

EAST GRINSTEAD PROPERTIES LIMITED

(Registration Number : 599481)

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th JUNE 2002**

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JOHN R NORMAN & CO

CHARTERED CERTIFIED ACCOUNTANTS

EAST GRINSTEAD PROPERTIES LIMITED

COMPANY INFORMATION

DIRECTORS G.M. Harrison - Chairman and Managing Director
 J.R.N. Stead
 J.R.L. Harrison
 A.M. Stead

SECRETARY J.R.L. Harrison

REGISTERED OFFICE Imberhorne Lane
 East Grinstead
 Sussex RH19 1RJ

COMPANY REGISTRATION NUMBER 599481

AUDITORS John R. Norman & Co.
 Chartered Certified Accountants
 Pinner
 Middlesex HA5 3NN

EAST GRINSTEAD PROPERTIES LIMITED

DIRECTORS' REPORT

The directors present their annual report and audited financial statements for the year ended 30th June 2002.

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;
- * Comply with applicable accounting standards subject to any material departures disclosed and explained in the financial statements; and
- * 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.

PRINCIPAL ACTIVITIES

The principal activities of the company and its subsidiary and the profits before taxation derived therefrom were as follows:

	THE COMPANY		THE SUBSIDIARY	
	Letting land, building and plant		Manufacture of specialised electronic components	
	2002	2001	2002	2001
	£	£	£	£
Turnover	33,000	33,000	1,497,242	1,480,888
Net profit before taxation	9,518	13,718	138,244	180,012

DIVIDENDS AND TRANSFERS TO RESERVES

The directors are recommending that no final dividend be paid.

The group profit transferred to reserves amounted to £75,248.

EAST GRINSTEAD PROPERTIES LIMITED

DIRECTORS' REPORT (continued)

GROUP UNDERTAKING

The group undertaking, Omeg Limited, is a wholly owned subsidiary company which is registered in England.

DIRECTORS

The directors of the company in office during the year and their beneficial interests in the issued share capital were as follows:

	Ordinary Shares of £1 each	
	30th June 2002	30th June 2001
G.M. Harrison	1,000	1,000
J.R.N. Stead	Nil	Nil
J.R.L. Harrison	1,500	1,500
A.M. Stead	1,900	1,900

No rights to subscribe for shares or debentures in the company have been granted during the financial year and there were no rights to subscribe for shares or debentures outstanding at the end of the financial year.

Mrs. A.M. Stead retires by rotation and being eligible offers herself for re-election.

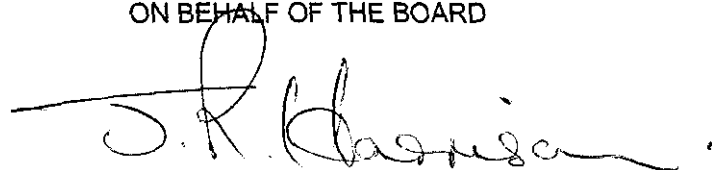
AUDITORS

Messrs. John R. Norman & Co., will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

SMALL COMPANY EXEMPTIONS

The directors have prepared this report in accordance with the special provisions of part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD



.....
J.R.L. Harrison - Director
10 September 2002

EAST GRINSTEAD PROPERTIES LIMITED

**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF EAST GRINSTEAD PROPERTIES LIMITED**

We have audited the financial statements of East Grinstead Properties Limited on pages 5 to 14 for the year ended 30 June 2002. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities on page 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with 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.

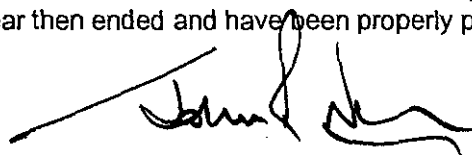
Basis of Opinion

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, reliable and relevant evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error, fraud, or other irregularity. 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 Group's affairs as at 30th June 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



JOHN R. NORMAN & CO.
CHARTERED CERTIFIED ACCOUNTANTS
REGISTERED AUDITORS

Pinner, Middlesex.
23 September 2002

EAST GRINSTEAD PROPERTIES LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30th JUNE 2002

	Notes	2002 £	2001 £
TURNOVER	2	1,497,242	1,480,888
Cost of sales		<u>1,017,368</u>	<u>1,062,557</u>
GROSS PROFIT		479,874	418,331
Distribution, administration and other costs		<u>354,117</u>	<u>342,970</u>
		125,757	75,361
Other operating income	4	<u>-</u>	<u>95,000</u>
OPERATING PROFIT/LOSS	4	125,757	170,361
Interest receivable and other income		<u>22,005</u>	<u>23,369</u>
GROUP PROFIT ON ORDINARY ACTIVITIES before taxation		147,762	193,730
TAXATION ON ORDINARY ACTIVITIES	5	<u>-24,514</u>	<u>-31,976</u>
GROUP PROFIT after taxation for the year		<u>£123,248</u>	<u>£161,754</u>
Dealt with in the accounts of the holding company		8,112	11,256
Dealt with in the accounts of the subsidiary		<u>115,136</u>	<u>150,498</u>
		123,248	161,754
Dividends	6	<u>48,000</u>	<u>48,000</u>
Retained profit transferred to reserves	15	<u>£75,248</u>	<u>£113,754</u>

Continuing operations

None of the group's activities were acquired or discontinued during the above two financial years.

Total recognised gains and losses

The group has no recognised gains or losses other than the profit or loss for the above two financial years.

Historical cost

The difference between the results as disclosed in the profit and loss account before tax, and accumulated profit for the year, on an unmodified historical cost basis is not material.

The notes on pages 7 to 13 form part of these financial statements.

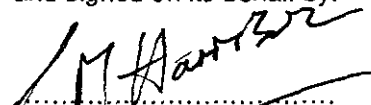
EAST GRINSTEAD PROPERTIES LIMITED

BALANCE SHEET AS AT 30th JUNE 2002

		2002		2001	
		GROUP	PARENT	GROUP	PARENT
	Notes	£	COMPANY	£	COMPANY
			£		£
FIXED ASSETS					
Tangible assets	7	857,414	675,001	605,685	470,001
Intangible assets	8	5,000	-	-	-
INVESTMENT IN GROUP UNDERTAKING	11	-	9,000	-	9,000
INVESTMENTS	9	2,248	-	1,495	-
		864,662	684,001	607,180	479,001
CURRENT ASSETS					
Stocks	10	93,962	-	112,275	-
Debtors	12	261,054	1,053	228,314	24,124
Cash at bank and in hand		458,017	74	514,879	55
		813,033	1,127	855,468	24,179
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR					
Creditors	13	160,083	4,075	225,284	29,131
NET CURRENT ASSETS/(LIABILITIES)		652,950	-2,948	630,184	-4,952
CREDITORS - AMOUNTS FALLING DUE AFTER ONE YEAR					
Current account with group undertaking		-	-59,192	-	-65,301
NET ASSETS		£1,517,612	£621,861	£1,237,364	£408,748
CAPITAL AND RESERVES					
Called up share capital	14	6,000	6,000	6,000	6,000
Reserves	15	1,511,612	615,861	1,231,364	402,748
		£1,517,612	£621,861	£1,237,364	£408,748

The financial statements have been prepared in accordance with the special provisions of part VII of the Companies Act 1985 applicable to small companies.

The financial statements were approved by the board of directors on 10 September 2002 and signed on its behalf by:


G.M. Harrison - Director

The notes on pages 7 to 13 form part of these financial statements.

1. STATEMENT OF ACCOUNTING POLICIES

Accounting convention

The financial statements are prepared under the historical cost convention.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards

Consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the parent company and its wholly owned subsidiary, Omeg Limited, made up to the end of the financial year. All inter-company transactions and balances have been eliminated.

Turnover

Turnover represents the total invoice value, excluding value added tax, of goods sold and services rendered during the year.

Tangible Fixed Assets

Depreciation has been provided at the following annual rates in order to write off each asset over its estimated useful life:

Plant and machinery	- 20% per annum on the straight line basis.
Fixtures, fittings and equipment	- 20% per annum on the straight line basis.
Motor vehicles	- 25% per annum on the straight line basis.

No depreciation has been provided in these financial statements in respect of the freehold buildings.

Stocks and Work in Progress

Stocks and work in progress are valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs to completion and disposal.

Investments

Investments held as fixed assets are stated at cost less provision for permanent diminution in value.

Dividends are brought to account in the profit and loss account when received.

Research and Development

Expenditure on research and development costs is written off in the year in which it is incurred.

Deferred Taxation

Deferred taxation is provided using the liability method on all timing differences to the extent that they are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

Leased Assets

Rental costs under operating leases are charged to the profit and loss account as incurred.

EAST GRINSTEAD PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2002 (continued)

1. STATEMENT OF ACCOUNTING POLICIES (continued)

Foreign Currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into the profit and loss account for the year.

Pension Costs

The company operates a defined contribution scheme. Contributions payable to this scheme are charged to the profit and loss account in the period to which they relate. These contributions are invested separately from the company's assets.

2. TURNOVER

The turnover and profit or loss before taxation are attributable to the principal activities of the group arising in the United Kingdom.

The value of exported goods and services for the year was £227,580 as compared with £234,640 in the previous year.

3. DIRECTORS' EMOLUMENTS

	2002	2001
Total emoluments	£94,236	£85,041
	<u> </u>	<u> </u>

4. OPERATING PROFIT

The operating profit is stated:

	2002 £	2001 £
a) After charging:		
Depreciation on owned assets	54,127	55,777
Auditors' remuneration	6,250	6,000
Hire of equipment	299	892
Loss on foreign currencies	-	651
Bad debts	<u>3,150</u>	<u>2,500</u>
b) After crediting:		
Profit on disposal of fixed assets	5,999	3,280
Profit on foreign currencies	808	-
Exceptional item - damages received	<u>-</u>	<u>95,000</u>

EAST GRINSTEAD PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2002 (continued)

1. STATEMENT OF ACCOUNTING POLICIES (continued)

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EAST GRINSTEAD PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2002 (continued)

5. TAXATION

	2002	2001
	£	£
The Group		
Corporation tax based on the profits, payable on 1st April 2003	24,349	32,194
Tax paid on franked investment income	165	103
Adjustment in respect of prior years	-	-321
	<u>£24,514</u>	<u>£31,976</u>
The Parent		
UK Corporation tax	<u>£1,406</u>	<u>£2,462</u>
Factors affecting the tax charge for the year		
Group profit on ordinary activities before taxation	<u>£147,762</u>	<u>£193,730</u>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.75% (2001 : 20.00%)	<u>£29,183</u>	<u>£38,746</u>
Effects of:		
Non deductible expenses	283	337
Depreciation	9,505	10,499
Capital allowances	-13,856	-16,900
Adjustments to previous periods	-	-321
Other tax adjustments	<u>-601</u>	<u>-385</u>
	<u>-4,669</u>	<u>-6,770</u>
Current tax charge	<u>£24,514</u>	<u>£31,976</u>
Deferred Taxation		

There was no material potential liability to deferred taxation at 30th June 2002.

6. DIVIDENDS

	2002	2001
	£	£
Interim dividends on ordinary shares	<u>£48,000</u>	<u>£48,000</u>

EAST GRINSTEAD PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2002 (continued)

7 TANGIBLE FIXED ASSETS

A. THE GROUP

As at 1st July 2001:

Cost

Revaluation

Additions

Disposals

Revaluation in the year

As at 30th June 2002:

Cost

Revaluation

Depreciation:

As at 1st July 2001

Charge for year

Disposals

As at 30th June 2002

NET BOOK VALUE as at
30th June 2002

B. THE PARENT

As at 1st July 2001:

Cost

Revaluation

Revaluation in the year

As at 30th June 2002:

Cost

Revaluation

Depreciation:

As at 1st July 2001 and
30th June 2002

NET BOOK VALUE as at
30th June 2002

	Freehold land and buildings £	Plant and machinery £	Motor vehicles £	Fixtures, fittings and equipment £	TOTAL 2002 £	TOTAL 2001 £
As at 1st July 2001:						
Cost	-	1,104,292	57,277	82,131	1,243,700	1,200,803
Revaluation	470,000	-	-	-	470,000	470,000
Additions	-	70,600	26,437	3,820	100,857	112,788
Disposals	-	-	-24,073	-	-24,073	-69,891
Revaluation in the year	205,000	-	-	-	205,000	-
As at 30th June 2002:						
Cost	-	1,174,892	59,641	85,951	1,320,484	1,243,700
Revaluation	675,000	-	-	-	675,000	470,000
Depreciation:						
As at 1st July 2001	-	1,014,270	38,973	54,772	1,108,015	1,098,844
Charge for year	-	37,828	9,057	7,242	54,127	55,777
Disposals	-	-	-24,072	-	-24,072	-46,606
As at 30th June 2002	-	1,052,098	23,958	62,014	1,138,070	1,108,015
NET BOOK VALUE as at 30th June 2002	£675,000	£122,794	£35,683	£23,937	£857,414	£605,685
As at 1st July 2001:						
Cost	-	-	-	4,330	4,330	4,330
Revaluation	470,000	-	-	-	470,000	470,000
Revaluation in the year	205,000	-	-	-	205,000	-
As at 30th June 2002:						
Cost	-	-	-	4,330	4,330	4,330
Revaluation	675,000	-	-	-	675,000	470,000
Depreciation:						
As at 1st July 2001 and 30th June 2002	-	-	-	4,329	4,329	4,329
NET BOOK VALUE as at 30th June 2002	£675,000	£-	£-	£1	£675,001	£470,001

EAST GRINSTEAD PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2002 (continued)

8. INTANGIBLE FIXED ASSETS

	Licence fees £
Cost	
Additions	<u>5,000</u>
Cost and net book value at 30th June 2002	<u><u>£5,000</u></u>

9. INVESTMENTS

	Book Value 2002	Market Value 2002	Book Value 2001	Market Value 2001
Listed on the UK Stock Exchange	£2,248	£42,510	£1,495	£44,654

10. STOCKS

	2002 £	2001 £
Finished goods and goods for resale	68,364	22,016
Raw materials, consumables and work in progress	<u>25,598</u>	<u>90,259</u>
	<u><u>£93,962</u></u>	<u><u>£112,275</u></u>

11. INVESTMENT IN GROUP UNDERTAKING

	2002	2001
Shares in group undertaking:		
Subsidiary undertaking (unlisted)	£9,000	£9,000

Additional information on group undertaking:

Name:

Country of registration and operation:

Class of shares held:

Percentage of shares held by parent company

Nature of business

Omeg Limited

England - registration number 600441

ordinary shares of £1 each

100%

Manufacture of specialised electronic components

12. DEBTORS

	Group 2002 £	2001 £
Trade debtors	236,232	200,281
Other debtors	<u>24,822</u>	<u>28,033</u>
	<u><u>£261,054</u></u>	<u><u>£228,314</u></u>

EAST GRINSTEAD PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2002 (continued)

13 CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group	
	2002	2001
	£	£
Trade creditors	47,221	100,094
Taxation and social security	69,198	60,598
Other creditors	43,664	64,592
	<u>£160,083</u>	<u>£225,284</u>

14 SHARE CAPITAL

	Authorised, issued and fully paid	
	2002	2001
Ordinary shares of £1 each	6,000	6,000

15 RESERVES

	Revaluation Reserve	Capital Reserve	Share Premium Account	Profit and Loss Account	Total
	£	£	£	£	£
The Group					
Balance as at 1st July 2001	319,786	1,513	7,600	902,465	1,231,364
Profit for the year	-	-	-	75,248	75,248
Other movements	205,000	-	-	-	205,000
Balance as at 30th June 2002	<u>£524,786</u>	<u>£1,513</u>	<u>£7,600</u>	<u>£977,713</u>	<u>£1,511,612</u>
The Parent					
Balance as at 1st July 2001	319,786	-	7,600	75,363	402,749
Profit for the year	-	-	-	8,112	8,112
Other movements	205,000	-	-	-	205,000
Balance as at 30th June 2002	<u>£524,786</u>	<u>£0</u>	<u>£7,600</u>	<u>£83,475</u>	<u>£615,861</u>

(a) The capital reserve arises on consolidation and represents the net assets of the subsidiary company in excess of the cost of the shares therein.

(b) The revaluation reserve represents the surplus on revaluation of the company's freehold land and buildings carried out in November 2001, in excess of original cost.

EAST GRINSTEAD PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2002 (continued)

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002 £	2001 £
Profit for the financial year after tax	123,248	161,754
Dividends	-48,000	-48,000
Increase in revaluation reserve	205,000	-
Net addition to shareholders' funds	280,248	113,754
Opening shareholders' funds	1,237,364	1,123,610
Closing shareholders' funds	£1,517,612	£1,237,364
represented by:		
Equity interests	£1,517,612	£1,237,364

17. PENSION COSTS

The subsidiary company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds and amounted to £26,496 (2001 : £18,792).

18. RELATED PARTY DISCLOSURES

Goods and services amounting to £46,467 (2001 : £64,390) were acquired during the year from Clarke Designs a business of which Mr. T.G. Clarke, who is a director of Omeg Limited, is the sole proprietor.

Of this sum, £10,000 (2001 : £35,588) was owed to Clarke Designs at 30th June 2002.

EAST GRINSTEAD PROPERTIES LIMITED

COMPANY PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 30th JUNE 2002

	2002		2001	
	£	£	£	£
RENTS AND SERVICES RECEIVABLE		32,000		32,000
PLANT HIRE		<u>1,000</u>		<u>1,000</u>
		33,000		33,000
EXPENDITURE				
Management charge	1,000		1,000	
General rates	18,369		10,679	
Audit and accountancy	1,800		1,800	
Professional fees	2,233		5,760	
General expenses	<u>83</u>		<u>43</u>	
		<u>23,485</u>		<u>19,282</u>
		9,515		13,718
OTHER INCOME				
Interest received		<u>3</u>		<u>-</u>
		9,518		13,718
Dividends from subsidiary		<u>48,000</u>		<u>48,000</u>
OPERATING PROFIT BEFORE TAXATION		57,518		61,718
TAXATION		<u>1,406</u>		<u>2,462</u>
OPERATING PROFIT AFTER TAXATION		56,112		59,256
DIVIDENDS PAYABLE		<u>48,000</u>		<u>48,000</u>
TRANSFERRED TO RRESERVES		<u>£8,112</u>		<u>£11,256</u>