

Coven-Sa Limited

Directors' report and financial statements

Registered number Scotland 63213

31 October 2003



**SCT
COMPANIES HOUSE**

SS139SRX

**0266
20/02/04**

Contents

Directors' report	1
Statement of directors' responsibilities	2
Independent auditors' report to the members of Coven-Sa Limited	3
Profit and loss account	4
Statement of total recognised gains and losses	4
Balance sheet	5
Notes	6

Directors' report

The directors have pleasure in submitting their report together with the financial statements of the company for the year ended 31 October 2003.

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 profit after tax for the year was £38,958 (2002: loss of £322,498). 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 loss on marketable securities of £35,367.

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 2003	At 1 November 2002
K Perch-Nielsen (Chairman)	250,000	250,000
Mrs LZ Perch-Nielsen	62,500	62,500
Niklaus Perch-Nielsen	62,500	62,500

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP 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

5 February 2004

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.

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 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 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read 'KPMG LLP'.

KPMG LLP
Chartered Accountants
Registered Auditor

5 February 2004

Profit and loss account
for the year ended 31 October 2003

	<i>Note</i>	2003 £	2002 £
Turnover	2	611,386	560,719
Cost of sales		(457,303)	(476,766)
Gross profit		154,083	83,953
Administrative expenses		1,924	(41,649)
Amount written off investments		(100,000)	(335,625)
Trading profit/(loss)	3	56,007	(293,321)
Interest payable and other similar charges	4	(24,467)	(29,141)
Profit/(loss) on ordinary activities before taxation	3	31,540	(322,462)
Tax on profit/(loss) on ordinary activities	5	7,418	(36)
Profit/(loss) on ordinary activities after taxation		38,958	(322,498)

All of the company's activities are continuing.

Statement of total recognised gains and losses
for the year ended 31 October 2003

	<i>Note</i>	2003 £	2002 £
Profit/(loss) for the financial year		38,958	(322,498)
Unrealised loss on marketable securities	16	(35,367)	(579,457)
Movement in deferred taxation on unrealised gain on marketable securities	16	4,000	151,000
Total recognised gains/(losses) relating to the year		7,591	(750,955)

Balance sheet
at 31 October 2003

	Note	2003		2002	
		£	£	£	£
Fixed assets					
Tangible assets	6		2,526		4,058
Investment in associated undertakings	7		142,194		127,194
Other investments	8		4,828		100,000
Total investments			147,022		227,194
Total fixed assets			149,548		231,252
Current assets					
Stocks	9	16,784		16,403	
Debtors	10	4,016		3,688	
Investments	11	1,593,084		1,312,388	
Cash at bank and in hand		91,355		34,379	
		1,705,239		1,366,858	
Creditors: amounts falling due within one year	12	(1,962,857)		(1,709,771)	
Net current liabilities			(257,618)		(342,913)
Total assets less current liabilities			(108,070)		(111,661)
Provisions for liabilities and charges	13		(77,000)		(81,000)
Net liabilities			(185,070)		(192,661)
Capital and reserves					
Called up share capital	14	500,000		500,000	
Investment revaluation reserve	16	418,561		436,435	
Profit and loss account	16	(1,103,631)		(1,129,096)	
Equity shareholders' interest			(185,070)		(192,661)

These financial statements were approved by the board of directors on 5 February 2004 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.

The directors have agreed to subordinate the repayment of their directors' loans in favour of third party creditors. On this basis the financial statements have been prepared on the basis of a going concern notwithstanding the deficiency of net assets.

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

Deferred taxation is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

2 Analysis of turnover

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

Notes (continued)

3 Profit/(loss) on ordinary activities before taxation

	2003 £	2002 £
<i>Profit/(loss) on ordinary activities before taxation is stated after charging</i>		
Loss on disposal of fixed assets	1,560	-
Depreciation	813	728
Auditors' remuneration	4,500	4,500

4 Interest payable and similar charges

	2003 £	2002 £
Interest on bank loans and overdrafts	24,467	29,141

5 Taxation

Analysis of charge in period

	2003 £	2002 £
<i>UK corporation tax</i>		
Current corporation tax on income for the period	-	-
Adjustments in respect of prior periods	7,418	(36)
Tax on profit/(loss) on ordinary activities	7,418	(36)

Factors affecting the tax charge for the current period

The current corporation tax charge for the period is lower (2002: higher) than the small companies rate of corporation tax in the UK (19%, 2002: 19%). The differences are explained below:

	2003 £	2002 £
<i>Current corporation tax reconciliation</i>		
Profit/(loss) on ordinary activities before tax	31,540	(322,462)
Current tax at 19% (2002: 19%)	5,993	(61,268)
<i>Effects of:</i>		
(Utilisation)/creation of tax losses	(5,993)	61,268
Adjustments to tax charge in respect of previous periods	7,418	(36)
Total current corporation tax charge (see above)	7,418	(36)

Notes (continued)

6 Tangible fixed assets

	Plant and machinery £	Fixtures and Fittings £	Total £
Cost			
At beginning of year	2,406	16,939	19,345
Additions	-	935	935
Disposals	-	(2,458)	(2,458)
At end of year	2,406	15,416	17,822
Accumulated depreciation			
At beginning of year	2,331	12,956	15,287
Charge for year	75	832	907
Depreciation on disposals	-	(898)	(898)
At end of year	2,406	12,890	15,296
At 31 October 2003	-	2,526	2,526
At 31 October 2002	75	3,983	4,058

7 Investment in associated undertakings

	Shares £
Cost	
At beginning of year	127,194
Additions	15,000
At end of year	142,194

The company owns 18% (2002: 18%) of the issued ordinary share capital of Lees Group Holdings Limited (formerly Lees Group Limited), an industrial holding company registered in Scotland. The company purchased 25% of the issued ordinary share capital of Microclean Technologies Limited, a general commercial company registered in Scotland.

Notes (continued)

8 Other investments

	Shares	Loan stock	Total
	£	£	£
Cost			
At beginning of year	590,832	50,000	640,832
Additions	4,828	-	4,828
Write-off of equity holding	(200,000)	-	(200,000)
	<u>395,660</u>	<u>50,000</u>	<u>445,660</u>
Provision			
At beginning of year	490,832	50,000	540,832
Write-off of investment	(100,000)	-	(100,000)
	<u>390,832</u>	<u>50,000</u>	<u>440,832</u>
Net book value			
At 31 October 2003	<u>4,828</u>	<u>-</u>	<u>4,828</u>
At 31 October 2002	<u>100,000</u>	<u>-</u>	<u>100,000</u>

The company has an 18% (2002: 11%) shareholding in the ordinary share capital and holds £50,000 of loan stock of Procession Software Limited, a company registered in England. The company had an 8% shareholding in the ordinary share capital of KSM International, a company registered in Scotland. This company has gone into liquidation, and therefore the investment was written off.

During the year, the company purchased a 3% shareholding in Powells Malt PTY Limited, an Australian unlisted company.

9 Stocks

	2003	2002
	£	£
Goods held for resale	<u>16,784</u>	<u>16,403</u>

10 Debtors

	2003	2002
	£	£
VAT debtor	1,078	456
Other debtors	<u>2,938</u>	<u>3,232</u>
	<u>4,016</u>	<u>3,688</u>

Notes (continued)

11 Investments

	2003 £	2002 £
UK listed investments	878,682	651,361
Overseas listed investments	714,402	661,027
	<u>1,593,084</u>	<u>1,312,388</u>

12 Creditors: amounts falling due within one year

	2003 £	2002 £
Bank loan (secured)	83,626	-
Bank overdraft	420,130	762,888
Loan from directors	1,445,904	932,022
Accruals and deferred income	13,197	14,861
	<u>1,962,857</u>	<u>1,709,771</u>

The loan from directors is unsecured and has no specific repayment terms.

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

The Bank of Scotland loan is repayable on 30 July 2004. Interest is charged at a fixed rate of 6.85%.

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	81,000
Released in the year	(4,000)
At end of year	<u>77,000</u>

Notes (continued)

14 Share capital

	2003 £	2002 £
<i>Authorised</i>		-
1,000,000 ordinary shares of £1 each	1,000,000	1,000,000
<i>Allotted, issued and fully paid</i>		
500,000 ordinary shares of £1 each	500,000	500,000

15 Reconciliation of movements in shareholders' funds

	2003 £	2002 £
Profit/(loss) for the financial year	38,958	(322,498)
Other recognised gains and losses relating to the year (net)	(31,367)	(428,457)
Net addition to shareholders' funds	7,591	(750,955)
Opening shareholders' funds	(192,661)	558,294
Closing shareholders' funds	(185,070)	(192,661)

16 Reserves

	Investment revaluation reserve £	Profit & loss account £	Total £
At beginning of year	436,435	(1,129,096)	(692,661)
Profit for year	-	38,958	38,958
Transfer in respect of realised profits	13,493	(13,493)	-
Decrease in market value of marketable investments	(35,367)	-	(35,367)
Movement in respect of deferred taxation on marketable investments	4,000	-	4,000
At end of year	418,561	(1,103,631)	(685,070)