250)	(189)
Loss retained for the financial year	<u>(1,356)</u>	<u>(957)</u>
Retained profits at 31 December	<u><u>8,303</u></u>	<u><u>9,909</u></u>

Continuing operations: All items dealt with in arriving at the loss on ordinary activities before taxation for 1997 and 1996 relate to continuing operations. There is no difference between the loss on ordinary activities before taxation and the retained loss for the year stated above, and their historical cost equivalents.

Stafford - Miller Ltd

Statement of total recognised gains and losses

	1997 £'000	1996 £'000
Loss retained for the financial year	(1,356)	(957)
Exchange loss on retranslation of opening net assets of Australian branch	<u>(250)</u>	<u>(189)</u>
Total recognised losses relating to the year	<u><u>(1,606)</u></u>	<u><u>(1,146)</u></u>

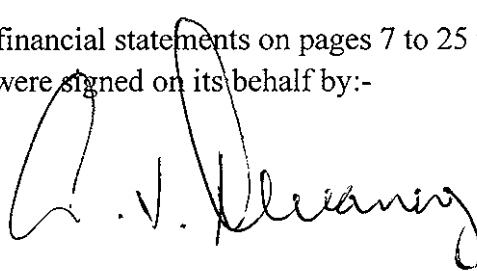
Stafford - Miller Ltd

Balance sheet at 31 December 1997

	Notes	1997 £'000	1996 £'000
Fixed assets			
Intangible assets	9	4,106	4,217
Tangible assets	10	<u>11,948</u>	<u>13,946</u>
		<u>16,054</u>	<u>18,163</u>
Current assets			
Stocks	11	12,786	12,461
Debtors	12	21,285	20,953
Cash at bank and in hand		<u>24</u>	<u>226</u>
		<u>34,095</u>	<u>33,640</u>
Creditors: amounts falling due within one year	13	<u>(38,856)</u>	<u>(40,105)</u>
Net current liabilities		<u>(4,761)</u>	<u>(6,465)</u>
Total assets less current liabilities		<u>11,293</u>	<u>11,698</u>
Creditors: amounts falling due after more than one year	15	(143)	(302)
Provisions for liabilities and charges	17	<u>(1,927)</u>	<u>(567)</u>
Net assets		<u><u>9,223</u></u>	<u><u>10,829</u></u>
Capital and reserves			
Called up share capital	20	920	920
Profit and loss account		<u>8,303</u>	<u>9,909</u>
Equity shareholders' funds	21	<u><u>9,223</u></u>	<u><u>10,829</u></u>

The financial statements on pages 7 to 25 were approved by the board of directors on 12th May 1998 and were signed on its behalf by:-

12th May 1998


A J Devaney
Director
1 June 1998

Stafford - Miller Ltd

Notes to the financial statements for the year ended 31 December 1997

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies is set out below.

Changes in presentation of financial information

FRS 1 (Revised) 'Cash flow statements' requires modifications in the presentation of the cash flow statement. The revised standard came into effect for all accounting periods commencing on or after 23 March 1997.

The company has taken advantage of the exemption available to not present a cash flow statement since it is a wholly owned subsidiary whose parents consolidated financial statements are publicly available (see note 24).

Basis of accounting

These accounts have been prepared under the historical cost convention.

Tangible fixed assets

With the exception of motor vehicles, which are depreciated on a reducing balance basis, depreciation is calculated to write off the cost of fixed assets on a straight line basis over the expected useful lives of the assets concerned. The principal annual rates used for this purpose, which are consistent with those of the previous year, are:-

Freehold buildings	2%
Plant and machinery	10%
Motor vehicles	25%
Furniture, fixtures and fittings	10%
Moulds	20%
Computer equipment	20%

Freehold land is not depreciated.

Stafford - Miller Ltd

Notes to the financial statements for the year ended 31 December 1997 (continued)

Leased assets

Leased assets are accounted for in accordance with SSAP 21, "Accounting for leases and Hire Purchase Contracts". Accordingly assets acquired under finance leases and the related capital element of rental obligations are included in the balance sheet. The interest element is charged against profit in proportion to the reducing capital element outstanding. The assets are depreciated over the shorter of the lease terms and the useful lives of the assets. Operating lease payments are charged to the profit and loss account in the period in which they are incurred.

Intangible fixed assets

The expected useful life of goodwill associated with brands acquired in 1995 was reassessed in 1996 and extended to 40 years. This is considered by the directors to be the period over which the company will benefit from the goodwill purchased.

Stocks and work in progress

Stocks and works in progress are stated at the lower of cost and net realisable value. In general, cost is determined on a first-in first-out basis and includes transport and handling costs; in the case of manufactured products, cost includes all direct expenditure and production overheads based on the normal level of activity. Net realisable value is the price at which stock can be realised in the normal course of business after allowing for the costs of realisation and, where appropriate, the cost of conversion from its existing state to a finished condition. Provision is made for any inventory items which are not expected to realise their full value in the normal course of business.

Foreign currencies

Assets and liabilities expressed in foreign currencies are translated into sterling at the rates of exchange ruling at the end of the financial year. The results of the Australian branch are translated at the closing rate of exchange as at 31 December 1997. Differences on exchange arising from the re-translation of the opening net investment in the branch are taken to reserves. All other exchange differences on assets and liabilities are included in profit before taxation. Revenue and expenses in foreign currencies are translated into sterling at the rate of exchange ruling at the date on which the amount recorded in the accounts was established. Any subsequent variations are included in profit before taxation.

Stafford - Miller Ltd

Notes to the financial statements for the year ended 31 December 1997 (continued)

Turnover

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of goods and services supplied.

Deferred taxation

Provision is made for deferred tax, using the liability method, in respect of all material timing differences to the extent that it is probable that a liability or asset is expected to crystallise. The rate used is that which is expected to be applied when the liability or asset is expected to crystallise.

Research and development

Research and development costs are expensed as incurred.

Pension costs

The company operates a defined benefit pension scheme which is contracted out of the state scheme. The funds are valued every three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary. In the intervening years the actuary reviews the continuing appropriateness of the rates. Pension costs are accounted for on the basis of charging the expected cost of providing pensions over the period during which the company benefits from the employees' services. The effects of variations from regular costs are spread over the expected average remaining service lives of members of the scheme.

Stafford - Miller Ltd

Notes to the financial statements for the year ended 31 December 1997 (continued)

2 Turnover and loss on ordinary activities before taxation

	1997		1996	
	Turnover	Loss	Turnover	Loss
	£'000	before tax £'000	£'000	before tax £'000
Principal activities :-				
Dental	68,620	(494)	65,892	(1,300)
Consumer products	8,983	(72)	7,403	(58)
Ethical and pharmaceutical	11,443	(91)	8,553	46
Household products	871	(7)	1,194	(49)
	<u>89,917</u>	<u>(664)</u>	<u>83,042</u>	<u>(1,361)</u>

Geographical analysis of turnover :-

	1997	1996
	£'000	£'000
United Kingdom	47,774	42,821
Rest of Europe	20,770	18,468
Africa and Middle East	10,110	10,665
Australia and Asia	9,860	9,868
Other	1,403	1,220
	<u>89,917</u>	<u>83,042</u>

Stafford - Miller Ltd

Notes to the financial statements for the year ended 31 December 1997 (continued)

3 Operating profit

	1997 £'000	1996 £'000
Operating profit is stated after crediting:		
Rent receivable	20	20
And after charging:		
Loss on disposal of tangible fixed assets	4	48
Foreign exchange (loss)/ gain	899	967
Auditors' remuneration:		
For audit services	78	45
For other services	69	61
Depreciation:		
- Tangible owned fixed assets	1,492	1,403
- Tangible fixed assets held under finance leases	70	81
Amortisation of intangible fixed assets	111	177
Hire of plant and equipment - operating leases	204	246
Hire of other assets - operating leases	1,270	1,099
Research and development expenditure	<u>710</u>	<u>507</u>

4 Exceptional Items

- a) Loss on sale of operation
On 31st July 1997 the toothbrush manufacturing facility at Cwmbran was sold for £700,000. This resulted in a loss on sale of £421,000.
- b) Loss on termination of operation
Closure of the production facility in Australia began on 12th February 1998. This resulted in costs of £1,397,000 of which £113,000 was incurred before the year end. The remaining cost of £1,284,000 have been provided for (see note 17).

Stafford - Miller Ltd

Notes to the financial statements for the year ended 31 December 1997 (continued)

5 Directors' emoluments

The remuneration paid to the directors of Stafford - Miller Limited was:

	1997 £'000	1996 £'000
Aggregate emoluments	602	609
Company pension contributions to money purchase schemes	2	2

	1997 £'000	1996 £'000
Fees and other emoluments paid to the highest paid director		
Aggregate emoluments	220	211
Defined benefit pension scheme		
Accrued pension at end of year	55	50

There is no option to take all of the pension as a lump sum.

6 Employee information

- (a) The average number of persons employed by the company (including directors) during the year is analysed below:-

	1997	1996
Production and distribution	311	348
Marketing and selling	186	155
Administration	57	53
	<u>554</u>	<u>556</u>

Stafford - Miller Ltd

Notes to the financial statements for the year ended 31 December 1997 (continued)

6 Employee information (continued)

(b) The employment cost of all employees including directors is analysed below:-

	1997 £'000	1996 £'000
Gross wages and salaries	8,203	7,832
Social security costs	700	711
Other pension costs (see note 19)	655	602
	<u>9,558</u>	<u>9,145</u>

7 Interest payable and similar charges

	1997 £'000	1996 £'000
On bank loans and overdrafts		
repayable within 5 years, not by instalments	471	677
On finance leases	90	43
To group companies	1,513	1,188
Total interest payable	<u>2,074</u>	<u>1,908</u>

8 Tax on loss on ordinary activities

The charge for taxation is made up as follows:-

	1997 £'000	1996 £'000
On loss for the year:		
United Kingdom corporation tax at 33% (1996:33%)		
Current	490	(370)
Deferred	-	200
(Over)/under provision in respect of prior years:		
Current	2	(234)
	<u>492</u>	<u>(404)</u>

Stafford - Miller Ltd

Notes to the financial statements for the year ended 31 December 1997 (continued)

Fixed Assets

9 Intangible assets

	Goodwill £'000
Cost	
At 1 January 1997	5,381
Written off in the year	(331)
At 31 December 1997	<u>5,050</u>
Amortisation	
At 1 January 1997	1,164
Charge for year	111
Written off in the year	(331)
At 31 December 1997	<u>944</u>
Net book value	
At 31 December 1997	<u>4,106</u>
At 1 January 1997	<u>4,217</u>

Stafford - Miller Ltd

Notes to the financial statements for the year ended 31 December 1997 (continued)

Fixed Assets

10 Tangible assets

(a)	Freehold land and buildings £'000	Plant and equipment £'000	Furniture and office equipment £'000	Motor Vehicles £'000	Total £'000
Cost					
At 1 January 1997	8,531	11,458	2,414	457	22,860
Exchange rate adjustment	-	(257)	(85)	(67)	(409)
Additions	25	532	189	19	765
Disposals	(841)	(2,002)	(55)	(36)	(2,934)
At 31 December 1997	<u>7,715</u>	<u>9,731</u>	<u>2,463</u>	<u>373</u>	<u>20,282</u>
Depreciation					
At 1 January 1997	1,328	6,359	1,107	121	8,915
Exchange rate adjustment	-	(151)	(37)	(18)	(206)
Charge for the year	161	923	338	70	1,492
Disposals	(184)	(1,641)	(25)	(17)	(1,867)
At 31 December 1997	<u>1,305</u>	<u>5,490</u>	<u>1,383</u>	<u>156</u>	<u>8,334</u>
Net book value					
At 31 December 1997	<u>6,410</u>	<u>4,241</u>	<u>1,080</u>	<u>217</u>	<u>11,948</u>
At 1 January 1997	<u>7,203</u>	<u>5,099</u>	<u>1,307</u>	<u>336</u>	<u>13,945</u>

(b) Included in the above are assets held under finance lease with a net book value of £248,000 (1996: £408,000)

Stafford - Miller Ltd

Notes to the financial statements for the year ended 31 December 1997 (continued)

11 Stocks

	1997 £'000	1996 £'000
Raw materials and packaging materials	4,101	4,823
Work in progress	620	918
Finished goods	7,835	6,559
Sundries	230	161
	<u>12,786</u>	<u>12,461</u>

12 Debtors

	1997 £'000	1996 £'000
Amounts falling due within one year:		
Trade debtors	16,219	14,895
Amounts owed by fellow subsidiary companies	2,987	3,463
Other debtors	1,428	1,055
Taxation (note 14)	-	800
Prepayments and accrued income	651	740
	<u>21,285</u>	<u>20,953</u>

Stafford - Miller Ltd

Notes to the financial statements for the year ended 31 December 1997

13 Creditors: amounts falling due within one year

	1997 £'000	1996 £'000
Bank overdraft	1,928	1,823
Short term loans	2,376	8,928
Trade creditors	5,425	4,217
Obligations under finance leases	119	126
Amounts owed to group companies:		
Parent company	3,479	1,729
Fellow subsidiary companies	22,271	19,398
Taxation (note 14)	47	-
Payroll and other taxes	1,110	1,121
Accruals and deferred income	1,514	2,279
Other creditors	587	484
	<u>38,856</u>	<u>40,105</u>

14 Taxation

The creditor / (debtor) for taxation is made up as follows:-

	1997 £'000	1996 £'000
United Kingdom corporation tax	(279)	(1,031)
ACT on dividends	36	-
Income tax	290	231
	<u>47</u>	<u>(800)</u>

15 Creditors: amounts falling due after more than one year

	1997 £'000	1996 £'000
Obligations under finance leases	<u>143</u>	<u>302</u>

Stafford - Miller Ltd

Notes to the financial statements for the year ended 31 December 1996

16 Lease commitments

- (a) Included in creditors at 31 December 1997 are the following amounts relating to capitalised finance leases:-

	1997 £'000	1996 £'000
Falling due within one year	119	126
Falling due after more than one year	143	302
	<u>262</u>	<u>428</u>
Gross lease commitments:		
Due within one year	142	165
Due within 2 to 5 years	133	162
Due after more than 5 years	21	163
	<u>296</u>	<u>490</u>
Less: future finance charges	(34)	(62)
	<u>262</u>	<u>428</u>

- (b) At 31 December the company has annual commitments under non-cancellable operating leases as follows:

	1997		1996	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Expiry dates of lease contracts:				
Within one year	13	83	24	116
Between 2 and 5 years	48	236	53	152
Over 5 years	118	110	-	167
	<u>179</u>	<u>429</u>	<u>77</u>	<u>435</u>

Stafford - Miller Ltd

Notes to the financial statements for the year ended 31 December 1997 (continued)

17 Provision for liabilities and charges

	1997 £'000	1996 £'000
Deferred taxation (note 18)	551	473
Closure of Australian factory (note 4)	1284	-
Australian provision for long service leave	92	94
	<u>1927</u>	<u>567</u>

18 Deferred taxation

(a) The deferred taxation provision is analysed as follows:-

	1997		1996	
	Provided £'000	Unprovided £'000	Provided £'000	Unprovided £'000
Accelerated capital allowances	976	413	551	1,054
Advanced corporation tax	-	-	(78)	-
Other timing differences	(425)	-	-	-
	<u>551</u>	<u>413</u>	<u>473</u>	<u>1,054</u>

(b) Movements on the provision for deferred tax are:-

	1997 £'000	1996 £'000
At 1 January	473	351
Transferred from profit and loss account	-	200
Advanced corporation tax	78	(78)
At 31 December	<u>551</u>	<u>473</u>

Stafford - Miller Ltd

Notes to the financial statements for the year ended 31 December 1997 (continued)

19 Pension

The company operates a funded defined benefit pension scheme in the United Kingdom. The fund holds contributions from employees and the company in trustee administered funds separated from the company's finances. The fund is a final salary arrangement.

The company pays contributions to the fund in order to provide security for existing pensions and the accrued benefits of members. The contributions being paid are based on the results of an actuarial valuation of the fund at 31 December 1995.

The pension cost charged to the profit and loss account is such as to spread the cost of pensions over the working lives of the employees who are members of the fund. Pension costs amount to £655,000 (1996: £602,000) and are equal to the contributions paid to the fund. Following the sale of Cwmbran in July 1998 the number of members of the fund reduced. The effect of this reduction of the value of the fund will be taken into account in the next valuation which is due to take place at 31 December 1998.

The pension cost for Stafford - Miller Pension Fund is determined by Bacon & Woodrow, independent consulting actuaries. The charge for 1997 is based on the most recent actuarial review which took place as at 31 December 1995 and used the projected unit method. The most significant actuarial assumptions were:-

Rate of return on investments	8.5% pa
Rate of increase in pay levels	6.5% pa
Rate of increase in state Lower and Upper Earning Limits	4.5% pa
Dividend growth	4.0% pa

The actual method and assumptions used for the 1995 actuarial review were determined by the actuary to be appropriate in the light of current circumstances.

The market value of the fund's assets was £8,213,000 as at 31 December 1995 but their long-term value, as used for the purpose of the actuarial valuation, was £7,473,000. This actuarial value of assets represented 102% of the actuarial value of the accrued benefits, where accrued benefits are calculated on the above assumptions and include all benefits for pensioners and other former members, as well as benefits based on service to the valuation date for active members, allowing for future pay rises.

Stafford - Miller Ltd

Notes to the financial statements for the year ended 31 December 1997 (continued)

20 Called up share capital

	1997 £'000	1996 £'000
Authorised:		
92,000 shares of £10 each	<u>920</u>	<u>920</u>
Allotted, called up and fully paid:		
91,980 shares of £10 each	<u>920</u>	<u>920</u>

21 Reconciliation of movements in shareholders' funds

	1997 £'000	1996 £'000
Loss for the financial year	(1,156)	(957)
Dividends	<u>(200)</u>	<u>-</u>
	(1,356)	(957)
Other net recognised losses retained in the financial year	<u>(250)</u>	<u>(189)</u>
Net reduction in shareholders' funds	(1,606)	(1,146)
Opening shareholders' funds	<u>10,829</u>	<u>11,975</u>
Closing shareholders' funds	<u>9,223</u>	<u>10,829</u>

Stafford - Miller Ltd

Notes to the financial statements for the year ended 31 December 1997 (continued)

22 Capital commitments

	1997 £'000	1996 £'000
Capital expenditure that has been contracted for but not provided in the financial statements	<u>170</u>	<u>203</u>

23 Related party transactions

The company has taken advantage of the exemption available under FRS 8, not to disclose group transactions, since it is a wholly owned subsidiary.

24 Ultimate parent undertaking

The company's ultimate parent company and controlling party is Block Drug Company, Inc., a company incorporated in the United States of America. Copies of the financial statements of the company can be obtained from 257 Cornelison Avenue, Jersey City, N.J., 07302-9988, U.S.A.