

EAST GRINSTEAD PROPERTIES LIMITED

(Registration Number : 599481)

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th JUNE 1999**

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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 1999.

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 and losses before taxation derived therefrom were as follows:

	THE COMPANY		THE SUBSIDIARY	
	Letting land, building and plant		Manufacture of specialised electronic equipment	
	1999	1998	1999	1998
	£	£	£	£
Turnover	33,000	26,000	1,420,958	1,754,403
Net profit/(loss) before taxation	1,741	450	-92,420	144,272

DIVIDENDS AND TRANSFERS TO RESERVES

The directors are recommending that no final dividend be paid.

The group loss transferred to reserves amounted to £91,071.

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 1999	30th June 1998
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.

YEAR 2000 ISSUES

The group has addressed the potential problems associated with computerised systems in relation to the year 2000 and has taken steps to ensure that its systems will be compliant.

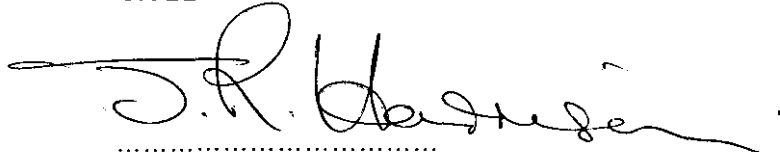
AUDITORS

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
21st September 1999

AUDITORS' REPORT TO THE MEMBERS OF EAST GRINSTEAD PROPERTIES LIMITED

We have audited the financial statements on pages 5 to 14 which have been prepared under the historical cost convention and the basis of accounting policies set out on pages 7 and 8.

Respective Responsibilities of Directors and Auditors

As described above, 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.

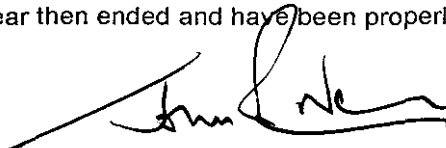
Basis of Opinion

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, 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 1999 and of its loss 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.
15th October 1999

EAST GRINSTEAD PROPERTIES LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30th JUNE 1999

	Notes	1999 £	1998 £
TURNOVER	2	1,420,958	1,754,403
Cost of sales		<u>1,124,512</u>	<u>1,255,705</u>
GROSS PROFIT		296,446	498,698
Distribution, administration and other costs		<u>403,844</u>	<u>369,484</u>
OPERATING (LOSS)/PROFIT	4	-107,398	129,214
Interest receivable and other income		<u>16,719</u>	<u>15,508</u>
GROUP LOSS ON ORDINARY ACTIVITIES before taxation		-90,679	144,722
TAXATION ON LOSS ON ORDINARY ACTIVITIES	5	<u>-392</u>	<u>-29,258</u>
GROUP LOSS after taxation for the year		<u>£-91,071</u>	<u>£115,464</u>
Dealt with in the accounts of the holding company		1,375	360
Dealt with in the accounts of the subsidiary		<u>-92,446</u>	<u>115,104</u>
		-91,071	115,464
Dividends	6	<u>-</u>	<u>-30,000</u>
Retained loss transferred to reserves	14	<u>£-91,071</u>	<u>£85,464</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 loss 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 1999

		1999		1998	
		GROUP	PARENT	GROUP	PARENT
	Notes	£	COMPANY	£	COMPANY
			£		£
FIXED ASSETS					
Tangible assets	7	615,010	470,001	669,362	470,001
INVESTMENT IN GROUP UNDERTAKING	10	-	9,000	-	9,000
INVESTMENTS	8	1,495	-	1,495	-
		616,505	479,001	670,857	479,001
CURRENT ASSETS					
Stocks	9	124,011	-	141,228	-
Debtors	11	243,890	1,404	303,109	1,170
Cash at bank and in hand		277,835	145	259,212	189
		645,736	1,549	703,549	1,359
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR					
Creditors	12	154,308	2,981	175,402	2,705
NET CURRENT ASSETS/(LIABILITIES)		491,428	-1,432	528,147	-1,346
CREDITORS - AMOUNTS FALLING DUE AFTER ONE YEAR					
Current account with group undertaking		-	-81,889	-	-83,350
NET ASSETS		£1,107,933	£395,680	£1,199,004	£394,305
CAPITAL AND RESERVES					
Called up share capital	13	6,000	6,000	6,000	6,000
Reserves	14	1,101,933	389,680	1,193,004	388,305
		£1,107,933	£395,680	£1,199,004	£394,305

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 21st September 1999 and signed on its behalf by:



G.M. Harrison - Director

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

EAST GRINSTEAD PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 1999

1. STATEMENT OF ACCOUNTING POLICIES

The financial statements have been prepared on the basis of historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets. The accounting policies have been consistently applied, unless otherwise stated.

The following is a summary of the significant accounting policies adopted by the company in the preparation of the financial statements.

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.

Cash Flow

The accounts do not include a cash flow statement because the group, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 "Cash Flow Statements".

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 office 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.

EAST GRINSTEAD PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 1999 (continued)

1. STATEMENT OF ACCOUNTING POLICIES (continued)

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.

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.

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 £147,263 as compared with £215,863 in the previous year.

3. DIRECTORS' EMOLUMENTS

	1999	1998
Total emoluments	£86,405	£82,684

4. OPERATING (LOSS)/PROFIT

The operating (loss)/profit is stated after charging:

	1999 £	1998 £
a) After charging:		
Depreciation on owned assets	76,534	86,357
Auditors' remuneration	5,500	5,500
Hire of equipment	65	429
Loss on foreign currencies	118	48
b) After crediting:		
Profit on disposal of fixed assets	-	1,000

EAST GRINSTEAD PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 1999 (continued)

5. TAXATION

	1999 £	1998 £
The Group		
Corporation tax based on the profits, payable on 1st April 2000	366	29,108
Tax paid on franked investment income	173	150
Adjustment in respect of prior years	-147	-
	<u>£392</u>	<u>£29,258</u>

The Parent

	1999	1998
UK Corporation tax	£366	£90

Deferred Taxation

There was no potential liability to deferred taxation at 30th June 1999.

6. DIVIDENDS

	1999 £	1998 £
Interim dividend on ordinary shares	-	30,000
Final dividend on ordinary shares	-	-
	<u>£ -</u>	<u>£30,000</u>

EAST GRINSTEAD PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 1999 (continued)

7 TANGIBLE FIXED ASSETS

A. THE GROUP

As at 1st July 1998:

Cost	-	1,199,969	82,539	119,479	1,401,987	1,330,308
Revaluation	470,000	-	-	-	470,000	470,000
Additions	-	16,000	-	6,182	22,182	71,679
Disposals	-	-	-	-	-	-

As at 30th June 1999:

Cost	-	1,215,969	82,539	125,661	1,424,169	1,401,987
Revaluation	470,000	-	-	-	470,000	470,000

Depreciation:

As at 1st July 1998	-	1,030,041	61,001	111,583	1,202,625	1,116,268
Charge for year	-	63,314	9,378	3,842	76,534	86,357
Disposals	-	-	-	-	-	-

As at 30th June 1999

	-	1,093,355	70,379	115,425	1,279,159	1,202,625
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NET BOOK VALUE as at
30th June 1999

	£470,000	£122,614	£12,160	£10,236	£615,010	£669,362
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B. THE PARENT

As at 1st July 1998:

Cost	-	-	-	4,330	4,330	4,330
Revaluation	470,000	-	-	-	470,000	470,000

As at 30th June 1999:

Cost	-	-	-	4,330	4,330	4,330
Revaluation	470,000	-	-	-	470,000	470,000

Depreciation:

As at 1st July 1998 and 30th June 1999	-	-	-	4,329	4,329	4,329
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NET BOOK VALUE as at
30th June 1999

	£470,000	£-	£-	£1	£470,001	£470,001
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EAST GRINSTEAD PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 1999 (continued)

8. INVESTMENTS

	Book Value 1999	Market Value 1999	Book Value 1998	Market Value 1998
Listed on the UK Stock Exchange	£1,495	£36,331	£1,495	£29,244

The directors consider the value of the company's investment is not less than the amount stated in the company's balance sheet.

9. STOCKS

	1999 £	1998 £
Finished goods and goods for resale	22,002	44,663
Raw materials, consumables and work in progress	102,009	96,565
	£124,011	£141,228

10. INVESTMENT IN GROUP UNDERTAKING

	1999	1998
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

11. DEBTORS

	Group	
	1999 £	1998 £
Trade debtors	216,610	273,092
Other debtors	2,771	5,123
Prepayments and accrued income	24,509	24,894
	£243,890	£303,109

EAST GRINSTEAD PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 1999 (continued)

12 CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group	
	1999	1998
	£	£
Trade creditors	45,556	48,576
Taxation and social security	42,380	77,199
Other creditors	39,493	26,182
Accruals	26,879	23,445
	£154,308	£175,402

13 SHARE CAPITAL

	Authorised, issued and fully paid	
	1999	1998
Ordinary shares of £1 each	6,000	6,000

14 RESERVES

	Revaluation Reserve	Capital Reserve	Share Premium Account	Profit and Loss Account	Total
	£	£	£	£	£
The Group					
Balance as at 1st July 1998	319,786	1,513	7,600	864,105	1,193,004
Loss for the year	-	-	-	-91,071	-91,071
Balance as at 30th June 1999	£319,786	£1,513	£7,600	£773,034	£1,101,933
The Parent					
Balance as at 1st July 1998	319,786	-	7,600	60,919	388,305
Profit for the year	-	-	-	1,375	1,375
Balance as at 30th June 1999	£319,786	£ -	£7,600	£62,294	£389,680

(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 September 1995, in excess of original cost.

EAST GRINSTEAD PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 1999 (continued)

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1999 £	1998 £
(Loss)/profit for the financial year after tax	-91,071	115,464
Dividends	-	-30,000
Net reduction/addition to shareholders' funds	-91,071	85,464
Opening shareholders' funds	1,199,004	1,113,540
Closing shareholders' funds	£1,107,933	£1,199,004
represented by:		
Equity interests	£1,107,933	£1,199,004

16. 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 £28,378 (1998 : £32,984).

17. RELATED PARTY DISCLOSURES

Goods and services amounting to £37,950 (1998 : £34,385) 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, £5,000 (1998 : £10,588) was owed to Clarke Designs at 30th June 1999.

EAST GRINSTEAD PROPERTIES LIMITED

COMPANY PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30th JUNE 1999

	1999		1998	
	£	£	£	£
RENTS AND SERVICES RECEIVABLE		32,000		25,000
PLANT HIRE		<u>1,000</u>		<u>1,000</u>
		33,000		26,000
EXPENDITURE				
Management charge	1,000		1,000	
General rates	28,469		22,754	
Audit and accountancy	1,700		1,700	
General expenses	<u>90</u>		<u>96</u>	
		<u>31,259</u>		<u>25,550</u>
		1,741		450
OTHER INCOME				
Dividends from subsidiary		<u>-</u>		<u>37,500</u>
OPERATING PROFIT BEFORE TAXATION		1,741		37,950
TAXATION		<u>366</u>		<u>7,590</u>
OPERATING PROFIT AFTER TAXATION		1,375		30,360
DIVIDEND		<u>-</u>		<u>30,000</u>
TRANSFERRED TO RESERVES		<u>£1,375</u>		<u>£360</u>