

Coven-Sa Limited

**Directors' report and financial
statements**

Registered number Scotland 63213

31 October 2001

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Directors' report

The directors have pleasure in submitting their report together with the financial statements of the company for the year ended 31 October 2001.

Activities

The principal activity of the company during the year was dealing in quoted securities and investments in the UK and elsewhere abroad. The company is still involved in the sale of excisable liquors.

Results and dividends

The loss after tax for the year was £227,919 (2000: £278,853). The directors recommend that no dividend should be paid and that the balance on the profit and loss account be carried forward.

During the year the company recognised an unrealised gain on marketable securities of £18,481.

Directors and directors' interests

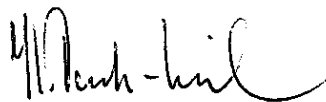
The directors during the year and their interests in the share capital of the company are as follows:

	Ordinary shares of £1 each	
	At 31 October 2001	At 1 November 2000
K Perch-Nielsen (Chairman)	250,000	250,000
Mrs LZ Perch-Nielsen	62,500	62,500

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



K Perch-Nielsen
Director

12 Hope Street
Edinburgh
EH2 4DB

9 January 2002

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 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 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.



24 Blythswood Square
Glasgow
G2 4QS
United Kingdom

Independent auditors' report to the members of Coven-Sa Limited

We have audited the financial statements on pages 4 to 11.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, 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 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.

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 October 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

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KPMG
Chartered Accountants
Registered Auditors

21 January 2002.

Profit and loss account
for the year ended 31 October 2001

	<i>Note</i>	2001 £	2000 £
Turnover	2	1,013,684	1,772,623
Cost of sales		(935,765)	(1,888,581)
Gross profit/(loss)		77,919	(115,958)
Administrative expenses		(37,232)	(38,148)
Exchange (losses)/gains		(35,649)	27,705
Provision for loss on fixed asset investments		(185,625)	-
Trading loss		(180,587)	(126,401)
Interest payable and other similar charges	4	(43,455)	(159,419)
Loss on ordinary activities before taxation	3	(224,042)	(285,820)
Tax on loss on ordinary activities	5	(3,877)	6,967
Loss on ordinary activities after taxation		(227,919)	(278,853)

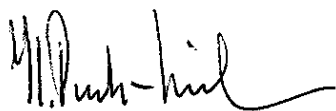
Statement of total recognised gains and losses

		2001 £	2000 £
Loss for the financial year		(227,919)	(278,853)
Unrealised gain on marketable securities	16	18,481	479,587
Movement in deferred taxation on unrealised gain on marketable securities	16	23,000	39,000
Total recognised gains and (losses) relating to the year		(186,438)	239,734

Balance sheet
at 31 October 2001

	<i>Note</i>	2001	2000
		£	£
Fixed assets			
Tangible assets	6	4,786	2,089
Investment in associated undertakings	7	152,194	726,141
Other investments	8	185,625	371,250
		<u>342,605</u>	<u>1,099,480</u>
Current assets			
Stocks	9	20,491	65,079
Debtors	10	1,422	32,794
Investments	11	1,896,855	1,788,812
Cash at bank and in hand		3,070	491,043
		<u>1,921,838</u>	<u>2,377,728</u>
Creditors: amounts falling due within one year	12	<u>(1,474,149)</u>	<u>(2,477,476)</u>
Net current liabilities		<u>447,689</u>	<u>(99,748)</u>
Total assets less current liabilities		<u>790,294</u>	<u>999,732</u>
Provisions for liabilities and charges	13	<u>(232,000)</u>	<u>(255,000)</u>
Net assets		<u>558,294</u>	<u>744,732</u>
Capital and reserves			
Called up share capital	14	500,000	500,000
Investment revaluation reserve	16	992,675	1,097,966
Profit and loss account	16	(934,381)	(853,234)
Equity shareholders' funds		<u>558,294</u>	<u>744,732</u>

These financial statements were approved by the board of directors on 9 January 2002 and were signed on its behalf by:



K Perch-Nielsen
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements are prepared under the historical cost accounting rules adjusted for revaluation of marketable securities and comply with all applicable UK statements of standard accounting practice.

Cash flow statement

Under Financial Reporting Standard 1 (revised 1996) the company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

Stocks

Stocks of excisable liquors are stated at the lower of cost and net realisable value.

Tangible fixed assets and depreciation

Fixed assets are depreciated on a reducing balance basis as follows:

Fixtures and fittings	15%
Plant and machinery	25%

Investments

Fixed asset investments are stated at cost less provisions for permanent diminution in value.

Marketable securities held as current trading assets are stated at market value with revaluation surpluses or deficits being taken to the investment revaluation reserve.

Investment income

In accordance with Financial Reporting Standard 16, franked investment income does not include tax credits.

Foreign currencies

Assets and liabilities at the year end denominated in foreign currencies are converted to sterling at the rate of exchange ruling at the balance sheet date except where a forward contract has been arranged in which case the contract rate is used. Transactions in foreign currencies are recorded at the average rate for the year. All exchange differences are dealt with in the profit and loss account.

Deferred taxation

Provision is made for deferred taxation using the liability method on all material timing differences to the extent that it is probable a liability or asset will crystallise.

Notes (continued)

2 Analysis of turnover

Turnover represents the proceeds of dealing in quoted shares and sales of excisable liquor net of VAT.

3 Loss on ordinary activities before taxation

	2001 £	2000 £
<i>Loss on ordinary activities before taxation is stated after charging</i>		
Depreciation	861	390
Auditors' remuneration	4,500	4,500
	<u> </u>	<u> </u>

4 Interest payable and similar charges

	2001 £	2000 £
Interest on bank loans and overdrafts	18,455	134,419
Other loans	25,000	25,000
	<u>43,455</u>	<u>159,419</u>

5 Taxation

	2001 £	2000 £
UK Corporation Tax at 20% (2000: 20%)	-	12,100
Adjustment in respect of prior year	3,877	(19,067)
	<u>3,877</u>	<u>(6,967)</u>

Notes (continued)

6 Tangible fixed assets

	Plant and machinery £	Fixtures and fittings £	Total £
<i>Cost</i>			
At beginning of year	2,406	13,381	15,787
Additions	-	3,558	3,558
At end of year	2,406	16,939	19,345
<i>Accumulated depreciation</i>			
At beginning of year	2,272	11,426	13,698
Charge for year	34	827	861
At end of year	2,306	12,253	14,559
<i>Net book value</i>			
At 31 October 2001	100	4,686	4,786
At 31 October 2000	134	1,955	2,089

7 Investment in associated undertakings

	Shares £	Loans £	Total £
<i>Cost</i>			
At beginning of year	391,141	335,000	726,141
Additions	16,053	-	16,053
Disposals	(280,000)	-	(280,000)
Repayments	-	(310,000)	(310,000)
At end of year	127,194	25,000	152,194
<i>Net book value</i>			
At 31 October 2001	127,194	25,000	152,194
At 31 October 2000	391,141	335,000	726,141

The company owns 18% (2000: 28%) of the issued ordinary share capital of Lees Group Holdings Limited (formerly Lees Group Limited), an industrial holding company registered in Scotland. £280,000 redeemable convertible preference shares were disposed of during the year.

Notes (continued)

8 Other investments

	Shares £
<i>Cost</i>	
At beginning of year	757,411
Disposals	(366,579)
At end of year	390,832
<i>Provision</i>	
At beginning of year	386,161
Additions	185,625
Disposals	(366,579)
At end of year	205,207
<i>Net book value</i>	
At 31 October 2001	185,625
At 31 October 2000	371,250

The company has an 11% (2000: 11%) shareholding in the ordinary share capital of Procession Software Limited, a company registered in England.

9 Stocks

	2001 £	2000 £
Goods held for resale	20,491	65,079

10 Debtors

	2001 £	2000 £
Trade debtors	-	19,152
Prepayments and accrued income	195	10,517
VAT debtor	1,227	1,187
Other debtors	-	1,938
	1,422	32,794

Notes (continued)

11 Investments

	2001 £	2000 £
UK listed investments	374,256	269,527
Overseas listed investments	1,522,599	1,519,285
	<u>1,896,855</u>	<u>1,788,812</u>

12 Creditors: amounts falling due within one year

	2001 £	2000 £
Bank loan (secured)	168,280	915,705
Bank overdraft	344,700	300,000
Trade creditors	-	74,991
Loan from directors	920,016	1,109,618
Corporation tax	-	12,100
Income tax	5,000	5,000
Accruals and deferred income	36,153	60,062
	<u>1,474,149</u>	<u>2,477,476</u>

The loan from directors is unsecured and has no specific repayment terms. Interest was charged at approximately 4% during the year.

The bank loan is a secured loan of A\$485,000 (£168,280) from the Bank of Scotland. Interest is payable at a rate 1.5% above the Bank of Scotland Australian Dollar base rate.

The bank loans and overdraft are secured by a bond and floating charge over the assets of the company.

13 Provisions for liabilities and charges

The amounts provided for deferred taxation are set out below:

	Revaluation of marketable securities £
<i>Deferred taxation</i>	
At beginning of year	255,000
Released in the year	(23,000)
	<u>232,000</u>
At end of year	<u>232,000</u>

Notes (continued)

14 Share capital

	2001 £	2000 £
<i>Authorised</i>		
Ordinary shares of £1 each	1,000,000	1,000,000
<i>Allotted, issued and fully paid</i>		
Ordinary shares of £1 each	500,000	500,000

15 Reconciliation of movements in shareholders' funds

	2001 £	2000 £
Loss for the financial year	(227,919)	(278,853)
Other recognised gains and losses relating to the year (net)	41,481	518,587
Net addition to shareholders' funds	(186,438)	239,734
Opening shareholders' funds	744,732	504,998
Closing shareholders' funds	558,294	744,732

16 Reserves

	Revaluation reserve £	Profit & loss account £	Total £
At beginning of year	1,097,966	(853,234)	244,732
Loss for year	-	(227,919)	(227,919)
Transfer in respect of realised profits	(146,772)	146,772	-
Increase in market value of marketable investments	18,481	-	18,481
Movement in respect of deferred taxation on marketable investments	23,000	-	23,000
At end of year	992,675	(934,381)	58,294