

# **Caparo Investments Limited**

## **Directors' Report and Financial Statements**

**For the year ended 31 December 1994**

A Caparo Group Company

Company Number 998732



# Caparo Investments Limited

## Directors' Report and Financial Statements

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### Directors

**Ambar Paul  
Angad Paul  
C G Steele**

### Secretary and Registered Office

**C G Steele  
Caparo House, 103 Baker Street, London, W1M 2LN**

### Company Number

**998732**

### Auditors

**KPMG, 2 Cornwall Street,  
Birmingham, B3 2DL**

# Caparo Investments Limited

## Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31 December 1994.

### Principal activities

The principal activities of the company are the making of investments and dealing in securities.

### Business review

The profit and loss account is set out on page 4. The profit after taxation for the year was £ 2,000 (1993: loss £9,051,000).

The company has operated satisfactorily during the year. The directors are of the opinion that the company will continue to be profitable in the foreseeable future.

### Dividends

The directors do not recommend the payment of a dividend for the year.

### Directors and directors' interests

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

Dr Swraj Paul	(Chairman)	Resigned	10 October 1994
J. A. Leek		Resigned	10 October 1994
Ambar Paul			
Angad Paul		Appointed	10 October 1994
C G Steele		Appointed	10 October 1994

The interests of Ambar Paul and Angad Paul in the share capital of Caparo Group Ltd, the ultimate parent company, are disclosed in the directors' report of that company.

No director had any interest in the share capital of any subsidiary company of the ultimate parent company.

### Liability insurance

During the year the company maintained liability insurance for its officers.

# Caparo Investments Limited

## 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 and of the profit or loss 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## Auditors

On 6 February 1995 our auditors changed the name under which they practise to KPMG and accordingly have signed their report in their new name.

Pursuant to a shareholders' resolution the company is not obliged to reappoint its auditors annually and KPMG will therefore continue in office.

By order of the board

  
**C G Steele**  
Secretary

16 June 1995

# Caparo Investments Limited

## Report of the Auditors KPMG for the year ended 31 December 1994 to the members of Caparo Investments Limited

We have audited the financial statements on pages 4 to 10.

### *Respective responsibilities of the 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 report our opinion to you.

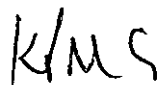
### *Basis of opinion*

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 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 mis-statement, 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 as at 31 December 1994 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



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KPMG  
Chartered Accountants  
Registered Auditors  
2 Cornwall Street  
Birmingham  
B3 2DL

16 June 1995

# Caparo Investments Limited

## Profit and Loss Account

for the year ended 31 December 1994

	Note	1994 £000	1993 £000
Turnover	2	-	48
Cost of sales		5	(30)
		<hr/> 5	<hr/> 18
Gross profit		(2)	(8,931)
Administrative expenses		<hr/> 3	<hr/> (8,913)
Operating profit/(loss)		-	677
Other interest receivable and similar income	3	-	(814)
Interest payable and similar charges	4	<hr/> 3	<hr/> (9,050)
Profit /(loss) on ordinary activities before taxation	5	(1)	(1)
Tax on profit/ (loss) on ordinary activities	7	<hr/> 2	<hr/> (9,051)
Profit / (loss) for the financial year		(10,412)	(1,361)
Deficit brought forward		<hr/> (10,410)	<hr/> (10,412)
Deficit carried forward		<hr/> <hr/>	<hr/> <hr/>

All of the above results relate to continuing operations.

There are no recognised gains or losses other than the loss for the year as shown above.

# Caparo Investments Limited

## Balance Sheet

at 31 December 1994

	Note	1994 £000	1993 £000
<b>Fixed assets</b>			
Investments	8	-	-
<b>Current assets</b>			
Investments	10	20	16
		<u>20</u>	<u>16</u>
<b>Creditors</b>			
Amounts falling due within one year	11	(2)	-
		<u>18</u>	<u>16</u>
<b>Net current assets</b>			
Debtors due after more than one year	9	473	473
		<u>491</u>	<u>489</u>
<b>Total assets less current liabilities</b>		<u>491</u>	<u>489</u>
<b>Creditors:</b>	12	(10,891)	(10,891)
Amounts falling due after more than one year			
<b>Net liabilities</b>		<u>(10,400)</u>	<u>(10,402)</u>
<b>Capital and reserves</b>			
Called up share capital	13	10	10
Profit and loss account		(10,410)	(10,412)
<b>Equity shareholders' funds</b>	14	<u>(10,400)</u>	<u>(10,402)</u>

These financial statements were approved by the board of directors on 16 June 1995 and were signed on its behalf by:



**C G Steele**  
Director

# Caparo Investments Limited

## Notes (forming part of the financial statements for the year ended 31st December 1994)

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements:

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

#### *Investments*

Fixed asset investments are stated in the balance sheet at cost, less provision where appropriate to reflect any permanent diminution in value.

Current asset investments comprise listed securities and are stated at the lower of cost and realisable value. Any realised profits or losses on disposal are charged or credited, and any unrealised losses at the balance sheet date are provided for within the profit and loss account.

#### *Foreign currencies*

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date except where they are covered by forward currency contracts when the forward rate is used. Any gains or losses on translation are included in the profit and loss account.

#### *Turnover*

Turnover represents sales proceeds of listed investments.

#### *Cash flow statement*

Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking.

### 2 Turnover and profits

All of the company's turnover and profits are derived from its principal activity within the United Kingdom.

### 3 Other interest receivable and similar income

	1994	1993
	£000	£000
Receivable from subsidiary undertakings	-	677
	<hr/>	<hr/>
	-	677
	<hr/>	<hr/>



# Caparo Investments Limited

## Notes (forming part of the financial statements for the year ended 31st December 1994)

### 4 Interest payable and similar charges

	1994	1993
	£000	£000
Payable to parent and fellow subsidiary undertakings	-	814
	<u>          </u>	<u>          </u>

### 5 Profit on ordinary activities before taxation

	1994	1993
	£000	£000
Profit on ordinary activities before taxation is stated		
after charging		
Auditors' remuneration	2	-
	<u>          </u>	<u>          </u>

Auditors remuneration for non-audit services during the period amounted to £Nil. (1993: £Nil).

### 6 Directors' remuneration and employees

No director received any remuneration during the year (1993 : Nil).

The average number of persons employed by the company (including directors) during the year was £Nil (1993 : Nil).

### 7 Taxation

	1994	1993
	£000	£000
Irrecoverable taxation on franked investment income written off	-	(1)
Corporation tax charge of 33% on the profit/(loss) on ordinary activities: current period	(1)	-
	<u>          </u>	<u>          </u>

Losses for taxation purposes of £Nil (1993 : £132,000 losses) have been surrendered by way of group relief to another group company for which no payment will be received.

# Caparo Investments Limited

**Notes** (forming part of the financial statements for the year ended 31st December 1994)

## 8 Fixed Asset Investments

	Shares in Subsidiary Undertakings	Investment Loan	Total
	£000	£000	£000
<b>Cost</b>			
At 1 January 1994 and 31 December 1994	50	1,117	1,167
<b>Provisions</b>			
At 1 January 1994 and 31 December 1994	50	1,117	1,167
<b>Net book value</b>			
At 1 January 1994 and 31 December 1994	-	-	-

Subject to certain conditions and options, the loan is repayable on or before 1 September 1995.

The principal subsidiaries which the company holds directly or indirectly are as follows:

Company	Percentage of Ordinary Shares held
Directly Held:	
Steel Sales Limited	100%
Caparo Properties Limited	100%
Indirectly Held:	
Osborne Hotel Torquay Limited	100%
Atlantic Merchants Limited	100%

The above companies are registered in England and Wales.

Consolidated financial statements are not submitted as the company is a wholly owned subsidiary of Caparo Group Ltd. The results of the company are included in the consolidated results of Caparo Group Ltd.

## 9 Debtors

	1994 £000	1993 £000
<b>Amounts falling due after more than one year:</b>		
Amounts owed by fellow subsidiary undertakings	473	473
	<u>473</u>	<u>473</u>

# Caparo Investments Limited

## Notes (forming part of the financial statements for the year ended 31st December 1994)

### 10 Current asset investments

	1994 £000	1993 £000
<b>Listed investments:</b>		
On Foreign Stock Exchanges	-	1
On London Stock Exchange	20	15
	<u>20</u>	<u>16</u>

All listed investments are stated at middle market value

### 11 Creditors: amounts falling due within one year

	1994 £000	1993 £000
Corporation tax	1	-
Accruals and deferred income	1	-
	<u>2</u>	<u>-</u>

### 12 Creditors: amounts falling due after more than one year

	1994 £000	1993 £000
Amount owed to ultimate parent company	10,891	10,891

### 13 Share capital and reserves

	1994 £000	1993 £000
<b>Authorised</b>		
100,000 deferred ordinary shares of £1 each	100	100
1,000 ordinary shares of 10p each	-	-
	<u>100</u>	<u>100</u>
<b>Allotted, called up and fully paid</b>		
10,000 deferred ordinary shares of £1 each	10	10
1,000 ordinary shares of 10p each	-	-
	<u>10</u>	<u>10</u>

The movement on the profit and loss reserve relates to the profit for the financial year.

# Caparo Investments Limited

## Notes (forming part of the financial statements for the year ended 31st December 1994)

### 14 Reconciliation of movement in shareholders' funds

	1994	1993
	£000	£000
Profit/(loss) for the financial year	2	(9051)
Shareholders' funds brought forward	(10,402)	(1,351)
Shareholders' funds carried forward	<u>(10,400)</u>	<u>(10,402)</u>

### 15 Parent Company

The company's immediate parent company is Caparo Group Limited, which is the ultimate parent company and which is registered in England and Wales.

Copies of the consolidated financial statements of the group can be obtained from Caparo House, 103 Baker Street, London W1M 2LN.

### 16 Continued Support

Caparo Group Limited has confirmed that it intends to support the company to enable it to fulfil its remaining obligations.