

**Caparo Investments Limited**

**Directors' report and  
financial statements**

**For the year ended  
31 December 1999**

**Registered number: 998732**



**BDO Stoy Hayward**  
Chartered Accountants

# **CAPARO INVESTMENTS LIMITED**

## **Directors' report and financial statements**

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# **CAPARO INVESTMENTS LIMITED**

## **Directors' report**

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The directors present their annual report and the audited financial statements for the year ended 31 December 1999.

### **Principal activity**

The principal activity of the company is making investments and dealing in securities.

### **Business review and future developments**

The profit and loss account is set out on page 4 and shows the profit for the year on ordinary activities after taxation of £47,000 (1998: loss of £51,000).

The directors are satisfied with the results of the company during the year.

### **Post Balance Sheet Event**

With effect from 1 January 2000 Steel Sales Limited transferred its 100% investment in Osborne Hotel Torquay Limited to Caparo plc, a fellow subsidiary of Caparo Group Limited. The investment was acquired through an intercompany loan from Caparo plc to Steel Sales Limited. Consideration for the investment was the value of the net liabilities of Osborne Hotel Torquay Limited as at 31 December 1999 of £2,518,000.

### **Dividends**

The directors do not recommend the payment of a dividend.

### **Directors and directors' interests**

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

The Honourable Ambar Paul  
The Honourable Angad Paul  
CG Steele

The interests of The Honourable Ambar Paul and The Honourable Angad Paul in the share capital of Caparo Group Limited, the parent company, are disclosed in the directors' report of that company. CG Steele had no interest in the shares of the parent company.

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

### **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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

## **CAPARO INVESTMENTS LIMITED**

### **Directors' report (*Continued*)**

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#### **Directors' responsibilities (*Continued*)**

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and 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.

#### **Year 2000**

As part of the company's plans for Year 2000 compliance, the company carried out reviews of the major computer and other systems and made amendments designed to make these systems Year 2000 compliant. In addition, a review was carried out of all systems which might contain embedded chips. In carrying out this work, the company took a prioritised approach, recognising the differing levels of business risk attaching to different systems.

The board is pleased to report that, since 1 January 2000, no significant problems have arisen.

#### **EMU Impact**

Having reviewed its commercial and accounting transactions, the company is ready to account for the impact of the single currency.

#### **Auditors**

Pursuant to a shareholders' resolution, the company is not obliged to re-appoint its auditors annually and BDO Stoy Hayward will, therefore, continue in office.

By order of the board



**CG Steele**  
Secretary

31 May 2000

Caparo House  
103 Baker Street  
London  
W1M 2LN

**Auditors' report to the members of Caparo Investments Limited**

We have audited the financial statements on pages 4 to 9 which have been prepared under the accounting policies set out on page 6.

**Respective responsibilities of directors and auditors**

As described on pages 1 and 2, the directors are responsible for the preparation of the 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 an 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 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 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**BDO STOY HAYWARD***Chartered Accountants  
and Registered Auditor*  
Nottingham

31 May 2000

**CAPARO INVESTMENTS LIMITED****Profit and loss account for the year ended 31 December 1999**

	Note	1999 £'000	1998 £'000
Administrative expenses		(24)	(74)
Other operating income		91	-
<b>Profit/(loss) on ordinary activities before taxation</b>		<u>67</u>	<u>(74)</u>
Tax on profit/(loss) on ordinary activities	3	(20)	23
<b>Profit/(loss) on ordinary activities after taxation</b>		<u>47</u>	<u>(51)</u>
Deficit brought forward		(10,674)	(10,623)
<b>Deficit carried forward</b>		<u>(10,627)</u>	<u>(10,674)</u>

The results reported above all relate to continuing activities.

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

# CAPARO INVESTMENTS LIMITED

## Balance sheet at 31 December 1999

	Note	1999 £'000	1998 £'000
<b>Fixed assets</b>			
Investments	4	20	-
<b>Current assets</b>			
Investments	5	16	7
Debtors - due within one year		14	-
- due after more than one year	6	473	473
		<u>503</u>	<u>480</u>
<b>Total assets less current liabilities</b>		<u>523</u>	<u>480</u>
<b>Creditors: amounts falling due after more than one year</b>	7	(11,140)	(11,144)
<b>Net liabilities</b>		<u>(10,617)</u>	<u>(10,664)</u>
<b>Capital and reserves</b>			
Called up share capital	8	10	10
Profit and loss account		(10,627)	(10,674)
<b>Shareholders' deficit (including non-equity interests)</b>	9	<u>(10,617)</u>	<u>(10,664)</u>

These financial statements were approved by the board of directors on 31 May 2000 and were signed on its behalf by:

  
**CG Steele**  
 Director

# CAPARO INVESTMENTS LIMITED

## Notes forming part of the financial statements

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### 1 Accounting policies

The financial statements have been prepared under the historical cost convention and in accordance with the applicable accounting standards. The following principal accounting policies have been applied:

#### *Investments*

Investments are stated at cost less provision for permanent diminution in value.

#### *Foreign currencies*

Profit and loss accounts of overseas subsidiary undertakings are translated at average rates of exchange prevailing during the year. Their net assets are translated at year end rates, the difference on exchange being taken to reserves.

Other monetary assets and liabilities denominated in foreign currencies are translated at year end rates, the exchange differences arising being taken to the profit and loss.

#### *Cash flow statement*

Under FRS 1 (revised), 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 Directors' remuneration and employees

No director received any remuneration during either year.

The company had no employees during either year.

### 3 Tax on profit/(loss) on ordinary activities

	1999 £'000	1998 £'000
UK corporation tax charge/(credit)	20	(23)
	<hr/>	<hr/>



# CAPARO INVESTMENTS LIMITED

## Notes forming part of the financial statements (*Continued*)

### 4 Fixed asset investments

	Shares in subsidiary undertakings £'000	Shares in participating interest £'000	Total £'000
<i>At cost</i>			
At beginning of year	50	355	405
Additions in year	-	20	20
At end of year	50	375	425
<i>Provisions</i>			
At beginning and end of year	50	355	405
<i>Net book value</i>			
At 31 December 1999	-	20	20
At 31 December 1998	-	-	-

The following were subsidiaries of the company at the balance sheet date:

Subsidiary undertaking	Percentage of equity shares held	Principal activity
<i>Directly held</i>		
Steel Sales Limited	100%	Intermediate holding company
Caparo Properties Limited	100%	Investment company
<i>Indirectly held:</i>		
Osborne Hotel Torquay Limited	100%	Hoteliers and timeshare operator
Atlantic Merchants Limited	100%	Dormant

With effect from 1 January 2000 Steel Sales Limited transferred its 100% investment in Osborne Hotel Torquay Limited to Caparo plc, a fellow subsidiary of Caparo Group Limited. The investment was acquired through an intercompany loan from Caparo plc to Steel Sales Limited. Consideration for the investment was the value of the net liabilities of Osborne Hotel Torquay Limited as at 31 December 1999 of £2,518,000.

Consolidated financial statements are not prepared as the company is a wholly owned subsidiary of Caparo Group Limited. The results of the company are included within the consolidated results of Caparo Group Limited.

# CAPARO INVESTMENTS LIMITED

## Notes forming part of the financial statements (*Continued*)

### 5 Current asset investments

	1999 £'000	1998 £'000
Listed investments:		
On London Stock Exchange	16	7

### 6 Debtors: Amounts falling due after more than one year

Amounts owed by fellow subsidiary undertakings	473	473
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### 7 Creditors: amounts falling due after more than one year

Amount owed to ultimate parent company	11,140	11,144
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The loan has no fixed repayment date and bears no interest.

### 8 Called up share capital

#### *Authorised:*

100,000 deferred ordinary shares of £1 each	100	100
1,000 ordinary shares of 10p each	-	-
	100	100

#### *Allotted, called up and fully paid:*

10,000 deferred ordinary shares of £1 each	10	10
1,000 ordinary shares of 10p each	-	-
	10	10

The non-equity deferred ordinary shares have no voting rights or distribution rights and are only entitled to a distribution limited to the nominal value of the shares in the event of the company being wound up.

## CAPARO INVESTMENTS LIMITED

### Notes forming part of the financial statements (*Continued*)

#### 9 Reconciliation of movements in shareholders' deficit

	1999 £'000	1998 £'000
Profit/(loss) for the financial year	47	(51)
Shareholders' deficit brought forward	(10,664)	(10,613)
Shareholders' deficit carried forward	<u>(10,617)</u>	<u>(10,664)</u>

#### 10 Related party transactions

Caparo Investments Limited owns 33.3% of the equity share capital of Victor Film Company Limited. The Honourable Angad Paul is a director of Victor Film Company Limited.

The company has taken advantage of the exemption available under FRS8 not to disclose transactions with entities that are part of Caparo Group Limited, on the grounds that the exemption is available as the company is a wholly owned subsidiary of Caparo Group Limited.

#### 11 Ultimate parent company

The company is a subsidiary of Caparo Group Limited, which is the ultimate parent company.

#### 12 Continued support

The ultimate parent company has confirmed that it will continue to support the company to enable it to fulfil its remaining obligations.