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BONNINGTON MANAGEMENT SERVICES LIMITED

DIRECTORS' REPORT

AND FINANCIAL STATEMENTS

For the year ended

31 March 2001



DIRECTORS

W R E THOMSON
D W B WALKER
D C R GRAHAM

SECRETARY

D C R GRAHAM

REGISTERED OFFICE

Suite 7
Bonnington Bond
2 Anderson Place
Edinburgh
EH6 5NP

REGISTERED NUMBER

SCO72000

DIRECTORS' REPORT

The directors submit their annual report and financial statements for the year ended 31 March 2001.

PRINCIPAL ACTIVITIES

The principal activity of the company is the provision of management and administrative services.

RESULTS FOR THE YEAR

The loss for the year after tax amounts to £3,684.

The directors do not recommend the payment of a dividend and propose that the loss for the financial year be transferred to reserves.

DIRECTORS

The directors of the company, as noted on page 1, were in office at the beginning and the end of the year.

None of the directors has any interest in the share capital of the company.

W R E Thomson, D W B Walker and D C R Graham were also directors of E.G. Thomson (Shipping) Limited at 31 March 2001, and their interests in the shares of that company are disclosed in its financial statements.

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 for that year. 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.

DIRECTORS' REPORT (continued)**STATEMENT OF DIRECTORS' RESPONSIBILITIES** (continued)

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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

AUDITORS

In accordance with Section 379A of the Companies Act 1985 an elective resolution, pursuant to Section 386 of the said Act, to dispense with the obligation to appoint auditors annually, was passed at the Extraordinary General Meeting of the company held on 9 November 1998. KPMG will therefore continue in office.

ON BEHALF OF THE BOARD



D C R Graham
Secretary
Edinburgh

30 January 2002

REPORT OF THE AUDITORS TO THE MEMBERS OF BONNINGTON MANAGEMENT SERVICES LIMITED

We have audited the financial statements on pages 5 to 11.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for preparing the directors' report and, as described on pages 2 and 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. 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.

BASIS OF AUDIT 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 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's affairs as at 31 March 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Kling
KPMG

Chartered Accountants
Registered Auditors
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

30 January 2002

PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2001

		<u>2001</u>	<u>2000</u>
	<u>Notes</u>	£	£
Turnover		1,073,137	996,732
Cost of Sales		(7,800)	-
Administrative expenses		<u>(1,069,456)</u>	<u>(1,062,468)</u>
Operating loss		(4,119)	(65,736)
Interest receivable		867	927
Interest payable		-	(1,973)
Loss on ordinary activities before taxation	3	<u>(3,252)</u>	<u>(66,782)</u>
Tax on loss on ordinary activities	6	<u>(432)</u>	<u>-</u>
Retained loss for the financial year	11	<u><u>(3,684)</u></u>	<u><u>(66,782)</u></u>

Other than the loss for the financial year and the preceding year there have been no other recognised gains or losses.

**BALANCE SHEET
as at 31 March 2001**

	Notes	<u>2001</u>		<u>2000</u>
		£	£	£
<u>FIXED ASSETS</u>				
Tangible assets	7	46,967		40,134
<u>CURRENT ASSETS</u>				
Debtors	8	209,503	117,317	
Cash at bank and in hand		<u>39,544</u>	<u>25,384</u>	
		249,047	142,701	
<u>CURRENT LIABILITIES</u>				
Creditors - Amounts falling due within one year	9	<u>(292,915)</u>	<u>(176,052)</u>	
<u>NET CURRENT LIABILITIES</u>		(43,868)		(33,351)
<u>NET ASSETS</u>		<u>3,099</u>		<u>6,783</u>
<u>CAPITAL AND RESERVES</u>				
Called up share capital	10	100	100	
Profit and loss account	11	<u>2,999</u>	<u>6,683</u>	
<u>EQUITY SHAREHOLDERS' FUNDS</u>	12	<u>3,099</u>		<u>6,783</u>

The financial statements were approved by the board of directors on 30 January 2002
and are signed on its behalf by:


D C R GRAHAM**DIRECTOR**

1. ACCOUNTING POLICIES**Basis of preparation**

The financial statements have been prepared under the historical cost accounting rules and in accordance with applicable accounting standards.

Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

Tangible assets and depreciation

Tangible assets are stated at cost, less depreciation. Depreciation is calculated on a straight line basis to write off the cost of assets net of estimated residual value over their estimated useful lives as follows:-

Motor vehicles	- 3 years
Computer equipment	- 4 years
Fixtures and fittings	- 10 years

Leases

Expenditure under operating leases is charged to profit and loss account on a straight line basis over the life of the lease.

Taxation

Provision for corporation tax is made on taxable profits at the appropriate corporation tax rate.

Deferred taxation

Deferred taxation is provided on all timing differences which arise because of differences in the treatment of certain items for accounts and taxation purposes to the extent that liabilities are likely to arise in the foreseeable future.

2 TURNOVER

Turnover represents the invoiced value of management and administrative services, net of value added tax.

NOTES TO THE FINANCIAL STATEMENTS (cont)**3 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION**

	<u>2001</u>	<u>2000</u>
	£	£
The loss on ordinary activities before taxation is stated after charging/(crediting):		
Auditors' remuneration	2,575	2,725
Depreciation	13,464	29,827
Operating lease charges	76,737	79,493
Gain on sale of assets	-	(581)
	<u> </u>	<u> </u>

4 STAFF NUMBERS AND COSTS

	<u>Number</u>	<u>Number</u>
The average number of persons employed by the company during the year was as follows:		
Directors	3	3
Administrative staff	13	13
	<u>16</u>	<u>16</u>

The aggregate payroll costs of these persons were as follows:-

	£	£
Wages and Salaries	528,664	517,815
Social security costs	59,203	57,893
Other pension costs	71,496	77,309
	<u>659,363</u>	<u>653,017</u>

5 DIRECTORS' REMUNERATION

Emoluments	<u>267,588</u>	<u>223,981</u>
Company contributions to money purchase pension schemes	<u>12,515</u>	<u>19,623</u>

The aggregate of emoluments of the highest paid director was £122,010 (2000:£ 104,180), and company pension contributions of £1,830 (2000: £10,340) were made to a money purchase pension scheme on his behalf. Retirement benefits are accruing to two directors (2000: 2) under money purchase schemes.

The directors' emoluments cover the management services provided by the directors to the parent company and fellow subsidiary undertakings in which they are also directors.

6 TAX ON LOSS ON ORDINARY ACTIVITIES

Group relief - prior year	<u>432</u>	<u>-</u>
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NOTES TO THE FINANCIAL STATEMENTS (continued)

7 TANGIBLE ASSETS

	<u>Motor vehicles</u>	<u>Computer Equipment</u>	<u>Fixtures & Fittings</u>	<u>Total</u>
	£	£	£	£
<u>Cost</u>				
At beginning of year	68,788	42,293	11,147	122,228
Additions	-	2,959	17,338	20,297
At end of year	<u>68,788</u>	<u>45,252</u>	<u>28,485</u>	<u>142,525</u>
<u>Depreciation</u>				
At beginning of year	65,809	15,995	290	82,094
Charge for year	1,083	10,801	1,580	13,464
At end of year	<u>66,892</u>	<u>26,796</u>	<u>1,870</u>	<u>95,558</u>
<u>Net book value</u>				
At 31 March 2001	<u>1,896</u>	<u>18,456</u>	<u>26,615</u>	<u>46,967</u>
At 31 March 2000	<u>2,979</u>	<u>26,298</u>	<u>10,857</u>	<u>40,134</u>

2001
£

2000
£

8 DEBTORS

Trade debtors	14,741	4,699
Other debtors	36,883	26,279
Amounts owed by parent company and fellow subsidiary undertakings	87,392	55,745
Amounts owed by associated undertakings	47,182	7,915
Prepayments	23,305	22,679
	<u>209,503</u>	<u>117,317</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)**9 CREDITORS**Amounts falling due within one year:

	<u>2001</u> £	<u>2000</u> £
Trade creditors	29,963	8,553
Tax and social security	32,369	30,600
Amounts owed to parent company and fellow subsidiary undertakings	210,732	132,575
Other creditors	9,814	-
Accruals	10,037	4,324
	<u>292,915</u>	<u>176,052</u>

10 CALLED UP SHARE CAPITAL

Authorised:

1,000,000 ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, called up and fully paid:		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

11 PROFIT AND LOSS ACCOUNT

Balance at beginning of year		6,683
Loss for the year		(3,684)
Balance at end of year		<u>2,999</u>

12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Retained loss for the financial year		(3,684)
Opening shareholders' funds		6,783
Closing shareholders' funds		<u>3,099</u>

13 OPERATING LEASES

	£	£
	Other	Land and Buildings
Operating leases which expire:		
Within one year	-	-
In the second to fifth years inclusive	2,424	75,000
	<u>2,424</u>	<u>75,000</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)**14 RELATED PARTY TRANSACTIONS**

During the year the company entered into the following transactions with group companies:

	Value of transaction £	Outstanding at year end £
E G Thomson (Shipping) Limited		
Management fees and expenses paid for parent company	420,000	(96,050)
E G Thomson (Bulk Carriers) Limited		
Management fees and expenses paid for fellow subsidiary undertaking	299,000	(114,250)
Ben Travel Limited		
Management fees and expenses paid for fellow subsidiary undertaking	120,030)	
	) 3,092	
Expenses paid by fellow subsidiary undertaking	(66,427))	
Scottish Connections Limited		
Management fees and expenses paid for fellow subsidiary undertaking	109,120	84,147
Tickets 24/7 Limited		
Payment due for tax losses claimed	(432)	(432)

15 PARENT COMPANY

The ultimate parent company is E.G. Thomson (Shipping) Limited which is incorporated in Great Britain and registered in Scotland. Copies of the parent company's financial statements are available from Companies House, 37 Castle Terrace, Edinburgh, EH1 2EB.