

COMPANY NUMBER 00790660

HMG MANAGEMENT LIMITED

ACCOUNTS FOR THE YEAR ENDED 28TH FEBRUARY 2003



PARKER GRADWELL & CO.

Chartered Accountants and Registered Auditors

17 Chapel Street, Hyde, Cheshire, SK14 1LF

HMG MANAGEMENT LIMITED
REPORT OF THE DIRECTORS

The directors submit their report and the audited financial statements of the company for the year ended 28th February 2003.

PRINCIPAL ACTIVITY

The principal activity of the company is the management of property investment and trading companies and there has been no change in this activity during the year.

BUSINESS REVIEW

There have been no significant changes in the company's trading activities during the year.

RESULTS

The results of the year's activities appear on page 4. The profit on ordinary activities before taxation is £28,671 (2002 - £32,535).

DIVIDENDS

A dividend of £24,272 (2002 - £20,617) has been paid to the holding company.

CHARITABLE DONATIONS

The company donated £719 (2002 - £135) to charities during the year.

DIRECTORS

The directors, all of whom were in office during the year, were as follows :-

T.W. Marshall	A.J. Murray
P. Mitchell	R.H. Murray
R.G. Murray	I.C. Thomas
S.B. Murray	

No director has any interest in the share capital of the company.

In accordance with the Articles of Association of the Company the directors are not subject to retirement by rotation.

AUDITORS

Pursuant to the provisions of Section 386 of the Companies Act 1985, the company has elected to dispense with the obligation to appoint auditors annually. Messrs. Parker Gradwell & Co. will therefore continue in office.

Approved by the Board of Directors on 25th April 2003 and signed on their behalf by :



I.C. THOMAS, F.C.A.,
Secretary.

HMG MANAGEMENT LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITY

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 judgments 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 accounts.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue to operate.

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.

HMG MANAGEMENT LIMITED
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS
OF HMG MANAGEMENT LIMITED

We have audited the financial statements of HMG Management Limited for the year ended 28th February 2003 which comprise the profit and loss account, the balance sheet, the reconciliation of movements in shareholders funds and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for preparing the annual report and the 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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

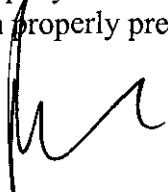
Basis of audit opinion

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 judgments 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 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 affairs of the Company as at 28th February 2003 and of the profit of the Company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PARKER GRADWELL & CO.

Chartered accountants and registered auditors

17 Chapel Street, Hyde, Cheshire, SK14 1LF

25th April 2003

HMG MANAGEMENT LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 28TH FEBRUARY 2003

	<u>Note</u>	<u>2003</u> <u>£</u>	<u>2002</u> <u>£</u>
<u>TURNOVER</u>	2		
Management commission/ apportionment of expenses		657,625	740,029
<u>ADMINISTRATIVE EXPENSES</u>			
Salaries and directors' remuneration		365,904	358,950
Pensions and pension contributions		57,888	154,290
Rent and rates		26,436	25,288
Electricity		758	998
Motor and travelling expenses		16,944	12,786
Legal and Professional Fees		26,289	34,131
Telephone		9,481	7,357
Printing and stationery		16,503	11,451
Postages		2,593	2,135
Advertising and promotion		8,000	3,500
Sundry expenses and cleaning		42,879	43,270
Canteen expenses		7,562	6,710
Repairs and maintenance		8,887	7,930
Insurance		12,325	9,121
Bank charges		1,197	1,560
Audit fee		1,100	900
Employee share option trust		-	3,250
Depreciation - motor vehicles		13,100	10,594
- furniture		<u>11,108</u>	<u>13,273</u>
		(628,954)	(707,494)
 OPERATING PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	 28,671	 32,535
 TAXATION ON PROFIT ON ORDINARY ACTIVITIES			
Corporation tax	5	(4,399)	(11,918)
 PROFIT FOR THE FINANCIAL YEAR		 24,272	 20,617
DIVIDEND 26.97% (2002 – 22.91%)		(24,272)	(20,617)
RETAINED PROFIT FOR THE YEAR		<u>-</u>	<u>-</u>

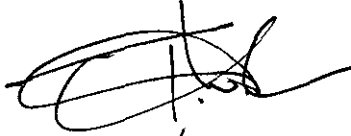
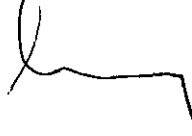
The profit and loss account includes all recognised gains and losses for the year and is prepared using the historic cost basis.

The accompanying notes are an integral part of these financial statements

HMG MANAGEMENT LIMITED
BALANCE SHEET AT 28TH FEBRUARY 2003

	<u>Note</u>	<u>2003</u> <u>£</u>	<u>2002</u> <u>£</u>
<u>FIXED ASSETS</u>			
Tangible assets	6	62,695	42,574
<u>CURRENT ASSETS</u>			
Holding Company Current Account	-	46,946	
Debtors	48,130	5,886	
Prepayments and accrued income	6,381	7,028	
Cash in hand	<u>393</u>	<u>440</u>	
	<u>54,904</u>	<u>60,300</u>	
<u>CREDITORS :</u>			
Amounts falling due within one year :			
Other creditors :-			
Sundry creditors and accrued charges	63,915	26,339	
Holding company current account	2,361	-	
Corporation tax due	2,139	6,810	
Other taxes and social security	<u>46,337</u>	<u>66,878</u>	
	<u>114,752</u>	<u>100,027</u>	
NET CURRENT LIABILITIES		<u>59,848</u>	<u>39,727</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,847</u>	<u>2,847</u>
<u>CAPITAL AND RESERVES</u>			
Called up share capital	7	900	900
Profit and loss account		<u>1,947</u>	<u>1,947</u>
SHAREHOLDERS' FUNDS	8	<u>2,847</u>	<u>2,847</u>

Approved by the Board of Directors on 25th April 2003 and signed on its behalf by :

 T.W. MARSHALL
 A.J. MURRAY

} Directors

The accompanying notes are an integral part of these financial statements

HMG MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 28TH FEBRUARY 2003

1. ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared in accordance with the historical cost convention. The principal accounting policies, which the directors have adopted, are set out below.

(b) Depreciation

Depreciation is provided at the following annual rates, based on the cost of the asset:

Motor vehicle	20%
Furniture and equipment	20%
Computer equipment	33.33%

(c) Pensions

Pension contributions are charged to the profit and loss account in the period in which they are incurred.

2. TURNOVER

The turnover and profit for the financial year are attributable to the company's principal activity and are in respect of United Kingdom income.

3. OPERATING PROFIT

	<u>2003</u>	<u>2002</u>
	£	£
Operating profit is stated after charging :		
Depreciation - plant and machinery	24,208	23,867
Staff costs (Note 4a)	423,792	513,240
Auditors' remuneration	<u>1,100</u>	<u>900</u>

4. STAFF COSTS

(a) Employee costs (including directors) during the year comprised :

Wages and salaries	328,749	324,206
Social security costs	37,155	34,744
Other pensions costs	<u>57,888</u>	<u>154,290</u>
	<u>423,792</u>	<u>513,240</u>

(b) The average number of employees of the company during the year was as follows :

Administration	<u>9</u>	<u>9</u>
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(c) Directors' remuneration (including benefits)

Pension contributions	<u>34,650</u>	<u>127,950</u>
	<u>402,074</u>	<u>480,182</u>

Remuneration of highest paid director	207,523	194,361
Pension contributions of highest paid director	24,650	22,950

Number of directors who are accruing benefits under a money purchase scheme	<u>2</u>	<u>2</u>
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HMG MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 28TH FEBRUARY 2003

4. STAFF COSTS Contd.

The pension costs relate to money purchase schemes and pensions to past employees or their spouse. A payment of £12,500 was made to Rickitt Mitchell and Partners in respect of P. Mitchell's services as a director of the company.

	<u>2003</u> £	<u>2002</u> £
5. <u>CORPORATION TAX</u>		
Corporation Tax @ 19.08% (2002 – 23.25%)	4,329	12,170
Underprovision for Corporation Tax in prior year	158	-
Interest on tax	<u>(88)</u>	<u>(252)</u>
	<u>4,399</u>	<u>11,918</u>

Factors affecting the Tax Charge for the Period

Profit on ordinary activities before taxation	<u>28,671</u>	<u>32,535</u>
Taxation on profit on ordinary activities at standard rate	8,601	9,761
Disallowed expenses	1,553	3,497
Capital allowances in excess of depreciation	(3,348)	2,449
Tapering relief	(2,477)	(3,537)
Interest on tax	(88)	(252)
Underprovision for corporation tax in prior year	<u>158</u>	<u>-</u>
	<u>4,399</u>	<u>11,918</u>

6. TANGIBLE FIXED ASSETS

Furniture and Equipment

Cost to 28th February 2002	70,691	74,828
Additions during the year	11,029	7,862
Written off during the year at cost	<u>(8,050)</u>	<u>(11,999)</u>
Cost at 28th February 2003	<u>73,670</u>	<u>70,691</u>
Depreciation to 28th February 2003	56,777	55,503
Charge for the year	11,108	13,273
Depreciation on write offs	<u>(8,050)</u>	<u>(11,999)</u>
Depreciation at 28th February 2003	<u>59,835</u>	<u>56,777</u>
Net Book Value at 28th February 2003	<u>13,835</u>	<u>13,914</u>

HMG MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 28TH FEBRUARY 2003

Motor Vehicles

Cost to 28th February 2002	79,520	79,907
Additions during the year	47,800	17,700
Sales during the year	(44,592)	(18,087)
Cost to 28 th February 2003	<u>82,728</u>	<u>79,520</u>
Depreciation to 28th February 2002	50,860	50,753
Depreciation on sales	(30,092)	(10,487)
Charge for the year	<u>13,100</u>	<u>10,594</u>
Depreciation at 28th February 2003	<u>33,868</u>	<u>50,860</u>
Net Book Value at 28th February 2003	<u>48,860</u>	<u>28,660</u>

	<u>2003</u>	<u>2002</u>
	£	£
<u>Summary</u>		
Furniture	13,835	13,914
Motor vehicles	<u>48,860</u>	<u>28,660</u>
	<u>62,695</u>	<u>42,574</u>

7. CALLED UP SHARE CAPITAL

<u>Authorised</u>		
40,000 Ordinary shares of 25p each	<u>10,000</u>	<u>10,000</u>
<u>Allotted, Issued and Fully Paid</u>		
3,600 Ordinary shares of 25p each	<u>900</u>	<u>900</u>

8. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Profit for the financial year	24,272	20,617
Dividends	(24,272)	(20,617)
Net additions to shareholders' funds	-	-
Opening shareholders' funds	<u>2,847</u>	<u>2,847</u>
Closing shareholders' funds	<u>2,847</u>	<u>2,847</u>

9. POST BALANCE SHEET EVENTS

There are no events arising since the date of the balance sheet which require comment.

HMG MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 28TH FEBRUARY 2003

10. CONTINGENT LIABILITIES

The company has given a guarantee in respect of its fellow subsidiary company HMG Investments Limited to N.M. Rothschild and Sons Limited for bank loans of £7,550,000 (2002 - £8,350,000).

11. RELATED PARTY DISCLOSURES

Using the exemption available to subsidiary companies related party transactions with Group Companies have not been disclosed.

12. COMPANY STATUS

The company is a close company within the provisions of the Income and Corporation Taxes Act 1988.

13. HOLDING COMPANY

The company is a subsidiary of The Hollins Murray Group Limited, a company incorporated in England and Wales.