

Company Registration No. 01387774 (England and Wales)

CONEGATE LIMITED
DIRECTOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2003



CONEGATE LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2003

The director presents his report and financial statements for the year ended 30 September 2003.

Principal activities and review of the business

The principal activities of the company are those of dealers and publishers of magazines, promoters of ancillary products and management consultants. The company is also an investor and dealer in properties and securities.

The company's subsidiary undertakings are listed in Note 11 to the accounts.

The results for the year and the financial position at the year end were considered satisfactory by the director who expects continued growth in the foreseeable future.

Results and dividends

The results for the year are set out on page 4.

Director

The following director has held office since 1 October 2002:

C. Sullivan

Director's interests

The director's interest in the shares of the company was as stated below:

	Ordinary shares of £ 1 each	
	30 September 2003	1 October 2002
C. Sullivan	-	-

Taxation status

The company was a close company within the provisions of the Income and Corporation Taxes Act 1988 and this position has not changed since the end of the financial year.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that F. Winter & Co. be reappointed as auditors of the company will be put to the Annual General Meeting.

CONEGATE LIMITED

DIRECTOR'S REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2003

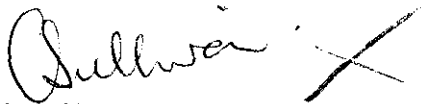
Director's responsibilities

Company law requires the director 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 of the company for that period. In preparing those financial statements, the director is 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 director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board



Mrs C. Sullivan

Secretary

29 July 2004

CONEGATE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CONEGATE LIMITED

We have audited the financial statements of Conegate Limited on pages 4 to 21 for the year ended 30 September 2003. These financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out therein.

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 the director and auditors

We conducted our audit in accordance with United Kingdom 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 director 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.

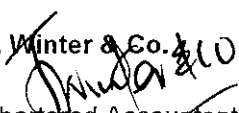
Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 director 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 30 September 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

F. Winter & Co. 
Chartered Accountants
Registered Auditor

29 July 2004

Ramillies House
2 Ramillies Street
London
W1F 7LN

CONEGATE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2003

	Notes	2003 £	2002 £
Turnover	2	4,229,893	9,136,157
Cost of sales		(436,441)	(14,058)
Gross profit		3,793,452	9,122,099
Administrative expenses		(729,611)	(6,461,333)
Other operating income	3	384,312	2,947,948
Operating profit	4	3,448,153	5,608,714
(Loss)/ Profit on disposal of fixed assets	5	443,941	124,452
Other interest receivable and similar income	6	710,136	814,268
Interest payable and similar charges	7	(190,372)	(130,446)
Profit on ordinary activities before taxation		4,411,858	6,416,988
Tax on profit on ordinary activities	8	(1,132,068)	(1,869,001)
Profit on ordinary activities after taxation	20	3,279,790	4,547,987

The profit and loss account has been prepared on the basis that all operations are continuing operations.

CONEGATE LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 30 SEPTEMBER 2003

	2003 £	2002 £
Profit for the financial year	3,279,790	4,547,987
Unrealised (deficit)/surplus on revaluation of properties	1,691,965	117,708
Total recognised gains and losses relating to the year	<u>4,971,755</u>	<u>4,665,695</u>

Note of historical cost profits and losses

	2003 £	2002 £
Reported profit on ordinary activities before taxation	4,411,858	6,416,988
Realisation of property revaluation gains of previous years	-	602,335
Historical cost profit on ordinary activities before taxation	<u>4,411,858</u>	<u>7,019,323</u>
Historical cost profit for the year retained after taxation, extraordinary items and dividends	<u>3,279,790</u>	<u>5,150,322</u>

CONEGATE LIMITED

BALANCE SHEET AS AT 30 SEPTEMBER 2003

	Notes	2003 £	2002 £
Fixed assets			
Tangible assets	9 and 10	60,344,697	52,789,671
Investments	11	5,266,600	2,710,600
		<u>65,611,297</u>	<u>55,500,271</u>
Current assets			
Stocks	12	2,618,893	1,798,450
Debtors	13	12,884,500	12,072,590
Investments	14	4,388,645	6,846,118
Cash at bank and in hand		16,619,016	19,384,940
		<u>36,511,054</u>	<u>40,102,098</u>
Creditors: amounts falling due within one year	15	(39,872,016)	(40,430,277)
Net current liabilities		<u>(3,360,962)</u>	<u>(328,179)</u>
Total assets less current liabilities		62,250,335	55,172,092
Creditors: amounts falling due after more than one year	16	(3,375,000)	(1,275,000)
Provisions for liabilities and charges	17	(156,370)	(149,882)
		<u>58,718,965</u>	<u>53,747,210</u>
Capital and reserves			
Called up share capital	19	100	100
Revaluation reserve	20	8,485,545	6,793,580
Profit and loss account	20	50,233,320	46,953,530
Shareholders' funds - equity interests	21	<u>58,718,965</u>	<u>53,747,210</u>

The financial statements were approved by the Board on 29 July 2004

C. Sullivan
Director

CONEGATE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2003

	2003 £	2002 £
Net cash inflow from operating activities	1,824,445	1,568,560
Returns on investments and servicing of finance		
Interest received	710,136	814,268
Interest paid	(190,372)	(130,446)
Net cash inflow for returns on investments and servicing of finance	519,764	683,822
Taxation	(1,861,027)	(1,872,517)
Capital expenditure and financial investment		
Payments to acquire tangible assets	(8,151,486)	(4,505,004)
Payments to acquire investments	(3,140,000)	-
Receipts from sales of tangible assets	2,514,798	1,837,807
Receipts from sales of investments	695,338	-
Net cash outflow for capital expenditure	(8,081,350)	(2,667,197)
Acquisitions and disposals		
Purchase of subsidiary undertakings (net of cash acquired)	-	(10,400)
Net cash outflow for acquisitions and disposals	-	(10,400)
Net cash outflow before management of liquid resources and financing	(7,598,168)	(2,297,732)
Management of liquid resources		
Current asset investments	2,457,473	(1,158,822)
Financing		
New long term bank loan	3,000,000	-
Repayment of long term bank loan	(600,000)	(375,000)
Net cash inflow/(outflow) from financing	2,400,000	(375,000)
Decrease in cash in the year	(2,740,695)	(3,831,554)

CONEGATE LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2003

1	Reconciliation of operating profit to net cash inflow from operating activities	2003	2002
		£	£
	Operating profit	3,448,153	5,608,714
	Depreciation of tangible assets	101,579	95,384
	Loss/(profit) on disposal of tangible assets	4,653	(9,635)
	(Increase)/decrease in stocks	(820,443)	4,341
	Increase in debtors	(811,910)	(11,027,321)
	(Decrease)/Increase in creditors within one year	(97,587)	6,897,077
	Net cash inflow from operating activities	1,824,445	1,568,560

2	Analysis of net funds	1 October 2002	Cash flow	Other non-cash changes	30 September 2003
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	19,384,940	(2,765,924)	-	16,619,016
	Bank overdrafts	(25,227)	25,227	-	-
		<u>19,359,713</u>	<u>(2,740,697)</u>	<u>-</u>	<u>16,619,016</u>
	Liquid resources:				
	Current asset investments	6,846,118	(2,457,473)	-	4,388,645
	Debt:				
	Debts falling due within one year	(300,000)	(300,000)	-	(600,000)
	Debts falling due after one year	(1,275,000)	(2,100,000)	-	(3,375,000)
		<u>(1,575,000)</u>	<u>(2,400,000)</u>	<u>-</u>	<u>(3,975,000)</u>
	Net funds	24,630,831	(7,598,170)	-	17,032,661

3	Reconciliation of net cash flow to movement in net funds	2003	2002
		£	£
	Decrease in cash in the year	(2,740,697)	(3,831,554)
	Cash inflow/(outflow) from decrease/(increase) in liquid resources	(2,457,473)	1,158,822
	Cash (inflow)/outflow from (increase)/decrease in debt	(2,400,000)	375,000
	Movement in net funds in the year	(7,598,170)	(2,297,732)
	Opening net funds	24,630,831	26,928,563
	Closing net funds	17,032,661	24,630,831

CONEGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2003

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings.

1.2 Turnover

Turnover represents income from property investments and amounts receivable for goods sold and services provided net of value added tax.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Short leasehold buildings	Over the Life of the Lease
Fixtures, fittings & equipment	10% per annum on a straight line basis
Motor vehicles	20% per annum on a straight line basis

Investment properties are included in the balance sheet at their open market value. Depreciation is provided only on those investment properties which are leasehold and where the unexpired lease term is less than 20 years.

In accordance with SSAP 19, investment properties are revalued annually and the aggregate surplus or deficit where material, is transferred to the revaluation reserve. No depreciation is provided in respect of investment properties.

Although this accounting policy is in accordance with the applicable accounting standard, SSAP 19, Accounting for investment properties, it is a departure from the general requirement of the Companies Act 1985 for all tangible assets to be depreciated. In the opinion of the director compliance with the standard is necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount of this which might otherwise have been charged cannot be separately identified or quantified.

1.4 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.5 Investments

Investments are stated at cost less provision for any permanent diminution in value.

Current asset investments are stated at the cost less provision for any permanent diminution in value. The market value of listed investments is based on the closing middle market price on a recognised stock exchange.

1.6 Stock

Stock is valued at the lower of cost and net realisable value.

1.7 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS 17.

CONEGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2003

1 Accounting policies

(continued)

1.8 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.9 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 228 of the Companies Act 1985 as it is a subsidiary undertaking of Roldvale Limited, a company incorporated in the United Kingdom and is included in the consolidated accounts of that company. Copies of the consolidated accounts are available from Ramillies House, 2 Ramillies Street, London, W1F 7LN.

1.10 Leasing Income

Rentals receivable under operating leases are credited to the profit and loss account on a straight line basis over the lease term.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

In the opinion of the director, given the integrated nature of the company's services, it would be both prejudicial and misleading to provide an analysis of turnover and profit by classes of business.

3 Other operating income

	2003 £	2002 £
Profit on disposal of current asset investments	135,714	115,445
Dividends received from listed investments	134,129	275,567
Lease rentals receivable	114,469	96,936
Service charges receivable	-	2,460,000
	<u>384,312</u>	<u>2,947,948</u>

4 Operating profit

	2003 £	2002 £
Operating profit is stated after charging:		
Depreciation of tangible assets	101,579	95,384
Operating lease rentals	35,925	61,205
Auditors' remuneration	24,000	23,000
	<u></u>	<u></u>

CONEGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2003

5	Profit on disposal of fixed assets	2003	2002
		£	£
	Profit on sale of investment properties	332,603	124,452
	Profit on sale of unlisted investments	111,338	-
		<u>443,941</u>	<u>124,452</u>
6	Other interest receivable and similar income	2003	2002
		£	£
	Deposit interest	677,554	740,259
	Other interest	32,582	74,009
		<u>710,136</u>	<u>814,268</u>
7	Interest payable	2003	2002
		£	£
	On bank loans and overdrafts	<u>190,372</u>	<u>130,446</u>

CONEGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 30 SEPTEMBER 2003**

8 Taxation	2003	2002
	£	£
Domestic current year tax		
U.K. corporation tax	1,126,130	1,845,000
Adjustment for prior years	(550)	(673)
	<u>1,125,580</u>	<u>1,844,327</u>
Deferred tax		
Deferred tax charge/credit current year	6,488	24,674
	<u>1,132,068</u>	<u>1,869,001</u>
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	<u>4,411,858</u>	<u>6,416,988</u>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2002: 30.00%)	<u>1,323,557</u>	<u>1,925,096</u>
Effects of:		
Non deductible expenses	1,010	5,512
Depreciation	30,473	28,615
Capital allowances	(38,357)	(50,524)
Adjustments to previous periods	(550)	(673)
Chargeable disposals	21,620	96,241
Dividends and distributions received	(40,238)	(82,670)
Other tax adjustments	(171,935)	(77,270)
	<u>(197,977)</u>	<u>(80,769)</u>
Current tax charge	<u>1,125,580</u>	<u>1,844,327</u>

CONEGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 30 SEPTEMBER 2003**

9 Tangible fixed assets

	Short leasehold buildings £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost or valuation				
At 1 October 2002	23,481	44,322	456,178	523,981
Additions	-	2,074	114,206	116,280
Disposals	-	-	(84,267)	(84,267)
At 30 September 2003	23,481	46,396	486,117	555,994
Depreciation				
At 1 October 2002	23,481	20,309	206,242	250,032
On disposals	-	-	(67,114)	(67,114)
Charge for the year	-	4,357	97,222	101,579
At 30 September 2003	23,481	24,666	236,350	284,497
Net book value				
At 30 September 2003	-	21,730	249,767	271,497
At 30 September 2002	-	24,013	249,935	273,948

Included above, the net book value of other tangible fixed assets held for rental income under operating leases amounted to:-

<u>Motor vehicles</u>	2003 £	2002 £
Cost	395,492	384,537
Less:- Depreciation	(195,384)	(183,401)
Net book value	200,108	201,136

CONEGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2003

10 Tangible fixed assets

	Investment properties £
Cost or valuation	
At 1 October 2002	52,515,723
Additions	8,035,207
Revaluation	1,691,965
Disposals	(2,169,695)
At 30 September 2003	<u>60,073,200</u>

The valuations of investment properties were made as at 30 September 2003 by the Director on an open market basis. No depreciation is provided in respect of these properties.

On a historical cost basis these would have been included at an original cost of £51,587,655 (2002 - £45,722,143).

CONEGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2003

11 Fixed asset investments

	Unlisted investments £	Shares in group undertakings and participating interests £	Total £
Cost or valuation			
At 1 October 2002	2,700,000	10,600	2,710,600
Additions	3,140,000	-	3,140,000
Disposals	(584,000)	-	(584,000)
At 30 September 2003	5,256,000	10,600	5,266,600
	Director's valuation £		Director's valuation £
At 30 September 2003	6,030,000		6,030,000
At 30 September 2002	2,774,925		2,774,925

Should the investments be sold at their valuation, a tax charge not exceeding £232,200 (2002 - £23,000) would arise.

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held Class	%
Subsidiary undertakings			
Centrewall Limited	England & Wales	Ordinary	100
Shape-Up Shops Limited	England & Wales	Ordinary	100
Darker Enterprises Limited	England & Wales	Ordinary	100
Conegate (2002) Limited	England & Wales	Ordinary	100
Conegate (2003) Limited	England & Wales	Ordinary	100
Conegate (2004) Limited	England & Wales	Ordinary	100
Conegate Brighton No. 3 Ltd	England & Wales	Ordinary	100
Sheptonhurst Ltd	England & Wales	Ordinary	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

Capital and reserves 2003	Profit for the year 2003
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CONEGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2003

11 Fixed asset investments	(continued)	
	£	£
Centrewall Limited	(16,663)	-
Shape-Up Shops Limited	(26,147)	-
Darker Enterprises Limited	680,021	851,554
Conegate (2002) Limited	945,232	203,944
Conegate (2003) Limited	1,454,243	1,024,857
Conegate (2004) Limited	(51,533)	(51,633)
Conegate Brighton No. 3 Ltd	743,336	325,948
Sheptonhurst Ltd	(202,623)	146,191
	<u> </u>	<u> </u>
12 Stocks	2003	2002
	£	£
Properties held for resale	2,615,932	1,795,094
Goods for resale	2,961	3,356
	<u> </u>	<u> </u>
	2,618,893	1,798,450
	<u> </u>	<u> </u>
13 Debtors	2003	2002
	£	£
Trade debtors	87,018	2,845,196
Amounts owed by subsidiary undertakings	12,770,356	9,135,393
Other debtors	19,301	82,551
Prepayments and accrued income	7,825	9,450
	<u> </u>	<u> </u>
	12,884,500	12,072,590
	<u> </u>	<u> </u>
14 Current asset investments	2003	2002
	£	£
Listed investments	4,388,645	6,846,118
	<u> </u>	<u> </u>
Market valuation of listed investments	3,868,923	5,038,137
	<u> </u>	<u> </u>

CONEGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2003

15 Creditors: amounts falling due within one year	2003	2002
	£	£
Bank loans and overdrafts	600,000	325,227
Trade creditors	62,723	327,549
Amounts owed to parent and fellow subsidiary undertakings	38,845,041	38,166,897
Amounts owed to subsidiary undertakings	200	300
Corporation tax	168,673	904,120
Other taxes and social security costs	64,214	586,269
Other creditors	28,125	28,125
Accruals and deferred income	103,040	91,790
	<u>39,872,016</u>	<u>40,430,277</u>
16 Creditors: amounts falling due after more than one year	2003	2002
	£	£
Bank loans	<u>3,375,000</u>	<u>1,275,000</u>
Analysis of loans		
Not wholly repayable within five years by instalments:		
Bank loans	<u>3,975,000</u>	<u>1,575,000</u>
	3,975,000	1,575,000
Included in current liabilities	<u>(600,000)</u>	<u>(300,000)</u>
	<u>3,375,000</u>	<u>1,275,000</u>
Loan maturity analysis		
Between one and two years	600,000	300,000
Between two and five years	1,575,000	900,000
In five years or more	<u>1,200,000</u>	<u>75,000</u>

The bank loans are secured by a fixed charge over the company's freehold properties.

The above bank loans are repayable by instalments which will be fully repaid by 2008 and 2012. Interest on bank loans will continue to be charged at a rate of 1% above the bank's base rate.

CONEGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2003

17 Provisions for liabilities and charges

	Deferred tax liability £
Balance at 1 October 2002	149,882
Profit and loss account	6,488
Balance at 30 September 2003	<u>156,370</u>

The deferred tax liability is made up as follows:

	2003 £	2002 £
Accelerated capital allowances	<u>156,370</u>	<u>149,882</u>

The revaluation of properties does not constitute a timing difference and the potential amount of deferred tax on this has therefore not been quantified.

18 Pension costs

Defined contribution

	2003 £	2002 £
Contributions payable by the company for the year	<u>2,000</u>	<u>2,000</u>

19 Share capital

	2003 £	2002 £
Authorised		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

CONEGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2003

20 Statement of movements on reserves

	Revaluation reserve £	Profit and loss account £
Balance at 1 October 2002	6,793,580	46,953,530
Retained profit for the year	-	3,279,790
Revaluation during the year	1,691,965	-
Balance at 30 September 2003	<u>8,485,545</u>	<u>50,233,320</u>

21 Reconciliation of movements in shareholders' funds

	2003 £	2002 £
Profit for the financial year	3,279,790	4,547,987
Other recognised gains and losses	1,691,965	117,708
Net addition to shareholders' funds	<u>4,971,755</u>	<u>4,665,695</u>
Opening shareholders' funds	<u>53,747,210</u>	<u>49,081,515</u>
Closing shareholders' funds	<u>58,718,965</u>	<u>53,747,210</u>

22 Financial commitments

At 30 September 2003 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2003 £	2002 £
Expiry date:		
Within one year	-	5,250
Between two and five years	34,300	31,300
	<u>34,300</u>	<u>36,550</u>

CONEGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2003

23 Director's emoluments	2003 £	2002 £
Emoluments for qualifying services	154,500	150,750
Company pension contributions to money purchase schemes	2,000	2,000
	<u>156,500</u>	<u>152,750</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (2002- 1).

24 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2003 Number	2002 Number
Office and management	5	5
Sales and distribution	5	5
	<u>10</u>	<u>10</u>

Employment costs

	£	£
Wages and salaries	416,023	342,521
Social security costs	44,127	36,026
Other pension costs	2,000	2,000
	<u>462,150</u>	<u>380,547</u>

25 Control

The Company is under the control of Roldvale Limited and the ultimate control of Mr.D. Sullivan who owns the entire shareholding of Roldvale Limited.

CONEGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 30 SEPTEMBER 2003**

26 Related party transactions

The material related party transactions during the year ended 30th September, 2003 were:-

- VAT amounting to £748,369 (2002: £1,517,219) was paid on behalf of the company by Roldvale Limited.

The balance due to the group undertakings at 30th September, 2003 was £26,074,885 (2002: £29,031,804).