EAST GRINSTEAD PROPERTIES LIMITED

(Registration Number : 599481)

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th JUNE 2003

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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

DIRECTORS' REPORT

The directors present their annual report and audited financial statements for the year ended 30th June 2003.

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 Letting land, building and plant		THE SUBSIDIARY Manufacture of specialised electronic components	
	2003	2002	2003	2002
	£	£	£	£
Turnover	33,000	33,000	1,507,708	1,497,242
Net profit before taxation	8,827	9,518	92,486	138,244

DIVIDENDS AND TRANSFERS TO RESERVES

The directors are recommending that no final dividend be paid.

The group profit transferred to reserves amounted to £31,886.

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 2003	30th June 2002
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. J.R.L. Harrison 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
9 September 2003

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 13 for the year ended 30 June 2003. 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.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 2003 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.
9 September 2003

EAST GRINSTEAD PROPERTIES LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30th JUNE 2003

	Notes	2003 £	2002 £
TURNOVER	2	1,507,708	1,497,242
Cost of sales		1,046,822	1,017,368
GROSS PROFIT		460,886	479,874
Distribution, administration and other costs		378,244	354,117
		82,642	125,757
Other operating income		2,000	2,000
OPERATING PROFIT	4	84,642	127,757
Interest receivable and other income		16,671	20,005
GROUP PROFIT ON ORDINARY ACTIVITIES before taxation		101,313	147,762
TAXATION ON ORDINARY ACTIVITIES	5	(21,427)	(24,514)
GROUP PROFIT after taxation for the year		£79,886	£123,248
Dealt with in the accounts of the holding company		7,918	8,112
Dealt with in the accounts of the subsidiary		71,968	115,136
		79,886	123,248
Dividends	6	48,000	48,000
Retained profit transferred to reserves	15	£31,886	£75,248

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains or losses other than those passing through the profit and loss account.

EAST GRINSTEAD PROPERTIES LIMITED

BALANCE SHEET AS AT 30th JUNE 2003

	Notes	2003 GROUP £	2003 PARENT COMPANY £	2002 GROUP £	2002 PARENT COMPANY £
FIXED ASSETS					
Tangible assets	7	878,256	675,001	857,414	675,001
Intangible assets	8		-	5,000	-
INVESTMENT IN GROUP UNDERTAKING	10	-	9,000	-	9,000
INVESTMENTS	9	3,681	-	2,248	-
		881,937	684,001	864,662	684,001
CURRENT ASSETS					
Stocks		115,512	-	93,962	-
Debtors	11	268,578	1,043	261,054	1,053
Cash at bank and in hand		488,437	72	460,501	74
		872,527	1,115	815,517	1,127
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR					
Creditors	12	198,821	3,580	162,567	4,075
NET CURRENT ASSETS/(LIABILITIES)		673,706	(2,465)	652,950	(2,948)
CREDITORS - AMOUNTS FALLING DUE AFTER ONE YEAR					
Current account with group undertaking		-	(51,757)	-	(59,192)
PROVISIONS FOR LIABILITIES AND CHARGES	13	(6,145)	-	-	-
NET ASSETS		£1,549,498	£629,779	£1,517,612	£621,861
CAPITAL AND RESERVES					
Called up share capital	14	6,000	6,000	6,000	6,000
Reserves	15	1,543,498	623,779	1,511,612	615,861
		£1,549,498	£629,779	£1,517,612	£621,861

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 9 September 2003 and signed on its behalf by:

G.M. Harrison - Director

1. STATEMENT OF ACCOUNTING POLICIES

Accounting convention
The financial statements are prepared under the historical cost convention (modified to include the revaluation of land and buildings).

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.

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
Stock is valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stock.

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
The accounting policy in respect of deferred tax has been changed to reflect the requirements of FRS19-Deferred tax. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

The above amounts to a change in accounting policy. The previous policy was to provide deferred tax only to the extent that it was probable that liabilities would crystallise in the foreseeable future.

1. STATEMENT OF ACCOUNTING POLICIES (continued)

Deferred Taxation (continued)
The adoption of the standard has not required a prior period adjustment. If the new policy had been in place in the previous period no liability would have been recognised as the conditions for recognition would not have been satisfied.

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.

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

In the year to 30 June 2003 20.6% (2002: 15.2%) of the group's turnover was to markets outside the United Kingdom.

3. DIRECTORS' EMOLUMENTS

	2003	2002
Total emoluments	£98,040	£94,236

4. OPERATING PROFIT

The operating profit is stated:

	2003 £	2002 £
a) After charging:		
Depreciation on owned assets	53,846	54,127
Auditors' remuneration	6,300	6,250
Hire of equipment	301	299
b) After crediting:		
Profit on disposal of fixed assets	1,713	5,999
Profit on foreign currencies	2,430	808

5. TAXATION

	2003 £	2002 £
The Group		
Corporation tax based on the profits, payable on 1st April 2003	15,029	24,349
Tax paid on franked investment income	253	165
	£15,282	£24,514
Deferred tax		
Deferred tax charge	6,145	-
	£21,427	£24,514
The Parent		
UK Corporation tax	£909	£1,406
Factors affecting the tax charge for the year		
Group profit on ordinary activities before taxation	£101,313	£147,762
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2002 : 19.75%)	£19,249	£29,183
Effects of:		
Non deductible expenses	207	283
Depreciation	9,905	9,505
Capital allowances	-13,084	-13,856
Adjustments to previous periods	-481	-
Other tax adjustments	-514	-601
	-3,967	-4,669
Current tax charge	£15,282	£24,514

6. DIVIDENDS

	2003 £	2002 £
Interim dividends on ordinary shares	£48,000	£48,000

7. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Plant and machinery £	Motor vehicles £	Fixtures, fittings and equipment £	TOTAL 2003 £	TOTAL 2002 £
A. THE GROUP						
As at 1st July 2002:						
Cost	-	1,174,892	59,641	85,951	1,320,484	1,243,700
Valuation	675,000	-	-	-	675,000	470,000
Additions	-	64,348	13,250	2,827	80,425	100,857
Disposals	-	(5,130)	(13,099)	-	(18,229)	(24,073)
Revaluation in the year	-	-	-	-	-	205,000
As at 30th June 2003:						
Cost	-	1,234,110	59,792	88,778	1,382,680	1,320,484
Valuation	675,000	-	-	-	675,000	675,000
Depreciation:						
As at 1st July 2002	-	1,052,098	23,958	62,014	1,138,070	1,108,015
Charge for year	-	34,442	12,400	7,004	53,846	54,127
Disposals	-	(5,130)	(7,362)	-	(12,492)	(24,072)
As at 30th June 2003	-	1,081,410	28,996	69,018	1,179,424	1,138,070
NET BOOK VALUE as at 30th June 2003	£675,000	£152,700	£30,796	£19,760	£878,256	£857,414
B. THE PARENT						
As at 1st July 2002:						
Cost	-	-	-	4,330	4,330	4,330
Valuation	675,000	-	-	-	675,000	470,000
Revaluation in the year	-	-	-	-	-	205,000
As at 30th June 2003:						
Cost	-	-	-	4,330	4,330	4,330
Valuation	675,000	-	-	-	675,000	675,000
Depreciation:						
As at 1st July 2002 and 30th June 2003	-	-	-	4,329	4,329	4,329
NET BOOK VALUE as at 30th June 2003	£675,000	£ -	£ -	£1	£675,001	£675,001

8. INTANGIBLE FIXED ASSETS

	Licence fees £
Cost at 1 July 2002	5,000
Written off against reserves	-5,000
Cost at 30th June 2003	-

9. INVESTMENTS

	Book Value 2003	Market Value 2003	Book Value 2002	Market Value 2002
Listed on the UK Stock Exchange	£3,681	£46,778	£2,248	£42,510

10. INVESTMENT IN GROUP UNDERTAKING

	2003	2002
Shares in group undertaking:		
Subsidiary undertaking (unlisted)	£9,000	£9,000

Additional information on group undertaking:

Name:	Omeg Limited
Country of registration and operation:	England - registration number 600441
Class of shares held:	ordinary shares of £1 each
Percentage of shares held by parent company	100%
Nature of business	Manufacture of specialised electronic components

11. DEBTORS

	Group 2003 £	Group 2002 £
Trade debtors	245,645	236,232
Other debtors	22,933	24,822
	£268,578	£261,054

12 CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2003 £	2002 £
Bank loans and overdrafts	14,399	2,484
Trade creditors	69,927	47,221
Taxation and social security	67,411	69,198
Other creditors	47,084	43,664
	£198,821	£162,567

13 PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation £
Provision in connection with accelerated capital allowances	6,145
Balance at 30 June 2003	6,145

14 SHARE CAPITAL

	Authorised, issued and fully paid 2003	2002
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 2002	524,786	1,513	7,600	977,713	1,511,612
Profit for the year	-	-	-	31,886	31,886
Other movements		-	-	-	-
Balance as at 30th June 2003	£524,786	£1,513	£7,600	£1,009,599	£1,543,498
The Parent					
Balance as at 1st July 2002	524,786	-	7,600	83,475	615,861
Profit for the year	-	-	-	7,918	7,918
Other movements		-	-	-	
Balance as at 30th June 2003	£524,786	-	£7,600	£91,393	£623,779

(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.

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2003 £	2002 £
Profit for the financial year after tax	79,886	123,248
Dividends	(48,000)	(48,000)
Increase in revaluation reserve	-	205,000
Net addition to shareholders' funds	31,886	280,248
Opening shareholders' funds	1,517,612	1,237,364
Closing shareholders' funds	£1,549,498	£1,517,612
represented by:		
Equity interests	£1,549,498	£1,517,612

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 £23,410 (2002 : £26,496).

18. RELATED PARTY DISCLOSURES

Goods and services amounting to £40,720 (2002 : £46,467) 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, £10,235 (2001 : £10,000) was owed to Clarke Designs at 30th June 2003.

EAST GRINSTEAD PROPERTIES LIMITED

COMPANY PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 30th JUNE 2003

	2003		2002	
	£	£	£	£
RENTS AND SERVICES RECEIVABLE		32,000		32,000
PLANT HIRE		1,000		1,000
		33,000		33,000
EXPENDITURE				
Management charge	1,000		1,000	
General rates	21,046		18,369	
Audit and accountancy	1,800		1,800	
Professional fees	250		2,233	
General expenses	78		83	
		24,174		23,485
		8,826		9,515
OTHER INCOME				
Interest received		1		3
		8,827		9,518
Dividends from subsidiary		48,000		48,000
OPERATING PROFIT BEFORE TAXATION		56,827		57,518
TAXATION		909		1,406
OPERATING PROFIT AFTER TAXATION		55,918		56,112
DIVIDENDS PAYABLE		48,000		48,000
TRANSFERRED TO RESERVES		£7,918		£8,112