

SPECIAL EFFECTS FINE FRAGRANCE PLC

STATUTORY ACCOUNTS

FOR THE YEAR ENDED 31ST MAY 2002

Company Number : 2376560



**Robinson & Co
Chartered Accountants
Registered Auditors
Harlington House
3 Main Street
Fulford
York
YO10 4HJ**

SPECIAL EFFECTS FINE FRAGRANCE PLC

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SPECIAL EFFECTS FINE FRAGRANCE PLC

COMPANY INFORMATION

Directors	Mr F H Brown Mrs J D Brown
Secretary	Mrs J D Brown
Company Number	2376560
Registered Office	Millfield Lane Nether Poppleton York YO26 6PB
Auditors	Robinson & Co Harlington House 3 Main Street Fulford York YO10 4HJ
Business Address	Millfield Lane Nether Poppleton York YO26 6PB
Bankers	Yorkshire Bank PLC 2 Infirmary Street Leeds LS1 2UL
Solicitors	Keeble Hawson 16 & 17 East Parade Leeds LS1 2BR

SPECIAL EFFECTS FINE FRAGRANCE PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MAY 2002

The directors present their report and the financial statements for the year ended 31st May 2002.

Principal Activity and Review of the Business

The principal activity of the company was the distribution and retail of cosmetics and there has been change in this activity during the year.

Whilst the results for the year are satisfactory in the light of current market conditions, the directors are taking further steps to improve the profitability of the company.

Results And Dividends

The results for the year are set out on page 6.

The directors do not recommend payment of a final dividend.

Directors and their Interests

The directors who served during the year and their interests in the company are as stated below:

	Ordinary shares	
	2002	2001
Mr F H Brown	-	-
Mrs J D Brown	-	-

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Robinson & Co be reappointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 2nd September 2002 and signed on its behalf by

Mrs J D Brown
Secretary

Jane D. Brown

SPECIAL EFFECTS FINE FRAGRANCE PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31ST MAY 2002

Company law requires the directors to prepare accounts 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 year. 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 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 for taking reasonable steps for the prevention and detection of fraud and other irregularities.

SPECIAL EFFECTS FINE FRAGRANCE PLC

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

FOR THE YEAR ENDED 31ST MAY 2002

We have audited the financial statements on pages 5 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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 the Directors' Report and consider the implications for our report if we become aware of any apparent misstatement within it

Basis of opinion

We conducted our audit in accordance with United Kingdom 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 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.

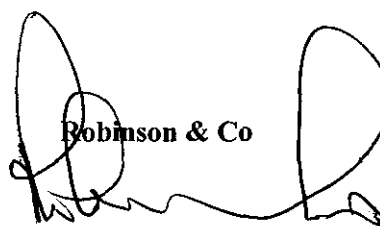
In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st May 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**Harlington House
3 Main Street
Fulford
York
YO10 4HJ**

2nd September 2002


Robinson & Co

**Chartered Accountants and
Registered Auditors**

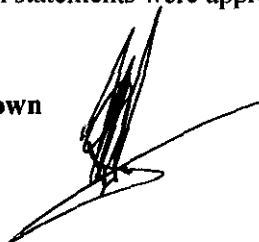
SPECIAL EFFECTS FINE FRAGRANCE PLC

**BALANCE SHEET
AS AT 31ST MAY 2002**

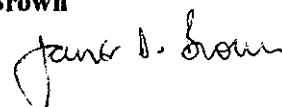
		2002		2001	
	Notes	£	£	£	£
Fixed Assets					
Tangible assets	7		13,631		17,405
Current Assets					
Stocks	8	62,347		62,998	
Debtors	9	31,667		50,030	
Cash at bank and in hand		92,850		65,959	
		<u>186,864</u>		<u>178,987</u>	
Creditors: amounts falling due within one year	10	<u>(525,019)</u>		<u>(532,987)</u>	
Net Current Liabilities			<u>(338,155)</u>		<u>(354,000)</u>
Total Assets Less Current Liabilities			(324,524)		(336,595)
Creditors: amounts falling due after more than one year			-		-
Provision for Liabilities and Charges	11		<u>(2,414)</u>		<u>-</u>
Deficiency of Assets			<u>£(326,938)</u>		<u>£(336,595)</u>
Capital and Reserves					
Called up share capital	12		55,000		55,000
Profit and loss account			<u>(381,938)</u>		<u>(391,595)</u>
Shareholders' Funds	13		<u>£(326,938)</u>		<u>£(336,595)</u>

The financial statements were approved by the Board on 2nd September 2002 and signed on its behalf by

Mr F H Brown
Director



Mrs J D Brown
Director



The notes on pages 8 to 13 form an integral part of these financial statements.

SPECIAL EFFECTS FINE FRAGRANCE PLC

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MAY 2002**

		Continuing operations	
		2002	2001
	Notes	£	£
TURNOVER		139,899	172,333
Cost of sales		(70,747)	(87,323)
GROSS PROFIT		69,152	85,010
Administrative expenses		(61,663)	(75,178)
Other operating income		2,704	2,626
OPERATING PROFIT	2	10,193	12,458
Interest receivable and similar income	3	2,111	2,898
Interest payable and similar charges	5	(233)	(214)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		12,071	15,142
Tax on profit on ordinary activities	6	(2,414)	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		9,657	15,142
Accumulated (loss) brought forward		(391,595)	(406,737)
Accumulated (loss) carried forward		<u>£(381,938)</u>	<u>£(391,595)</u>

There are no recognised gains or losses other than the profit for the above two financial years.

The notes on pages 8 to 13 form an integral part of these financial statements.

SPECIAL EFFECTS FINE FRAGRANCE PLC

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MAY 2002**

	Notes	2002 £	2001 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		10,193	12,458
Depreciation		3,774	4,475
Decrease in stocks		651	9,367
Decrease /(increase) in debtors		18,785	(7,445)
(Decrease) in creditors		(7,968)	(17,883)
Net cash inflow from operating activities		<u>£25,435</u>	<u>£972</u>

CASH FLOW STATEMENT

Net cash inflow from operating activities		25,435	972
Returns on investments and servicing of finance	15	1,878	2,684
Taxation	15	(422)	-
Capital expenditure	15	-	(860)
Increase in cash in the year		<u>£26,891</u>	<u>£2,796</u>

Reconciliation of net cash flow to movement in net funds (Note 16)

Increase in cash in the year	26,891	2,796
Net debt at 1st June 2001	(452,921)	(455,717)
Net debt at 31st May 2002	<u>£(426,030)</u>	<u>£(452,921)</u>

SPECIAL EFFECTS FINE FRAGRANCE PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MAY 2002**

1. ACCOUNTING POLICIES

1.1. Accounting convention

The financial statements are prepared under the historical cost convention.

The company has consistently applied all relevant accounting standards.

1.2. Turnover

Turnover represents amounts receivable for goods and services provided within the UK net of VAT.

1.3. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Computer	-	25% per annum on a straight line basis
Fixtures, fittings and equipment	-	10% per annum on a straight line basis

1.4. Stock

Stock is valued at the lower of cost and net realisable value.

1.5. Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to materialise.

2. OPERATING PROFIT

	2002	2001
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	3,774	4,475
Auditors' remuneration	2,550	2,500
	<u> </u>	<u> </u>

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	2002	2001
	£	£
Bank interest	£2,111	£2,898
	<u> </u>	<u> </u>

SPECIAL EFFECTS FINE FRAGRANCE PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MAY 2002**

4. EMPLOYEES

Number of employees

The average monthly numbers of employees
(including the directors) during the year were:

	2002	2001
Manufacturing	<u>5</u>	<u>5</u>

Employment costs

	2002 £	2001 £
Wages and salaries	31,748	35,813
Social security costs	<u>797</u>	<u>783</u>
	<u>£32,545</u>	<u>£36,596</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2002 £	2001 £
On bank loans and overdrafts	<u>£233</u>	<u>£214</u>

6. TAXATION

	£	£
UK current year taxation		
Transfer to deferred taxation	<u>£2,414</u>	<u>£-</u>
Due to losses incurred in previous years, there is no corporation tax liability		

6.1 RECONCILIATION OF TAX CHARGE

Profit on ordinary activities before tax	<u>£12,071</u>	<u>£15,142</u>
Tax @ 20% (2001 - 20%)	2,414	3,028
<i>Effects of:</i>		
Expenses not deductible for tax purposes	-	-
Capital allowances for the year in excess of depreciation	2,414	-
Losses brought forward	<u>-</u>	<u>(3,028)</u>
Current tax charge for the year	<u>£-</u>	<u>£-</u>

SPECIAL EFFECTS FINE FRAGRANCE PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MAY 2002**

7. TANGIBLE FIXED ASSETS

	Computers	Fixtures, fittings & equipment	Total
	£	£	£
Cost			
At 1st June 2001			
At 31st May 2002	5,138	62,466	67,604
Depreciation			
At 1st June 2001	4,762	45,437	50,199
Charge for the year	188	3,586	3,774
At 31st May 2002	4,950	49,023	53,973
Net book values			
At 31st May 2002	£188	£13,443	£13,631
At 31st May 2001	£376	£17,029	£17,405

8. STOCKS

	2002	2001
	£	£
Finished goods and goods for resale	£62,347	£62,998

9. DEBTORS

	2002	2001
	£	£
Trade debtors	27,154	39,528
Amounts owed by group undertakings	1,854	5,447
Other debtors	2,625	-
Prepayments and accrued income	34	5,055
	£31,667	£50,030

SPECIAL EFFECTS FINE FRAGRANCE PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MAY 2002**

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2002 £	2001 £
Trade creditors	3,871	7,747
Other taxes and social security costs	568	4,558
Directors' accounts	518,880	518,880
Accruals and deferred income	1,700	1,802
	<u>£525,019</u>	<u>£532,987</u>

The loan with F H Brown, who is a director of the company, is repayable on demand, although he will not seek repayment in the foreseeable future.

11. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred tax is analysed over the following timing differences:

	Provided	
	2002 £	2001 £
Accelerated capital allowances	<u>£2,414</u>	<u>£-</u>

Movements on the provision for deferred taxation are:

	2002 £	2001 £
At 1st June 2001	-	-
Transferred from profit and loss account	<u>2,414</u>	<u>-</u>
At 31st May 2002	<u>£2,414</u>	<u>£-</u>

12. SHARE CAPITAL	2002 £	2001 £
Authorised equity		
250,000 Ordinary shares of £1 each	<u>£250,000</u>	<u>£250,000</u>
Allotted, called up and fully paid equity		
55,000 Ordinary shares of £1 each	<u>£55,000</u>	<u>£55,000</u>

SPECIAL EFFECTS FINE FRAGRANCE PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MAY 2002**

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002	2001
	£	£
Profit for the year	10,657	15,142
Opening shareholders' funds	(336,595)	(351,737)
	<u>£(325,938)</u>	<u>£(336,595)</u>

14. CAPITAL COMMITMENTS

	2002	2001
	£	£
Details of capital commitments at the accounting date are as follows:		
Contracted for but not provided in the financial statements	<u>£-</u>	<u>£-</u>

15. GROSS CASH FLOWS

	2002	2001
	£	£
Returns on investments and servicing of finance		
Interest received	2,111	2,898
Interest paid	(233)	(214)
	<u>£1,878</u>	<u>£2,684</u>
Taxation		
Income tax paid	<u>£(422)</u>	<u>£-</u>
Capital expenditure		
Payments to acquire tangible assets	<u>£-</u>	<u>£(860)</u>

SPECIAL EFFECTS FINE FRAGRANCE PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MAY 2002**

16. ANALYSIS OF CHANGES IN NET DEBT

	Opening balance	Cash flows	Closing balance
	£	£	£
Cash at bank and in hand	65,959	26,891	92,850
Directors' loan accounts	(518,880)	-	(518,880)
NET DEBT	<u>£(452,921)</u>	<u>£26,891</u>	<u>£(426,030)</u>

17. ULTIMATE PARENT UNDERTAKING

The company regarded by the directors as the ultimate holding company is London Ebor Developments PLC, a company incorporated in England. All the directors are also directors of that company and their interests in its shares are shown in the holding company's directors' report. No directors have any other interests in the company or any body corporate in the group.