

**Touche
Ross**

Deloitte Touche
Tohmatsu
International



Company Registration No. 2044738

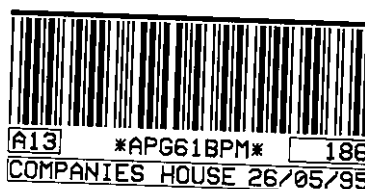
KINGSBRIDGE INVESTMENTS LIMITED

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

CONTENTS	Page
Director's report	1
Auditors' report	2
Profit and loss account	3
Balance sheet	4
Notes to the accounts	5

DIRECTOR'S REPORT

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

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The company is an investment company.

The results for the year are set out in the profit and loss account on page 3. The loss for the financial year of £34,628 has been added to the accumulated deficit to leave £2,072,819 carried forward.

The director does not recommend the payment of a dividend (1993 - £nil).

There are no material developments in prospect.

DIRECTORS AND THEIR INTERESTS

The directors who held office during the year were:

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

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 parent company, Rosehaugh PLC, which are disclosed in the accounts 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.

AUDITORS

Touche Ross & Co. were appointed on 18 April 1995 as auditors to the company and have expressed their willingness to continue in office as auditors.

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



Chartered Accountants

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

Telephone: National 01223 460222
International +44 1223 460222
Fax (Gp. 3): 01223 350839
DX 5812

KINGSBRIDGE INVESTMENTS LIMITED

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 not been maintained up to date. 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 Companies Act 1985.

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, 2 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 £
Other operating charges:			
Exceptional provision against amounts due from group undertakings	12	(35,669)	-
Other	2	(22)	-
		<u>(35,691)</u>	<u>-</u>
Interest receivable and similar income	3	<u>1,063</u>	<u>1,000</u>
(LOSS) PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(34,628)</u>	<u>1,000</u>
Tax on (loss) profit on ordinary activities	4	<u>-</u>	<u>-</u>
(LOSS) PROFIT FOR THE FINANCIAL YEAR		<u>(34,628)</u>	<u>1,000</u>
ACCUMULATED DEFICIT			
Beginning of year		<u>(2,038,191)</u>	<u>(2,039,191)</u>
End of year		<u><u>(2,072,819)</u></u>	<u><u>(2,038,191)</u></u>

All transactions arose from continuing activities.

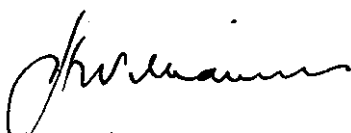
There were no recognised gains or losses other than the (loss) profit for the financial year. Accordingly, no statement is provided of total recognised gains and losses.



BALANCE SHEET
30 June 1994

	Note	1994 £	1993 £
FIXED ASSETS			
Investments	5	9,582	9,952
CURRENT ASSETS			
Debtors	6	875	37,559
Cash at bank and in hand		11,368	625
		12,243	38,184
CREDITORS: amounts falling due within one year	7	(44,544)	(36,227)
NET CURRENT (LIABILITIES) ASSETS		(32,301)	1,957
NET (LIABILITIES) ASSETS		(22,719)	11,909
CAPITAL AND RESERVES			
Called up share capital	8	2,050,100	2,050,100
Accumulated deficit		(2,072,819)	(2,038,191)
TOTAL SHAREHOLDERS' FUNDS		(22,719)	11,909
Shareholders' funds are attributable to:			
Equity shareholders' funds		(1,272,719)	(1,238,091)
Non equity shareholders' funds		1,250,000	1,250,000
		(22,719)	11,909

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

Investments held as fixed assets are stated at cost.

2. OTHER OPERATING CHARGES

Expenses of £22 (1993 - £nil) were payable to a group undertaking for the provision of management services and contribution to the cost of group salaries and overheads.

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

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	1994 £	1993 £
Bank interest receivable	15	-
Interest receivable on investments	1,000	1,000
Surplus on redemption of investment	48	-
	<u>1,063</u>	<u>1,000</u>

4. TAX ON (LOSS) PROFIT ON ORDINARY ACTIVITIES

Tax on the (loss) profit for the year has been reduced to nil by the application of management expenses brought forward which at 1 July 1993 were estimated to amount to £622,000.

5. FIXED ASSET INVESTMENTS

	1994 £	1993 £
£10,000 of 8% Treasury Stock 2003 at cost	9,582	-
£10,000 of 10% Treasury Stock 1994 at cost, see note 3 above	-	9,952
	<u>9,582</u>	<u>9,952</u>
Market value, end of year	<u>9,528</u>	<u>10,387</u>


NOTES TO THE ACCOUNTS
Year ended 30 June 1994
6. DEBTORS

	1994 £	1993 £
Amounts owed by group undertakings	35,669	37,309
Less provision, note 12	35,669	-
	-	37,309
Other debtors - taxation recoverable	500	250
- other	375	-
	875	37,559

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1994 £	1993 £
Amounts owed to group undertakings	34,962	36,227
Other creditors	9,582	-
	44,544	36,227

Amounts owed to group undertakings are unsecured and are repayable on demand. No interest has been charged on these amounts in the year. The group creditors assigned the benefit of the £34,962 balances on 28 November 1994 to KUH Limited, which then became the parent company and which has agreed not to demand repayment until the company has sufficient resources.

8. CALLED UP SHARE CAPITAL

	1994 £	1993 £
Authorised		
1,250,000 ordinary shares of £1 each	1,250,000	1,250,000
1,250,000 10.75% cumulative redeemable preference shares of £1 each	1,250,000	1,250,000
	2,500,000	2,500,000
Called up, allotted and fully paid		
800,100 ordinary shares of £1 each	800,100	800,100
1,250,000 10.75% cumulative redeemable preference shares of £1 each	1,250,000	1,250,000
	2,050,100	2,050,100

The 1,250,000 10.75% cumulative redeemable preference shares may, at the shareholders' option, be redeemed between 1994 and 1998 on 30 April of each year and, if not redeemed earlier, shall be redeemed on 30 April 1999 at par together with any arrears and accruals of the fixed dividend.

**NOTES TO THE ACCOUNTS****Year ended 30 June 1994****8. 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.

9. GUARANTEES AND 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. The company undertook to pay on demand any sums it might owe to the banks and guaranteed the bank indebtedness of all the other charging companies within the Group.

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

- b) No provision has been made for dividends payable on the company's 1,250,000 10.75% cumulative redeemable preference shares of £1 each, as the company has no distributable reserves. In the event that the company generated sufficient distributable reserves the arrears that would become payable amount to £427,054 (1993 - £292,679).

10. 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 were to continue to be available to the Group until 31 January 1994 or earlier demand. 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.

Expenditure by the Group was governed under the Agreement by reference to a cash flow statement which was 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 could 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 Guarantees and Debenture agreement described in note 9.

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****11. ULTIMATE PARENT COMPANY**

From 1 July 1993 to 28 November 1994 the company was a wholly owned subsidiary undertaking of Rosehaugh PLC, registered in England and Wales.

The only group in which the results of the company are consolidated is that headed by Rosehaugh PLC. The consolidated accounts of this group are available to the public and may be obtained from 9 Marylebone Lane, London W1M 5FB.

The company became a wholly owned subsidiary on 28 November 1994 of KUH Limited. The ultimate parent company is 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.

12. 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 £35,669 owing to the company by certain of such companies will be recovered and so full provision has been made. The appointment of the administrative receiver of the company's property was terminated on 29 November 1994.