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STONE & COMPANY (INVESTMENTS) LIMITED
(formerly STONE & COMPANY (BRISTOL) LIMITED)

REPORT AND ACCOUNTS

For the year ended 31st December 1998

Richards & Co.
Chartered Accountants
Bristol



STONE & COMPANY (INVESTMENTS) LIMITED

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STONE & COMPANY (INVESTMENTS) LIMITED**OFFICERS AND ADVISERS**

DIRECTORS

C.J. Setter
M.P. Setter

SECRETARY

M.P. Setter

BANKERS

Lloyds Bank plc
163 Whiteladies Road
Clifton
Bristol
BS8 2RW

AUDITORS

Richards & Co.
Chartered Accountants,
Colston Tower,
Colston Street,
Bristol BS1 4AL

REGISTERED OFFICE

140 Redland Road
Bristol.
BS6 6YB

REGISTERED NUMBER

222011

STONE & COMPANY (INVESTMENTS) LIMITED**REPORT OF THE DIRECTORS**

The directors have pleasure in submitting their report and the accounts for the year ended 31st December 1998.

CHANGE OF NAME

The company changed its name from Stone & Company (Bristol) Limited to Stone & Company (Investments) Limited on 11th October 1999.

ACTIVITY AND BUSINESS REVIEW

The principal activity of the group was that of building contractors, estate developers and private house builders. The principal activity of the company was that of building contractors, estate developers and private house builders until it ceased to trade on 29th March 1999.

The group profit for the year after taxation amounted to £54,637 (1997 : £939,573).

The directors recommend that no final dividend be paid and that after deducting interim dividends paid of £132,521 the resultant balance of £77,884 be deducted from reserves. The preference shareholders have waived their entitlement to a dividend.

FIXED ASSETS

The movements of fixed assets are set out in the notes to the accounts.

The directors are of the opinion that the market value of the freehold land and buildings not held as trading stock is in excess of the balance sheet value. However they do not consider that the expense of a professional revaluation is warranted.

STATEMENT OF DIRECTORS RESPONSIBILITIES

in respect of the preparation of financial statements.

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 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 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 to operate; and
- prepare the financial statements in accordance with applicable accounting standards.

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 1985. 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.

continued.....

STONE & COMPANY (INVESTMENTS) LIMITED**REPORT OF THE DIRECTORS continued****DIRECTORS AND THEIR INTERESTS**

The directors at 31st December 1998 and their interests in the capital of the company were:-

	Ordinary shares		Preference shares	
	at	at	at	at
	31.12.98	1.1.98	31.12.98	1.1.98
C.J. Setter	7,725	7,725	16,382	16,382
M.P. Setter	7,725	7,725	16,381	16,381
C.J. & M.P. Setter				
joint non-beneficial holding	6,500	6,500	86,200	86,200

In addition J.B. Setter served as a director until his death on 28th June 1998.

AUDITORS

The auditors, Messrs. Richards & Co., have indicated their willingness to accept re-appointment under Section 384 (1) of the Companies Act 1985.

By order of the Board

M.P. SETTER



Secretary

18th October 1999

STONE & COMPANY (INVESTMENTS) LIMITED**REPORT OF THE AUDITORS****to the members of Stone & Company (Investments) Limited**

We have audited the financial statements on pages 5 to 20 which have been prepared under the historical cost convention and the accounting policies set out on page 10.

Respective responsibilities of directors and auditors

As described on page 2 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. 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 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 affairs of the company and the group at 31st December 1998 and of the result of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**RICHARDS & CO.**

Registered Auditors,
Chartered Accountants,
Bristol.

18th October 1999

STONE & COMPANY (INVESTMENTS) LIMITED

GROUP PROFIT AND LOSS ACCOUNT

For the year ended 31st December 1998

	Notes	1998			1997		
		Continuing operations £	Discontinued operations £	Total £	Continuing operations £	Discontinued operations £	Total £
TURNOVER							
Direct expenses	2	6,392,866 (5,879,502)	2,164,876 (491,274)	8,557,742 (6,370,776)	3,192,245 (2,787,991)	5,136,141 (3,244,287)	8,328,386 (6,032,278)
GROSS PROFIT		513,364	1,673,602	2,186,966	404,254	1,891,854	2,296,108
Administrative expenses		(283,417)	(2,168,832)	(2,452,249)	(374,865)	(1,138,398)	(1,513,263)
Other operating income		8,753	-	8,753	10,469	-	10,469
OPERATING PROFIT (LOSS)	3	238,700	(495,230)	(256,530)	39,858	753,456	793,314
Interest receivable and similar income	4			305,071			193,534
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION							
Taxation	7			48,541 6,096			986,848 (47,275)
PROFIT FOR THE FINANCIAL YEAR				54,637			939,573
Dividends	8			(132,521)			-
RETAINED PROFIT (LOSS) FOR YEAR				(77,884)			939,573

STONE & COMPANY (INVESTMENTS) LIMITED**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES****For the year ended 31st December 1998**

	Company		Group	
	1998	1997	1998	1997
	£	£	£	£
Profit for the financial year	1,797	902,796	54,637	939,573
Dividends paid	(132,521)	-	(132,521)	-
Redemption of share capital	-	(277,604)	-	(277,604)
Dividends received from group companies	-	699,968	-	-
Profit on disposal of shares in group companies	-	147,446	-	-
Reduction in capital reserve on consolidation	-	-	-	344
Total recognised gains and losses relating to the year	<u>(130,724)</u>	<u>1,472,606</u>	<u>(77,884)</u>	<u>662,313</u>

**RECONCILIATION OF MOVEMENTS
IN SHAREHOLDERS FUNDS**

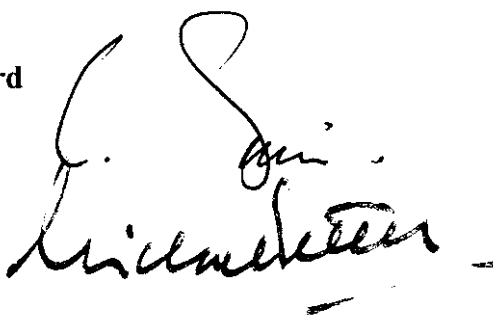
Profit for the financial year	1,797	902,796	54,837	939,573
Dividends paid	(132,521)	-	(132,521)	-
Other recognised gains and losses relating to the year	-	-	-	-
Redemption of share capital	-	(277,604)	-	(277,604)
Dividends received from group companies	-	699,968	-	-
Profit on disposal of shares in group companies	-	147,446	-	-
Net addition to (reduction of) shareholders funds	<u>(130,724)</u>	<u>1,472,606</u>	<u>(77,884)</u>	<u>661,969</u>
Opening shareholders funds	<u>3,156,565</u>	<u>1,683,959</u>	<u>3,185,789</u>	<u>2,523,820</u>
Closing shareholders funds	<u>3,025,841</u>	<u>3,156,565</u>	<u>3,107,905</u>	<u>3,185,789</u>

STONE & COMPANY (INVESTMENTS) LIMITED
GROUP BALANCE SHEET AT 31ST DECEMBER 1998

	Notes	1998 £	1997 £
FIXED ASSETS			
Tangible assets	9	158,740	218,062
Investments	10	23,778	59,683
		<u>182,518</u>	<u>277,745</u>
CURRENT ASSETS			
Stocks	11	321,876	296,436
Debtors	12	521,406	3,399,706
Investments	13	-	542,203
Cash at bank and in hand		3,196,883	913,179
		<u>4,040,165</u>	<u>5,151,524</u>
CREDITORS: amounts falling due within one year	14	<u>(1,103,085)</u>	<u>(2,213,676)</u>
NET CURRENT ASSETS		<u>2,937,080</u>	<u>2,937,848</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,119,598	3,215,593
CREDITORS: amounts falling due after more than one year			
Instalments due on hire purchase contracts	15	(4,693)	(844)
		<u>3,114,905</u>	<u>3,214,749</u>
PROVISION FOR LIABILITIES AND CHARGES	16	<u>(7,000)</u>	<u>(28,960)</u>
		<u>3,107,905</u>	<u>3,185,789</u>
CAPITAL AND RESERVES			
Called up share capital (including non-equity interests)	17	157,121	157,121
Capital redemption reserve		158,479	158,479
Capital reserve on consolidation		1,356	1,356
Profit and loss account	18	<u>2,790,949</u>	<u>2,868,833</u>
Shareholders funds		<u>3,107,905</u>	<u>3,185,789</u>

Signed on behalf of the Board

C.J. SETTER)
) Directors
M.P. SETTER)


Dated: 18th October 1999

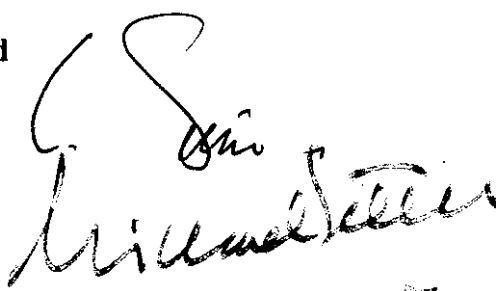
STONE & COMPANY (INVESTMENTS) LIMITED
BALANCE SHEET AT 31ST DECEMBER 1998

	Notes	1998 £	1997 £
FIXED ASSETS			
Tangible assets	9	58,871	101,908
Investments	10	95,872	131,777
		<u>154,743</u>	<u>233,685</u>
CURRENT ASSETS			
Stocks	11	11,599	165,702
Debtors	12	177,740	2,722,082
Investments	13	-	542,203
Cash at bank and in hand		3,004,313	724,524
		<u>3,193,652</u>	<u>4,154,511</u>
CREDITORS: amounts falling due within one year	14	<u>(322,554)</u>	<u>(1,209,387)</u>
NET CURRENT ASSETS		<u>2,871,098</u>	<u>2,945,124</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,025,841	3,178,809
CREDITORS: amounts falling due after more than one year			
Instalments due on hire purchase contracts	15	-	(844)
		<u>3,025,841</u>	<u>3,177,965</u>
PROVISION FOR LIABILITIES AND CHARGES	16	-	(21,400)
		<u>3,025,841</u>	<u>3,156,565</u>
CAPITAL AND RESERVES			
Called up share capital (including non-equity interests)	17	157,121	157,121
Capital redemption reserve		158,479	158,479
Profit and loss account	18	2,710,241	2,840,965
Shareholders funds		<u>3,025,841</u>	<u>3,156,565</u>

Signed on behalf of the Board

C.J. SETTER)
) Directors
M.P. SETTER)

Dated: 18th October 1999



STONE & COMPANY (INVESTMENTS) LIMITED
GROUP CASH FLOW STATEMENT
For the year ended 31st December 1998

	Notes	£	1998 £	£	1997 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	21		1,583,086		1,028,711
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest received		215,843		57,685	
Income from fixed asset investments		9,271		12,972	
Income from listed investments		<u>16,699</u>	241,813	<u>19,080</u>	89,737
TAXATION					
Corporation tax (paid) received			(39,566)		2,407
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT					
Payments to acquire tangible fixed assets		(8,206)		(13,000)	
Receipts from disposal of tangible fixed assets		39,800		117,173	
Payments to acquire fixed asset investments		-		(23,778)	
Receipts from disposal of fixed asset investments		<u>58,970</u>	90,564	<u>1,429</u>	81,824
EQUITY DIVIDENDS PAID			(132,521)		-
REDEMPTION OF SHARE CAPITAL			-		<u>(277,604)</u>
CASH INFLOW BEFORE USE OF LIQUID RESOURCES AND FINANCING			1,743,376		925,075
MANAGEMENT OF LIQUID RESOURCES					
Net disposal (acquisition) of current asset investments			542,203		(290,563)
FINANCING					
Hire purchase advances		7,678		-	
Capital element of hire purchase repayments		<u>(9,553)</u>		<u>(7,464)</u>	
			(1,875)		<u>(7,464)</u>
INCREASE IN CASH	22		<u>2,283,704</u>		<u>627,048</u>

STONE & COMPANY (INVESTMENTS) LIMITED**NOTES TO THE ACCOUNTS**

1. ACCOUNTING POLICIES**Basis of accounts**

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Consolidation

The consolidated accounts incorporate the accounts of the company and its subsidiary companies. In accordance with Section 230 of the Companies Act 1985 a separate profit and loss account of Stone & Company (Investments) Limited is not presented, as the results of the company are included in the consolidated profit and loss account.

Turnover

Turnover represents the amount receivable by the group, excluding taxes, on sales and services provided to third parties and includes progress billings in respect of work in progress.

Depreciation

Depreciation is provided on all fixed assets, other than freehold land and buildings, at rates calculated to write them off over their estimated useful lives, after taking account of estimated residual values as follows:

- Plant and equipment - over periods from three to six years
- Motor vehicles - over three years

No depreciation has been provided on freehold land and buildings as their residual values are expected to be in excess of cost.

Stock and work in progress

Housing, short term contracts and inventories are valued at the lower of cost, including overheads, and net realisable value.

Long term contracts are valued at cost plus attributable overheads and proportion of estimated profit earned to date less foreseeable losses.

Deferred taxation

Deferred taxation is provided on the liability method to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes.

Leasing

Tangible fixed assets acquired under hire purchase contracts are capitalised and depreciated in the same manner as other tangible fixed assets. The related obligations, net of future finance charges are included in creditors.

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

2. TURNOVER

Turnover relates to the group activities in the United Kingdom.

STONE & COMPANY (INVESTMENTS) LIMITED**NOTES TO THE ACCOUNTS continued**

	1998 £	1997 £
3. GROUP OPERATING PROFIT (LOSS)		
is stated after accounting for:		
Depreciation of owned assets	26,816	50,027
Depreciation of assets held under hire purchase contracts	912	6,000
Auditors remuneration - audit services	9,675	9,320
- taxation and accounting services	4,500	6,500
Rent receivable	(8,753)	(10,469)
Profit on disposal of tangible fixed assets	-	(5,409)
	<u>26,816</u>	<u>50,027</u>
4. INTEREST RECEIVABLE AND SIMILAR INCOME		
Bank and building society interest	215,843	57,685
Income from fixed asset investments	9,271	12,972
Income from listed investments	16,699	19,080
Profit on disposal of listed investments	40,193	548
Provision for increase in market value of listed investments	-	45,796
Profit on disposal of fixed asset investments	23,065	866
(Deficit) on revaluation of fixed asset investments	-	(13,333)
Profit on disposal of freehold property	-	69,920
	<u>305,071</u>	<u>193,534</u>
5. STAFF COSTS		
Wages and salaries	1,039,312	1,549,170
Social security costs	95,241	140,549
Other pension costs	1,491,094	27,124
	<u>2,625,647</u>	<u>1,716,843</u>
The average monthly number of employees during the year was made up as follows:		
	No.	No.
Manual	24	34
Office and management	16	25
	<u>40</u>	<u>59</u>

NOTES TO THE ACCOUNTS continued

	1998 £	1997 £		
6. DIRECTORS EMOLUMENTS				
Aggregate emoluments	373,737	675,973		
Aggregate contributions to defined contribution pension schemes	1,466,594	10,377		
	<u>1,840,331</u>	<u>686,350</u>		
Retirement benefits are accruing to two directors under defined contributions schemes				
The above details include the following amounts in respect of the highest paid director:				
Aggregate emoluments	285,911	437,201		
Aggregate contributions to defined contributions pension scheme	750,990	5,189		
	<u>1,038,901</u>	<u>442,390</u>		
7. TAXATION				
Based on the result for the year				
Corporation tax	15,864	32,965		
Deferred taxation	(21,960)	15,305		
	(6,096)	48,270		
Taxation overprovided in previous years				
Deferred taxation - change of rate	-	(995)		
	<u>(6,096)</u>	<u>47,275</u>		
8. DIVIDENDS				
Ordinary - paid	<u>132,521</u>	<u>-</u>		
9. TANGIBLE FIXED ASSETS				
	Freehold land and buildings £	Motor vehicles £	Plant and equipment £	Total £
GROUP				
Cost:				
At 1st January 1998	127,480	228,216	64,525	420,221
Additions	-	8,206	-	8,206
Disposals	-	(110,736)	(9,109)	(119,845)
At 31st December 1998	<u>127,480</u>	<u>125,686</u>	<u>55,416</u>	<u>308,582</u>
Depreciation:				
At 1st January 1998	430	154,529	47,200	202,159
Charge for the year	-	17,528	10,200	27,728
Disposals	-	(70,936)	(9,109)	(80,045)
At 31st December 1998	<u>430</u>	<u>101,121</u>	<u>48,291</u>	<u>149,842</u>
Net book value at 1st January 1998	<u>127,050</u>	<u>73,687</u>	<u>17,325</u>	<u>218,062</u>
Net book value at 31st December 1998	<u>127,050</u>	<u>24,565</u>	<u>7,125</u>	<u>158,740</u>

STONE & COMPANY (INVESTMENTS) LIMITED
NOTES TO THE ACCOUNTS continued

9. TANGIBLE FIXED ASSETS continued

	Freehold land and buildings £	Motor vehicles £	Plant and equipment £	Total £
COMPANY				
Cost:				
At 1st January 1998	38,150	169,285	48,994	256,429
Disposals	-	(74,370)	(6,791)	(81,161)
At 31st December 1998	<u>38,150</u>	<u>94,915</u>	<u>42,203</u>	<u>175,268</u>
Depreciation:				
At 1st January 1998	-	117,575	36,946	154,521
Charge for the year	-	10,373	5,564	15,937
Disposals	-	(47,270)	(6,791)	(54,061)
At 31st December 1998	<u>-</u>	<u>80,678</u>	<u>35,719</u>	<u>116,397</u>
Net book value at 1st January 1998	<u>38,150</u>	<u>51,710</u>	<u>12,048</u>	<u>101,908</u>
Net book value at 31st December 1998	<u>38,150</u>	<u>14,237</u>	<u>6,484</u>	<u>58,871</u>

Included in the amounts for motor vehicles above
are the following amounts relating to assets acquired
under hire purchase contracts:

	Group £	Company £
Cost:		
At 1st January 1998	<u>27,000</u>	<u>27,000</u>
At 31st December 1998	<u>8,206</u>	<u>-</u>
Accumulated depreciation:		
At 1st January 1998	<u>15,000</u>	<u>15,000</u>
At 31st December 1998	<u>912</u>	<u>-</u>

STONE & COMPANY (INVESTMENTS) LIMITED**NOTES TO THE ACCOUNTS continued****10. FIXED ASSET INVESTMENTS**

	Subsidiary companies	Ground rents	Total
	£	£	£
GROUP			
Cost or valuation:			
At 1st January 1998		59,683	59,683
Disposals		<u>(35,905)</u>	<u>(35,905)</u>
At 31st December 1998		<u>23,778</u>	<u>23,778</u>
COMPANY			
Cost or valuation:			
At 1st January 1998	72,094	59,683	131,777
Disposals	-	<u>(35,905)</u>	<u>(35,905)</u>
At 31st December 1998	<u>72,094</u>	<u>23,778</u>	<u>95,872</u>

SUBSIDIARY COMPANIES

The company holds 100% of the allotted share capital of each of the following subsidiaries, all of which are incorporated in England:

Trading	Activity
Stone B.C.I. Limited	Interior and refurbishment contractors
Western Contractors Services Limited	Warehousemen
Non trading	
Stone & Company (Bristol) Limited	Dormant
Stone South Limited	Dormant
Stone Western Limited	Dormant

STONE & COMPANY (INVESTMENTS) LIMITED**NOTES TO THE ACCOUNTS continued****11. STOCKS**

	1998		1997	
	£	£	£	£
GROUP				
Building land		11,599		9,747
Work in progress	1,477,910		3,183,323	
Less: payments on account	<u>(1,167,633)</u>		<u>(2,896,634)</u>	
		<u>310,277</u>		<u>286,689</u>
		<u>321,876</u>		<u>296,436</u>
COMPANY				
Building land		11,599		9,747
Work in progress	-		1,973,278	
Less: payments on account	<u>-</u>		<u>(1,817,323)</u>	
		<u>-</u>		<u>155,955</u>
		<u>11,599</u>		<u>165,702</u>

12. DEBTORS

	1998	1997
	£	£
GROUP		
Trade debtors	420,141	3,323,511
Other debtors	83,419	50,000
Prepayments and accrued income	<u>17,846</u>	<u>26,195</u>
	<u>521,406</u>	<u>3,399,706</u>
COMPANY		
Trade debtors	36,966	2,652,952
Amounts owed by group companies	48,881	-
Other debtors	83,419	50,000
Prepayments and accrued income	<u>8,474</u>	<u>19,130</u>
	<u>177,740</u>	<u>2,722,082</u>

Other debtors of the group and company include amounts of £83,419 (1997 : £Nil) not due within one year.

STONE & COMPANY (INVESTMENTS) LIMITED**NOTES TO THE ACCOUNTS continued****13. CURRENT ASSET INVESTMENTS**

	1998 £	1997 £
GROUP AND COMPANY		
Listed investments:		
Cost:		
At 1st January 1998	459,353	214,586
Additions	70,510	394,685
Disposals	(529,863)	(149,918)
At 31st December 1998	-	459,353
Provision for increase in market value	-	82,850
Market value at 31st December 1998	-	542,203

14. CREDITORS: Amounts falling due within one year**GROUP**

Current instalments due on hire purchase contracts (Note 15)	2,412	8,136
Trade creditors	880,068	1,258,364
Current corporation tax	97,947	38,230
Other taxes and social security	36,220	148,056
Accruals and other creditors	86,438	760,890
	<u>1,103,085</u>	<u>2,213,676</u>

COMPANY

Current instalments due on hire purchase contracts (Note 15)	-	8,136
Trade creditors	116,212	411,754
Amounts owed to group companies	77,614	12,614
Current corporation tax	82,376	32,467
Other taxes and social security	7,575	24,138
Accruals and other creditors	38,777	720,278
	<u>322,554</u>	<u>1,209,387</u>

STONE & COMPANY (INVESTMENTS) LIMITED**NOTES TO THE ACCOUNTS continued**

	Company	Group
	£	£
15. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS		
Year ended 31st December 1999	-	2,859
Year ended 31st December 2000	-	2,859
Year ended 31st December 2001	-	<u>2,144</u>
	-	7,862
Less: Finance charges allocated to future periods	-	<u>(757)</u>
	-	<u>7,105</u>
Hire purchase advances shown as:		
Current obligations (Note 14)		2,412
Non-current obligations	-	<u>4,693</u>
	-	<u>7,105</u>
	1998	1997
	£	£

16. PROVISION FOR LIABILITIES AND CHARGES**DEFERRED TAXATION****GROUP**

Movements in the year are as follows:-

Balance at 1st January 1998	28,960	14,650
Charge (credit) for year	<u>(21,960)</u>	<u>14,310</u>
Balance at 31st December 1998	<u>7,000</u>	<u>28,960</u>

COMPANY

Movements in the year are as follows:-

Balance at 1st January 1998	21,400	6,690
Charge (credit) for year	<u>(21,400)</u>	<u>14,710</u>
Balance at 31st December 1998	<u>-</u>	<u>21,400</u>

STONE & COMPANY (INVESTMENTS) LIMITED
NOTES TO THE ACCOUNTS continued
16. PROVISION FOR LIABILITIES AND CHARGES continued
DEFERRED TAXATION continued

Deferred taxation liability (asset) included in the accounts and the potential amounts, including the amounts for which provision has been made, is as follows:-

	1998		1997	
	Provided	Potential	Provided	Potential
	£	£	£	£
GROUP				
Accelerated capital allowances	7,000	7,000	7,560	(10,615)
Trading losses	-	-	-	(4,200)
Increase in market value of listed investments	-	-	21,400	21,400
	<u>7,000</u>	<u>7,000</u>	<u>28,960</u>	<u>6,585</u>
COMPANY				
Accelerated capital allowances	-	-	-	(18,175)
Trading losses	-	-	-	(4,200)
Increase in market value of listed investments	-	-	21,400	21,400
	<u>-</u>	<u>-</u>	<u>21,400</u>	<u>(975)</u>
			1998	1997
			No.	No.

17. SHARE CAPITAL

Authorised		
Equity interests		
Ordinary shares of £1 each		
53,500 shares	53,500	53,500
Non-equity interests		
Preference shares of £1 each		
271,500 1.75% net cumulative	271,500	271,500
	<u>325,000</u>	<u>325,000</u>
	£	£
Allotted, called up and fully paid		
Equity interests		
Ordinary shares of £1 each		
22,050 shares	22,050	22,050
Non-equity interests		
Preference shares of £1 each		
135,071 1.75% net cumulative	135,071	135,071
	<u>157,121</u>	<u>157,121</u>

STONE & COMPANY (INVESTMENTS) LIMITED**NOTES TO THE ACCOUNTS continued****18. PROFIT AND LOSS ACCOUNT**

	1998 £	1997 £
GROUP		
Balance at 1st January 1998	2,868,833	2,206,520
Total recognised gains and losses relating to the year	(77,884)	662,313
Balance at 31st December 1998	<u>2,790,949</u>	<u>2,868,833</u>
COMPANY		
Balance at 1st January 1998	2,840,965	1,368,359
Total recognised gains and losses relating to the year	(130,724)	1,472,606
Balance at 31st December 1998	<u>2,710,241</u>	<u>2,840,965</u>

19. CONTINGENT LIABILITY

As part of its trading practices the group arranges bank guarantees for performance bonds given to customers.

At 31st December 1998 the contingent liability of the group under these bonds amounted to £71,863 (1997: £13,777).

20. RELATED PARTY RELATIONSHIPS

In accordance with the provisions of Financial Reporting Standard 8 it is disclosed that C.J. Setter and M.P. Setter control the majority of the voting rights of the ordinary share capital of the company.

During the year the company supplied management and administration services to Stone Ecclesiastical Limited a company under the control of M.P. Setter and of which he is a director to the value of £30,000.

STONE & COMPANY (INVESTMENTS) LIMITED

NOTES TO THE GROUP CASH FLOW STATEMENT

	1998 £	1997 £		
21. RECONCILIATION OF OPERATING PROFIT (LOSS) TO NET CASH INFLOW FROM OPERATING ACTIVITIES				
Operating profit (loss)	(256,530)	793,314		
Depreciation	27,728	56,027		
(Profit) on disposal of tangible fixed assets	-	(5,409)		
Profit on disposal of listed investments	40,193	548		
Provision for increase in value of listed investments	-	45,796		
(Increase) decrease in stocks	(25,440)	906,805		
(Increase) decrease in debtors	2,961,719	(597,190)		
Increase (decrease) in creditors	(1,164,584)	(171,180)		
NET CASH INFLOW FROM OPERATING ACTIVITIES	<u>1,583,086</u>	<u>1,028,711</u>		
22. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS				
Increase in cash	2,283,704	627,048		
Cash outflow from decrease in hire purchase financing	1,875	7,464		
Cash used to increase (used from decrease) in current asset investments	(542,203)	290,563		
Change in net funds	1,743,376	925,075		
Net funds at 1st January 1998	1,446,402	521,327		
Net funds at 31st December 1998	<u>3,189,778</u>	<u>1,446,402</u>		
23. ANALYSIS OF CHANGES IN NET FUNDS				
	At 31.12.97 £	Cash flows £	Other changes £	At 31.12.98 £
Cash at bank and in hand	913,179	2,283,704	-	3,196,883
Current asset investments	542,203	(542,203)	-	-
Hire purchase repayments due within one year	(8,136)	9,553	3,829	(2,412)
Hire purchase repayments due after more than one year	(844)	(7,678)	(3,829)	(4,693)
	<u>1,446,402</u>	<u>1,743,376</u>	<u>-</u>	<u>3,189,778</u>