

SC72000

BONNINGTON MANAGEMENT SERVICES LIMITED

DIRECTORS' REPORT

AND FINANCIAL STATEMENTS

For the year ended

31 March 2002



DIRECTORS

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

SECRETARY

D C R GRAHAM

AUDITORS

KPMG LLP
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

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 2002.

PRINCIPAL ACTIVITIES

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

RESULTS FOR THE YEAR

The profit for the year after tax amounts to £4,360.

The directors do not recommend the payment of a dividend and propose that the profit 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 (Holdings) Limited at 31 March 2002, 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

The auditors, KPMG transferred their business to a limited liability partnership, KPMG LLP on 3 May 2002. Accordingly, KPMG resigned as auditors and the directors appointed KPMG LLP to fill the vacancy arising.

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 LLP will therefore continue in office.

ON BEHALF OF THE BOARD



D C R Graham
Secretary
Edinburgh

27 January 2003.

**INDEPENDENT AUDITOR'S REPORT 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 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

27 January 2003

PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2002

	<u>Notes</u>	<u>2002</u> £	<u>2001</u> £
Turnover		1,178,803	1,073,137
Cost of Sales		(3,829)	(7,800)
Administrative expenses		<u>(1,176,241)</u>	<u>(1,069,456)</u>
Operating loss		(1,267)	(4,119)
Interest receivable		1,301	867
Profit/(loss) on ordinary activities before taxation	3	<u>34</u>	<u>(3,252)</u>
Tax on profit/(loss) on ordinary activities	6	<u>4,326</u>	<u>(431)</u>
Retained profit/(loss) for the financial year	11	<u>4,360</u>	<u>(3,683)</u>

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

BALANCE SHEET
as at 31 March 2002

	Notes	<u>2002</u>	<u>2001</u>
		£	£
<u>FIXED ASSETS</u>			
Tangible assets	7	38,052	46,967
<u>CURRENT ASSETS</u>			
Debtors	8	181,474	209,503
Cash at bank and in hand		<u>25,665</u>	<u>39,544</u>
		207,139	249,047
<u>CURRENT LIABILITIES</u>			
Creditors - Amounts falling due within one year	9	<u>(237,732)</u>	<u>(292,915)</u>
<u>NET CURRENT LIABILITIES</u>		(30,593)	(43,868)
<u>NET ASSETS</u>		<u>7,459</u>	<u>3,099</u>
<u>CAPITAL AND RESERVES</u>			
Called up share capital	10	100	100
Profit and loss account	11	7,359	2,999
<u>EQUITY SHAREHOLDERS' FUNDS</u>	12	<u>7,459</u>	<u>3,099</u>

The financial statements were approved by the board of directors on 27 January 2003 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.

3 PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>2002</u>	<u>2001</u>
	£	£
The profit/(loss) on ordinary activities before taxation is stated after charging/(crediting):		
Auditors' remuneration	2,575	2,575
Depreciation	15,389	13,464
Operating lease charges	76,791	76,737
Gain on sale of assets	<u>(2,085)</u>	<u>-</u>

4 STAFF NUMBERS AND COSTS

The average number of persons employed by the company during the year was as follows:

Directors

Administrative staff

Number

Number

3

3

13

13

16

16

£

£

686,102

558,452

72,423

59,203

92,563

71,496

851,088

689,151

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

Wages and Salaries

Social security costs

Other pension costs

5 DIRECTORS' REMUNERATION

Emoluments

Company contributions to money purchase pension schemes

352,384

267,588

11,016

12,515

The aggregate of emoluments of the highest paid director was £121,657 (2001: £122,010), and company pension contributions of £ nil (2001: £1,830) were made to a money purchase pension scheme on his behalf. Retirement benefits are accruing to two directors (2001: 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 PROFIT/(LOSS) ON ORDINARY ACTIVITIES

2002

2001

£

£

UK corporation tax

Current tax on income for the period

Adjustments in respect of prior periods

-

-

4,326

(431)

4,326

(431)

Tax on profit/(loss) on ordinary activities

Factors affecting the tax charge for the current period

The current tax charge for the period is lower (2001: higher) than the standard rate of corporation tax in the UK (30%) (2001: 30%). The differences are explained below:

Current tax reconciliation

Profit/(loss) on ordinary activities before tax

34

(3,252)

Current tax at 30% (2001: 30%)

10

(976)

Effects of:

Expenses not deductible for tax purpose

1,299

2,937

Capital allowances in period in excess of depreciation

(8,126)

(6,287)

Unutilised losses

6,817

4,326

Group relief surrendered/(claimed) in year

4,326

(431)

Total current tax charge (see above)

4,326

(431)

The company has a deferred tax asset, due to accelerated capital allowances, of £37,416 at 31 March 2002 (2001: £45,379).

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	45,252	28,485	142,525
Additions	-	6,601	785	7,386
Disposals	(31,200)	(3,227)	-	(34,427)
At end of year	37,588	48,626	29,270	115,484
<u>Depreciation</u>				
At beginning of year	66,892	26,796	1,870	95,558
Charge for year	1,083	11,391	2,915	15,389
Disposals	(31,200)	(2,315)	-	(33,515)
At end of year	36,775	35,872	4,785	77,432
<u>Net book value</u>				
At 31 March 2002	813	12,754	24,485	38,052
At 31 March 2001	1,896	18,456	26,615	46,967

8 DEBTORS

	<u>2002</u>	<u>2001</u>
	£	£
Trade debtors	8,264	14,741
Other debtors	43,029	36,883
Amounts owed by parent company and fellow subsidiary undertakings	82,936	87,392
Amounts owed by associated undertakings	19,681	47,182
Prepayments	27,564	23,305
	181,474	209,503

NOTES TO THE FINANCIAL STATEMENTS (continued)

9 CREDITORS

Amounts falling due within one year:

	<u>2002</u>	<u>2001</u>
	£	£
Trade creditors	3,240	29,963
Tax and social security	66,420	32,369
Amounts owed to parent company and fellow subsidiary undertakings	141,065	210,732
Other creditors	13,531	9,814
Accruals	13,477	10,037
	<u>237,733</u>	<u>292,915</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	2,999
Profit for the year	<u>4,360</u>
Balance at end of year	<u>7,359</u>

12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Retained profit/(loss) for the financial year	4,360	(3,684)
Opening shareholders' funds	<u>3,099</u>	<u>6,783</u>
Closing shareholders' funds	<u>7,459</u>	<u>3,099</u>

13 OPERATING LEASES

	£	£
	Other	Land and Buildings
Operating leases which expire:		
Within one year	-	43,750
In the second to fifth years inclusive	<u>2,316</u>	<u>-</u>
At 31 March 2002	<u>2,316</u>	<u>43,750</u>
At 31 March 2001	<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	500,235	(27,815)
E G Thomson (Bulk Carriers) Limited		
Management fees and expenses	290,000	(113,250)
Ben Travel Limited		
Management fees and expenses	187,221	
Administrative expenses	(98,396)	
Tax losses surrendered	<u>4,326</u>	
	93,151	4,158
Diehl & St Johnston Limited		
Management fees	38,328	38,328
Scottish Connections Limited		
Management fees and expenses	47,888	40,450

15 PARENT COMPANY

The ultimate parent company is E.G. Thomson (Holdings) 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.