

Coven-Sa Limited

Directors' report and financial statements
Registered number Scotland 63213
31 October 2004



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COMPANIES HOUSE 19/02/05

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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 2004.

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 £8,419 (2003: £38,958). 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 £413,087.

Directors and directors' interests

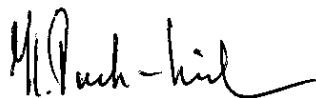
The directors during the year and their interests in the share capital of the company are as follows:

	Ordinary shares of £1 each	
	At 31 October 2004	At 1 November 2003
K Perch-Nielsen (Chairman)	290,000	250,000
Mrs LZ Perch-Nielsen	62,500	62,500
Niklaus Perch-Nielsen	262,500	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

28 January 2005

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.



KPMG LLP

191 West George Street
Glasgow
G2 2LJ
United Kingdom

Independent auditor's 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 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP
Chartered Accountants
Registered Auditor

17 February 2005

Profit and loss account
for the year ended 31 October 2004

	<i>Note</i>	2004 £	2003 £
Turnover	2	203,711	611,386
Cost of sales		(81,377)	(457,303)
Gross profit		122,334	154,083
Administrative expenses		(52,332)	1,924
Amount written off investments		-	(100,000)
Trading profit		70,002	56,007
Interest payable and other similar charges	4	(61,583)	(24,467)
Profit on ordinary activities before taxation	3	8,419	31,540
Tax on profit on ordinary activities	5	-	7,418
Profit on ordinary activities after taxation		8,419	38,958

All of the company's activities are continuing.

Statement of total recognised gains and losses
for the year ended 31 October 2004

	<i>Note</i>	2004 £	2003 £
Profit for the financial year		8,419	38,958
Unrealised gain/(loss) on marketable securities	16	423,741	(35,367)
Movement in deferred taxation on unrealised gain/(loss) on marketable securities	16	(38,000)	4,000
Total recognised gains relating to the year		394,160	7,591

Balance sheet
at 31 October 2004

	Note	2004		2003	
		£	£	£	£
Fixed assets					
Tangible assets	6		2,147		2,526
Investment in associated undertakings	7		142,194		142,194
Other investments	8		9,884		4,828
Total investments			152,078		147,022
Total fixed assets			154,225		149,548
Current assets					
Stocks	9	13,788		16,784	
Debtors	10	793,984		4,016	
Investments	11	2,398,213		1,593,084	
Cash at bank and in hand		17,097		91,355	
		3,223,082		1,705,239	
Creditors: amounts falling due within one year	12	(2,413,217)		(1,962,857)	
Net current assets/(liabilities)			809,865		(257,618)
Total assets less current liabilities			964,090		(108,070)
Provisions for liabilities and charges	13		(115,000)		(77,000)
Net assets/(liabilities)			849,090		(185,070)
Capital and reserves					
Called up share capital	14		1,140,000		500,000
Investment revaluation reserve	15		810,347		418,561
Profit and loss account	15		(1,101,257)		(1,103,631)
Equity shareholders' funds/(interest)			849,090		(185,070)

These financial statements were approved by the board of directors on 28 January 2005 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

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 on ordinary activities before taxation

	2004 £	2003 £
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Loss on disposal of fixed assets	-	1,560
Depreciation	379	813
Auditors' remuneration	4,500	4,500

4 Interest payable and similar charges

	2004 £	2003 £
Interest on bank loans and overdrafts	36,583	24,467
Interest on other loans	25,000	-
	61,583	24,467

5 Taxation

Analysis of charge in period

	2004 £	2003 £
<i>UK corporation tax</i>		
Current corporation tax on income for the period	-	-
Adjustments in respect of prior periods	-	7,418
Tax on profit on ordinary activities	-	7,418

Factors affecting the tax charge for the current period

The current corporation tax charge for the period is lower (2003: higher) than the small companies rate of corporation tax in the UK (19%, 2003: 19%). The differences are explained below:

	2004 £	2003 £
<i>Current corporation tax reconciliation</i>		
Profit on ordinary activities before tax	8,419	31,540
Current tax at 19% (2003: 19%)	1,600	5,993
<i>Effects of:</i>		
Utilisation of tax losses	(1,600)	(5,993)
Adjustments to tax charge in respect of previous periods	-	7,418
Total current corporation tax charge (see above)	-	7,418

Notes (continued)

6 Tangible fixed assets

	Plant and machinery £	Fixtures and Fittings £	Total £
<i>Cost</i>			
At beginning and end of year	2,406	15,416	17,822
<i>Accumulated depreciation</i>			
At beginning of year	2,406	12,890	15,296
Charge for year	-	379	379
At end of year	2,406	13,269	15,675
At 31 October 2004	-	2,147	2,147
At 31 October 2003	-	2,526	2,526

7 Investment in associated undertakings

	Shares £
<i>Cost</i>	
At beginning and end of year	142,194

The company owns 18% (2003: 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 holds 25% (2003: 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
	£	£	£
<i>Cost</i>			
At beginning of year	395,660	50,000	445,660
Additions	5,056	-	5,056
	400,716	50,000	450,716
<i>Provision</i>			
At beginning and end of year	390,832	50,000	440,832
<i>Net book value</i>			
At 31 October 2004	9,884	-	9,884
At 31 October 2003	4,828	-	4,828

The company has an 18% (2003: 18%) shareholding in the ordinary share capital and holds £50,000 of loan stock of Procession Software Limited, a company registered in England.

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

9 Stocks

	2004 £	2003 £
Goods held for resale	13,788	16,784

10 Debtors

	2004 £	2003 £
VAT debtor	-	1,078
Other debtors	793,984	2,938
	793,984	4,016

During the year A\$ 1,900,000 (£768,000) was loaned to Strath-Dee Pty Ltd, a related company. This loan bears interest at 12%. A loan of £20,000 was also made to Microclean Limited, an associated company. Interest of 10% is charged on this amount.

Notes (continued)

11 Investments

	2004 £	2003 £
UK listed investments	1,174,206	878,682
Overseas listed investments	1,224,007	714,402
	2,398,213	1,593,084

12 Creditors: amounts falling due within one year

	2004 £	2003 £
Bank loan (secured)	1,041,539	83,626
Bank overdraft	537,589	420,130
Loan from directors	794,167	1,445,904
Accruals and deferred income	38,990	13,197
VAT creditor	932	-
	2,413,217	1,962,857

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	77,000
Charged in the year	38,000
At end of year	115,000

Notes (continued)

14 Share capital

	2004 £	2003 £
<i>Authorised</i>		-
2,000,000 ordinary shares of £1 each	2,000,000	1,000,000
<i>Allotted, issued and fully paid</i>		
1,140,000 ordinary shares of £1 each	1,140,000	500,000

During the year a resolution was passed to increase the authorised share capital to 2,000,000 ordinary £1 shares. £640,000 of the directors' loan accounts were then converted into share capital.

15 Reserves

	Investment revaluation reserve £	Profit & loss Account £
At beginning of year	418,561	(1,103,631)
Profit for year	-	8,419
Transfer in respect of realised profits	6,045	(6,045)
Increase in market value of marketable investments	423,741	-
Movement in respect of deferred taxation on marketable investments	(38,000)	-
At end of year	810,347	(1,101,257)

16 Reconciliation of movements in shareholders' funds

	2004 £	2003 £
Profit for the financial year	8,419	38,958
Increase in share capital	640,000	-
Other recognised gains and losses relating to the year (net)	385,741	(31,367)
Net addition to shareholders' funds	1,034,160	7,591
Opening shareholders' interest	(185,070)	(192,661)
Closing shareholders' funds/(interest)	849,090	(185,070)