

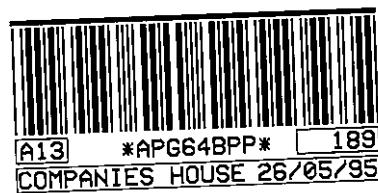
**STONEFLARE UK LIMITED**

**Report and Financial Statements**

**30 June 1994**

**Touche Ross & Co.  
Leda House  
Station Road  
Cambridge CB1 2RN**

15 May 1995





**REPORT AND FINANCIAL STATEMENTS 1994**

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## **DIRECTOR'S REPORT**

The director presents his annual report and the audited financial statements for the year ended 30 June 1994.

### **CONTENTS OF THIS REPORT AND THE FINANCIAL STATEMENTS**

Advantage has been taken in the preparation of this report and accounts of the special exemptions applicable to small companies under Part II of Schedule 8 to the Companies Act 1985.

### **PRINCIPAL ACTIVITY AND RESULTS**

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

As detailed in the profit and loss account on page 3, the accumulated deficit increased by £1,603,811 (1993 - £53) during the year, to £30,006,306.

### **DIRECTORS AND THEIR INTERESTS**

The directors who held office during the year were as follows:

C M J Forshaw, F.C.A.	(resigned 28 November 1994)
N J C Turnbull, F.C.A., LL.B.	(resigned 28 November 1994)

Neither of the directors had any interests in the share capital of the company.

Messrs C M J Forshaw and N J C Turnbull were at 30 June 1994 directors of, and had interests in the share capital of, the company's then ultimate parent company, Rosehaugh PLC; which are disclosed in the report of that company.

Mr J H Williamson was appointed sole director of the company on 28 November 1994.

### **STATEMENT OF 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 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 directors are 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 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. They 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.

Approved by the Director  
and signed on his behalf

**for CADASTRA LIMITED**

  
**DIRECTOR/SECRETARY**

Secretary

8 May 1995

6th Floor, 7-10 Chandos Street  
London, W1M 9DE



## STONEFLARE UK LIMITED

### Chartered Accountants

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Station Road  
Cambridge CB1 2RN

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DX 5812

## AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 3 to 8 which have been prepared under the accounting policies set out on page 5.

### Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of financial statements. 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 Auditing Standards issued by the Auditing Practices Board, except that the scope of our work was limited as explained below.

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 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. However, the evidence available to us was limited because the company was placed into receivership on 12 July 1993 and its accounting records were not maintained separately from those for other companies under the Receiver's control. Also the company's statutory books, being the registers of directors, shareholders, charges and other such information, as well as minutes of board and shareholders' meetings, have been lost. In these circumstances we were unable to carry out all the auditing procedures necessary to obtain adequate assurance that the amounts appearing in the financial statements are complete.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Disclaimer of opinion on view given by financial statements

Because of the possible effect of the limitation in the evidence available to us, we are unable to form an opinion as to whether the financial statements give a true and fair view of the state of the company's affairs as at 30 June 1994 and of its loss for the year then ended and whether the financial statements have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

In view of the company's circumstances:

- we have not obtained all the information and explanations that we considered necessary for our audit; and
- in our opinion proper accounting records have not been kept.

*Touche Ross*

Chartered Accountants and  
Registered Auditors

15 May 1995

**Deloitte Touche  
Tohmatsu  
International**

Aberdeen, Bath, Belfast, Birmingham, Bournemouth, Bracknell, Bristol, Cambridge, Cardiff, Crawley, Dartford, Edinburgh, Glasgow, Leeds, Leicester, Liverpool, London, Manchester, Milton Keynes, Newcastle upon Tyne, Nottingham and Southampton.

Principal place of business at which a list of partners' names is available:  
Stonecutter Court, 1 Stonecutter Street, London EC4A 4TR.

Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

**PROFIT AND LOSS ACCOUNT**  
**Year ended 30 June 1994**

	Note	1994 £	1993 £
<b>Administrative expenses:</b>			
Exceptional provision against amount due from Rosehaugh PLC and its subsidiaries	11	(1,657,486)	-
Other	2	(13)	(1,053)
		<u>(1,657,499)</u>	<u>(1,053)</u>
Interest receivable and similar income	3	1,062	1,000
		<u>1,062</u>	<u>1,000</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(1,656,437)</b>	<b>(53)</b>
Tax relief on loss on ordinary activities being release of provision for deferred tax		52,626	-
		<u>52,626</u>	<u>-</u>
<b>LOSS FOR THE FINANCIAL YEAR</b>		<b>(1,603,811)</b>	<b>(53)</b>
<b>ACCUMULATED DEFICIT</b>			
Beginning of year		(28,402,495)	(28,402,442)
End of year		<u>(30,006,306)</u>	<u>(28,402,495)</u>

All transactions arose from continuing activities.

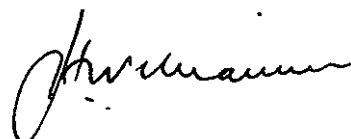
There were no recognised gains or losses other than the loss for the financial year. Accordingly, no statement is provided of total recognised gains and losses.

**BALANCE SHEET**  
**30 June 1994**

	Note	1994 £	1993 £
<b>FIXED ASSETS</b>			
Investments	4, 11	<u>32,945,582</u>	<u>32,945,944</u>
<b>CURRENT ASSETS</b>			
Debtors	5	2,132	1,658,993
Cash at bank and in hand		<u>10,743</u>	<u>375</u>
		12,875	1,659,368
<b>CREDITORS: amounts falling due within one year</b>			
Amounts owed to group undertakings	11	<u>(32,964,663)</u>	<u>(32,955,081)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(32,951,788)</u>	<u>(31,295,713)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		(6,206)	1,650,231
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>			
Deferred taxation	6	<u>-</u>	<u>(52,626)</u>
<b>NET (LIABILITIES) ASSETS</b>		<u>(6,206)</u>	<u>1,597,605</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	7	30,000,100	30,000,100
Accumulated deficit		<u>(30,006,306)</u>	<u>(28,402,495)</u>
<b>TOTAL SHAREHOLDERS' FUNDS</b>		<u>(6,206)</u>	<u>1,597,605</u>
Shareholders' funds are attributable to:			
Equity shareholders' funds		<u>(30,006,206)</u>	<u>(28,402,395)</u>
Non equity shareholders' funds		<u>30,000,000</u>	<u>30,000,000</u>
		<u>(6,206)</u>	<u>1,597,605</u>

Advantage has been taken in the preparation of these accounts of the special exemptions applicable to small companies under Part 1 of Schedule 8 to the Companies Act 1985. In the opinion of the director the company is entitled to these exemptions on the grounds that it has met the qualifications for a small company specified in sections 246 and 247 of the Companies Act 1985.

These financial statements were approved by the Director on 8 May 1995

  
Director

**NOTES TO THE ACCOUNTS**  
**Year ended 30 June 1994**

**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 and is shown gross or with the related tax credit for dividends. 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.

**2. ADMINISTRATIVE EXPENSES**

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

**3. INTEREST RECEIVABLE AND SIMILAR INCOME**

	1994 £	1993 £
Surplus on redemption of investments	56	-
Interest receivable from listed UK government securities	1,000	1,000
Bank interest received	6	-
	<u>1,062</u>	<u>1,000</u>

**4. FIXED ASSET INVESTMENTS**

	1994 £	1993 £
Fixed asset investments comprise:		
Listed UK government securities at cost	9,582	9,944
Loan to group company	32,936,000	32,936,000
	<u>32,945,582</u>	<u>32,945,944</u>

The movements in fixed asset investments during the year were as follows:

Cost		
Beginning of year	32,945,944	32,945,944
Redemption of investment	(9,944)	-
Purchase of listed UK government securities	9,582	-
	<u>32,945,582</u>	<u>32,945,944</u>
End of year		

**NOTES TO THE ACCOUNTS**  
**Year ended 30 June 1994**

**5. DEBTORS**

	1994 £	1993 £
Amounts owed by parent company and other group undertakings	1,658,493	1,658,493
Less provision, note 11	1,657,486	-
	<u>1,007</u>	<u>1,658,493</u>
Accrued income	500	-
Taxation recoverable	625	500
	<u>2,132</u>	<u>1,658,993</u>

Amounts owed by parent company and other group undertakings are unsecured and are repayable on demand.

**6. PROVISIONS FOR LIABILITIES AND CHARGES**

	1994 £	1993 £
Balance at 1 July 1993	52,626	52,626
Provision released	(52,626)	-
	<u>-</u>	<u>52,626</u>
Taxation deferred by short term timing differences	-	546,970
Taxation effect of losses realised brought forward	-	(494,344)
	<u>-</u>	<u>52,626</u>

The full potential amount of deferred taxation has been provided in these accounts.

**7. CALLED UP SHARE CAPITAL**

	1994 £	1993 £
Authorised		
1,000 ordinary shares of £1 each	1,000	1,000
30,000,000 10.75% cumulative redeemable preference shares of £1 each	30,000,000	30,000,000
	<u>30,001,000</u>	<u>30,001,000</u>
Called up, allotted and fully paid		
100 ordinary shares of £1 each	100	100
30,000,000 10.75% cumulative redeemable preference shares of £1 each	30,000,000	30,000,000
	<u>30,000,100</u>	<u>30,000,100</u>

The 30,000,000 10.75% cumulative redeemable preference shares may, at the shareholders' option, be redeemed between 1993 and 1997 on 30 June of each year and, if not redeemed earlier, shall be redeemed on 30 June 1998 at par together with any arrears and accruals of the fixed dividend.



**NOTES TO THE ACCOUNTS**  
**Year ended 30 June 1994**

**7. CALLED UP SHARE CAPITAL (continued)**

The cumulative redeemable preference share holders:

- i) are entitled on a liquidation or winding up to repayment of capital in priority to any payment to the holders of any other classes of shares, but shall not be entitled to any further or other participation in the profits or assets of the company.
- ii) may not attend or vote at any general meeting, unless the business of the meeting includes the consideration of a resolution or resolutions reducing the capital of the company, putting the company into liquidation or directly or adversely affecting any of the special rights attached to the preference shares in which event the holders of preference shares shall be entitled to vote only on such resolution or resolutions.

**8. OTHER FINANCIAL COMMITMENTS**

- a) The company, its former ultimate parent company, Rosehaugh PLC, and certain fellow subsidiary undertakings (together "the Group") entered on 7 February 1992 into a Guarantee and Debenture agreement ("the Agreement") with the Group's bankers. As a charging company under the Agreement, all the company's assets were charged to the banks which were a party to the Agreement and the company guaranteed the payment of all obligations of other charging companies.

The Group's bankers released the company on 29 November 1994 from all liabilities under the Agreement.

- b) No provision has been made in the current year for dividends payable on the company's 30,000,000 10.75% cumulative redeemable preference shares of £1 each, on the basis that the company has no distributable reserves. In the event that the company generated sufficient distributable reserves, the arrears of preference dividend which would become payable amount to £10,019,589 (1993 - £6,794,589).

**9. BANKING ARRANGEMENTS**

The company, its former ultimate parent company, Rosehaugh PLC, and certain fellow subsidiary undertakings (together "the Group") entered on 19 March 1992 into a Master Facility Agreement ("the Agreement") with the Group's bankers, under which existing bank facilities would continue to be available to the Group until 31 January 1994 or earlier demand as described below. Any demand for repayment or cancellation of the Agreement could be made by the consensus of 75% or more by value of the Group's bankers. Under the terms of the Agreement, existing facilities were payable on demand by the Group's bankers as agreed between themselves and in accordance with the conditions described above.

Expenditure by the Group was governed under the Agreement by reference to a cash flow statement which was to be updated by agreement with the Group's bankers each quarter. Disposals or other realisations of assets required the consent of the Group's bankers, and proceeds therefrom might be retained by the Group for use against future expenditure in accordance with the cash flow statement. Otherwise, such proceeds were to be remitted for distribution amongst the banks towards satisfaction of their loans.

The facilities extended to the Group under the Agreement were secured under the terms of the Guarantee and Debenture agreement described in note 8.

The Group's bankers released the company on 29 November 1994 from all liabilities under the Agreement.

**NOTES TO THE ACCOUNTS**  
**Year ended 30 June 1994**

**10. PARENT AND ULTIMATE PARENT COMPANY**

Until 28 November 1994 the company was a wholly owned subsidiary undertaking of Decramast Limited. The ultimate parent company was Rosehaugh PLC. Both companies are registered in England and Wales.

The only group in which the results of the company are consolidated is that headed by Rosehaugh PLC.

The ultimate parent company became on 28 November 1994 Cadastra Limited, which is registered in England and Wales, and which will ensure ongoing financial support. Copies of the group accounts may be obtained from Leda House, Station Road, Cambridge.

**11. RECEIVER**

On 12 July 1993 Barclays Bank plc appointed administrative receivers of the property of the company and of Rosehaugh PLC and other companies in the Rosehaugh PLC group. Consequently it has become unlikely that the £1,657,486 owing to the company by certain of such companies will be recovered and provision in full has been made. The appointment of the administrative receiver of the company's property was terminated on 29 November 1994.

The loan to a group company of £32,936,000 was in 1994 assigned and offset against the £32,964,663 owing to group undertakings.