

**Julius A Meller Management  
Services Limited**

**REPORT AND FINANCIAL STATEMENTS**

31 December 2001



# Julius A Meller Management Services Limited

## DIRECTORS AND OFFICERS

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### DIRECTORS

MJ Meller  
DR Meller  
JN Curtis FCA

### SECRETARY

JN Curtis FCA

### REGISTERED OFFICE

Meller House  
42-43 Chagford Street  
London NW1 6EB

### AUDITORS

Baker Tilly  
Chartered Accountants  
2 Bloomsbury Street  
London WC1B 3ST

# Julius A Meller Management Services Limited

## DIRECTORS' REPORT

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The directors submit their report and the financial statements of Julius A Meller Management Services Limited for the year ended 31 December 2001.

### PRINCIPAL ACTIVITIES

The activities of the company during the year were the provision of management services.

### REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The company has operated profitably during the year under review and is expected to continue to do so in 2002 providing a similar level of service.

### 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.

### MARKET VALUE OF LAND AND BUILDINGS

The directors, having regard to professional valuations where appropriate, have revalued the company's investment property at 31 December 2001 on an open market and existing use basis at £1,500,000.

### DIRECTORS AND THEIR INTERESTS

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

MJ Meller  
DR Meller  
JN 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.

### AUDITORS

A resolution to reappoint Baker Tilly, Chartered Accountants, as auditors will be put to the members at the annual general meeting.

By order of the board



JN Curtis FCA  
Secretary  
25 June 2002

# Julius A Meller Management Services Limited

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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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. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- d. 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 requirements of 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.

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

We have audited the financial statements on pages 5 to 13 which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and the accounting policies as set out on page 8.

## **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

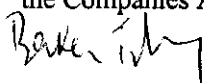
## **Basis of opinion**

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 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
BAKER TILLY

Registered Auditor  
Chartered Accountants  
2 Bloomsbury Street  
London WC1B 3ST

25 June 2002

# Julius A Meller Management Services Limited

## PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2001

	<i>Notes</i>	2001 £000	2000 £000
TURNOVER	1	4,220	3,795
Administrative expenses		(4,157)	(3,793)
		<u>63</u>	<u>2</u>
Other operating income	2	160	160
OPERATING PROFIT		<u>223</u>	<u>162</u>
Interest payable	3	(65)	(70)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>158</u>	<u>92</u>
Taxation	5	(43)	(21)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>115</u>	<u>71</u>

The operating profit for the year arises from the company's continuing operations.

# Julius A Meller Management Services Limited

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 31 December 2001

	2001 £000	2000 £000
Profit for the financial year	115	71
Unrealised surplus on revaluation of investment properties	297	-
Total recognised gains and losses relating to the year	<u>412</u>	<u>71</u>

## NOTE OF HISTORICAL COST PROFITS AND LOSSES

for the year ended 31 December 2001

	2001 £000	2000 £000
Profit on ordinary activities before taxation	158	92
Difference between an historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	-	-
Historical cost profit on ordinary activities before taxation	<u>158</u>	<u>92</u>
Historical cost profit for the year retained after taxation and dividends	<u>115</u>	<u>71</u>

# Julius A Meller Management Services Limited

## BALANCE SHEET

31 December 2001

	<i>Notes</i>	2001 £000	2000 £000
<b>FIXED ASSETS</b>			
Tangible assets	6	1,500	1,203
<b>CURRENT ASSETS</b>			
Debtors	7	1,982	1,645
CREDITORS: Amounts falling due within one year	8	(2,347)	(1,984)
<b>NET CURRENT LIABILITIES</b>		(365)	(339)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,135	864
CREDITORS: Amounts falling due after more than one year	9	(511)	(652)
<b>PROVISION FOR LIABILITIES AND CHARGES</b>	10	-	-
		624	212
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	1	1
Revaluation reserve	12	297	-
Profit and loss account	13	326	211
<b>SHAREHOLDERS' FUNDS</b>		624	212

Approved by the board on 25 June 2002

MJ Meller

Director

JN Curtis FCA

Director



# Julius A Meller Management Services Limited

## ACCOUNTING POLICIES

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The financial statements have been prepared in accordance with applicable accounting standards.

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 as modified by the revaluation of certain fixed assets.

### INVESTMENT PROPERTIES

In accordance with Statement of Standard Accounting Practice No 19:

- investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve; and
- no depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run.

This treatment, as regards certain of the company's investment properties, may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets.

However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

### DEFERRED TAXATION

Provision is made for taxation deferred or accelerated by the effect of timing differences, to the extent that it is probable that a liability will crystallise, at the rate expected to be ruling at that date.

### PENSIONS

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

### TURNOVER

Turnover represents the invoiced value, net of Value Added Tax, of services provided to customers.

# Julius A Meller Management Services Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2001

### 1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The company's turnover and profit before taxation were all derived from its principal activity. All sales were made in the same geographical market.

### 2 OTHER OPERATING INCOME

	2001 £000	2000 £000
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Rent receivable	160	160
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### 3 INTEREST PAYABLE

	2001 £000	2000 £000
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Bank loans and overdrafts	65	70
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### 4 EMPLOYEES

	2001 No.	2000 No.
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The average monthly number of persons (including directors) employed by the company during the year was:

Office and management	9	8
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	2001 £000	2000 £000
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Staff costs for the above persons:

Wages and salaries	3,203	2,940
Social security costs	398	353
Other pension costs	540	489

	4,141	3,782
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### DIRECTORS' EMOLUMENTS

	2001 £000	2000 £000
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Remuneration	3,028	2,785
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Contributions to money purchase pension schemes	529	480
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Total emoluments	3,557	3,265
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	No.	No.
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The number of directors to whom relevant benefits are accruing under money purchase pension schemes was:

	3	3
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	2001 £000	2001 £000
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Emoluments in respect of the highest paid director amounted to:

Remuneration	1,120	1,024
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Contributions to money purchase pension schemes	193	173
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	1,313	1,197
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# Julius A Meller Management Services Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2001

5	TAXATION	2001 £000	2000 £000
	Based on the result for the year:		
	UK corporation tax	44	21
	Under/(over) provision in prior years	(1)	-
		<u>43</u>	<u>21</u>

6	TANGIBLE FIXED ASSETS		Freehold investment property £000
	1 January 2001		1,203
	Surplus on revaluation		297
	31 December 2001		<u>1,500</u>

The company's investment property was revalued at its open market value at 31 December 2001 by the directors. The historical cost of the investment property is £1,203,000.

7	DEBTORS	2001 £000	2000 £000
	Due within one year:		
	Trade debtors	1,972	1,639
	Prepayments	10	6
		<u>1,982</u>	<u>1,645</u>

8	CREDITORS: Amounts falling due within one year	2001 £000	2000 £000
	Bank loans and overdrafts	517	545
	Other loans	24	22
	Corporation tax	43	21
	Other taxation and social security costs	688	401
	Other creditors	449	7
	Accruals and deferred income	626	988
		<u>2,347</u>	<u>1,984</u>

Bank overdrafts amounting to £400,000 (2000: £437,000) are guaranteed by the former parent and former fellow subsidiary companies as part of group banking arrangements and are secured by a fixed and floating charge over the company's assets.

Bank loans amounting to £117,000 (2000: £108,000) are secured by a charge over the company's investment property.

# Julius A Meller Management Services Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2001

9	CREDITORS: Amounts falling due in more than one year	2001 £000	2000 £000
	Bank loan	292	409
	Other loans	219	243
		<u>511</u>	<u>652</u>

Bank loans amounting to £292,000 (2000 : £409,000) are secured by a charge over the company's investment property. The loans bear interest at 1.5% per annum above bank base rate and are repayable by instalments over a 6 year period to March 2005.

Other loans represent an unsecured loan from the company's self-administered pension scheme. This loan bears interest at 5% per annum above bank base rate and is repayable by instalments over a 10 year period to March 2009.

The loans above and in Note 8 are repayable by instalments, as follows:-

	2001 £000	2000 £000
Within one year	141	130
Between one and two years	153	141
Between two and five years	265	382
After more than five years	92	129
	<u>651</u>	<u>782</u>

10	PROVISION FOR LIABILITIES AND CHARGES	Amount provided		Unprovided liability	
		2001 £000	2000 £000	2001 £000	2000 £000
	Deferred taxation on revaluation surplus	-	-	69	-

11	SHARE CAPITAL	2001 £000	2000 £000
	Authorised:		
	1,000 ordinary shares of £1 each	1	1
	Allotted, issued and fully paid:		
	1,000 ordinary shares of £1 each	1	1

# Julius A Meller Management Services Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2001

12	REVALUATION RESERVE	2001 £000	2000 £000
	1 January 2001	-	-
	Surplus on revaluation	297	-
	31 December 2001	<u>297</u>	<u>-</u>
13	PROFIT AND LOSS ACCOUNT	2001 £000	Group 2000 £000
	1 January 2001	211	140
	Profit for the financial year	115	71
	31 December 2001	<u>326</u>	<u>211</u>
14	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	2001 £000	2000 £000
	Profit for the financial year	115	71
	Dividends	-	-
		<u>115</u>	<u>71</u>
	Surplus on revaluation of investment property	297	-
		<u>412</u>	<u>71</u>
	Net addition to shareholders' funds	412	71
	Opening shareholders' funds	212	141
	Closing shareholders' funds	<u>624</u>	<u>212</u>

### 15 CONTINGENT LIABILITIES

The company has guaranteed the borrowings of its former parent company 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 31 December 2001 the contingent liability in respect of this guarantee was £1,712,000 (2000 : £2,939,000).

The company is included in a group registration for VAT purposes with its former parent company and former fellow subsidiaries. All members of the VAT group are jointly and severally liable for the total amount of VAT due, and at 31 December 2001 the contingent liability in respect of this group registration was £1,335,000 (2000 : £1,186,000).

# Julius A Meller Management Services Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2001

### 16 RELATED PARTY TRANSACTIONS

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

	2001 £000	2000 £000
Services provided to former fellow subsidiaries:		
Meller Home & Beauty Ltd	2,284	1,580
CML Public Limited Company	224	33
Meller Designs Ltd	1,590	1,948
	<hr/>	<hr/>
Amounts owed by/(to) former group undertakings:		
Meller Home & Beauty Ltd	1,756	1,153
CML Public Limited Company	194	3
Meller Designs Ltd	(449)	251
Julius A Meller Holdings plc	-	(7)
	<hr/>	<hr/>

The company's freehold investment property is leased to Meller Home & Beauty Limited. The total rental income receivable during the year was £160,000 (2000: £160,000)

All former group companies are under common ownership and control to the company as at 31 December 2001.

During the year the company has provided management and executive services to Retail Cellular Services Limited, a company in which the directors have an interest. The total value of these services was £122,000 (2000: £234,000). At 31 December 2001, the amount owing to the company by Retail Cellular Services Limited was £22,000 (2000: £232,000).

During the year the company has borrowed monies from its self administered pension scheme. Full details of amounts borrowed are given in Note 9.

### 17 ULTIMATE CONTROLLING PARTIES

The company's ultimate parent company is Julius A Meller Management Services Holdings Limited. Copies of the group financial statements of the above company are available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.