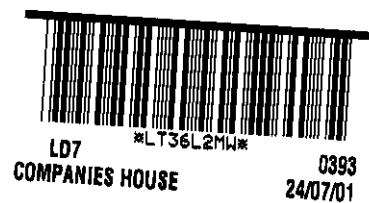


REGISTERED

**Julius A Meller Management
Services Limited**

REPORT AND FINANCIAL STATEMENTS

31 December 2000



Julius A Meller Management Services Limited

DIRECTORS AND OFFICERS

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

The directors submit their report and the financial statements of Julius A Meller Management Services Limited for the year ended 31 December 2000.

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 2001 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.

DIRECTORS AND THEIR INTERESTS

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

MJ Meller
DR Meller
JN Curtis FCA

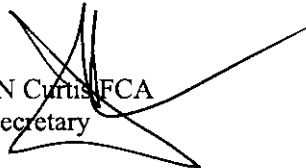
No director had any interest in the share capital of the company.

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

10 July 2001

Julius A Meller Management Services Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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.

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

We have audited the financial statements on pages 5 to 12 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 7.

Respective responsibilities of directors and auditors

As described on page 3 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 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, 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 2000 and of its loss 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

10 July 2001

Julius A Meller Management Services Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2000

	<i>Notes</i>	2000 £000	1999 £000
TURNOVER	1	3,795	3,151
Administrative expenses		(3,793)	(3,137)
		<u>2</u>	<u>14</u>
Other operating income	2	160	124
OPERATING PROFIT		<u>162</u>	<u>138</u>
Interest payable	3	(70)	(64)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>92</u>	<u>74</u>
Taxation	5	(21)	(15)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u><u>71</u></u>	<u><u>59</u></u>

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

No separate statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account.

Julius A Meller Management Services Limited

BALANCE SHEET

31 December 2000

	<i>Notes</i>	2000 £000	1999 £000
FIXED ASSETS			
Tangible assets	6	1,203	1,203
CURRENT ASSETS			
Debtors	7	1,645	1,195
CREDITORS: Amounts falling due within one year	8	(1,984)	(1,473)
NET CURRENT LIABILITIES		(339)	(278)
TOTAL ASSETS LESS CURRENT LIABILITIES		864	925
CREDITORS: Amounts falling due after more than one year	9	(652)	(784)
		212	141
CAPITAL AND RESERVES			
Called up share capital	10	1	1
Profit and loss account	11	211	140
SHAREHOLDERS' FUNDS		212	141

Approved by the board on 10 July 2001

MJ Meller

Director

JN Curtis FCA

Director

Julius A Meller Management Services Limited

ACCOUNTING POLICIES

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 2000

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

	2000 £000	1999 £000
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Rent receivable	160	124
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3 INTEREST PAYABLE

	2000 £000	1999 £000
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Bank loans and overdrafts	70	64
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4 EMPLOYEES

	2000 No.	1999 No.
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The average monthly number of persons (including directors) employed by the company during the year was:

Office and management	8	8
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Staff costs for the above persons:

Wages and salaries	2,940	2,450
Social security costs	353	289
Other pension costs	489	387

	3,782	3,126
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DIRECTORS' EMOLUMENTS

	2000 £000	1999 £000
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Remuneration	2,785	2,308
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Contributions to money purchase pension schemes	480	379
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Total emoluments	3,265	2,687
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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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	2000 £000	2000 £000
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Emoluments in respect of the highest paid director amounted to:

Remuneration	1,024	804
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Contributions to money purchase pension schemes	173	157
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	1,197	961
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Julius A Meller Management Services Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2000

5	TAXATION	2000 £000	1999 £000
	Based on the result for the year:		
	UK corporation tax	21	15
6	TANGIBLE FIXED ASSETS		Freehold investment property £000
	1 January 2000		1,203
	Surplus on revaluation		-
	31 December 2000		1,203
Investment properties were revalued at their open market value at 31 December 2000 by the directors.			
7	DEBTORS	2000 £000	1999 £000
	Due within one year:		
	Trade debtors	1,639	1,040
	Other debtors	-	150
	Prepayments	6	5
		1,645	1,195
8	CREDITORS: Amounts falling due within one year	2000 £000	1999 £000
	Bank loans and overdrafts	545	364
	Other loans	22	20
	Corporation tax	21	15
	Other taxation and social security costs	401	400
	Other creditors	7	167
	Accruals and deferred income	988	507
		1,984	1,473

Bank overdrafts amounting to £437,000 (1999: £264,000) 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 £108,000 (1999: £100,000) 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 2000

9	CREDITORS: Amounts falling due in more than one year	2000 £000	1999 £000
	Bank loan	409	519
	Other loans	243	265
		<u>652</u>	<u>784</u>

Bank loans amounting to £409,000 (1999 : £519,000) 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:-

		2000 £000	1999 £000
	Within one year	130	120
	In the second to fifth years	523	587
	After more than five years	129	197
		<u>782</u>	<u>904</u>

10	SHARE CAPITAL	2000 £000	1999 £000
	Authorised: 1,000 ordinary shares of £1 each	1	1
	Allotted, issued and fully paid: 1,000 ordinary shares of £1 each	<u>1</u>	<u>1</u>

11	PROFIT AND LOSS ACCOUNT	2000 £000	Group 1999 £000
	1 January 2000	140	81
	Profit for the financial year	71	59
	31 December 2000	<u>211</u>	<u>140</u>

Julius A Meller Management Services Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2000

12	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	2000 £000	1999 £000
	Profit for the financial year	71	59
	Opening shareholders' funds	141	82
	Closing shareholders' funds	<u>212</u>	<u>141</u>

13 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 2000 the contingent liability in respect of this guarantee was £2,939,000 (1999 : £2,162,000).

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 2000 the contingent liability in respect of this group registration was £1,186,000 (1999 : £2,227,000).

14 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:

	2000 £000	1999 £000
Services provided to former fellow subsidiaries:		
Julius A Meller (Toiletries) Ltd	1,580	525
CML Public Limited Company	33	30
Meller Designs Ltd	1,948	2,445
Amounts owed by/(to) former group undertakings:		
Julius A Meller (Toiletries) Ltd	1,153	120
CML Public Limited Company	3	4
Meller Designs Ltd	251	599
Julius A Meller Holdings plc	(7)	(1)

The company's freehold investment property is leased to Julius A Meller (Toiletries) Limited. The total rental income receivable during the year was £160,000 (1999: £124,000)

All former group companies are under common ownership and control to the company as at 31 December 2000.

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 £234,000 (1999: £151,000). At 31 December 2000, the amount owing to the company by Retail Cellular Services Limited was £232,000 (1999: £151,000).

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

Julius A Meller Management Services Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2000

15 ULTIMATE CONTROLLING PARTIES

The company is under the ultimate control of the directors. Their respective shareholdings are disclosed in the directors' report.