

REDACELL LIMITED
FINANCIAL STATEMENTS

31 December 2003

COTTERELL & CO

Chartered Accountants & Registered Auditors
The Chubb Buildings
Fryer Street
WOLVERHAMPTON
WV1 1HT



REDACELL LIMITED

THE DIRECTORS' REPORT

Year ended 31 December 2003

The directors present their report and the financial statements of the company for the year ended 31 December 2003.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was the holding of shares in subsidiary undertakings.

The company did not trade during the year, merely operating as the holding company.

RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

Mr W J R White
Mr M J R White

The whole of the issued capital of Redacell Limited is owned by trustees of a settlement for the benefit of the family of P E J White.

Mr W J R White and Mr M J R White had the following interests in group company shares by virtue of them being potential beneficiaries of the trust holding those shares:

	2003	2002
	£	£
Redacell Limited	90	90
Rotadex Systems Limited:		
Ordinary shares	10,500	10,500
'B' shares	2,000	2,000
Rotadex Engineering Limited	11,200	11,200
Rotadex Press	500	500
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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 at the end of the year and of the profit or loss for the year then ended. In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on page 8, and then apply them consistently;

make judgements and estimates that are reasonable and prudent; and

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

REDACELL LIMITED

THE DIRECTORS' REPORT *(continued)*

Year ended 31 December 2003

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. The directors are 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.

AUDITORS

A resolution to re-appoint Cotterell & Co as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

On behalf of the Board

William J. R. White
W J R WHITE

Director

2/4/2004
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REDACELL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

Year ended 31 December 2003

We have audited the financial statements on pages 5 to 13 which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets and the accounting policies set out on page 8.

This report is made solely to the company's shareholders, 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 shareholders those matters we are required to state to them in an auditors' 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the Statement of Directors' Responsibilities 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 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.

REDACELL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS *(continued)*

Year ended 31 December 2003

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2003 and of its loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



COTTERELL & CO

Chartered Accountants
Registered Auditors

WOLVERHAMPTON

2. 4 2004
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REDACELL LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 December 2003

	Note	2003 £	2002 £
TURNOVER	2	-	-
Permanent diminution in investment in subsidiary undertaking		-	95,458
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		-	(95,458)
Tax on loss on ordinary activities		-	-
LOSS FOR THE FINANCIAL YEAR		-	(95,458)

All of the activities of the company are classed as continuing.

The notes on pages 8 to 13 form part of these financial statements.

REDACELL LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Year ended 31 December 2003

	2003 £	2002 £
Loss for the financial year attributable to the shareholders	—	(95,458)
Unrealised profit on revaluation of: Shares in group companies brought forward	<u>40,958</u>	<u>1,208,758</u>
Total gains and losses recognised since the last annual report	<u>40,958</u>	<u>1,113,300</u>

The notes on pages 8 to 13 form part of these financial statements.

REDACELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2003

5. INVESTMENTS *(continued)*

The group is a medium sized group, but has taken advantage of exemptions provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

	2003 £	2002 £
The profit/(loss) for the year in respect of each of the above companies was:		
Rotadex Systems Limited	36,558	132,258
Rotadex Industries Limited	<u>4,400</u>	<u>(1,442)</u>
Rotadex Engineering limited did not trade		
Whitehead Letterfiles Limited did not trade.		
Rotadex Press Limited did not trade.		
The aggregate capital and reserves in respect of each of the above companies was:		
Rotadex Systems Limited	1,063,490	1,026,932
Rotadex Engineering Limited	291,403	291,403
Rotadex Industries Limited	8,942	4,542
Whitehead Letterfiles Limited	<u>1</u>	<u>1</u>

Rotadex Press Limited showed a nil balance for both years.

6. DEBTORS

	2003 £	2002 £
Amounts owed by group undertakings	<u>3,344</u>	<u>3,344</u>

7. CREDITORS: Amounts falling due within one year

	2003 £	2002 £
Amounts owed to group undertakings	<u>115,491</u>	<u>115,491</u>

REDACELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2003

8. RELATED PARTY TRANSACTIONS

During the year the following transactions were undertaken with other related party companies. The balances outstanding at the end of the year are also shown below:

	2003 £	2002 £
Rotadex Systems Limited Limited (Subsidiary company)		
Balance due from Rotadex Systems Limited	<u>3,344</u>	<u>3,344</u>
Rotadex Engineering Limited (Subsidiary company)		
Balance due to Rotadex Engineering Limited	<u>(115,491)</u>	<u>(115,491)</u>
Intra-group balances and trading not reflected above		
Rotadex Systems Limited with:		
Rotadex Engineering Limited (Fellow subsidiary)		
Balance due to Rotadex Engineering Limited	<u>(63,404)</u>	<u>(63,404)</u>
Rotadex Industries Limited (Fellow subsidiary)		
Balance due due to Rotadex Industries Limited	<u>(121,411)</u>	<u>(99,491)</u>
Management charge receivable	<u>-</u>	<u>24,000</u>
Rotadex Industries Limited with:		
Rotadex Systems Limited (Fellow subsidiary)		
Balance due from Rotadex Systems Limited	<u>121,411</u>	<u>99,491</u>
Rotadex Engineering Limited (fellow subsidiary)		
Balance due to Rotadex Engineering Limited	<u>(112,507)</u>	<u>(112,507)</u>
Rotadex Engineering Limited with:		
Rotadex Systems Limited (Fellow subsidiary)		
Balance due from Rotadex Systems Limited	<u>63,404</u>	<u>63,404</u>
Rotadex Industries Limited (Fellow subsidiary)		
Balance due from Rotadex Industries Limited	<u>112,507</u>	<u>112,507</u>

The whole of the issued share capital of Redacell Limited is owned by trustees of a settlement for the benefit of the White family.

All of the above transactions were undertaken at arms length on normal commercial terms unless otherwise stated.

REDACELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2003

9. SHARE CAPITAL

Authorised share capital:

	2003	2002
	£	£
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

Allotted, called up and fully paid:

	2003	2002
	No	No
	£	£
Ordinary shares of £1 each	<u>90</u>	<u>90</u>

10. REVALUATION RESERVE

	2003	2002
	£	£
Balance brought forward	1,304,216	-
Revaluation of investments	<u>40,958</u>	<u>1,304,216</u>
Balance carried forward	<u>1,345,174</u>	<u>1,304,216</u>

11. PROFIT AND LOSS ACCOUNT

	2003	2002
	£	£
Balance brought forward	(95,247)	211
Accumulated loss for the financial year	-	<u>(95,458)</u>
Balance carried forward	<u>(95,247)</u>	<u>(95,247)</u>

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2003	2002
	£	£
Loss for the financial year	-	(95,458)
Other net recognised gains and losses	<u>40,958</u>	<u>1,304,216</u>
Net addition to funds	<u>40,958</u>	<u>1,208,758</u>
Opening shareholders' equity funds	<u>1,210,731</u>	<u>1,973</u>
Closing shareholders' equity funds	<u>1,251,689</u>	<u>1,210,731</u>

REDACELL LIMITED

BALANCE SHEET

31 December 2003

	Note	£	2003 £	£	2002 £
FIXED ASSETS					
Investments	5		1,363,836		1,322,878
CURRENT ASSETS					
Debtors	6	3,344		3,344	
CREDITORS: Amounts falling due within one year	7	<u>115,491</u>		<u>115,491</u>	
NET CURRENT LIABILITIES			<u>(112,147)</u>		<u>(112,147)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,251,689</u>		<u>1,210,731</u>
CAPITAL AND RESERVES					
Called-up equity share capital	9		90		90
Share premium account			1,672		1,672
Revaluation reserve	10		1,345,174		1,304,216
Profit and loss account	11		<u>(95,247)</u>		<u>(95,247)</u>
SHAREHOLDERS' FUNDS	12		<u>1,251,689</u>		<u>1,210,731</u>

These financial statements were approved by the directors on 2/4/2004 and are signed on their behalf by:

William J R White

W J R WHITE
Director

The notes on pages 8 to 13 form part of these financial statements.

REDACELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2003

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets.

Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a medium-sized group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

Fixed asset investments

Investments in subsidiaries are included in the ultimate parent company balance sheet at net asset value and unrealised gains and losses are dealt with in the revaluation reserve.

2. TURNOVER

There was no turnover during the year.

3. OPERATING LOSS

Operating loss is stated after charging:

	2003	2002
	£	£
Directors' emoluments	—	—
Permanent diminution in investment in subsidiary undertaking	—	95,458
	<u>—</u>	<u>95,458</u>

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2003	2002
	No	No
Number of management staff	<u>2</u>	<u>3</u>

No salaries or wages have been paid to employees, including the directors, during the year.

REDACELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2003

5. INVESTMENTS

	Total £
COST OR VALUATION	
At 1 January 2003	1,322,878
Revaluations	40,958
At 31 December 2003	<u>1,363,836</u>
NET BOOK VALUE	
At 31 December 2003	<u>1,363,836</u>
At 31 December 2002	<u>1,322,878</u>

REDACELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2003

5. INVESTMENTS *(continued)*

Valuation

	2003 £	2002 £
Rotadex Systems Limited	1,063,490	1,026,932
Rotadex Engineering Limited	291,403	291,403
Rotadex Industries Limited	8,942	4,542
Whitehead Letterfiles Limited	1	1
	<u>1,363,836</u>	<u>1,322,878</u>

Historical cost

Under a deed of gift dated 17 March 1986 Redacell Limited acquired an 82.7% holding in Rotadex Systems Limited, a 72.2% holding in Rotadex Engineering Limited and a 66.2% holding in Rotadex Press Limited.

Under the terms of this deed, Redacell Limited was liable to pay the Capital Transfer tax arising on the gift. The amount paid, which has been agreed with the Inland Revenue at £12,819, is shown as the cost of investment in subsidiary undertakings.

	£
Cost of shares above under deed of gift	12,819
Cost of 1300 'A' ordinary shares in Rotadex Engineering Limited - 30 March 1993 (a further 2.89% holding)	1,300
Cost of 100 ordinary shares of £1 each and 100 'A' ordinary shares of £1 each in Rotadex Industries Limited - 1 October 1993(100% holding)	100,000
Cost of 1 ordinary share of £1 in Whitehead Letterfiles Limited - 19 April 1995(100% holding)	1
	<u>114,120</u>

Details of subsidiaries

Rotadex Systems Limited:

Registered in England; principal activity that of manufacture of filing systems.

Rotadex Engineering Limited:

Registered in England; the company did not trade during the year.

Rotadex Industries Limited:

Registered in England; the company did not trade during the year.

Whitehead Letterfiles Limited:

Registered in England; the company did not trade during the year.

Rotadex Press Limited:

Registered in England; the company did not trade during the year.