

**Deloitte &  
Touche**

Deloitte Touche  
Tohmatsu



**Company Registration No. 2358537**

**STONEFLARE UK LIMITED**

**Report and Financial Statements**

**31 March 1998**

**Deloitte & Touche  
Leda House  
Station Road  
Cambridge CB1 2RN**

**13/01/99  
AC03sfl5**





**REPORT AND FINANCIAL STATEMENTS 1998**

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## **DIRECTOR'S REPORT**

The director presents his annual report and the audited financial statements for the year ended 31 March 1998.

### **PRINCIPAL ACTIVITY**

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

### **SHARE CAPITAL**

By written resolutions of the members and with the sanction of the High Court given on 9 July 1997 the company cancelled the 30,000,000 10.75% cumulative redeemable preference shares of £1 each and thereby eliminated £30,000,000 of its deficit on profit and loss account.

On 8 August 1997 the company's authorised share capital was increased from £1,000 to £200,000 in ordinary shares of £1 each and 199,900 new ordinary shares ranking pari passu with the 100 existing ordinary shares were subscribed for and issued at par.

### **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. 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**

Secretary  
26.1.99

*J. Williamson*  
**DIRECTOR/SECRETARY**

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. 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. 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 1998 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

26.1.1999.



**PROFIT AND LOSS ACCOUNT**  
**Year ended 31 March 1998**

	<b>Note</b>	<b>1998 £</b>	<b>1997 £</b>
Interest receivable and similar income	3	<u>437,270</u>	<u>803</u>
<b>PROFIT FOR THE YEAR</b>		<b>437,270</b>	<b>803</b>
<b>TRANSFERRED TO RESERVES</b>		<b>437,270</b>	<b>803</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 1998**

	<b>Profit and loss account £</b>
At 1 April 1997	(30,004,279)
Cancellation of shares	30,000,000
Profit for the year	<u>437,270</u>
At 31 March 1998	<u>432,991</u>

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**  
**Year ended 31 March 1998**

	<b>1998 £</b>	<b>1997 £</b>
Profit for the financial year	437,270	803
Issue of shares	<u>199,900</u>	<u>-</u>
Net addition to shareholders' funds	637,170	803
Opening shareholders' funds	<u>(4,179)</u>	<u>(4,982)</u>
Closing shareholders' funds	<u>632,991</u>	<u>(4,179)</u>



**BALANCE SHEET**  
**31 March 1998**

	Note	1998 £	1997 £
<b>FIXED ASSETS</b>			
Investments	5	6,601,615	9,582
<b>CURRENT ASSETS</b>			
Taxation recoverable		160	260
Amount owed by parent company		430,000	-
Cash at bank		314,496	-
		744,656	260
<b>CREDITORS: amounts falling due within one year</b>			
Amounts owed to group undertakings		-	(14,021)
<b>NET CURRENT ASSETS (LIABILITIES)</b>		744,656	(13,761)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		7,346,271	(4,179)
<b>CREDITORS: amounts falling due after more than one year</b>			
Amounts owed to group undertakings		(6,713,280)	-
		632,991	(4,179)
<b>CAPITAL AND RESERVES</b>			
Called up share capital	6	200,000	30,000,100
Profit and loss account		432,991	(30,004,279)
<b>TOTAL SHAREHOLDERS' FUNDS</b>		632,991	(4,179)

These financial statements were approved by the Director on

Director

26 January 1999

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1998**

**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 less provision for any permanent diminution in value.

**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**

	1998 £	1997 £
Bank interest	16,468	-
Interest receivable from fixed asset investments	420,800	800
Tax repayment supplement	2	3
	<u>437,270</u>	<u>803</u>

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

Tax on the profit for the year has been reduced to nil by the application of management expenses brought forward. At 31 March 1998 management expenses carried forward amounted to £722,772.



**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1998**

**5. FIXED ASSET INVESTMENTS**

	1998 £	1997 £
Fixed asset investments comprise:		
£10,000 of 8% Treasury Stock 2003 Cost and net book value	<u>9,582</u>	<u>9,582</u>
7% unsecured loan notes 2007 Cadastra Limited Additions at cost and net book value	<u>6,000,000</u>	<u>-</u>
Barclays Sterling Bond Fund Additions at cost and net book value	<u>200,000</u>	<u>-</u>
Interest bearing rights Additions at cost	800,000	-
Disposals	<u>(407,967)</u>	<u>-</u>
Net book value	<u>392,033</u>	<u>-</u>
Total fixed asset investments at 31 March	<u>6,601,615</u>	<u>9,582</u>
Market value of gilt edged stocks and Barclays Sterling Bond Fund	<u>210,874</u>	<u>10,256</u>

**6. CALLED UP SHARE CAPITAL**

	1998 £	1997 £
Authorised		
200,000 (1997 - 1,000) ordinary shares of £1 each	200,000	1,000
nil (1997 - 30,000,000) 10.75% cumulative redeemable preference shares of £1 each	<u>-</u>	<u>30,000,000</u>
	<u>200,000</u>	<u>30,001,000</u>
Called up, allotted and fully paid		
200,000 (1997 - 100) ordinary shares of £1 each	200,000	100
nil (1997 - 30,000,000) 10.75% cumulative redeemable preference shares of £1 each	<u>-</u>	<u>30,000,000</u>
	<u>200,000</u>	<u>30,000,100</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1998****6. CALLED UP SHARE CAPITAL (continued)**

By written resolutions of the members and with the sanction of the High Court given on 9 July 1997 the company cancelled the 30,000,000 10.75% cumulative redeemable preference shares of £1 each and thereby eliminated £30,000,000 of its deficit on profit and loss account.

On 8 August 1997 the company's authorised share capital was increased from £1,000 to £200,000 in ordinary shares of £1 each and 199,900 new ordinary shares ranking pari passu with the 100 existing ordinary shares were subscribed for and issued at par.

**7. ULTIMATE PARENT COMPANY**

The ultimate parent company 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.

**8. ULTIMATE CONTROLLING PARTY**

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