

**EAST GRINSTEAD PROPERTIES LIMITED**

**(Registration Number : 599481)**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30th JUNE 2005**

**CONTENTS**

	Page
Company Information	1
Directors' Report	2 to 3
Independent Auditors' Report	4
Consolidated Profit and Loss Account	5
Balance Sheet	6
Notes to the Financial Statements	7 to 13



***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 report and financial statements for the year ended 30 June 2005.

#### 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;
- \* 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	
	2005	2004	2005	2004
	£	£	£	£
Turnover	86,000	86,000	1,966,751	1,764,326
Net profit before taxation	59,946	61,912	176,349	198,891

#### 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 2005	30th June 2004
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

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

**EAST GRINSTEAD PROPERTIES LIMITED**

**DIRECTORS' REPORT** (continued)

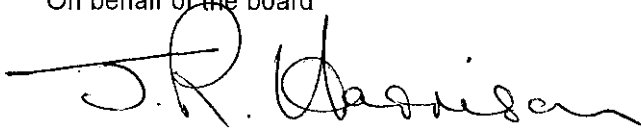
**AUDITORS**

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

**SMALL COMPANY EXEMPTIONS**

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

On behalf of the board

A handwritten signature in black ink, appearing to read 'J.R.L. Harrison', written over a horizontal line.

J.R.L. Harrison

**Director**

13 September 2005

**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 13 for the year ended 30 June 2005. 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.

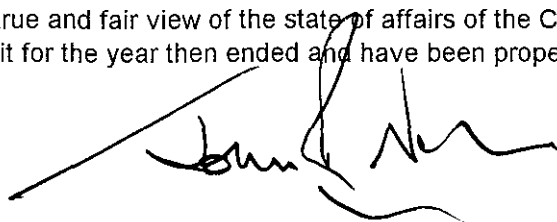
**Basis of Opinion**

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 affairs of the Company and of the Group as at 30th June 2005 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.**

13 September 2005

**EAST GRINSTEAD PROPERTIES LIMITED**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30th JUNE 2005**

	Notes	2005 £	2004 £
<b>TURNOVER</b>	2	1,966,751	1,764,326
Cost of sales		<u>1,301,700</u>	<u>1,162,169</u>
<b>GROSS PROFIT</b>		665,051	602,157
Distribution, administration and other costs		<u>461,094</u>	<u>426,257</u>
Other operating income		<u>203,957</u> <u>6,200</u>	<u>175,900</u> <u>20,750</u>
<b>OPERATING PROFIT</b>	4	210,157	196,650
Investment income	5	-	49,083
Other interest receivable and similar income		<u>26,138</u>	<u>16,583</u>
<b>GROUP PROFIT ON ORDINARY ACTIVITIES before taxation</b>		236,295	262,316
<b>TAXATION ON ORDINARY ACTIVITIES</b>	6	<u>(34,010)</u>	<u>(60,880)</u>
<b>GROUP PROFIT after taxation for the year</b>		<u>£202,285</u>	<u>£201,436</u>
Dealt with in the accounts of the holding company		48,556	50,149
Dealt with in the accounts of the subsidiary		153,729	149,774
Negative goodwill on consolidation written back	15	<u>-</u>	<u>1,513</u>
Dividends	7	<u>202,285</u> <u>96,000</u>	<u>201,436</u> <u>96,000</u>
Retained profit transferred to reserves	15	<u>£106,285</u>	<u>£105,436</u>

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.

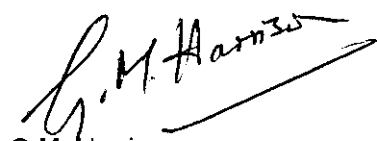
**EAST GRINSTEAD PROPERTIES LIMITED**

**BALANCE SHEET AS AT 30th JUNE 2005**

	Notes	2005		2004	
		GROUP £	PARENT COMPANY £	GROUP £	PARENT COMPANY £
<b>FIXED ASSETS</b>					
Tangible assets	8	1,315,191	975,001	917,721	675,001
<b>INVESTMENT IN GROUP UNDERTAKING</b>	9	-	9,000	-	9,000
		<u>1,315,191</u>	<u>984,001</u>	<u>917,721</u>	<u>684,001</u>
<b>CURRENT ASSETS</b>					
Stocks		119,922	-	128,274	-
Debtors	10	230,007	1,268	314,945	1,072
Current account with group undertaking		-	57,961	-	9,445
Cash at bank and in hand		<u>671,121</u>	<u>93</u>	<u>584,565</u>	<u>43</u>
		<u>1,021,050</u>	<u>59,322</u>	<u>1,027,784</u>	<u>10,560</u>
<b>CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR</b>					
Creditors	11	253,835	62,838	269,384	14,632
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<u>767,215</u>	<u>(3,516)</u>	<u>758,400</u>	<u>(4,072)</u>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	12	22,700	-	22,700	-
<b>NET ASSETS</b>		<u>£2,059,706</u>	<u>£980,485</u>	<u>£1,653,421</u>	<u>£679,929</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	13	6,000	6,000	6,000	6,000
Reserves	14	<u>2,053,706</u>	<u>974,485</u>	<u>1,647,421</u>	<u>673,929</u>
		<u>£2,059,706</u>	<u>£980,485</u>	<u>£1,653,421</u>	<u>£679,929</u>

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 13 September 2005 and signed on its behalf by:



G.M. Harrison  
Director

## **EAST GRINSTEAD PROPERTIES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2005**

#### **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).

##### **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 amounts receivable for goods and services net of value added tax and trade discounts.

##### **Tangible Fixed Assets and Depreciation**

Tangible fixed assets are stated at cost less depreciation.

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

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 land.

Freehold buildings have not been depreciated because the amount of depreciation involved would not be material. In the directors' opinion the expected residual value of the asset, based on current prices, is very close to the carrying value.

##### **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.

##### **Research and Development**

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

##### **Deferred Taxation**

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.



## EAST GRINSTEAD PROPERTIES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2005 (continued)

#### 1. STATEMENT OF ACCOUNTING POLICIES (continued)

##### Leasing

Rental costs under operating leases are charged against income on a straight line basis over the lease term.

##### Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

##### 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 2005 26.48% (2004: 19.80%) of the group's turnover was to markets outside the United Kingdom.

#### 3. DIRECTORS' EMOLUMENTS

	2005	2004
Total emoluments	£121,183	£127,081

#### 4. OPERATING PROFIT

The operating profit is stated:

	2005 £	2004 £
a) After charging:		
Depreciation on owned assets	77,964	62,499
Loss on disposal of tangible assets	590	8,505
Loss on foreign exchange transactions	2,283	851
Auditors' remuneration	7,500	6,700
Hire of equipment	261	301
b) After crediting:		
Profit on disposal of tangible assets	4,753	6,150
Negative goodwill written back on consolidation	-	1,513

# **EAST GRINSTEAD PROPERTIES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2005 (continued)**

<b>5. Investment income</b>	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Income from listed investments	-	1,970
Profit on disposal of listed investments	-	47,113
	<u>-</u>	<u>£49,083</u>

<b>6. TAXATION</b>	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
<b>The Group</b>		
U.K. corporation tax	34,530	44,325
Adjustment for prior years	(520)	-
Current tax charge	<u>£34,010</u>	<u>£44,325</u>
<b>Deferred tax</b>		
Deferred tax charge	-	16,555
	<u>£34,010</u>	<u>£60,880</u>

<b>The Parent</b>		
UK Corporation tax	<u>£11,390</u>	<u>£11,763</u>

### **Factors affecting the tax charge for the year**

Group profit on ordinary activities before taxation	<u>£236,295</u>	<u>£262,316</u>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19% (2004 : 19%)	<u>£44,896</u>	<u>£49,840</u>

Effects of:		
Non deductible expenses	118	317
Depreciation	14,022	12,322
Capital allowances	(24,506)	(19,326)
Adjustments to previous periods	(520)	-
Chargeable disposals	-	(173)
Dividends and distributions received	-	(374)
Other tax adjustments	-	1,719
	<u>(10,886)</u>	<u>(5,515)</u>
<b>Current tax charge</b>	<u>£34,010</u>	<u>£44,325</u>

The standard rate of corporation tax is based on the weighted average of the rates applicable to the profit on ordinary activities in the accounting period.

<b>7. DIVIDENDS</b>	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Ordinary interim dividend paid	48,000	96,000
Ordinary final dividend proposed	48,000	-
	<u>£96,000</u>	<u>£96,000</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2005 (continued)

## 8. TANGIBLE FIXED ASSETS

## A. THE GROUP

As at 1st July 2004:

	Freehold land and buildings £	Plant and machinery £	Motor vehicles £	Fixtures, fittings and equipment £	TOTAL 2005 £	TOTAL 2004 £
Cost	-	1,319,424	28,914	67,762	1,416,100	1,382,678
Valuation	675,000	-	-	-	675,000	675,000
Additions	-	156,374	18,290	2,407	177,071	130,320
Disposals	-	(9,501)	(9,913)	(4,396)	(23,810)	(96,898)
Surplus on revaluation in the year	300,000	-	-	-	300,000	-

As at 30th June 2005:

Cost	-	1,466,297	37,291	65,773	1,569,361	1,416,100
Valuation	975,000	-	-	-	975,000	675,000

Depreciation:

As at 1st July 2004	-	1,117,081	9,248	47,050	1,173,379	1,179,422
Charge for year	-	63,892	8,588	5,484	77,964	62,501
Disposals	-	(8,446)	(9,921)	(3,806)	(22,173)	(68,544)

As at 30th June 2005

	-	1,172,527	7,915	48,728	1,229,170	1,173,379
--	---	-----------	-------	--------	-----------	-----------

NET BOOK VALUE as at

30th June 2005	£975,000	£293,770	£29,376	£17,045	£1,315,191	£917,721
----------------	----------	----------	---------	---------	------------	----------

## B. THE PARENT

As at 1st July 2004:

Cost	-	-	-	4,330	4,330	4,330
Valuation	675,000	-	-	-	675,000	675,000
Surplus on revaluation in the year	300,000	-	-	-	300,000	-

As at 30th June 2005:

Cost	-	-	-	4,330	4,330	4,330
Valuation	975,000	-	-	-	975,000	675,000

Depreciation:

As at 1st July 2004 and 30th June 2005	-	-	-	4,329	4,329	4,329
---	---	---	---	-------	-------	-------

NET BOOK VALUE as at

30th June 2005	£975,000	£-	£-	£1	£975,001	£675,001
----------------	----------	----	----	----	----------	----------

## EAST GRINSTEAD PROPERTIES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2005 (continued)

#### 8. TANGIBLE FIXED ASSETS (CONTINUED)

An interim valuation of freehold land and property was undertaken as at 30 June 2005 by Messrs Graves Jenkins, Chartered Surveyors on the basis of the open market value for existing use. The last full valuation was undertaken during the year ended 30 June 2002.

The historical cost of the freehold land and buildings was £150,214. No provision has been made for additional United Kingdom taxation of £105,500 which would arise if the land and buildings were disposed of at the revalued amount.

The directors are not aware of any material change in value since the revaluation.

#### 9. INVESTMENT IN GROUP UNDERTAKING

	2005	2004
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

#### 10. DEBTORS

	Group	
	2005	2004
	£	£
Trade debtors	207,539	262,271
Other debtors	22,468	52,674
	<hr/>	<hr/>
	£230,007	£314,945

**EAST GRINSTEAD PROPERTIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2005 (continued)**

**11 CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>	
	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts	-	3,174
Trade creditors	51,264	75,748
Taxation and social security	76,203	91,125
Other creditors	126,368	99,337
	<u>£253,835</u>	<u>£269,384</u>

**12 PROVISIONS FOR LIABILITIES AND CHARGES**

	<b>Deferred taxation £</b>
Balance at 1 July 2004	22,700
Increase in provision in connection with accelerated capital allowances	-
Balance at 30 June 2005	<u>£22,700</u>

**13 SHARE CAPITAL**

	<b>Authorised, issued and fully paid</b>	
	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Ordinary shares of £1 each	6,000	6,000

**14 RESERVES**

	<b>Revaluation Reserve £</b>	<b>Share Premium Account £</b>	<b>Profit and Loss Account £</b>	<b>Total £</b>
<b>The Group</b>				
Balance as at 1st July 2004	524,786	7,600	1,115,035	1,647,421
Profit for the year	-	-	106,285	106,285
Other movements	300,000	-	-	300,000
Balance as at 30th June 2005	<u>£824,786</u>	<u>£7,600</u>	<u>£1,221,320</u>	<u>£2,053,706</u>
<b>The Parent</b>				
Balance as at 1st July 2004	524,786	7,600	141,543	673,929
Profit for the year	-	-	556	556
Other movements	300,000	-	-	300,000
Balance as at 30th June 2005	<u>£824,786</u>	<u>£7,600</u>	<u>£142,099</u>	<u>£974,485</u>

The revaluation reserve represents the surplus on revaluation of the company's freehold land and buildings carried out for the year ended 30 June 2005, in excess of original cost.

**EAST GRINSTEAD PROPERTIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2005 (continued)**

**15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2005 £	2004 £
Profit for the financial year after tax	202,285	201,436
Dividends	(96,000)	(96,000)
	<u>106,285</u>	<u>105,436</u>
Increase in revaluation reserve	300,000	-
Decrease in capital reserve	-	(1,513)
	<u>406,285</u>	<u>103,923</u>
Net addition to shareholders' funds	406,285	103,923
Opening shareholders' funds	<u>1,653,421</u>	<u>1,549,498</u>
Closing shareholders' funds	<u>£2,059,706</u>	<u>£1,653,421</u>
Represented by:		
Equity interests	<u>£2,059,706</u>	<u>£1,653,421</u>

**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 £36,287 (2004 : £31,159).

**17. RELATED PARTY DISCLOSURES**

Goods and services amounting to £57,200 (2004 : £53,140) 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, £20,000 (2004 : £15,000) was owed to Clarke Designs at 30th June 2005.