

Chadmore Assets PLC

Directors' report and financial statements

26 December 1999

Registered number 2329790

Registered office

Lex House
17 Connaught Place
London
W2 2EL



Report and financial statements

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Directors and secretary

Directors

PR Harris
P Higgins (appointed 31 December 1998)
DM Smith (appointed 31 December 1998)
PE Lord (appointed 28 May 1999)
CP Sullivan (appointed 18 November 1999)
JD Fitch (resigned 31 December 1998)
AK Simpson (resigned 31 December 1998)
ME Powell (resigned 28 May 1999)
J Johnson (resigned 8 November 1999)

Secretary

ML Young

Directors' report

The directors have pleasure in submitting their report and the financial statements for the year ended 26 December 1999.

Principal activity and business review

The company did not trade during the year and the board has no plans at present to recommence trading.

Directors

The directors who held office during the year are as shown on page 1.

Directors' interests

None of the persons who were directors as at 26 December 1999 had any interest in the shares of the company.

All of the directors at the year end were also directors of the immediate parent undertaking, Lex Transfleet Limited, and their interests in the share and loan capital of group undertakings are disclosed in the directors' report of that company.

Millennium

All critical work for the millennium date change was completed during the year and regular progress reports were made to the company and the Lex Service PLC board, supported by independent external reviews. No material problems were identified in either the group, its customers or suppliers over the millennium rollover period.

The details and costings associated with this project are detailed in the Lex Transfleet Limited accounts.

Contingency plans are in place for millennium failures which may still occur affecting business critical systems. Given the complexity of the millennium problem it is not possible for any organisation to guarantee that there will not be any future problems. However, based on the experience to date, the Lex Service PLC board believes that the group is at an acceptable state of readiness.

Auditor

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditor to the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board


ML Young
Secretary

16 February 2000

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 year. 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.

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.

KPMG Audit Plc

2 Cornwall Street
Birmingham
B3 2DL

Auditor's report to the members of Chadmore Assets PLC

We have audited the financial statements on pages 5 to 7.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by 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 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 with the company is not disclosed.


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 the company's affairs as at 26 December 1999 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc
Chartered Accountants
Registered Auditor

16 February 2000

Balance sheet
at 26 December 1999

	<i>Note</i>	1999 £000	1998 £000
Current assets			
Debtors - amounts owed by group undertakings		6,702	6,702
		<u> </u>	<u> </u>
Capital and reserves			
Called up share capital	3	17,750	17,750
Profit and loss account		(11,048)	(11,048)
		<u> </u>	<u> </u>
Equity shareholders' funds		6,702	6,702
		<u> </u>	<u> </u>

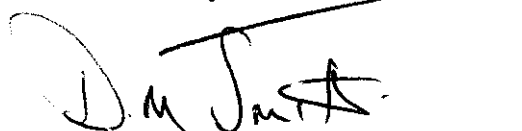
The notes on pages 6 and 7 form part of these financial statements

These financial statements were approved by the board of directors on 16 February 2000 and signed on their behalf by:

CP Sullivan
Director



DM Smith
Director



Notes
(forming part of the financial statements)

1. Principal 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 in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost less provisions for any permanent diminution in value.

Consolidated financial statements

Consolidated financial statements have not been prepared for the company and its subsidiary undertaking, as the company itself is a wholly owned subsidiary of a UK parent and is thus not required to do so under Section 228 of the Companies Act 1985.

Cash flow statement

A cash flow statement as defined by FRS 1 has not been prepared as the company is a wholly owned subsidiary of a UK parent.

2. Profit and loss account

During the financial year and the preceding financial year the company did not trade and received no income and incurred no expenditure and consequently made neither a profit nor a loss.

3. Called up share capital

	1999	1998
	£000	£000
<i>Authorised, allotted, issued and fully paid:</i>		
Equity: 17,750,000 ordinary shares of £1 each	17,750	17,750
	<u> </u>	<u> </u>

Notes (continued)

4. Parent undertaking

The immediate parent undertaking is Lex Transfleet Limited. Until 1 December 1999 the ultimate parent undertaking was National Westminster Bank Plc.

On 1 December 1999 the Joint Venture Agreement between Lombard North Central PLC and Lex Service PLC was modified by way of a Side Letter, to the effect that the number of directors appointed to the board of the company by Lombard North Central PLC, be reduced to three and that the chairman of the board shall no longer have the casting vote at general meetings of the company. As a result, neither Lombard North Central PLC or Lex Service PLC has ultimate control of the company.

Copies of the financial statements of Lex Transfleet Limited can be obtained from:

The Secretary, Lex Transfleet Limited, c/o Lex Service PLC, Lex House, 17 Connaught Place, London, W2 2EL

Copies of the financial statements of National Westminster Bank Plc can be obtained from:

The Secretary, National Westminster Bank Plc, 41 Lothbury, London, EC2P 2BP

Copies of the financial statements of Lex Service PLC can be obtained from:

The Secretary, Lex Service PLC, Lex House, 17 Connaught Place, London, W2 2EL