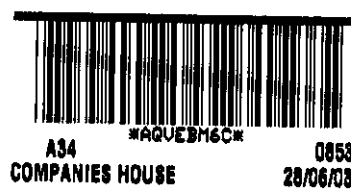


Ken Randall Associates Limited

**Annual Report and Financial Statements for the
year ended 31 December 2002**

The Company's registration number is 2712392



Financial Statements for the year ended 31 December 2002

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Directors and Advisers

Directors

K. E. Randall
A. K. Quilter

Secretary

A. K. Quilter

Registered Office

Shepherds Oast
70 Heath
East Malling
Kent
ME19 6JL

Bankers

National Westminster Bank Plc
City of London Office
PO Box 12258
1 Princes Street
London
EC2R 8PA

Auditors

Littlejohn Frazer
1 Park Place
Canary Wharf
London, E14 4HJ

Registered Number

2712392

Report of the Directors
For the year ended 31 December 2002

The Directors have pleasure in presenting their Report together with the audited financial statements for the year ended 31 December 2002.

Principal Activity

The Company's principal activity during the year continued to be the holding company for Ludgate Insurance Company Limited ('Ludgate') and Moonstock Computers Limited ('Moonstock'). Following an orderly run-off of its business, the Directors of Moonstock have approved that it be struck off.

Review of the Business and Future Developments

The profit and loss account for the year ended 31 December 2002 is set out on page 6. The results for the Company are in line with those expected for the year.

The Company will continue to act as a holding company for the foreseeable future, but will no longer be receiving service charges.

Dividends

The Directors do not recommend the payment of a dividend for the year (2001: £Nil).

Directors

The present Directors are shown on page 1.

Directors' Interests in Shares

The Directors who held office on 31 December 2002 had no interests in the shares of the Company.

The interests of the Directors in the share capital of the ultimate parent undertaking are shown in that company's financial statements.

Directors' and Officers' Liability Insurance

As permitted by the Companies Act 1985, an insurance policy has been purchased on a Group basis which covers the Directors of the Company.

Statement of Directors' Responsibilities

Company law requires Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that period.

The Directors confirm that suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates have been used in the preparation of the financial statements. The Directors also confirm that applicable accounting standards have been followed subject to any material departures disclosed and explained in the notes to the financial statements.

Report of the Directors
For the year ended 31 December 2002 (Continued)

Statement of Directors' Responsibilities (Continued)

The Directors have prepared the financial statements on the going concern basis and have kept proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and 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 for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By Order of the Board

A handwritten signature in dark ink, appearing to read 'A. K. Quilter', is written over the printed name and title.

A. K. Quilter
Secretary

20 June 2003

Independent Auditors' Report to the Shareholders of Ken Randall Associates Limited

We have audited the Financial Statements of Ken Randall Associates Limited for the year ended 31 December 2002 on pages 6 to 11 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These Financial Statements have been prepared under the historical cost convention and the accounting policies set out therein.

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 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the Annual Report and the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities on pages 2 and 3.

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 and other members of the group is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited Financial Statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Financial Statements. Our responsibilities do not extend to any other information.

Basis of 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.

**Independent Auditors' Report to the Shareholders of Ken Randall Associates Limited
(Continued)**

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 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Littlejohn Frazer
Chartered Accountants
and Registered Auditors

25 June 2003

1 Park Place
Canary Wharf
London E14 4HJ

Profit and loss account**For the year ended 31 December 2002**

	Notes	2002 £	2001 £
Turnover (Discontinued operations)		-	2,500
Net operating expenses		<u>(3,501)</u>	<u>(3,461)</u>
Loss on ordinary activities before interest	2	(3,501)	(961)
Interest receivable	5	<u>1</u>	<u>26</u>
Loss on ordinary activities before taxation		(3,500)	(935)
Taxation on loss on ordinary activities	6	-	7,200
(Loss)/profit on ordinary activities after taxation		<u>(3,500)</u>	<u>6,265</u>
Dividends		<u>-</u>	<u>-</u>
Retained (loss)/profit for the year		(3,500)	6,265
Retained profit brought forward		<u>32,168</u>	<u>25,903</u>
Retained profit carried forward		<u><u>28,668</u></u>	<u><u>32,168</u></u>

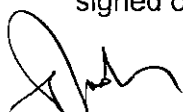
The Company has no recognised gains and losses other than the profit above and therefore no separate statement of total recognised gains and losses has been presented.

The accounting policies and notes on pages 8 to 11 form part of these financial statements.

Balance sheet
As at 31 December 2002

	Note	2002 £	2001 £
Fixed Assets			
Investments	7	1	1
Current Assets			
Debtors	8	30,434	33,839
Cash at bank and in hand		<u>1,498</u>	<u>703</u>
		31,932	34,542
Creditors: amounts falling due within one year	9	<u>(3,165)</u>	<u>(2,275)</u>
Net current assets		<u>28,767</u>	<u>32,267</u>
Total net assets		<u>28,768</u>	<u>32,268</u>
Capital and Reserves			
Called up share capital	10	100	100
Profit and loss account		<u>28,668</u>	<u>32,168</u>
Equity Shareholders' funds		<u>28,768</u>	<u>32,268</u>

The financial statements were approved by the Board of Directors on 20 June 2003 and were signed on its behalf by;



K.E. Randall
Director

The accounting policies and notes on pages 8 to 11 form part of these financial statements.

Notes to the financial statements
For the year ended 31 December 2002

1. Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared under the historical cost basis of accounting.

Turnover

Turnover represents the value of the service charges receivable during the year excluding VAT.

Fixed asset investments

Fixed asset investments are stated at cost, including acquisition costs, less provisions for any impairment in value.

Group financial statements

The results of the Company's subsidiaries, have been incorporated in the consolidated financial statements of the Company's ultimate parent undertaking at 31 December 2002, and are therefore not required to be included in the consolidated financial statements of the Company. These financial statements present information about the Company as an individual undertaking and not about its Group.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

All differences are dealt with through the profit and loss account.

Deferred Taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities have not been discounted.

2. Loss on ordinary activities before interest

This is stated after charging
Auditors' Remuneration

- for audit

- for other services

2002
£

750
1,270

2001
£

800
800

Notes to the financial statements
For the year ended 31 December 2002 (Continued)

3. **Staff costs** (including Directors)

The Company incurred no staff costs in the year (2001: £nil)

	2002 No.	2001 No.
Average number of Directors and employees:		
Directors and management	<u>2</u>	<u>2</u>

4. **Directors' emoluments**

The Company incurred no Directors' emoluments in the year (2001: £nil)

5. **Interest receivable**

	2002 £	2001 £
Bank interest	<u>1</u>	<u>26</u>

6. **Taxation**

Analysis of Charge in Year

Current tax:

	2002 £	2001 £
Adjustments in respect of previous periods	-	(7,200)
Tax on loss on ordinary activities	<u>-</u>	<u>(7,200)</u>

Factors affecting tax charge for period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2002 £	2001 £
Loss on ordinary activities before tax	(3,500)	(935)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2001: 30%)	(1,050)	(281)
Effects of:		
Group relief surrendered	1,050	281
Adjustments to tax charge in respect of previous periods	<u>-</u>	<u>(7,200)</u>
Current tax charge for period	<u>-</u>	<u>(7,200)</u>

The previous year tax credit related to the reversal of the provision for 2000 which was not required.

Notes to the financial statements**For the year ended 31 December 2002 (Continued)**

7. Fixed assets - investments	Ludgate Ord. shares	Moonstock Ord. shares	Loan	Total
	£	£	£	£
Cost				
At 1 January and	1	9,000	110,000	119,001
31 December 2002	1	9,000	110,000	119,001
Provisions				
At 1 January and	-	(9,000)	(110,000)	(119,000)
31 December 2002	-	(9,000)	(110,000)	(119,000)
Net book value				
At 31 December 2002	1	-	-	1
At 31 December 2001	1	-	-	1

The Company owns more than 20% of the share capital of the following companies:

Name	Nature of Business	Country of Registration	Shares Held Class %	Share Capital and Reserves	Latest Profit/(loss) for Period	Latest Available Financial Statements
Ludgate Insurance Company Limited.	Insurance	England & Wales	Ordinary Shares 100%	US\$4,004,478 @ \$1.61 / £1 £2,487,253	US\$(139,632) @ \$1.61 / £1 £(86,728)	Audited year ended 31 December 2002
Moonstock Computers Limited	Computer Sales and Repair	England & Wales	Ordinary Shares 90%	£(127,802)	£(1,950)	Audited year ended 31 December 2001

Moonstock Computers Limited ("Moonstock") is no longer trading. The Directors of Moonstock have decided that an application will be made to the Registrar of Companies requesting that, pursuant to section 652A of the Companies Act 1985 (as amended), it may be struck off the register.

The loan due from Moonstock Computers Limited is interest free and is not repayable except with more than 12 months notice or to the extent that repayment will prejudice the interest of other creditors.

8. Debtors	2002 £	2001 £
Amounts due from group undertakings	30,434	33,839
9. Creditors: amounts falling due within one year	2002 £	2001 £
Amounts due to group undertakings	525	525
Accruals and other creditors	2,500	1,750
Other taxes and social security	140	-
	3,165	2,275

Notes to the financial statements**For the year ended 31 December 2002 (Continued)**

10. Called up share capital	2002 £	2001 £
Authorised 100 £1 Ordinary Shares	<u>100</u>	<u>100</u>
Allotted and fully paid: 100 £1 Ordinary Shares	<u>100</u>	<u>100</u>

11. Capital commitments

There were no capital commitments at 31 December 2002 (2001 - £NIL)

12. Related party transactions

The Company is a wholly owned subsidiary of and is controlled by Randall & Quilter Investment Holdings Limited and has taken advantage of provisions in Financial Reporting Standard No 8 which allows the Company not to disclose transactions with other consolidated group companies qualifying as related parties where there is a 90% or more relationship.

13. Ultimate parent undertaking

Group financial statements are drawn up by the parent and ultimate parent undertaking, Randall & Quilter Investment Holdings Limited, a company registered in England & Wales, and can be obtained from Shepherds Oast, 70 The Heath, East Malling, Kent, ME19 6JL.