

**STONEFLARE UK LIMITED**

**Report and Financial Statements**

**31 March 2001**

Deloitte & Touche  
Leda House  
Station Road  
Cambridge CB1 2RN

12/12/01  
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REPORT AND FINANCIAL STATEMENTS 2001

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**DIRECTOR'S REPORT**

The director presents his annual report and the audited financial statements for the year ended 31 March 2001.

**PRINCIPAL ACTIVITY**

The principal activity of the company is the making and holding of investments.

**DIVIDENDS**

The company paid an interim dividend of £912,201 in respect of the year ended 31 March 2001 (2000 - nil). The director does not recommend the payment of a final dividend.

**DIRECTOR AND HIS INTERESTS**

The director who served throughout the year is Mr J H Williamson. He had no interest in the share capital of the company. His interest in the share capital of Cadastra Limited, the ultimate parent company, is set out in the report of the directors of that company.

**STATEMENT OF 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 as at the end of the financial year 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.

Approved by the Director  
and signed on his behalf

**for CADASTRA LIMITED**

*William*

Secretary

**DIRECTOR/SECRETARY**

13 December 2001

Leda House  
Station Road  
Cambridge CB1 2RN

## STONEFLARE UK LIMITED

### AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 3 to 7 which have been prepared under the accounting policies set out on page 5.

#### Respective responsibilities of the director and auditors

As described on page 1 the company's director is responsible for the preparation of financial statements, which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

#### 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 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 31 March 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche.*

Chartered Accountants and  
Registered Auditors

*21. Dec. 2001.*

**PROFIT AND LOSS ACCOUNT**  
**Year ended 31 March 2001**

	Note	2001 £	2000 £
Interest receivable and similar income	3	17,405	115,974
Administration costs		(5,000)	(75,000)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>12,405</b>	<b>40,974</b>
Tax on profit on ordinary activities	4	-	21,569
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<b>12,405</b>	<b>19,405</b>
Dividends	5	(912,201)	-
<b>(LOSS) PROFIT FOR THE FINANCIAL YEAR</b>		<b>(899,796)</b>	<b>19,405</b>

All transactions arose from continuing activities.

There were no recognised gains or losses other than the profit for the year and the preceding year. Accordingly, no statement is provided of total recognised gains and losses.

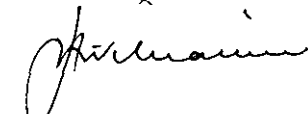
**STATEMENT OF MOVEMENTS ON RESERVES**  
**Year ended 31 March 2001**

	Profit and loss account £
At 1 April 2000	899,796
Loss for the year	(899,796)
At 31 March 2001	-

BALANCE SHEET  
31 March 2001

	Note	2001 £	2000 £
<b>FIXED ASSETS</b>			
Investments	6	6,209,582	6,209,582
<b>CURRENT ASSETS</b>			
Debtors	7	1,541,129	1,602,114
Cash at bank		29,085	420
		1,570,214	1,602,534
<b>CREDITORS: amounts falling due within one year</b>			
Amounts owed to fellow subsidiary		912,201	-
<b>NET CURRENT ASSETS</b>		658,013	1,602,534
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		6,867,595	7,812,116
<b>CREDITORS: amounts falling due after more than one year</b>			
Amounts owed to group undertakings		(6,667,595)	(6,712,320)
		200,000	1,099,796
<b>CAPITAL AND RESERVES</b>			
Called up share capital	8	200,000	200,000
Profit and loss account		-	899,796
<b>EQUITY SHAREHOLDERS' FUNDS</b>		200,000	1,099,796

These financial statements were approved by the Director on 13 December 2001

  
Director

**NOTES TO THE ACCOUNTS****Year ended 31 March 2001****1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

**Accounting convention**

The financial statements are prepared under the historical cost convention.

**Investment income**

Investment income is included according to the date upon which dividends and interest became payable. Interest receivable on deposits and payable on borrowings is included on the accruals basis.

**Investments held as fixed assets**

Listed investments and loans are stated at cost less provision for any impairment in value.

**2. ADMINISTRATIVE EXPENSES**

The director received no remuneration from the company in either year. Audit fees for both years were borne by another group undertaking.

**3. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2001 £	2000 £
Bank interest	314	9,424
Interest receivable from fixed asset investments	14,789	18,224
Surplus on disposal of Interest Bearing Rights	-	88,324
Tax repayment supplement	2,302	2
	<u>17,405</u>	<u>115,974</u>

**4. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	2001 £	2000 £
United Kingdom corporation tax at 20%	-	21,569
	<u>-</u>	<u>21,569</u>

The tax charge for the year has been reduced to nil by the availability of group relief for which no payment has been made.

NOTES TO THE ACCOUNTS  
Year ended 31 March 2001

## 5. DIVIDENDS

	2001 £	2000 £
Paid - £4.561 (2000 - nil) per ordinary share	912,201	-

## 6. FIXED ASSET INVESTMENTS

	2001 £	2000 £
Fixed asset investments comprise:		
£10,000 of 8% Treasury Stock 2003 Cost and net book value	9,582	9,582
£6,000,000 zero interest unsecured loan notes 2007 in Cadastra Limited Cost and net book value	6,000,000	6,000,000
Barclays Sterling Bond Fund Cost and net book value	200,000	200,000
Total fixed asset investments at 31 March	6,209,582	6,209,582
Market value of gilt edged stocks and Barclays Sterling Bond Fund	210,624	210,503

## 7. DEBTORS

	2001 £	2000 £
Taxation recoverable	160	57,675
Amount owed by parent company	871,486	875,000
Amount owed by fellow subsidiary	666,007	666,007
Other debtors	3,476	3,432
	1,541,129	1,602,114



**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 2001****8. CALLED UP SHARE CAPITAL**

	2001 £	2000 £
Authorised, issued and fully paid 200,000 ordinary shares of £1 each	<u>200,000</u>	<u>200,000</u>

**9. ULTIMATE PARENT COMPANY**

The ultimate parent company and immediate controlling party is Cadastra Limited, which is registered in England and Wales. Copies of the group financial statements of Cadastra Limited are available from Leda House, Station Road, Cambridge.

**10. ULTIMATE CONTROLLING PARTY**

The ultimate controlling party of the company is Mr J H Williamson.

**11. RELATED PARTY DISCLOSURES**

The company is exempt from disclosing details of transactions with its ultimate parent company, Cadastra Limited, together with its subsidiaries, because copies of Cadastra Limited group financial statements are available at Leda House, Station Road, Cambridge.