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PREDART LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1999

Company's Registered Number: 457763



PREDART LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the financial statements of the company for the year ended 31st December 1999.

Review of the business

The company has not traded during the year and the directors do not expect the company to trade in the foreseeable future.

The company acts as agent for Cape Industrial Services Limited (company number 3337119 registered in England and Wales) receiving no income and incurring no expense. The costs of administration were borne by the parent company.

Dividends and transfer to reserves

The directors do not recommend the payment of a dividend (1998 : £NIL).

Share capital

There was no change in the share capital during the year.

Directors and directors' interests

The following persons served as directors during the year:

P R Ainley	(resigned 1.5.99)
W T Craig	(resigned 1.5.99)
J P Gartside	(resigned 1.5.99)
I Nickerson	(resigned 1.5.99)
M G Pitt-Payne	
M T Reynolds	
S H Smith	(appointed 13.5.99)
I R Widdowson	

The directors had no beneficial interests in the shares of the company.

Year 2000

The Year 2000 programme reported in last year's accounts has proved successful; with no major problems experienced throughout the company to date.

PREDART LIMITEDREPORT OF THE DIRECTORS (continued)Directors and directors' interests (continued)

Beneficial interests in shares of the holding company are as follows:

	CAPE PLC					
	Ordinary Shares of 25p each			Fully-paid shares		
	at	Share Options		at	at	at
	31.12.99	Granted In the year	Lapsed In the Year	31.12.98	31.12.99	31.12.98
M G Pitt-Payne	68,402	-	-	68,402	-	8,902
M T Reynolds	42,779	2,779	-	40,000	-	-
S H Smith	20,000	-	-	20,000*	-	-*
I R Widdowson	20,000	-	-	20,000	-	-

* Interest at date of appointment.

The directors held the above options under the Cape Executive and Savings Related Schemes approved by shareholders on 30th July 1986 and 7th May 1998. The options are exercisable between 31st December 1999 and 2nd July 2008 at share prices between 68p and 258p per share.

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 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
- 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.

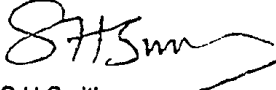
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The auditors PricewaterhouseCoopers have indicated their willingness to continue in office and in accordance with Section 385 of the Companies Act 1985, a resolution proposing their re-appointment will be put to the Annual General Meeting.

Iver Lane
Uxbridge
20th March 2000

By Order of the Board


S H Smith
Secretary

PREDART LIMITED

REPORT OF THE AUDITORS

TO THE MEMBERS OF PREDART LIMITED

We have audited the financial statements on pages 5 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 3, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit 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 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 at 31st December 1999 and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
West London
20 March 2000

PREDART LIMITEDPROFIT AND LOSS ACCOUNTFOR THE YEAR ENDED 31ST DECEMBER 1999

	Note	<u>1999</u> £000	<u>1998</u> £000
Profit on ordinary activities before taxation		-	-
Tax charge on profit on ordinary activities	3	-	(14)
Loss for the year		-	(14)

The results above all relate to continuing operations

There is no difference between the profit on ordinary activities before taxation and the profit for the year stated above and their historical cost equivalents.

Movements in reserves are set out in note 7 on page 9.

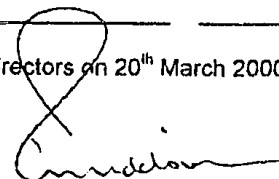
The notes on pages 8 to 10 form part of these financial statements.

29 - 06 - 00

PREDART LIMITEDBALANCE SHEETAT 31ST DECEMBER 1999

	Note	<u>1999</u> £000	<u>1998</u> £000
Debtors: Amounts falling due after more than one year:	4	2,873	2,864
Net Assets		<u>2,873</u>	<u>2,864</u>
Capital and reserves			
Equity:			
Called up share capital	6	414	414
Share premium reserve	7	223	223
Other reserves	7	561	561
Profit and loss account	7	<u>1,675</u>	<u>1,666</u>
Shareholders' funds		<u>2,873</u>	<u>2,864</u>

The financial statements were approved by the Board of Directors on 20th March 2000.



I R WIDDOWSON
Director

The notes on pages 8 to 10 form part of these financial statements.

PREDART LIMITEDYEAR ENDED 31ST DECEMBER 1999STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31ST DECEMBER 1999

	<u>1999</u> <u>£000</u>	<u>1998</u> <u>£000</u>
Loss for the year	-	(14)
Currency translation differences on foreign currency net debtors	9	(3)
Total recognised gains/(losses) relating to the year	9	(17)

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
FOR THE YEAR ENDED 31ST DECEMBER 1999

	<u>1999</u> <u>£000</u>	<u>1998</u> <u>£000</u>
Loss for the year	-	(14)
Currency translation differences on foreign currency net debtors	9	(3)
Net addition/(reduction) to shareholders' funds	9	(17)
Shareholders' funds at 1 st January	2,864	2,881
Shareholders' funds at 31 st December	2,873	2,864

PREDART LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31ST DECEMBER 1999

1. Accounting policies

a) Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards.

b) Foreign currencies

Foreign currency assets and liabilities are translated into sterling at the rates of exchange ruling at the balance sheet dates. Profits and losses of overseas branches are translated into sterling at the average rates of exchange during the year. The differences arising from the translation of net interests in overseas branches are dealt with through reserves as are differences between profits translated at average and closing rates.

c) Deferred taxation

Provision is made for deferred taxation on the liability method in respect of timing differences to the extent that it is probable that an actual liability will crystallise.

2. Profit on ordinary activities before taxation

The audit fee for 1999 was borne by the parent company
All expenses incurred by the company have been borne by the parent company.

3. Tax charge on profit on ordinary activities

	<u>1999</u> £000	<u>1998</u> £000
Taxation for the year comprises:		
UK Corporation tax -		
Under provision in respect of prior years	-	(14)
	_____	_____

PREDART LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

31ST DECEMBER 1999

4. Debtors: Amounts falling due after more than one year

	<u>1999</u> £000	<u>1998</u> £000
Amounts owed by parent company and fellow subsidiary undertakings	2,873	2,864

No interest is paid on the amounts owed by parent company and fellow subsidiary undertakings. These amounts will be repaid as and when agreed between the applicable parties.

5. Deferred tax

There is no potential liability to deferred taxation arising on timing differences between the treatment of items for accounts and taxation purposes at 31st December 1999 (1998 : £NIL).

6. Share capital

	<u>1999</u> £000	<u>1998</u> £000
Authorised:		
2,000,000 ordinary shares of 25p each	500	500
Called up, fully paid and allotted:		
1,656,000 ordinary shares of 25p each	414	414

7. Reserves

	<u>Share premium reserve</u> £000	<u>Other reserves</u> £000	<u>Profit and loss account</u> £000	<u>Total</u> £000
At 1 st January 1999	223	561	1,666	2,450
Currency translation differences on foreign currency net investments	-	-	9	9
At 31 st December 1999	223	561	1,675	2,459

PREDART LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

31ST DECEMBER 1999

8. Cash flow statement

Since the company is a wholly owned subsidiary and the cash flows of the company are included in the consolidated cash flow statement of Cape PLC, the company is exempt under the terms of Financial Reporting Standard No.1 (Revised) from publishing a cash flow statement.

9. Related party transactions

Since the company is a wholly owned subsidiary of Cape PLC, the company is exempt under the terms of Financial Reporting Standard No. 8 from reporting related party transactions.

10. Contingent liability

Under a group registration, the company is jointly and severally liable for Value Added Tax due by the parent company. At 31st December 1999 this contingent liability amounted to £1,901,646 (1998 : £1,825,675).

The company has undertaken together with certain UK undertakings within the Cape group to give joint and several guarantees to National Westminster Bank PLC in respect of any amounts due to the Bank from the company and other group undertakings.

11. Parent company

The company is a wholly owned subsidiary of Cape PLC, a company registered in England and Wales. Cape PLC is the smallest and largest group in which the results of the company are consolidated. Copies of the accounts of Cape PLC can be obtained from The Company Secretary, Cape PLC, Iver Lane, Uxbridge, Middlesex, UB8 2JQ.