

STONEFLARE UK LIMITED

Report and Financial Statements

31 March 2002

Deloitte & Touche
Cambridge

27/01/03
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REPORT AND FINANCIAL STATEMENTS 2002

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DIRECTOR'S REPORT

The director presents his annual report and the audited financial statements for the year ended 31 March 2002.

PRINCIPAL ACTIVITY

The principal activity of the company was the making and holding of investments until 28 March 2002 when it became dormant.

DIVIDENDS

The company paid an interim dividend of £11,139 in respect of the year ended 31 March 2002 (2001 - £912,201). 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

United Kingdom 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

J. Williamson

Secretary

~~DIRECTOR~~/SECRETARY

Leda House
Station Road
Cambridge CB1 2RN

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
STONEFLARE UK LIMITED**

We have audited the financial statements of Stoneflare UK Limited for the year ended 31 March 2002 which comprise the profit and loss account, the balance sheet and the related notes 1 to 11. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of the director and auditors

As described in the statement of director's responsibilities, the company's director is responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 if, in our opinion, the director's 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 director's remuneration and transactions with the company is not disclosed.

We read the director's report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

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 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 2002 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

Cambridge

31 JANUARY 2003

PROFIT AND LOSS ACCOUNT
Year ended 31 March 2002

	Note	2002 £	2001 £
Interest receivable and similar income	3	11,139	17,405
Administration costs		-	(5,000)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		11,139	12,405
Tax on profit on ordinary activities	4	-	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		11,139	12,405
Dividends	5	(11,139)	(912,201)
LOSS FOR THE FINANCIAL YEAR		-	(899,796)

All transactions arose from discontinued activities.

There were no recognised gains or losses other than shown in the profit and loss account. Accordingly, no statement is provided of total recognised gains and losses.

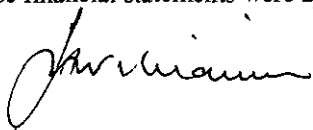
BALANCE SHEET

31 March 2002

	Note	2002 £	2001 £
FIXED ASSETS			
Investments	6	-	6,209,582
CURRENT ASSETS			
Debtors	7	200,000	1,541,129
Cash at bank		-	29,085
		200,000	1,570,214
CREDITORS: amounts falling due within one year			
Amounts owed to fellow subsidiary		-	912,201
NET CURRENT ASSETS		200,000	658,013
TOTAL ASSETS LESS CURRENT LIABILITIES		200,000	6,867,595
CREDITORS: amounts falling due after more than one year			
Amounts owed to group undertakings		-	(6,667,595)
		200,000	200,000
CAPITAL AND RESERVES			
Called up share capital	8	200,000	200,000
Profit and loss account		-	-
EQUITY SHAREHOLDERS' FUNDS		200,000	200,000

These financial statements were approved by the Director on

28 January 2003


 Director

NOTES TO THE ACCOUNTS
Year ended 31 March 2002**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

	2002 £	2001 £
Bank interest	469	314
Interest receivable from fixed asset investments	10,670	14,789
Tax repayment supplement	-	2,302
	<u>11,139</u>	<u>17,405</u>

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

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

The tax assessed for the year is lower than that resulting from applying the standard rate of corporation tax in the UK 30% (2001 - 30%). The differences are explained below.

	2002 %	2001 %
Standard rate of tax for year as a percentage of profits	30	30
Effects of: Group relief	<u>(30)</u>	<u>(30)</u>
Current tax rate for year as percentage of profits	<u>-</u>	<u>-</u>

NOTES TO THE ACCOUNTS
Year ended 31 March 2002

5. DIVIDENDS

	2002 £	2001 £
Paid - £0.0557 (2001 - £4.561) per ordinary share	11,139	912,201

6. FIXED ASSET INVESTMENTS

	2002 £	2001 £
Fixed asset investments comprise:		
£10,000 of 8% Treasury Stock 2003		
Cost at 1 April 2001	9,582	9,582
Disposal	(9,582)	-
Cost at 31 March 2002	-	9,582
£6,000,000 zero interest unsecured loan notes 2007 in Cadastra Limited		
Cost at 1 April 2001	6,000,000	6,000,000
Disposal	(6,000,000)	-
Cost at 31 March 2002	-	6,000,000
Barclays Sterling Bond Fund		
Cost at 1 April 2001	200,000	200,000
Disposal	(200,000)	-
Cost at 31 March 2002	-	200,000
Total cost and net book value of fixed asset investments at 31 March	-	6,209,582
Market value of gilt edged stocks and Barclays Sterling Bond Fund	-	210,624

7. DEBTORS

	2002 £	2001 £
Taxation recoverable	320	160
Amount owed by parent company	-	871,486
Amount owed by fellow subsidiary	199,680	666,007
Other debtors	-	3,476
	200,000	1,541,129

NOTES TO THE ACCOUNTS
Year ended 31 March 2002**8. CALLED UP SHARE CAPITAL**

	2002	2001
	£	£
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.