

**Ken Randall Associates Limited**

**Annual Report and Financial Statements for the  
year ended 31 December 2003**

**The Company's registration number is 2712392**



**Annual Report and Financial Statements for the year ended 31 December 2003**

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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

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**Report of the Directors**  
**For the year ended 31 December 2003**

The Directors have pleasure in presenting their Report together with the audited financial statements for the year ended 31 December 2003.

**Principal Activity**

The Company's principal activity during the year continued to be the holding company for Ludgate Insurance Company Limited ('Ludgate').

**Review of the Business and Future Developments**

The profit and loss account for the year ended 31 December 2003 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. Ludgate has now entered a solvent scheme of arrangement designed to accelerate the termination of all its insurance liabilities. There is thus potential for distributions from Ludgate over the next few years.

**Dividends**

The Directors do not recommend the payment of a dividend for the year (2002: £Nil).

**Directors**

The present Directors are shown on page 1.

**Directors' Interests in Shares**

The Directors who held office on 31 December 2003 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 2003 (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 black ink, appearing to be 'K. E. Randall', written over a horizontal line.

K. E. Randall  
Director

2 June 2004

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

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We have audited the Financial Statements of Ken Randall Associates Limited for the year ended 31 December 2003 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 Report of the Directors 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 Report of the Directors. 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.

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**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 2003 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

4 June 2004

1 Park Place  
Canary Wharf  
London E14 4HJ

**Profit and loss account****For the year ended 31 December 2003**

	<b>Notes</b>	<b>2003 £</b>	<b>2002 £</b>
Net operating expenses		<u>(2,613)</u>	<u>(3,501)</u>
Loss on ordinary activities before interest	2	(2,613)	(3,501)
Interest receivable	5	<u>14</u>	<u>1</u>
Loss on ordinary activities before taxation		(2,599)	(3,500)
Taxation on loss on ordinary activities	6	780	-
		<u>          </u>	<u>          </u>
Loss on ordinary activities after taxation		(1,819)	(3,500)
Retained profit brought forward		<u>28,668</u>	<u>32,168</u>
Retained profit carried forward		<u><u>26,849</u></u>	<u><u>28,668</u></u>

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

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



**Balance sheet**  
**As at 31 December 2003**

	<b>Note</b>	<b>2003 £</b>	<b>2002 £</b>
<b>Fixed Assets</b>			
Investments	7	1	1
<b>Current Assets</b>			
Debtors	8	30,394	30,434
Cash at bank and in hand		<u>219</u>	<u>1,498</u>
		30,613	31,932
<b>Creditors: amounts falling due within one year</b>	9	<u>(3,665)</u>	<u>(3,165)</u>
<b>Net current assets</b>		<u>26,948</u>	<u>28,767</u>
<b>Total net assets</b>		<u>26,949</u>	<u>28,768</u>
<b>Capital and Reserves</b>			
Called up share capital	10	100	100
Profit and loss account		<u>26,849</u>	<u>28,668</u>
<b>Equity Shareholders' funds</b>		<u>26,949</u>	<u>28,768</u>

The financial statements were approved by the Board of Directors on 2 June 2004 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 2003**

**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.

**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 2003, 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

**2003**  
**£**

**2002**  
**£**

1,000

750

-

1,270

**Notes to the financial statements****For the year ended 31 December 2003 (Continued)****3. Staff costs** (including Directors)

The Company incurred no staff costs in the year (2002: £nil)

	<b>2003 No.</b>	<b>2002 No.</b>
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 (2002: £nil)

**5. Interest receivable**

	<b>2003 £</b>	<b>2002 £</b>
Bank interest	<u>14</u>	<u>1</u>

**6. Taxation**

	<b>2003 £</b>	<b>2002 £</b>
<b>Analysis of charge in year</b>		
UK corporation tax on loss for the year	-	-
Group relief	<u>(780)</u>	<u>-</u>
Current tax	<u>(780)</u>	<u>-</u>

**Factors affecting tax charge for year**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK 30% (2002: 30%). The differences are explained below:

	<b>2003 £</b>	<b>2002 £</b>
Loss on ordinary activities before tax	<u>(2,599)</u>	<u>(3,500)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2002: 30%)	(780)	(1,050)
Effects of:		
Tax losses	<u>-</u>	<u>1,050</u>
Current tax charge for the year	<u>(780)</u>	<u>-</u>

**Notes to the financial statements****For the year ended 31 December 2003 (Continued)****7. Fixed assets - investments**

	<b>Ludgate</b> Ord. shares £
<b>Cost</b>	
At 1 January and	1
31 December 2003	1
<b>Provisions</b>	
At 1 January and	-
31 December 2003	-
<b>Net book value</b>	
At 31 December 2003	1
At 31 December 2002	1

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

<b>Name</b>	<b>Nature of Business</b>	<b>Country of Registration</b>	<b>Shares Held Class %</b>	<b>Share Capital and Reserves</b>	<b>Latest Profit for Period</b>	<b>Latest Available Financial Statements</b>
Ludgate Insurance Company Limited.	Insurance	England & Wales	Ordinary Shares 100%	US\$4,326,607 @1.78/£1 £2,430,678	US\$322,129 @1.78/£1 £180,971	Audited year ended 31 December 2003

**8. Debtors**

	<b>2003</b> £	<b>2002</b> £
Amounts due from group undertakings	29,614	30,434
Group relief	780	-
	<u>30,394</u>	<u>30,434</u>

**9. Creditors: amounts falling due within one year**

	<b>2003</b> £	<b>2002</b> £
Amounts due to group undertakings	1,025	525
Accruals and other creditors	2,500	2,500
Other taxes and social security	140	140
	<u>3,665</u>	<u>3,165</u>

**10. Called up share capital**

	<b>2003</b> £	<b>2002</b> £
Authorised 100 £1 Ordinary Shares	<u>100</u>	<u>100</u>
Allotted, called up and fully paid: 100 £1 Ordinary Shares	<u>100</u>	<u>100</u>

**Notes to the financial statements****For the year ended 31 December 2003 (Continued)**

11. Reconciliation of movement in Shareholders Funds	2003 £	2002 £
Profit /(loss) for the financial year	(1,819)	(3,500)
Opening shareholders funds	28,768	32,268
Closing Shareholders funds	26,949	28,768

**12. Capital commitments**

There were no capital commitments at 31 December 2003 (2002: £nil).

**13. 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.

There are no other related party transactions that require disclosure.

**14. 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.