

Company Registration No. 01387774 (England and Wales)

CONEGATE LIMITED
DIRECTOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2004



A52 *ATQWM75N* 0554
COMPANIES HOUSE 21/07/05

A07 *A17UY6WU* 0729
COMPANIES HOUSE 12/07/05

CONEGATE LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2004

The director presents his report and financial statements for the year ended 30 September 2004.

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 12 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 2003:

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 2004	1 October 2003
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 2004**

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

7 July 2005

CONEGATE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CONEGATE LIMITED

We have audited the financial statements of Conegate Limited on pages 4 to 20 for the year ended 30 September 2004. 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

As described in the statement of director's responsibilities on page 2 the company's director is responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 director's 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 director's remuneration and transactions with the company is not disclosed.

We read the director's report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 2004 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

7 July 2005

Ramillies House
2 Ramillies Street
London
W1F 7LN

CONEGATE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2004

	Notes	2004 £	2003 £
Turnover	2	5,468,596	4,229,893
Cost of sales		(989,389)	(436,441)
Gross profit		4,479,207	3,793,452
Administrative expenses		(1,144,758)	(729,611)
Other operating income	3	739,667	384,312
Operating profit	4	4,074,116	3,448,153
Investment income	5	1,887,521	-
(Loss)/ Profit on disposal of fixed assets	6	492,446	443,941
Other interest receivable and similar income	7	900,674	710,136
Interest payable and similar charges	8	(654,108)	(190,372)
Profit on ordinary activities before taxation		6,700,649	4,411,858
Tax on profit on ordinary activities	9	(2,002,471)	(1,132,068)
Profit on ordinary activities after taxation	21	4,698,178	3,279,790

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 2004

	2004	2003
	£	£
Profit for the financial year	4,698,178	3,279,790
Unrealised (deficit)/surplus on revaluation of properties	(126,274)	1,691,965
Total recognised gains and losses relating to the year	<u>4,571,904</u>	<u>4,971,755</u>

Note of historical cost profits and losses

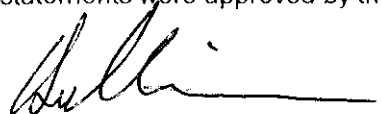
	2004	2003
	£	£
Reported profit on ordinary activities before taxation	6,700,649	4,411,858
Realisation of property revaluation gains of previous years	2,177,932	-
Historical cost profit on ordinary activities before taxation	<u>8,878,581</u>	<u>4,411,858</u>
Historical cost profit for the year retained after taxation, extraordinary items and dividends	<u>6,876,110</u>	<u>3,279,790</u>

CONEGATE LIMITED

BALANCE SHEET AS AT 30 SEPTEMBER 2004

	Notes	2004 £	£	2003 £	£
Fixed assets					
Tangible assets	10 and 11	72,171,619		60,344,697	
Investments	12	4,741,000		5,266,600	
		<u>76,912,619</u>		<u>65,611,297</u>	
Current assets					
Stocks	13	6,044,626		2,618,893	
Debtors	14	8,199,815		12,884,500	
Investments	15	5,928,011		4,388,645	
Cash at bank and in hand		24,900,900		16,619,016	
		<u>45,073,352</u>		<u>36,511,054</u>	
Creditors: amounts falling due within one year	16	(43,655,284)		(39,872,016)	
Net current assets/(liabilities)		<u>1,418,068</u>		<u>(3,360,962)</u>	
Total assets less current liabilities		<u>78,330,687</u>		<u>62,250,335</u>	
Creditors: amounts falling due after more than one year	17	(14,882,543)		(3,375,000)	
Provisions for liabilities and charges	18	(157,275)		(156,370)	
		<u>63,290,869</u>		<u>58,718,965</u>	
Capital and reserves					
Called up share capital	20	100		100	
Revaluation reserve	21	6,181,339		8,485,545	
Profit and loss account	21	57,109,430		50,233,320	
Shareholders' funds - equity interests	22	<u>63,290,869</u>		<u>58,718,965</u>	

The financial statements were approved by the Board on 7 July 2005


C. Sullivan
Director

CONEGATE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2004

	2004 £	2003 £
Net cash inflow from operating activities	7,401,045	1,824,445
Returns on investments and servicing of finance		
Interest received	900,674	710,136
Interest paid	(654,108)	(190,372)
Dividends received	1,887,521	-
Net cash inflow for returns on investments and servicing of finance	2,134,087	519,764
Taxation	(1,423,951)	(1,861,027)
Capital expenditure and financial investment		
Payments to acquire tangible assets	(19,655,081)	(8,151,486)
Payments to acquire investments	-	(3,140,000)
Receipts from sales of tangible assets	7,882,987	2,514,798
Receipts from sales of investments	709,124	695,338
Net cash outflow for capital expenditure	(11,062,970)	(8,081,350)
Net cash outflow before management of liquid resources and financing	(2,951,789)	(7,598,168)
Management of liquid resources		
Current asset investments	(1,539,366)	2,457,473
Financing		
New long term bank loan	14,373,039	3,000,000
Repayment of long term bank loan	(1,600,000)	(600,000)
Net cash inflow from financing	12,773,039	2,400,000
Increase/(decrease) in cash in the year	8,281,884	(2,740,695)

CONEGATE LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2004

1	Reconciliation of operating profit to net cash inflow from operating activities	2004		2003	
		£		£	
	Operating profit	4,074,116		3,448,153	
	Depreciation of tangible assets	116,706		101,579	
	Loss on disposal of tangible assets	11,114		4,653	
	Increase in stocks	(3,425,733)		(820,443)	
	Decrease/(increase) in debtors	4,684,685		(811,910)	
	Increase/(decrease) in creditors within one year	1,940,157		(97,587)	
	Net cash inflow from operating activities	7,401,045		1,824,445	
2	Analysis of net funds	1 October 2003	Cash flow	Other non-cash changes	30 September 2004
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	16,619,016	8,281,884	-	24,900,900
	Liquid resources:				
	Current asset investments	4,388,645	1,539,366	-	5,928,011
	Debt:				
	Debts falling due within one year	(600,000)	(1,265,496)	-	(1,865,496)
	Debts falling due after one year	(3,375,000)	(11,507,543)	-	(14,882,543)
		(3,975,000)	(12,773,039)	-	(16,748,039)
	Net funds	17,032,661	(2,951,789)	-	14,080,872
3	Reconciliation of net cash flow to movement in net funds	2004		2003	
		£		£	
	Increase/(decrease) in cash in the year	8,281,884		(2,740,697)	
	Cash (outflow)/inflow from (increase)/decrease in liquid resources	1,539,366		(2,457,473)	
	Cash inflow from increase in debt	(12,773,039)		(2,400,000)	
	Movement in net funds in the year	(2,951,789)		(7,598,170)	
	Opening net funds	17,032,661		24,630,831	
	Closing net funds	14,080,872		17,032,661	

CONEGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2004

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 2004

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	2004 £	2003 £
Profit on disposal of current asset investments	556,960	135,714
Dividends received from listed investments	76,852	134,129
Lease rentals receivable	105,855	114,469
	<u>739,667</u>	<u>384,312</u>
4 Operating profit	2004 £	2003 £
Operating profit is stated after charging:		
Depreciation of tangible assets	116,706	101,579
Operating lease rentals	38,511	35,925
Auditors' remuneration	25,500	24,000
	<u></u>	<u></u>
5 Investment income	2004 £	2003 £
Income from shares in group undertakings	1,887,521	-
	<u></u>	<u></u>

CONEGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2004

6	Profit on disposal of fixed assets	2004	2003
		£	£
	Profit on sale of investment properties	308,922	332,603
	Profit on sale of unlisted investments	183,524	111,338
		<u>492,446</u>	<u>443,941</u>
7	Other interest receivable and similar income	2004	2003
		£	£
	Deposit interest	847,139	677,554
	Other interest	53,535	32,582
		<u>900,674</u>	<u>710,136</u>
8	Interest payable	2004	2003
		£	£
	On bank loans and overdrafts	<u>654,108</u>	<u>190,372</u>

CONEGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 30 SEPTEMBER 2004**

9 Taxation	2004	2003
	£	£
Domestic current year tax		
U.K. corporation tax	2,003,089	1,126,130
Adjustment for prior years	(1,523)	(550)
	<u>2,001,566</u>	<u>1,125,580</u>
Current tax charge		
Deferred tax		
Deferred tax charge/credit current year	905	6,488
	<u>2,002,471</u>	<u>1,132,068</u>
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	<u>6,700,649</u>	<u>4,411,858</u>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2003: 30.00%)	<u>2,010,195</u>	<u>1,323,557</u>
Effects of:		
Non deductible expenses	1,343	1,010
Depreciation	35,012	30,473
Capital allowances	(39,157)	(38,357)
Adjustments to previous periods	(1,523)	(550)
Chargeable disposals	766,496	21,620
Dividends and distributions received	(589,312)	(40,238)
Other tax adjustments	(181,488)	(171,935)
	<u>(8,629)</u>	<u>(197,977)</u>
Current tax charge	<u>2,001,566</u>	<u>1,125,580</u>

CONEGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 30 SEPTEMBER 2004**

10 Tangible fixed assets

	Short leasehold buildings £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost or valuation				
At 1 October 2003	23,481	46,396	486,116	555,993
Additions	-	-	156,645	156,645
Disposals	-	-	(57,783)	(57,783)
At 30 September 2004	23,481	46,396	584,978	654,855
Depreciation				
At 1 October 2003	23,481	24,666	236,350	284,497
On disposals	-	-	(38,519)	(38,519)
Charge for the year	-	4,357	112,349	116,706
At 30 September 2004	23,481	29,023	310,180	362,684
Net book value				
At 30 September 2004	-	17,373	274,798	292,171
At 30 September 2003	-	21,730	249,767	271,497

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

<u>Motor vehicles</u>	2004 £	2003 £
Cost	485,997	395,492
Less:- Depreciation	(257,125)	(195,384)
Net book value	228,872	200,108

CONEGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2004

11 Tangible fixed assets

	Investment properties £
Cost or valuation	
At 1 October 2003	60,073,201
Additions	19,498,436
Revaluation	(126,274)
Disposals	(7,565,915)
At 30 September 2004	71,879,448

The valuations of investment properties were made as at 30 September 2004 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 £65,698,107 (2003 - £51,587,655).

CONEGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2004

12 Fixed asset investments

	Unlisted investments £	Shares in group undertakings and participating interests £	Total £
Cost or valuation			
At 1 October 2003	5,256,000	10,600	5,266,600
Disposals	(525,600)	-	(525,600)
	<u>4,730,400</u>	<u>10,600</u>	<u>4,741,000</u>
At 30 September 2004			
	<u>6,807,177</u>		<u>6,807,177</u>
	<u>6,030,000</u>		<u>6,030,000</u>
	Director's valuation £		Director's valuation £
At 30 September 2004	6,807,177		6,807,177
At 30 September 2003	6,030,000		6,030,000

Should the investments be sold at their valuation, a tax charge not exceeding £623,033 (2003 - £232,200) 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	Class	Shares held %
Subsidiary undertakings			
Centrewall Limited	England & Wales	Ordinary	100
Shape-Up Shops Limited	England & Wales	Ordinary	100
Darker Enterprises Limited	England & Wales	Ordinary	100
Conegade (2002) Limited	England & Wales	Ordinary	100
Conegade (2003) Limited	England & Wales	Ordinary	100
Conegade (2004) Limited	England & Wales	Ordinary	100
Conegade Brighton No. 3 Ltd	England & Wales	Ordinary	100
Sheptonhurst Ltd	England & Wales	Ordinary	100
Silkfarm 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 2004	Profit for the year 2004
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CONEGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2004

12 Fixed asset investments

(continued)

	£	£
Centrewall Limited	(16,663)	-
Shape-Up Shops Limited	(26,147)	-
Darker Enterprises Limited	1,187,289	838,968
Conegate (2002) Limited	1,986,839	254,576
Conegate (2003) Limited	3,922,590	1,835,111
Conegate (2004) Limited	848,232	2,787,285
Conegate Brighton No. 3 Ltd	1	3,588,604
Sheptonhurst Ltd	(129,673)	104,388
Silkfarm Ltd	2,068	10,898
	<u> </u>	<u> </u>

13 Stocks

2004

2003

£

£

Properties held for resale	6,044,626	2,615,932
Goods for resale	-	2,961
	<u> </u>	<u> </u>
	6,044,626	2,618,893
	<u> </u>	<u> </u>

14 Debtors

2004

2003

£

£

Trade debtors	5,088	87,018
Amounts owed by subsidiary undertakings	8,177,072	12,770,356
Other debtors	11,051	19,301
Prepayments and accrued income	6,604	7,825
	<u> </u>	<u> </u>
	8,199,815	12,884,500
	<u> </u>	<u> </u>

15 Current asset investments

2004

2003

£

£

Listed investments	5,928,011	4,388,645
	<u> </u>	<u> </u>
Market valuation of listed investments	5,692,773	3,868,923
	<u> </u>	<u> </u>

CONEGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 30 SEPTEMBER 2004**

16 Creditors: amounts falling due within one year	2004	2003
	£	£
Bank loans and overdrafts	1,865,496	600,000
Trade creditors	592,996	62,723
Amounts owed to parent and fellow subsidiary undertakings	39,231,402	38,845,041
Amounts owed to subsidiary undertakings	1,045,389	200
Corporation tax	746,288	168,673
Other taxes and social security costs	32,548	64,214
Other creditors	28,125	28,125
Accruals and deferred income	113,040	103,040
	<u>43,655,284</u>	<u>39,872,016</u>
17 Creditors: amounts falling due after more than one year	2004	2003
	£	£
Bank loans	<u>14,882,543</u>	<u>3,375,000</u>
Analysis of loans		
Not wholly repayable within five years by instalments:		
Bank loans	<u>16,748,039</u>	<u>3,975,000</u>
	16,748,039	3,975,000
Included in current liabilities	<u>(1,865,496)</u>	<u>(600,000)</u>
	<u>14,882,543</u>	<u>3,375,000</u>
Loan maturity analysis		
Between one and two years	1,938,174	600,000
Between two and five years	5,775,466	1,575,000
In five years or more	<u>7,168,903</u>	<u>1,200,000</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, 2012, and 2014. 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 2004**

18 Provisions for liabilities and charges

	Deferred tax liability £
Balance at 1 October 2003	156,370
Profit and loss account	905
	<u>157,275</u>
Balance at 30 September 2004	<u>157,275</u>

The deferred tax liability is made up as follows:

	2004 £	2003 £
Accelerated capital allowances	<u>157,275</u>	<u>156,370</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.

19 Pension costs

Defined contribution

	2004 £	2003 £
Contributions payable by the company for the year	<u>2,000</u>	<u>2,000</u>

20 Share capital

	2004 £	2003 £
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 2004**

21 Statement of movements on reserves

	Revaluation reserve	Profit and loss account
	£	£
Balance at 1 October 2003	8,485,545	50,233,320
Retained profit for the year	-	4,698,178
Transfer from revaluation reserve to profit and loss account	(2,177,932)	2,177,932
Revaluation during the year	(126,274)	-
	<u>6,181,339</u>	<u>57,109,430</u>
Balance at 30 September 2004	<u>6,181,339</u>	<u>57,109,430</u>

22 Reconciliation of movements in shareholders' funds

	2004	2003
	£	£
Profit for the financial year	4,698,178	3,279,790
Other recognised gains and losses	(126,274)	1,691,965
	<u>4,571,904</u>	<u>4,971,755</u>
Net addition to shareholders' funds	4,571,904	4,971,755
Opening shareholders' funds	58,718,965	53,747,210
	<u>63,290,869</u>	<u>58,718,965</u>
Closing shareholders' funds	<u>63,290,869</u>	<u>58,718,965</u>

23 Financial commitments

At 30 September 2004 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2004	2003
	£	£
Expiry date:		
Within one year	10,792	-
Between two and five years	1,500	34,300
In over five years	5,000	-
	<u>17,292</u>	<u>34,300</u>
	<u>17,292</u>	<u>34,300</u>

CONEGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2004

24 Director's emoluments	2004 £	2003 £
Emoluments for qualifying services	161,250	154,500
Company pension contributions to money purchase schemes	2,000	2,000
	<u>163,250</u>	<u>156,500</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (2003- 1).

25 Employees

Number of employees

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

	2004 Number	2003 Number
Office and management	5	5
Sales and distribution	7	5
	<u>12</u>	<u>10</u>

Employment costs

	£	£
Wages and salaries	714,774	416,023
Social security costs	84,607	44,127
Other pension costs	2,000	2,000
	<u>801,381</u>	<u>462,150</u>

26 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.

27 Related party transactions

The material related party transactions during the year ended 30th September, 2004 were:-

- VAT amounting to £398,874 (2003: £748,369) was paid on behalf of the company by Roldvale Limited.

The balance due to the group undertakings at 30th September, 2004 was £32,099,719 (2003: £26,074,885).