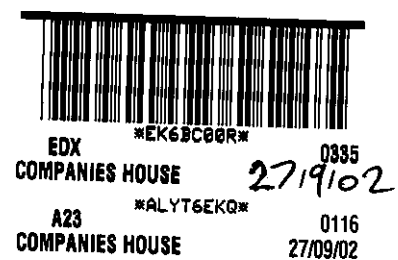


REGISTERED NUMBER: 1604821

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2002
FOR
HEATON HOLDINGS LIMITED**

Morris Crocker
Chartered Accountants
Registered Auditors
Station House
North Street
Havant
PO9 1QU



HEATON HOLDINGS LIMITED

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HEATON HOLDINGS LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 30 APRIL 2002

DIRECTORS: S J H Waring BSc(Hons)C Eng, FICE
Mrs A C H Waring
D W Russell - Solicitor

SECRETARY: D G Hosier ACCA

REGISTERED OFFICE: Heaton House
Cams Estate
Fareham
Hampshire
PO16 8AA

REGISTERED NUMBER: 1604821

AUDITORS: Morris Crocker
Chartered Accountants and
Registered Auditors
Station House
North Street
Havant
PO9 1QU

BANKERS: Lloyds TSB Bank plc
Gracechurch House
23/35 Castle Way
Southampton
Hampshire
SO14 2BW

SOLICITORS: Blake Lapthorn
1 Barnes Wallis Road
Segensworth
Fareham
Hampshire
PO15 5UA

HEATON HOLDINGS LIMITED

REPORT OF THE CHAIRMAN FOR THE YEAR ENDED 30 APRIL 2002

By any standards, this has been an exceptional year for Heaton Holdings Limited. It has also been a year in which the strategic decisions and actions taken in previous years have been fully vindicated and enormous benefits realised accordingly.

Turnover for the year was just over £16 million and profit before tax exceeded £5 million. These are the best results the company has achieved since it was formed as the group holding company in 1984.

It is perhaps of passing interest, that in spite of dividends exceeding £4 million in the year, the balance sheet now stands at over £16 million – the highest figure that has prevailed at any time, even prior to the demerger of the group's construction companies in January 1998.

The two major development companies in the group – Gatcombe House Properties and Strand Harbour Securities – have both performed well.

During the year, Gatcombe House Properties completed the development activities on its site at North Harbour, near Portsmouth. This included the sale of Haven House, an 11,000 sq.ft. office block. In addition, one half of Bay House, a 9,300 sq.ft. office was let to Royal Bank of Scotland and the other half to Coffin Mew & Clover, a large firm of Solicitors based in the South. The investment of Bay House was subsequently bought by the group's inhouse investment company, Heaton Property Investments Limited. Finally, Gatcombe House Properties sold their interests in the residential units fronting Southampton Road to Tesco and this site is now being developed by them.

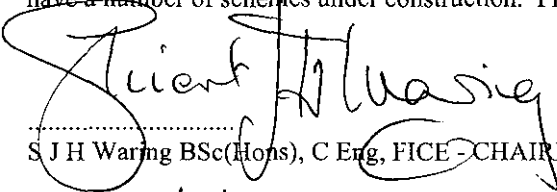
Strand Harbour Securities completed Carnac Court, the final phase of its development at the highly prestigious Cams Estate at Fareham. Three of the six buildings have now been sold and it is anticipated that the remaining three will be let or sold during the current year. In addition, the company sold two other buildings on the estate, Delme Place together with the Orangery & Stables.

The group's development activities have now largely come to an end and it is not intended to undertake any further major developments.

In 1989, the group formed a partnership with the Hungarian Academy of Sciences in Budapest, to develop a unique sewer renovation process called "Sanipor". Sanipor (UK) Limited was formed as a joint venture company in that year and Licensees were appointed to undertake the operation of the Sanipor process. In 1995, Sanipor (UK) Limited became a wholly owned subsidiary of Heaton Holdings, acquiring the patent rights of the Sanipor Process for the UK and Republic of Ireland. Involvement in this activity has been an interesting, valuable and financially rewarding exercise. However, during the year, an excellent offer was received for the sale of the Sanipor process and its intellectual property rights, and these were subsequently sold to Laing Engineering Limited.

In view of the above, group income will in future be generated to a large extent, by rent received from the group's property portfolio, held by Heaton Property Investments Limited. All properties are fully let to strong tenants. The total investment property portfolio of the group is currently valued at over £10.2 million. This will inevitably result in substantial profits for the foreseeable future. In addition to which, it is proposed to increase the portfolio with the acquisition of further buildings on the Cams Estate.

Finally, as a result of my intention not to be involved personally in further major development activities, Heaton Holdings Limited has funded the setting up of a new trading company – Strand Harbour Developments Limited. This company is owned and managed by the same team that has so successfully worked with me on Heaton Holdings developments over many years. I have agreed to be their Chairman (non-executive) and I am glad to say, they already have a number of schemes under construction. I have every confidence in their future success.


S J H Waring BSc(Hons), C Eng, FICE - CHAIRMAN

Dated: 27/8/02

HEATON HOLDINGS LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 APRIL 2002

The directors present their report with the financial statements of the company for the year ended 30 April 2002.

PRINCIPAL ACTIVITY

The principal activity of Heaton Holdings Limited and its subsidiaries in the year under review are property development and investment.

REVIEW OF BUSINESS

The results for the year and financial position of the company are shown in the annexed financial statements.

A summary of the year's performance is included in the Chairman's Statement.

DIVIDENDS

Interim dividends per share were paid as follows:

£14.32	-	10 September 2001
<u>£14.32</u>	-	8 April 2002
<u>£28.64</u>		

The directors recommend that no final dividend be paid.

The total dividends for the year ended 30 April 2002 were £4,001,323.

DIRECTORS

The directors during the year under review were:

S J H Waring BSc(Hons)C Eng, FICE
Mrs A C H Waring
D W Russell - Solicitor

Mr and Mrs Waring have an interest in the share capital of the company through their holding in the shares of the ultimate holding company, Heaton Consolidated Property Holdings Limited. Their interests are shown in the director's report for that company.

DONATIONS

During the year the group made various charitable contributions totalling £700.

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

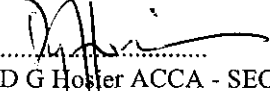
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

AUDITORS

The auditors, Morris Crocker, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:


D G Hoster ACCA - SECRETARY

Dated 27/8/02

HEATON HOLDINGS LIMITED

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF HEATON HOLDINGS LIMITED

We have audited the financial statements of Heaton Holdings Limited for the year ended 30 April 2002 on pages 5 to 22. These financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described on page three the company's directors are responsible for the preparation of 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 Report of the Directors is not consistent with the financial statements, if the company or group 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 or group is not disclosed.

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

Basis of opinion

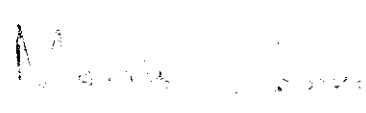
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and 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 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 company and the group's affairs as at 30 April 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Morris Crocker
Chartered Accountants and
Registered Auditors
Station House
North Street
Havant
PO9 1QU


Dated: 10 September 2002.

HEATON HOLDINGS LIMITED

GROUP PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 APRIL 2002

		2002	2001
	Notes	£	£
TURNOVER		16,215,604	3,122,085
Cost of sales		<u>(11,173,285)</u>	<u>(1,821,192)</u>
GROSS PROFIT		5,042,319	1,300,893
Administrative expenses		<u>(760,617)</u>	<u>(678,246)</u>
		4,281,702	622,647
Other operating income		<u>471,313</u>	<u>406,639</u>
OPERATING PROFIT	3	4,753,015	1,029,286
Interest receivable and similar income		259,306	180,508
Interest payable and similar charges	4	<u>(3,257)</u>	<u>(720)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		5,009,064	1,209,074
Tax on profit on ordinary activities	5	<u>(1,462,256)</u>	<u>(362,995)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		3,546,808	846,079
Equity minority interest		<u>(105,018)</u>	<u>(24,383)</u>
PROFIT FOR THE FINANCIAL YEAR		3,441,790	821,696
Dividends	6	<u>(4,001,323)</u>	<u>(139,711)</u>
RETAINED (LOSS)/PROFIT FOR THE FINANCIAL YEAR		(559,533)	681,985
RETAINED PROFIT BROUGHT FORWARD		<u>14,198,295</u>	<u>13,432,332</u>
		13,638,762	14,114,317
Transfer from revaluation reserve on disposal of investment property		<u>-</u>	<u>83,978</u>
RETAINED PROFIT CARRIED FORWARD		<u>£13,638,762</u>	<u>£14,198,295</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

HEATON HOLDINGS LIMITED

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 30 APRIL 2002**

	<u>2002</u>	<u>2001</u>
	£	£
PROFIT FOR THE FINANCIAL YEAR	3,441,790	821,696
Unrealised surplus on revaluation of investment properties	<u>930,903</u>	<u>156,860</u>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	<u><u>£4,372,693</u></u>	<u><u>£978,556</u></u>

**NOTE OF HISTORICAL COST PROFITS AND LOSSES
FOR THE YEAR ENDED 30 APRIL 2002**

	<u>2002</u>	<u>2001</u>
	£	£
REPORTED PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5,009,064	1,209,074
Realisation of property revaluation profits of previous years	<u>-</u>	<u>83,978</u>
HISTORICAL COST PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	<u><u>£5,009,064</u></u>	<u><u>£1,293,052</u></u>
Historical cost (loss)/profit for the year retained after taxation, minority interest and dividends	<u><u>£(559,533)</u></u>	<u><u>£765,963</u></u>

HEATON HOLDINGS LIMITED

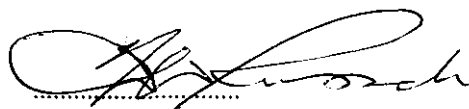
GROUP BALANCE SHEET 30 APRIL 2002

		2002	2001
	Notes	£	£
FIXED ASSETS:			
Tangible assets	7	10,960,675	5,833,336
Intangible assets	8	<u>20,000</u>	<u>40,000</u>
		<u>10,980,675</u>	<u>5,873,336</u>
 CURRENT ASSETS:			
Stocks and work in progress	10	1,511,632	8,048,497
Debtors	11	815,812	176,499
Investments	12	512,450	-
Cash at bank and in hand		<u>4,157,011</u>	<u>2,496,268</u>
		6,996,905	10,721,264
CREDITORS: Amounts falling due within one year	13	<u>(1,957,076)</u>	<u>(1,053,567)</u>
 NET CURRENT ASSETS:		<u>5,039,829</u>	<u>9,667,697</u>
 TOTAL ASSETS LESS CURRENT LIABILITIES:		16,020,504	15,541,033
 CREDITORS: Amounts falling due after more than one year	14	-	(1,202)
 PROVISION FOR LIABILITIES AND CHARGES	16	<u>(4,285)</u>	<u>-</u>
		<u>£16,016,219</u>	<u>£15,539,831</u>
 CAPITAL AND RESERVES:			
Called up share capital	18	139,711	139,711
Other reserves	19	2,188,554	1,257,651
Profit and loss account		<u>13,638,762</u>	<u>14,198,295</u>
		15,967,027	15,595,657
Equity minority interest		<u>49,192</u>	<u>(55,826)</u>
 Shareholders' funds	20	<u>£16,016,219</u>	<u>£15,539,831</u>

HEATON HOLDINGS LIMITED
PARENT COMPANY BALANCE SHEET
30 APRIL 2002

		<u>2002</u>	<u>2001</u>
	Notes	£	£
FIXED ASSETS:			
Tangible assets	7	636,551	715,276
Investments	9	<u>57,975</u>	<u>57,975</u>
		<u>694,526</u>	<u>773,251</u>
 CURRENT ASSETS:			
Debtors	11	5,549,999	7,571,600
Investments	12	512,450	-
Cash in hand		<u>4,090,909</u>	<u>2,331,378</u>
		10,153,358	9,902,978
 CREDITORS: Amounts falling due within one year	13	<u>(2,188,365)</u>	<u>(90,779)</u>
 NET CURRENT ASSETS:		<u>7,964,993</u>	<u>9,812,199</u>
 TOTAL ASSETS LESS CURRENT LIABILITIES:		8,659,519	10,585,450
 CREDITORS: Amounts falling due after more than one year	14	-	(1,202)
 PROVISIONS FOR LIABILITIES AND CHARGES:	16	<u>-</u>	<u>(206,786)</u>
		<u>£8,659,519</u>	<u>£10,377,462</u>
 CAPITAL AND RESERVES:			
Called up share capital	18	139,711	139,711
Capital redemption reserve	19	16,891	16,891
Profit and loss account		<u>8,502,917</u>	<u>10,220,860</u>
 SHAREHOLDERS' FUNDS:	20	<u>£8,659,519</u>	<u>£10,377,462</u>

ON BEHALF OF THE BOARD:


D W Russell

Approved by the Board on 27/8/02

HEATON HOLDINGS LIMITED

GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 30 APRIL 2002

		<u>2002</u>	<u>2001</u>
	Notes	£	£
Net cash inflow from operating activities	1	9,625,269	1,010,872
Returns on investments and servicing of finance			
Interest received		248,061	179,362
Interest paid		<u>(3,257)</u>	<u>(720)</u>
		244,804	178,642
Taxation		(534,228)	(413,111)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(3,163,932)	(25,351)
Sale of tangible fixed assets		<u>18,076</u>	<u>308,310</u>
		(3,145,856)	282,959
Equity dividends paid		<u>(4,001,323)</u>	<u>(139,711)</u>
		2,188,666	919,651
Management of liquid resources			
Purchase of corporate bonds		(525,184)	-
Financing			
Finance lease repayments		<u>(2,739)</u>	<u>(2,737)</u>
Increase in cash for the year		<u>£1,660,743</u>	<u>£916,914</u>
Reconciliation of net cash flow to movement in net funds			
Increase in cash for the year		1,660,743	916,914
Cash outflow from debt and lease financing		<u>2,739</u>	<u>2,737</u>
Movement in net funds for year		1,663,482	919,651
Net funds at 1 May 2001	2	<u>2,492,327</u>	<u>1,572,676</u>
Net funds at 30 April 2002	2	<u>£4,155,809</u>	<u>£2,492,327</u>

HEATON HOLDINGS LIMITED

NOTES TO THE GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 30 APRIL 2002

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2002 £	2001 £
Operating profit	4,753,015	1,029,286
Depreciation and amortisation charges	95,458	99,187
Loss/(profit) on sale of tangible fixed assets	770	(51,492)
Profit on loan relationship	(8,933)	-
Profit on capitalisation of investment properties	(1,157,548)	-
Decrease/(increase) in stocks	6,437,654	(1,541,734)
(Increase)/decrease in debtors	(595,790)	2,583,719
Increase/(decrease) in creditors	<u>100,643</u>	<u>(1,108,094)</u>
Net cash inflow from operating activities	<u>£9,625,269</u>	<u>£1,010,872</u>

2. ANALYSIS OF NET FUNDS

	At 01.05.01 £	Cash Flow £	At 30.04.02 £
<u>Net cash:</u>			
Cash at bank and in hand	2,496,268	1,660,743	4,157,011
<u>Debt:</u>			
Hire purchase and finance leases	<u>(3,941)</u>	<u>2,739</u>	<u>(1,202)</u>
	<u>£2,492,327</u>	<u>£1,663,482</u>	<u>£4,155,809</u>

HEATON HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2002

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets.

Turnover

Turnover represents the amounts derived from the provision of goods and services which fall within the group's ordinary activities, stated net of value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold property	- 50 years
Plant and machinery	- 5 years
Motor vehicles	- 5 years
Patents, licences and franchise costs	- 5 years
Fixtures and fittings	- 5 years

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

Finance lease and operating lease commitments

Assets obtained under hire purchase/finance lease contracts are capitalised in the balance sheet and are depreciated over their estimated useful lives. The interest element of the obligations is charged to the profit and loss account and represents a constant rate of interest. The liability included in the balance sheet represents total future commitments net of outstanding interest.

Operating lease rentals are charged to the profit and loss account in the period in which they incurred.

Pension costs

Contributions to defined contribution schemes are charged to the profit and loss account in the period in which they fall due.

Investment properties

These represent properties held by the group for their investment potential. They are included in the balance sheet at market value as determined by the directors. In accordance with Statement of Standard Accounting Practice No 19, no depreciation is provided in respect of freehold investment properties. Although the Companies Act 1985 would normally require the systematic annual depreciation of fixed assets, the directors believe that this policy of not providing depreciation is necessary in order for the accounts to give a true and fair view, since the current value of the investment properties, and changes in that current value, are of prime importance rather than a calculation of systematic annual depreciation. Depreciation is only one of the many factors reflected in the annual valuation, and the amount which might otherwise have been shown cannot be separately identified or quantified.

Property developments

Speculative property developments represent the invoiced value of sales, exclusive of value added tax. Work in progress is valued at the lower of cost or net realisable value.

Development contracts are valued at the sales value of work done after provision for anticipated future losses. Cash received on account and amounts certified are deducted from the value of work done and the balance is reflected in debtors as amounts recoverable on contracts. Turnover reflects the value of work done, exclusive of value added tax. Profit on individual contracts is included on a prudent basis when their outcome can be foreseen with reasonable certainty. Full provision is made for foreseeable losses.

HEATON HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2002

1. ACCOUNTING POLICIES (CONTINUED)

Current asset investments

Listed fixed interest current asset investments are marked to market at the balance sheet date and the difference between cost and market value is taken to the profit and loss account. This treatment is a departure from UK accounting rules, which stipulate that unrealised profits be credited to revaluation reserve. In the opinion of the Directors, the treatment adopted is necessary to present a true and fair view. The accounting treatment adopted represents a fairer reflection of the investment return.

Consolidation

The group accounts consolidate the accounts of Heaton Holdings Limited and all its subsidiary companies.

2. STAFF COSTS

	2002 £	2001 £
Wages and salaries	373,160	374,805
Social security costs	58,043	45,603
Other pension costs	40,397	13,211
	<u>471,600</u>	<u>433,619</u>

The average monthly number of employees during the year was as follows:

	2002	2001
Management, clerical and administrative	8	8
Technical and operational	<u>1</u>	<u>1</u>
	<u>9</u>	<u>9</u>

3. OPERATING PROFIT

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

	2002 £	2001 £
Rent receivable	(404,511)	(359,751)
Profit on capitalisation of properties	(1,157,548)	-
Depreciation - owned assets	92,824	96,554
Depreciation - assets on finance leases	2,635	2,635
Loss/(profit) on disposal of fixed assets	770	(51,492)
Auditors' remuneration	22,000	22,100
Rents payable	<u>3,000</u>	<u>3,000</u>
Directors' emoluments	<u>179,851</u>	<u>172,817</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2002 £	2001 £
Interest payable on late payment of		
National Insurance	531	-
Hire purchase	720	720
Interest on corporation tax	<u>2,006</u>	<u>-</u>
	<u>3,257</u>	<u>720</u>

HEATON HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2002

5. TAXATION

The tax charge on the profit on ordinary activities for the year was as follows:

	2002 £	2001 £
UK corporation tax	1,474,971	355,495
Under provision in earlier years	-	7,500
Total current tax	<u>1,474,971</u>	<u>362,995</u>
Deferred tax:		
Deferred taxation	(12,715)	-
Tax on profit on ordinary activities	<u>1,462,256</u>	<u>362,995</u>

UK corporation tax has been charged at 30% (2001 - 30%).

Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below.

	2002 £	2001 £
Profit on ordinary activities before tax	<u>5,009,064</u>	<u>1,209,074</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2001 - 30%)	1,502,719	362,722
Effects of:		
Expenses/(income) not deductible/(chargeable) for tax purposes	3,041	(13,242)
Depreciation for the year in excess of capital allowances	-	3,661
Capital allowances for the year in excess of depreciation	(30,789)	-
Chargeable gain	-	2,354
Underprovision in prior years	-	7,500
Current tax charge	<u>1,474,971</u>	<u>362,995</u>

6. DIVIDENDS

	2002 £	2001 £
Equity shares:		
Interim - ordinary share	<u>4,001,323</u>	<u>139,711</u>

HEATON HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2002**

7. TANGIBLE FIXED ASSETS

GROUP	Freehold property	Plant and machinery	Motor vehicles	Fixtures and Fittings	Totals
	£	£	£	£	£
COST OR VALUATION					
At 1 May 2001	5,710,156	120,344	200,642	38,850	6,069,992
Additions	4,272,496	8,987	196	9,061	4,290,740
Disposals	-	(5,303)	(41,028)	-	(46,331)
Surplus on revaluation	930,903	-	-	-	930,903
At 30 April 2002	10,913,555	124,028	159,810	47,911	11,245,304
DEPRECIATION:					
At 1 May 2001	35,276	50,338	150,962	80	236,656
Charge for year	17,424	23,978	24,808	9,249	75,459
Eliminated on disposals	-	(2,331)	(25,155)	-	(27,486)
At 30 April 2002	52,700	71,985	150,615	9,329	284,629
NET BOOK VALUE:					
At 30 April 2002	10,860,855	52,043	9,195	38,582	10,960,675
At 30 April 2001	5,674,880	70,006	49,680	38,770	5,833,336

Fixed assets, included in the above, which are held under finance leases are as follows:

	Plant and machinery
	£
COST:	
At 1 May 2001 and 30 April 2002	13,173
DEPRECIATION:	
At 1 May 2001	8,343
Charge for year	2,635
At 30 April 2002	10,978
NET BOOK VALUE:	
At 30 April 2002	2,195
At 30 April 2001	4,830

HEATON HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2002

7. TANGIBLE FIXED ASSETS (CONTINUED) GROUP

Cost or valuation at 30th April 2002 is represented by:

	Freehold property	Investment properties	Totals
	£	£	£
Cost	637,156	8,288,200	8,925,356
Valuation in 2002	-	1,988,199	1,988,199
	<u>637,156</u>	<u>10,276,399</u>	<u>10,913,555</u>

All other asset categories are represented at cost.

The investment properties were valued by Mr W E F Whyte, BSc, FRICS, who is a director of the subsidiary companies which hold the investment properties. The valuation was based on the market value of investment properties at 30 April 2002.

Investment property additions include £4,270,926 representing the capitalisation of three properties.

<u>COMPANY</u>	Freehold property	Plant and machinery	Motor vehicles	Totals
	£	£	£	£
COST OR VALUATION				
At 1 May 2001	637,156	113,149	200,642	950,947
Additions	-	4,127	196	4,323
Disposals	-	(5,303)	(41,028)	(46,331)
At 30 April 2002	<u>637,156</u>	<u>111,973</u>	<u>159,810</u>	<u>908,939</u>
DEPRECIATION:				
At 1 May 2001	35,276	49,433	150,962	235,671
Charge for year	17,424	21,972	24,808	64,204
Eliminated on disposals	-	(2,332)	(25,155)	(27,487)
At 30 April 2002	<u>52,700</u>	<u>69,073</u>	<u>150,615</u>	<u>272,388</u>
NET BOOK VALUE:				
At 30 April 2002	<u>584,456</u>	<u>42,900</u>	<u>9,195</u>	<u>636,551</u>
At 30 April 2001	<u>601,880</u>	<u>63,716</u>	<u>49,680</u>	<u>715,276</u>

HEATON HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2002

7. TANGIBLE FIXED ASSETS (CONTINUED) COMPANY

Fixed assets, included in the above, which are held under finance leases are as follows:

	<u>Plant and machinery</u>
	£
COST:	
At 1 May 2001	
and 30 April 2002	<u>13,173</u>
DEPRECIATION:	
At 1 May 2001	8,343
Charge for year	<u>2,635</u>
At 30 April 2002	<u>10,978</u>
NET BOOK VALUE:	
At 30 April 2002	<u><u>2,195</u></u>
At 30 April 2001	<u><u>4,830</u></u>

8. INTANGIBLE FIXED ASSETS

	<u>Patents and licences</u>
	£
COST:	
At 1 May 2001	
and 30 April 2002	<u>120,984</u>
AMORTISATION:	
At 1 May 2001	80,984
Charge for year	<u>20,000</u>
At 30 April 2002	<u>100,984</u>
NET BOOK VALUE:	
At 30 April 2002	<u><u>20,000</u></u>
At 30 April 2001	<u><u>40,000</u></u>

HEATON HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2002

9. FIXED ASSET INVESTMENTS

	£
COST:	
At 1 May 2001	
and 30 April 2002	<u>57,975</u>
NET BOOK VALUE:	
At 30 April 2002	<u>57,975</u>
At 30 April 2001	<u>57,975</u>
	2002
	£
Unlisted investments	<u>57,975</u>
	2001
	£
	<u>57,975</u>

The company's investments at the balance sheet date in the share capital of unlisted companies include the following:

Gatcombe House Properties Limited

Nature of business: Land and property development

	%
Class of shares:	holding
Ordinary	100.00

Heaton Property Investments Limited

Nature of business: Property investment

	%
Class of shares:	holding
Ordinary	100.00

Exsan Limited (formerly Sanipor (UK) Limited)

Nature of business: Sewer renovation franchisor

	%
Class of shares:	holding
Ordinary	100.00

Strand Harbour Securities Limited

Nature of business: Land and property development

	%
Class of shares:	holding
'A' Ordinary	94.29

All the above subsidiaries have been included in the consolidated accounts.

10. STOCKS AND WORK IN PROGRESS

	2002		2001	
	Group	Company	Group	Company
	£	£	£	£
Stock	1,979	-	-	-
Development projects in progress	<u>1,509,653</u>	<u>-</u>	<u>8,048,497</u>	<u>-</u>
	<u>1,511,632</u>	<u>-</u>	<u>8,048,497</u>	<u>-</u>

Work in progress includes interest of £NIL (2001: £395,787).

HEATON HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2002

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002		2001	
	Group £	Company £	Group £	Company £
Trade debtors	20,000	-	75,000	-
Other debtors	710,993	705,131	79,554	64,975
Prepayments and accrued income	67,819	49,499	18,640	1,707,381
Amounts owed by subsidiary undertakings	-	4,778,369	-	5,799,244
Tax recoverable	-	-	3,305	-
Deferred tax asset	17,000	17,000	-	-
	<u>815,812</u>	<u>5,549,999</u>	<u>176,499</u>	<u>7,571,600</u>

12. CURRENT ASSET INVESTMENTS

	2002		2001	
	Group £	Company £	Group £	Company £
Listed investments	<u>512,450</u>	<u>512,450</u>	<u>-</u>	<u>-</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002		2001	
	Group £	Company £	Group £	Company £
Finance leases (see note 15)	1,202	1,202	2,739	2,739
Other creditors	207,815	-	272,694	19,560
Taxation and Social security	254,085	254,085	17,858	17,858
Corporation tax	1,217,615	445,451	280,177	10,369
Accruals and deferred income	276,359	22,996	480,099	22,328
Amounts owed to subsidiary undertakings	-	1,464,631	-	17,925
	<u>1,957,076</u>	<u>2,188,365</u>	<u>1,053,567</u>	<u>90,779</u>

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2002		2001	
	Group £	Company £	Group £	Company £
Hire purchase contracts and finance leases (see note 15)	<u>-</u>	<u>-</u>	<u>1,202</u>	<u>1,202</u>

HEATON HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2002

15. OBLIGATIONS UNDER LEASING AGREEMENTS

	Finance leases	
	2002	2001
	£	£
Gross obligations repayable:		
Within one year	1,806	3,459
Between one and five years	-	1,806
	<u>1,806</u>	<u>5,265</u>
Finance charges repayable:		
Within one year	604	720
Between one and five years	-	604
	<u>604</u>	<u>1,324</u>
Net obligations repayable:		
Within one year	1,202	2,739
Between one and five years	-	1,202
	<u>1,202</u>	<u>3,941</u>

16. PROVISIONS FOR LIABILITIES AND CHARGES

GROUP

	Deferred tax
	£
Accelerated capital allowances	<u>4,285</u>
Balance at 30 April 2002	<u>4,285</u>

The amount for which no provision has been made in respect of deferred taxation, is as follows:

	2002	2001
	£	£
Revaluation of investment properties	<u>393,000</u>	<u>73,500</u>

No provision has been made for the potential tax liability as it relates to properties which the directors intend to retain within the group.

COMPANY

	2002	2001
	£	£
Short term timing differences	<u>-</u>	<u>206,786</u>

ACCRUED INTEREST

	Deferred taxation
	£
Balance at 1 May 2001	206,786
Reduction in year	<u>(206,786)</u>
Balance at 30 April 2002	<u>-</u>

HEATON HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2002

17. OBLIGATIONS UNDER LEASING AGREEMENTS

GROUP

The following payments are committed to be paid within one year:

	Land and Buildings Operating Leases	
	2002	2001
	£	£
Expiring:		
Within one year	1,500	-
Between one and five years	-	3,000
	<u>1,500</u>	<u>3,000</u>

The company had no obligations under leasing agreements at 30 April 2002 or 30 April 2001.

18. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	2002	2001
		£1	£	£
156,602	Ordinary		<u>156,602</u>	<u>156,602</u>

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2002	2001
		£1	£	£
139,711	Ordinary		<u>139,711</u>	<u>139,711</u>

19. OTHER RESERVES

GROUP

	Revaluation <u>reserve</u> £	Capital redemption <u>reserve</u> £	<u>Total</u> £
At 1 May 2001	1,240,760	16,891	1,257,651
Surplus on revaluation in the year	930,903	-	930,903

At 30 April 2002	<u>2,171,663</u>	<u>16,891</u>	<u>2,188,554</u>
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COMPANY

	Capital redemption <u>reserve</u> £
At 1 May 2001	
And 30 April 2002	<u>16,891</u>

HEATON HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2002

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

GROUP

	2002 £	2001 £
Profit for the financial year	3,546,808	846,079
Dividends	(4,001,323)	(139,711)
Surplus on revaluation of investment properties	930,903	156,860
NET ADDITION TO SHAREHOLDERS' FUNDS	476,388	863,228
Opening shareholders' funds	15,539,831	14,676,603
CLOSING SHAREHOLDERS' FUNDS	16,016,219	15,539,831
Equity interests	16,016,219	15,539,831

COMPANY

	2002 £	2001 £
Profit/(Loss) for the financial year	2,283,380	(185,328)
Dividends	(4,001,323)	(139,711)
NET REDUCTION OF SHAREHOLDERS' FUNDS	(1,717,943)	(325,039)
Opening shareholders' funds	10,377,462	10,702,501
CLOSING SHAREHOLDERS' FUNDS	8,659,519	10,377,462
Equity interests	8,659,519	10,377,462

21. CONTROLLING PARTY

The company is controlled by and is a wholly owned subsidiary of Heaton Consolidated Property Holdings Limited, a company registered in England and Wales. Accounts for that company are available from Heaton House, Cams Estate, Fareham, Hampshire.

22. PROFIT AND LOSS ACCOUNT

In accordance with the exemption allowed by Section 230 of the Companies Act 1985, the holding company has not presented its own profit and loss account. The profit for the year ended 30 April 2002 was £2,283,380 (2001: Loss of £185,328).

HEATON HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2002

23. RELATED PARTY DISCLOSURE

During the year the company had the following transactions with Strand Harbour Developments Limited, of which S J H Waring is a non-executive director:

	£
Profit and loss account	
Management charges	(65,580)
Loan interest	(17,160)

Balance sheet	
Other debtors	705,065
Prepayments and accrued income	24,922

Other debtors represents a loan to Strand Harbour Developments Limited, which is repayable at the borrowers discretion within a ten year period commencing 14 December 2000.

24. POST BALANCE SHEET EVENT

On 9th May 2002 Exsan Limited (formerly Sanipor (UK) Limited) sold all the intellectual property rights relating to the Sanipor process to Laings Construction Holdings Limited and from that date ceased to trade.