

SC72000

BONNINGTON MANAGEMENT SERVICES LIMITED

DIRECTORS' REPORT

AND FINANCIAL STATEMENTS

For the year ended

31 March 2003



DIRECTORS

W R E THOMSON
D C R GRAHAM
C W YOUNG
P R H THOMSON

SECRETARY

C W YOUNG

AUDITORS

KPMG LLP
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

REGISTERED OFFICE

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 2003.

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 £51,997 (2002: £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 current directors of the company are noted on page 1. C W Young and P R H Thomson were appointed directors on 9 June 2003 and 16 June 2003 respectively. In addition D W B Walker served as a director from the beginning of the year until he resigned on 1 October 2003. None of the directors has any interest in the share capital of the company.

W R E Thomson, D W B Walker, D C R Graham, C W Young and P R H Thomson were also directors of E G Thomson (Holdings) Limited at 31 March 2003, 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

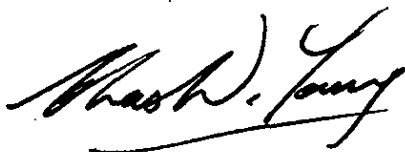
DIRECTORS' REPORT (continued)**STATEMENT OF DIRECTORS' RESPONSIBILITIES** (continued)

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

Pursuant to a shareholders' resolution, the company is not obliged to re-appoint its auditors annually and KPMG LLP will therefore continue in office.

ON BEHALF OF THE BOARD

A handwritten signature in black ink, appearing to read 'C W Young', with a stylized flourish underneath.

C W Young
Secretary
Edinburgh

29 January 2004

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BONNINGTON
MANAGEMENT SERVICES LIMITED**

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

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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 2003 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

29 January 2004

**PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2003**

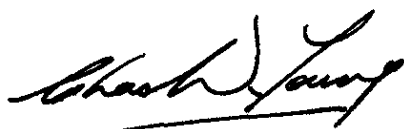
		<u>2003</u>	<u>2002</u>
	<u>Notes</u>	£	£
Turnover		1,121,001	1,178,803
Cost of Sales		(1,595)	(3,829)
Administrative expenses		<u>(1,067,705)</u>	<u>(1,176,241)</u>
Operating profit/(loss)		51,701	(1,267)
Interest receivable		296	1,301
Profit on ordinary activities before taxation	3	<u>51,997</u>	<u>34</u>
Tax on profit on ordinary activities	6	<u>-</u>	<u>4,326</u>
Retained profit for the financial year	11	<u>51,997</u>	<u>4,360</u>

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

BALANCE SHEET
as at 31 March 2003

	Notes	£	<u>2003</u> £	£	<u>2002</u> £
<u>FIXED ASSETS</u>					
Tangible assets	7		57,570		38,052
<u>CURRENT ASSETS</u>					
Debtors	8	265,541		181,474	
Cash at bank and in hand		<u>12,152</u>		<u>25,665</u>	
		277,693		207,139	
<u>CURRENT LIABILITIES</u>					
Creditors - Amounts falling due within one year	9	<u>(275,807)</u>		<u>(237,732)</u>	
<u>NET CURRENT ASSETS/(LIABILITIES)</u>			1,886		(30,593)
<u>NET ASSETS</u>			<u>59,456</u>		<u>7,459</u>
<u>CAPITAL AND RESERVES</u>					
Called up share capital	10		100		100
Profit and loss account	11		59,356		7,359
<u>EQUITY SHAREHOLDERS' FUNDS</u>	12		<u>59,456</u>		<u>7,459</u>

The financial statements were approved by the board of directors on 29 January 2004 and are signed on its behalf by:



C W YOUNG

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 ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>2003</u>	<u>2002</u>
The profit on ordinary activities before taxation is stated after charging/(crediting):	£	£
Auditors' remuneration	2,600	2,575
Depreciation	15,351	15,389
Operating lease charges	66,548	76,791
Gain on sale of assets	<u>(2,338)</u>	<u>(2,085)</u>

4 STAFF NUMBERS AND COSTS

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

	<u>Number</u>	<u>Number</u>
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	627,264	686,102
Social security costs	63,553	72,423
Other pension costs	59,441	92,563
	<u>750,258</u>	<u>851,088</u>

5 DIRECTORS' REMUNERATION

Emoluments	<u>249,973</u>	<u>352,384</u>
Company contributions to money purchase pension schemes	<u>11,273</u>	<u>11,016</u>

The aggregate of emoluments of the highest paid director was £109,426 (2002: £121,657), and company pension contributions of £11,273 (2002: £nil) were made to a money purchase pension scheme on his behalf. Retirement benefits are accruing to one director (2002: 1) under a money purchase scheme. The directors' emoluments cover the management services provided by the directors to the parent company and fellow subsidiary undertakings of which they are also directors.

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>2003</u>	<u>2002</u>
	£	£
UK corporation tax		
Tax on income for the period	-	-
Adjustments in respect of prior periods	-	4,326
Tax on profit on ordinary activities	<u>-</u>	<u>4,326</u>

Factors affecting taxation for the current period

Taxation for the period is lower (2002: lower) than the standard rate of corporation tax in the UK (30%) (2002: 30%). The differences are explained below:

Tax reconciliation

Profit on ordinary activities before tax	<u>51,997</u>	<u>34</u>
Tax at 30% (2002: 30%)	15,599	10
Effects of:		
Expenses not deductible for tax purposes	4,462	1,299
Depreciation in period in excess of/(less than) capital allowances	3,004	(8,126)
(Utilised)/unutilised losses	<u>(23,065)</u>	<u>6,817</u>
Tax on income for the period	-	-
Group relief surrendered in year	-	4,326
Tax on profit on ordinary activities (see above)	<u>-</u>	<u>4,326</u>

The company has a deferred tax asset, due to unutilised capital allowances in excess of depreciation and trading losses brought forward of £24,010 at 31 March 2003 (2002: £37,416).

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	37,588	48,626	29,270	115,484
Additions	2,900	22,293	9,676	34,869
Disposals	(13,200)	-	-	(13,200)
At end of year	<u>27,288</u>	<u>70,919</u>	<u>38,946</u>	<u>137,153</u>
<u>Depreciation</u>				
At beginning of year	36,775	35,872	4,785	77,432
Charge for year	974	11,382	2,995	15,351
Disposals	(13,200)	-	-	(13,200)
At end of year	<u>24,549</u>	<u>47,254</u>	<u>7,780</u>	<u>79,583</u>
<u>Net book value</u>				
At 31 March 2003	<u>2,739</u>	<u>23,665</u>	<u>31,166</u>	<u>57,570</u>
At 31 March 2002	<u>813</u>	<u>12,754</u>	<u>24,485</u>	<u>38,052</u>
		<u>2003</u>	<u>2002</u>	
		£	£	

8 DEBTORS

Trade debtors	4,550	8,264
Other debtors	30,554	43,029
Amounts owed by parent company and fellow subsidiary undertakings	153,963	82,936
Amounts owed by associated undertakings	49,494	19,681
Prepayments	26,980	27,564
	<u>265,541</u>	<u>181,474</u>

9 CREDITORS

<u>Amounts falling due within one year:</u>	<u>2003</u>	<u>2002</u>
	£	£
Trade creditors		
Tax and social security	8,750	3,240
Amounts owed to parent company and fellow subsidiary undertakings	29,991	66,420
Other creditors	179,545	141,065
Accruals	23,809	13,531
	<u>33,712</u>	<u>13,477</u>
	<u>275,807</u>	<u>237,733</u>

10 CALLED UP SHARE CAPITAL

Authorised:

1,000,000 ordinary shares of £1 each

Allotted, called up and fully paid:

100 Ordinary shares of £1 each

<u>1,000,000</u>	<u>1,000,000</u>
<u>100</u>	<u>100</u>

11 PROFIT AND LOSS ACCOUNT

Balance at beginning of year

Profit for the year

Balance at end of year

7,359
<u>51,997</u>
<u>59,356</u>

12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Retained profit for the financial year

Opening shareholders' funds

Closing shareholders' funds

51,997	4,360
7,459	3,099
<u>59,456</u>	<u>7,459</u>

13 OPERATING LEASES

Operating leases which expire:

Within one year

In the second to fifth years inclusive

At 31 March 2003

Other	Land and Buildings
£	£
-	-
<u>2,316</u>	<u>85,000</u>
<u>2,316</u>	<u>85,000</u>
<u>2,316</u>	<u>43,750</u>

At 31 March 2002

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 (Holdings) Limited		
Management fees and expenses	625,074	153,963
E G Thomson (Bulk Carriers) Limited		
Management fees	230,000	(179,250)
Ben Travel Limited		
Management fees and expenses		
Administrative expenses	145,297 <u>(76,739)</u>	
	68,558	(295)

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.