

Company Registration No. 1476675 (England and Wales)

RAVENSALE LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2002



Neill&Co.
CHARTERED ACCOUNTANTS

RAVENSALE LIMITED

COMPANY INFORMATION

Directors

B D Jarvis
A Bunker

Secretary

B D Jarvis

Company number

1476675

Registered office

115 Wembley Commercial Centre
East Lane
North Wembley
Middlesex
HA9 7UR

Auditors

Neill & Co.
Chartered Accountants
26 New Broadway
Ealing
London
W5 2XA

RAVENSALE LIMITED

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RAVENSALE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2002

The directors present their report and financial statements for the year ended 30 June 2002.

Principal activities and review of the business

The principal activity of the company continued to be that of property development and investment, and the design and manufacture of ball point pen components.

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

Results and dividends

The consolidated profit and loss account for the year is set out on page 4.

An interim ordinary "A" share dividend was paid amounting to £180,000 . The directors do not recommend payment of a final dividend.

Future developments

The directors are confident that the group is well placed to take advantage of any new opportunities that arise.

Directors

The following directors have held office since 1 July 2001:

B D Jarvis
A Bunker

Directors' interests

The directors' interests in the shares of the company were as stated below:

| | Ordinary shares of 1p each | |
|------------|-------------------------------|-------------|
| | 30 June 2002 | 1 July 2001 |
| B D Jarvis | 360,406 | 359,646 |
| A Bunker | - | - |

| | Ordinary "A" shares of 1p each | |
|------------|-----------------------------------|-------------|
| | 30 June 2002 | 1 July 2001 |
| B D Jarvis | 1,750 | 1,750 |
| A Bunker | - | - |

| | 15% cumulative preference shares of £1 each | |
|------------|---|-------------|
| | 30 June 2002 | 1 July 2001 |
| B D Jarvis | 46,000 | 46,000 |
| A Bunker | - | - |

The shareholdings of B D Jarvis include shares held by a trust of which he is a discretionary beneficiary. There are no directors' interests in the share capital of other group companies requiring disclosure under the Companies Act 1985, other than those arising from interests in the share capital of the company itself.

RAVENSALE LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2002

| Political and charitable donations | 2002 £ | 2001 £ |
|--|-----------|-----------|
| During the year the group made the following payments: | | |
| Political donations to EU parties and organisations | 50,000 | - |
| Charitable donations | 7,200 | 2,663,825 |

The political donation was made to Britain in Europe.

Auditors

Neill & Co were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

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 group and of the profit or loss of the group 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board

B.D. Jarvis

Director

27 February 2004

RAVENSALE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF RAVENSALE LIMITED

We have audited the financial statements of Ravensale Limited on pages 4 to 20 for the year ended 30 June 2002. 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 will 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 that we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities on page 2 the company's directors are 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 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.

We read the directors' 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 directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's and the group'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 and the group's affairs as at 30 June 2002 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Neill & Co

Chartered Accountants
Registered Auditor

27 February 2004

26 New Broadway
Ealing
London W5 2XA

RAVENSALE LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2002

| | Notes | 2002 £ | 2001 £ |
|--|-----------|------------------|-------------------|
| Turnover | 2 | 10,044,348 | 25,144,086 |
| Cost of sales | | (4,523,628) | (14,698,488) |
| Gross profit | | 5,520,720 | 10,445,598 |
| Administrative expenses | | (1,519,244) | (4,083,118) |
| Other operating income | | 63,638 | 226,285 |
| Operating profit | 3 | 4,065,114 | 6,588,765 |
| Investment income | 4 | 1,320 | 2,549 |
| Other interest receivable and similar income | | 395,210 | 983,145 |
| Amounts written off investments | 5 | (1,760,858) | (480,869) |
| Interest payable and similar charges | 6 | (889,819) | (1,807,666) |
| Profit on ordinary activities before taxation | | 1,810,967 | 5,285,924 |
| Tax on profit on ordinary activities | 7 | (133,399) | (109,690) |
| Profit on ordinary activities after taxation | | 1,677,568 | 5,176,234 |
| Dividends | 9 | (180,000) | (180,000) |
| Retained profit for the year | 18 | 1,497,568 | 4,996,234 |

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

RAVENSALE LIMITED

STATEMENT OF RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 30 JUNE 2002

| | 2002 £ | 2001 £ |
|---|-------------------|------------------|
| Profit for the financial year | 1,677,568 | 5,176,234 |
| Unrealised surplus on revaluation of properties | 15,386,500 | - |
| Total recognised gains and losses relating to the year | <u>17,064,068</u> | <u>5,176,234</u> |

RAVENSALE LIMITED

BALANCE SHEETS AS AT 30 JUNE 2002

| | | Group | | Company | |
|---|-----------|-------------------|-------------------|---------------------|-------------------|
| | Notes | 2002 | 2001 | 2002 | 2001 |
| | | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Tangible assets | 10 and 11 | 24,982,910 | 5,611,429 | 23,714,943 | 4,149,843 |
| Investments | 12 | 1,320,773 | 2,417,747 | 3,522,748 | 4,177,995 |
| | | <u>26,303,683</u> | <u>8,029,176</u> | <u>27,237,691</u> | <u>8,327,838</u> |
| Current assets | | | | | |
| Stocks | 13 | 27,069,856 | 30,792,840 | - | - |
| Debtors | 14 | 2,974,916 | 2,895,992 | 4,015,981 | 17,761,408 |
| Investments | 15 | 3,703,129 | 3,624,059 | 1,500,000 | 1,500,000 |
| Cash at bank and in hand | | 1,015,523 | 1,760,815 | 635,845 | 1,161,632 |
| | | <u>34,763,424</u> | <u>39,073,706</u> | <u>6,151,826</u> | <u>20,423,040</u> |
| Creditors: amounts falling due within one year | 16 | (18,116,063) | (21,035,906) | (17,321,575) | (18,692,683) |
| Net current assets | | <u>16,647,361</u> | <u>18,037,800</u> | <u>(11,169,749)</u> | <u>1,730,357</u> |
| Total assets less current liabilities | | <u>42,951,044</u> | <u>26,066,976</u> | <u>16,067,942</u> | <u>10,058,195</u> |
| Capital and reserves | | | | | |
| Called up share capital | 17 | 50,000 | 50,000 | 50,000 | 50,000 |
| Revaluation reserve | 18 | 15,386,500 | - | 7,136,500 | - |
| Other reserves | 18 | 6,270,000 | 6,270,000 | - | - |
| Profit and loss account | 18 | 21,244,544 | 19,746,976 | 8,881,442 | 10,008,195 |
| | 19 | <u>42,951,044</u> | <u>26,066,976</u> | <u>16,067,942</u> | <u>10,058,195</u> |
| Equity interests | | 42,905,044 | 26,020,976 | 16,021,942 | 10,012,195 |
| Non-equity interests | | 46,000 | 46,000 | 46,000 | 46,000 |
| | | <u>42,951,044</u> | <u>26,066,976</u> | <u>16,067,942</u> | <u>10,058,195</u> |

The financial statements were approved by the board on 27 February 2004

B D Jarvis
Director

RAVENSALE LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2002

| | 2002 | | 2001 | |
|---|-------------------|---|-------------------|---|
| | £ | £ | £ | £ |
| Net cash inflow from operating activities | 1,522,753 | | 4,604,783 | |
| Returns on investments and servicing of finance | | | | |
| Interest received | 729,298 | | 983,145 | |
| Interest paid | (889,819) | | (1,807,666) | |
| Dividends received | 1,320 | | 2,549 | |
| | <u> </u> | | <u> </u> | |
| Net cash outflow for returns on investments and servicing of finance | (159,201) | | (821,972) | |
| Taxation | (155,271) | | (46,242) | |
| Capital expenditure and financial investment | | | | |
| Payments to acquire tangible assets | (39,156) | | (356,804) | |
| Payments to acquire investments | (663,884) | | (1,049,573) | |
| Receipts from sales of tangible assets | 199,360 | | 9,108,189 | |
| Receipts from sales of investments | - | | 331,376 | |
| | <u> </u> | | <u> </u> | |
| Net cash (outflow)/inflow for capital expenditure | (503,680) | | 8,033,188 | |
| Equity dividends paid | (180,000) | | (180,000) | |
| | <u> </u> | | <u> </u> | |
| Net cash inflow before management of liquid resources and financing | 524,601 | | 11,589,757 | |
| Financing | | | | |
| Repayment of other short term loans | (1,099,152) | | (11,419,178) | |
| | <u> </u> | | <u> </u> | |
| Net cash outflow from financing | (1,099,152) | | (11,419,178) | |
| | <u> </u> | | <u> </u> | |
| (Decrease)/increase in cash in the year | (574,551) | | 170,579 | |
| | <u> </u> | | <u> </u> | |

RAVENSALE LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2002

| | | | | | |
|---|---|--------------|-----------|------------------------|--------------|
| 1 | Reconciliation of operating profit to net cash inflow from operating activities | | | 2002 | 2001 |
| | | | | £ | £ |
| | Operating profit | | | 4,065,114 | 6,588,765 |
| | Depreciation of tangible assets | | | 116,974 | 211,989 |
| | Profit on disposal of tangible assets | | | (12,159) | |
| | Decrease/(increase) in stocks | | | (527,016) | (1,309,658) |
| | (Increase)/decrease in debtors | | | (130,063) | (774,266) |
| | Decrease in creditors within one year | | | (2,278,814) | (287,789) |
| | Net effect of foreign exchange differences | | | 71,409 | 175,742 |
| | | | | | |
| | Net cash inflow from operating activities | | | 1,522,753 | 4,604,783 |
| | | | | | |
| 2 | Analysis of net debt | 1 July 2001 | Cash flow | Other non-cash changes | 30 June 2002 |
| | | £ | £ | £ | £ |
| | Net cash: | | | | |
| | Cash at bank and in hand | 1,760,815 | (745,292) | - | 1,015,523 |
| | Bank overdrafts | (172,421) | 170,741 | - | (1,680) |
| | | | | | |
| | | 1,588,394 | (574,551) | - | 1,013,843 |
| | | | | | |
| | Debts falling due within one year | (14,807,895) | 1,099,152 | - | (13,708,743) |
| | | | | | |
| | Net debt | (13,219,501) | 524,601 | - | (12,694,900) |
| | | | | | |
| 3 | Reconciliation of net cash flow to movement in net debt | | | 2002 | 2001 |
| | | | | £ | £ |
| | (Decrease)/increase in cash in the year | | | (574,551) | 170,579 |
| | Cash outflow from decrease in debt | | | 1,099,152 | 11,419,178 |
| | | | | | |
| | Movement in net debt in the year | | | 524,601 | 11,589,757 |
| | Opening net debt | | | (13,219,501) | (24,809,258) |
| | | | | | |
| | Closing net debt | | | (12,694,900) | (13,219,501) |

RAVENSALE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

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 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

1.3 Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 30 June 2002 except for the US subsidiary whose financial statements are made up to 31 March 2002. Intra-group sales and profits are eliminated fully on consolidation.

1.4 Turnover

Turnover represents net amounts, excluding value added tax, of property sales, property rents, management charges receivable and goods sold.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets include investment properties valued by the directors on an existing use open market value basis. Other tangible fixed assets other than freehold land 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:

| | |
|-----------------------------|--------------------------|
| Land and buildings Freehold | - 3.33% to 6.67% on cost |
| Plant and machinery | - 14.3% to 33.3% on cost |

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.

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 directors 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.

1.6 Investments

Fixed asset investments are stated at cost less provision for diminution in value.
Current asset investments are stated at the lower of cost and net realisable value.

1.7 Stock

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

RAVENSALE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2002

1 Accounting policies (continued)

1.8 Deferred taxation

The accounting policy in respect of deferred tax has been changed to reflect the requirements of FRS19 - Deferred tax. 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.

The above amounts to a change in accounting policy. The previous policy was to provide deferred tax only to the extent that it was probable that liabilities would crystallise in the foreseeable future.

The adoption of the standard has not required a prior period adjustment. If the new policy had been in place in the previous period no asset or liability would have been recognised as the conditions for recognition would not have been satisfied.

1.9 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

2 Segmental analysis by class of business

The analysis by class of business and geographical area of the group's turnover is set out as below:

Turnover

| | 2002 | 2001 |
|---|-------------------|-------------------|
| | £ | £ |
| Class of business | | |
| Property development - United Kingdom | 945,971 | 15,205,758 |
| Rent & fees receivable - United Kingdom | 3,390,022 | 3,055,969 |
| Manufacturing - United States | 5,708,355 | 6,882,359 |
| | <u>10,044,348</u> | <u>25,144,086</u> |

3 Operating profit

| | 2002 | 2001 |
|---|----------|-----------|
| | £ | £ |
| Operating profit is stated after charging: | | |
| Depreciation of tangible assets | 116,974 | 166,988 |
| Loss on foreign exchange transactions | 71,409 | - |
| Auditors' remuneration (company £16,000; 2001 :£20,000) | 20,000 | 24,000 |
| and after crediting: | | |
| Profit on disposal of tangible assets | (12,159) | - |
| Profit on foreign exchange transactions | - | (100,928) |
| | <u></u> | <u></u> |

RAVENSALE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2002

| | | | |
|----------|---|-------------------|-------------------|
| 4 | Investment income | 2002 | 2001 |
| | | £ | £ |
| | Income from fixed asset investments | 1,320 | 2,549 |
| | | <u> </u> | <u> </u> |
| 5 | Amounts written off investments | 2002 | 2001 |
| | | £ | £ |
| | Amounts written off fixed asset investments: | | |
| | - diminution in value | 1,760,858 | 480,869 |
| | | <u> </u> | <u> </u> |
| 6 | Interest payable | 2002 | 2001 |
| | | £ | £ |
| | On bank loans and overdrafts | 889,819 | 1,742,328 |
| | Other interest | - | 65,338 |
| | | <u> </u> | <u> </u> |
| | | 889,819 | 1,807,666 |
| | | <u> </u> | <u> </u> |
| 7 | Taxation | | |
| | | £ | £ |
| | Foreign corporation tax | | |
| | Foreign corporation tax | 133,399 | 109,690 |
| | | <u> </u> | <u> </u> |
| | Current tax charge | 133,399 | 109,690 |
| | | <u> </u> | <u> </u> |
| | Factors affecting the tax charge for the year | | |
| | Profit on ordinary activities before taxation | 1,810,967 | 5,285,924 |
| | | <u> </u> | <u> </u> |
| | Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00 % (2001 : 30.00 %) | 543,290 | 1,585,777 |
| | | <u> </u> | <u> </u> |
| | Effects of: | | |
| | Tax losses utilised | (409,891) | (1,476,087) |
| | | <u> </u> | <u> </u> |
| | | (409,891) | (1,476,087) |
| | | <u> </u> | <u> </u> |
| | Current tax charge | 133,399 | 109,690 |
| | | <u> </u> | <u> </u> |

RAVENSALE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2002

8 (Loss)/profit for the financial year

As permitted by section 230 of the Companies Act 1985, the holding company's profit and loss account has not been included in these financial statements. The (loss)/profit for the financial year is made up as follows:

| | 2002 £ | 2001 £ |
|--|-----------|-----------|
| Holding company's (loss)/profit for the financial year | (946,753) | 7,992,952 |

9 Dividends

| | 2002 £ | 2001 £ |
|---------------------------------|-----------|-----------|
| Ordinary "A" share interim paid | 180,000 | 180,000 |

10 Tangible fixed assets Group

| | Land and buildings Freehold £ | Plant and machinery £ | Total £ |
|--------------------------|--|-----------------------------|------------|
| Cost or valuation | | | |
| At 1 July 2001 | 1,702,418 | 2,232,445 | 3,934,863 |
| Additions | - | 39,155 | 39,155 |
| Disposals | (27,530) | (156,178) | (183,708) |
| At 30 June 2002 | 1,674,888 | 2,115,422 | 3,790,310 |
| Depreciation | | | |
| At 1 July 2001 | 540,000 | 1,933,277 | 2,473,277 |
| On disposals | - | (67,907) | (67,907) |
| Charge for the year | 50,791 | 66,182 | 116,973 |
| At 30 June 2002 | 590,791 | 1,931,552 | 2,522,343 |
| Net book value | | | |
| At 30 June 2002 | 1,084,097 | 183,870 | 1,267,967 |
| At 30 June 2001 | 1,162,418 | 299,168 | 1,461,586 |

RAVENSALE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2002

| | | | |
|----------------------------------|--------------|----------------|--|
| 11 Tangible fixed assets | | | |
| Investment properties | | | |
| | Group | Company | |
| | £ | £ | |
| Cost or valuation | | | |
| At 1 July 2001 | 4,149,843 | 4,149,843 | |
| Additions/ reclassifications | 4,250,000 | 12,500,000 | |
| Revaluation | 15,386,500 | 7,136,500 | |
| Disposals | (71,400) | (71,400) | |
| | <hr/> | <hr/> | |
| At 30 June 2002 | 23,714,943 | 23,714,943 | |
| | <hr/> | <hr/> | |
| Depreciation | | | |
| At 1 July 2001 & at 30 June 2002 | - | - | |
| | <hr/> | <hr/> | |
| Net book value | | | |
| At 30 June 2002 | 23,714,943 | 23,714,943 | |
| | <hr/> | <hr/> | |
| At 30 June 2001 | 4,149,843 | 4,149,843 | |
| | <hr/> | <hr/> | |

The valuations of investment properties were made as at 30 June 2002 by the directors, on an open market basis, following professional advice. No depreciation is provided in respect of these properties.

On an historical cost basis these would have been included at an original cost of £13,531,600 (2001 - £9,353,000).

RAVENSALE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2002

12 Fixed asset investments Group

| | Listed investments £ | Unlisted investments £ | Total £ |
|---|----------------------------|------------------------------|------------|
| Cost or valuation | | | |
| At 1 July 2001 | 87,951 | 2,329,796 | 2,417,747 |
| Additions | 4,748 | 659,136 | 663,884 |
| At 30 June 2002 | 92,699 | 2,988,932 | 3,081,631 |
| Provisions for diminution in value | | | |
| At 1 July 2001 | - | - | - |
| Charge for the year | - | 1,760,858 | 1,760,858 |
| At 30 June 2002 | - | 1,760,858 | 1,760,858 |
| Net book value | | | |
| At 30 June 2002 | 92,699 | 1,228,074 | 1,320,773 |
| At 30 June 2001 | 87,951 | 2,329,796 | 2,417,747 |

12 Fixed asset investments Company

| | Listed investments £ | Unlisted investments £ | Shares in group undertakings £ | Loans to group undertakings £ | Total £ |
|---|----------------------------|------------------------------|---|--|------------|
| Cost or valuation | | | | | |
| At 1 July 2001 | 87,951 | 1,838,670 | 14,362,391 | 932,801 | 17,221,813 |
| Exchange differences | - | - | - | (71,409) | (71,409) |
| Additions | 4,748 | 659,136 | - | 85,504 | 749,388 |
| At 30 June 2002 | 92,699 | 2,497,806 | 14,362,391 | 946,896 | 17,899,792 |
| Provisions for diminution in value | | | | | |
| At 1 July 2001 | - | - | 13,043,818 | - | 13,043,818 |
| Charge for the year | - | 1,333,226 | - | - | 1,333,226 |
| At 30 June 2002 | - | 1,333,226 | 13,043,818 | - | 14,377,044 |
| Net book value | | | | | |
| At 30 June 2002 | 92,699 | 1,164,580 | 1,318,573 | 946,896 | 3,594,157 |
| At 30 June 2001 | 87,951 | 1,838,670 | 1,318,573 | 932,801 | 4,177,995 |

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

RAVENSALE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2002

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 | | | |
| Copartnership Developments Limited | England & Wales | Ordinary | 100 |
| JGR Enterprises Limited | United States | Common stock | 100 |

The principal activity of these undertakings for the last relevant financial year was as follows:

| | Principal activity |
|------------------------------------|---|
| Copartnership Developments Limited | Property development |
| JGR Enterprises Limited | Design and manufacture of ball point pen components |

Unlisted investments include £1,155,939 (2001: £1,272,483) representing a 30% interest in Postern 1996 Limited Partnership, a limited partnership whose principal business in the UK is investing in corporate recovery companies. The above investment is included at its historical cost less the accumulated share of losses.

13 Stocks

| | Group | | Company | |
|------------------------|-------------------|-------------------|-----------|-----------|
| | 2002 £ | 2001 £ | 2002 £ | 2001 £ |
| Manufacturing stock | 767,811 | 613,440 | - | - |
| Development properties | 26,302,045 | 30,179,400 | - | - |
| | <u>27,069,856</u> | <u>30,792,840</u> | <u>-</u> | <u>-</u> |

14 Debtors

| | Group | | Company | |
|------------------------------------|------------------|------------------|------------------|-------------------|
| | 2002 £ | 2001 £ | 2002 £ | 2001 £ |
| Trade debtors | 1,268,271 | 1,255,410 | 535,165 | 525,797 |
| Amounts owed by group undertakings | - | - | 2,701,058 | 15,928,970 |
| Other debtors | 449,507 | 530,212 | 436,777 | 530,112 |
| Prepayments and accrued income | 1,257,138 | 1,110,370 | 342,981 | 776,529 |
| | <u>2,974,916</u> | <u>2,895,992</u> | <u>4,015,981</u> | <u>17,761,408</u> |

RAVENSALE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2002

15 Current asset investments

| | Group 2002 £ | 2001 £ | Company 2002 £ | 2001 £ |
|----------------------------|--------------------|-----------|----------------------|-----------|
| Other unlisted investments | 3,703,129 | 3,624,059 | 1,500,000 | 1,500,000 |

Other unlisted investments include £2,203,129 (2001: £2,124,059) representing a 38.67% interest in Watford/Beacon Reversions, an unincorporated co-owned venture in the UK. This entity's activity is the purchase, development and resale of interests in reversionary policies and property assets. The above investment is included at its historical cost less amounts received, plus the company's share of the profits of £519,870 (2001: £416,073), based on the unaudited accounts for the period ended 5 July 2002.

16 Creditors : amounts falling due within one year

| | Group 2002 £ | 2001 £ | Company 2002 £ | 2001 £ |
|------------------------------------|--------------------|------------|----------------------|------------|
| Shareholder loans | 991,235 | 991,235 | 991,235 | 991,235 |
| Bank loans and overdrafts | 12,719,188 | 13,989,081 | 12,718,979 | 13,989,080 |
| Trade creditors | 1,365,165 | 1,617,814 | 606,264 | 513,896 |
| Amounts owed to group undertakings | - | - | 476,354 | 476,354 |
| Corporation tax | 41,576 | 63,448 | - | - |
| Taxes and social security costs | 152,922 | 182,027 | 152,922 | 173,678 |
| Other creditors | 2,049,379 | 3,372,854 | 1,967,407 | 2,100,255 |
| Accruals and deferred income | 796,598 | 819,447 | 408,414 | 448,185 |
| | 18,116,063 | 21,035,906 | 17,321,575 | 18,692,683 |

Bank loans of £12,717,508 (2001: £13,816,660) are secured by a fixed and floating charge over the assets of the company and its subsidiary, Copartnership Developments Limited.

RAVENSALE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2002

| 17 Share capital | 2002 £ | 2001 £ |
|--|-----------|-----------|
| Authorised | | |
| 5,398,000 ordinary shares of 1p each | 53,980 | 53,980 |
| 2,000 ordinary "A" shares of 1p each | 20 | 20 |
| 46,000 15% cumulative preference shares of £1 each | 46,000 | 46,000 |
| | <hr/> | <hr/> |
| | 100,000 | 100,000 |
| | <hr/> | <hr/> |
| Allotted, called up and fully paid | | |
| 398,000 ordinary shares of 1p each | 3,980 | 3,980 |
| 2,000 ordinary "A" shares of 1p each | 20 | 20 |
| 46,000 15% cumulative preference shares of £1 each | 46,000 | 46,000 |
| | <hr/> | <hr/> |
| | 50,000 | 50,000 |
| | <hr/> | <hr/> |

The following rights attach to the preference shares and the "A" shares:

1) Dividends

Preference shares - Fixed cumulative dividend of 15% in priority to other shares

"A" shares - Such dividends as the directors may decide, in priority to the ordinary shares. In any further distribution the "A" shares rank pari passu with the ordinary shares.

2) Distribution on a winding up

Preference shares - Repayment of capital paid up, in priority to other shares.

"A" shares - Rank pari passu with ordinary shares and as such are entitled to surplus on winding up in proportion to amounts paid up on the shares.

3) Voting rights

Preference shares - No voting rights.

"A" shares - Entitled to same voting rights as ordinary shares.

RAVENSALE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2002

18 Statement of movements on reserves

Group

| | Revaluation reserve £ | Capital reserve £ | Profit and loss account £ |
|------------------------------|-----------------------------|-------------------------|---------------------------------|
| Balance at 1 July 2001 | - | 6,270,000 | 19,746,976 |
| Retained profit for the year | - | - | 1,497,568 |
| Revaluation during the year | 15,386,500 | - | - |
| | <u>15,386,500</u> | <u>6,270,000</u> | <u>21,244,544</u> |
| Balance at 30 June 2002 | <u>15,386,500</u> | <u>6,270,000</u> | <u>21,244,544</u> |

Company

| | Revaluation reserve £ | Profit and loss account £ |
|------------------------------------|-----------------------------|---------------------------------|
| Balance at 1 July 2001 | - | 23,052,013 |
| Prior year adjustment | - | (13,043,818) |
| | <u>-</u> | <u>10,008,195</u> |
| Balance at 1 July 2001 as restated | - | 10,008,195 |
| Retained loss for the year | - | (1,126,753) |
| Revaluation during the year | 7,136,500 | - |
| | <u>7,136,500</u> | <u>8,881,442</u> |
| Balance at 30 June 2002 | <u>7,136,500</u> | <u>8,881,442</u> |

RAVENSALE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2002

| 19 Reconciliation of movements in shareholders' funds | 2002 | 2001 |
|---|--------------------|-------------------|
| | £ | £ |
| Group | | |
| Profit for the financial year | 1,677,568 | 5,176,234 |
| Dividends | (180,000) | (180,000) |
| | <u>1,497,568</u> | <u>4,996,234</u> |
| Other recognised gains and losses | 15,386,500 | - |
| | <u>16,884,068</u> | <u>4,996,234</u> |
| Net addition to shareholders' funds | 26,066,976 | 21,070,742 |
| Opening shareholders' funds | <u>42,951,044</u> | <u>26,066,976</u> |
| Closing shareholders' funds | | |
| | <u>2002</u> | <u>2001</u> |
| Company | £ | £ |
| (Loss)/Profit for the financial year | (946,753) | 7,992,952 |
| Dividends | (180,000) | (180,000) |
| | <u>(1,126,753)</u> | <u>7,812,952</u> |
| Other recognised gains and losses | 7,136,500 | - |
| | <u>6,009,747</u> | <u>7,812,952</u> |
| Net addition to shareholders' funds | 10,058,195 | 2,245,243 |
| Opening shareholders' funds | <u>16,067,942</u> | <u>10,058,195</u> |
| Closing shareholders' funds | | |

Opening shareholders' funds were originally £23,102,013 before deducting prior year adjustments of £13,043,818. The prior year adjustment arose from a write down of the company's investment in subsidiary undertakings in 2001, which became necessary after receiving dividend income of £22,584,303 from those subsidiaries.

20 Contingent liabilities

Group

No provision has been made in the current year in respect of dividends payable on the company's 46,000 15% preference shares of £1 each. The arrears of preference dividends which will become payable amount to £144,900 (2001: £138,000). The arrears relate to all years ending 30 June 1981 to 30 June 2002 inclusive.

| 21 Directors' emoluments | 2002 | 2001 |
|------------------------------------|--------------|--------------|
| | £ | £ |
| Emoluments for qualifying services | <u>2,500</u> | <u>2,500</u> |

RAVENSALE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2002

22 Employees

Number of employees

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

| | 2002 Number | 2001 Number |
|---------------|----------------|----------------|
| Property | 9 | 9 |
| Manufacturing | 60 | 80 |
| | <u>69</u> | <u>89</u> |

Employment costs

| | £ | £ |
|--------------------|------------------|------------------|
| Wages and salaries | 1,330,776 | 1,523,290 |
| | <u>1,330,776</u> | <u>1,523,290</u> |

23 Control

The ultimate controlling party is the Joron Trust whose discretionary beneficiaries include members of the Jarvis family.

24 Related party transactions

Interest and fees of £1,134,299 (2001: £748,389) were receivable during the year from European Land & Property Corporation (KC&UMDS) Limited and its subsidiaries ('European Land'), an entity under common control. The balance due from European Land at the year end was £2,592,441 (2001: £2,148,380).

Amounts due to Joron Trust, the ultimate controlling party, and other entities under its control at the year end were £705,812 (2001: £135,400).

The balance due to Bruce Jarvis, a director and shareholder, at the year end was £1,131,005 (2001: £1,820,646).