

REGISTERED NUMBER: 2461711

EUROPEAN NIGHT SERVICES LIMITED

REPORT AND ACCOUNTS

FOR THE YEAR ENDED

31 DECEMBER 1999



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EUROPEAN NIGHT SERVICES LIMITED

DIRECTORS' REPORT

The Directors present their report, together with the accounts of the Company, for the year to 31 December 1999.

Review of the Business

The Company has not traded during the year and has no plans to enter into any trading activities in the foreseeable future.

Dividends

The Directors do not propose that a dividend is paid.

Directors and interests

The following Directors, none of whom have any interest in the shares of the Company, served during the year:

R. D. Holden (Chairman, appointed 3 September 1999)

J. G. Struthers (Chairman, resigned 3 September 1999)

T.J. Wagenaar

Dr W. A. Kostler

J-L. Drugeon

Going Concern

The Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future and that it is therefore appropriate to adopt the going concern basis in preparing the financial statements. The Directors have satisfied themselves that the Company is in a satisfactory financial position and that sufficient borrowing facilities will be made available to meet the Company's foreseeable cash requirements.

Corporate Governance

The Company is a subsidiary of Eurostar (U.K) Limited which includes in its annual report and accounts a statement on corporate governance. The Directors of the Company consider that the measures put in place by Eurostar (U.K) Limited are sufficient to ensure compliance by the Company with the requirements of Corporate Governance best practice.


Year 2000 Compliance

The Company had no trading activity during the year and therefore there were no problems regarding computer malfunction on entering the year 2000. As there are no plans to enter into trading activities in the future, the Directors believe that no significant issues will emerge during the course of the year 2000.

Auditor

On 23 August 1999 KPMG Audit Plc were appointed as auditor. Pursuant to a shareholder's resolution the Company is not obliged to re-appoint its auditor annually.

BY ORDER OF THE BOARD



VM Wilson

Secretary

7 December 2000

EUROPEAN NIGHT SERVICES LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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; and
- 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 which enable them to ensure that the financial statements comply with the Companies Act 1985. They have a 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

EUROPEAN NIGHT SERVICES LIMITED

Report of the Auditor to the members of European Night Services Limited

We have audited the accounts on pages 4 to 9.

Respective responsibilities of Directors and Auditor

The Directors are responsible for preparing the Directors' Report and, as described on page 2, 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.

We read the other information accompanying the financial statements and consider whether it is consistent with those statements. We consider the implications for our audit if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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 consider 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 accounts give a true and fair view of the state of affairs of the Company as at 31 December 1999 and of the result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit 11C

KPMG Audit Plc
Chartered Accountants
Registered Auditor
London

16 January 2000

EUROPEAN NIGHT SERVICES LIMITED

Balance Sheets

		31 December 1999		31 December 1998	
	Note	£(000)	£(000)	£(000)	£(000)
Current assets					
Other debtors		-		1	
Cash at bank		8		248	
		<u>8</u>		<u>249</u>	
Creditors: amounts falling due					
Within one year	5	<u>(186,053)</u>		<u>(186,293)</u>	
Net current liabilities			(186,045)		(186,044)
Total assets less current liabilities			<u>(186,045)</u>		<u>(186,044)</u>
Provision for liabilities and charges	6		(125)		(126)
Net liabilities			<u>(186,170)</u>		<u>(186,170)</u>
Capital and reserves					
Called up share capital	7		100		100
Profit and loss account	8		(186,270)		(186,270)
Equity shareholders' funds	8		<u>(186,170)</u>		<u>(186,170)</u>

The Company has not traded during the year.

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. Consequently, during those years the Company made neither a profit nor a loss.

These accounts were approved by the Directors on 7 December 2000.



R. D. Holden
Chairman

EUROPEAN NIGHT SERVICES LIMITED
STATEMENT OF CASH FLOWS

	Year ended 31 December 1999		Year ended 31 December 1998	
	Note	£(000)	£(000)	£(000)
NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES	10(a)	-		(685)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		-		-
TAXATION		-		-
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		-		-
FINANCING				
Cash (outflow) / inflow from Shareholders' loans		(240)	168,476	
Lease repayments		<u>-</u>	<u>(167,608)</u>	
Net cash (outflow)/ inflow from financing			(240)	868
(DECREASE)/INCREASE IN CASH			<u>(240)</u>	<u>183</u>

EUROPEAN NIGHT SERVICES LIMITED

NOTES TO THE ACCOUNTS

1. Accounting policies

Basis of accounts

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards. They have also been prepared recognising that there are no current plans to enter into trading activities. The shareholders have agreed to continue to support the company as required by the joint venture agreement to which they are party.

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse. Deferred taxation assets are only recognised if recovery without replacement by equivalent debit balances is reasonably certain.

Foreign exchange

Transactions in a foreign currency are translated at the exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in a foreign currency are translated at the exchange rate ruling at the balance sheet date.

2. Turnover

The company received no trading income.

3. Operating expenditure

The Company employs no direct staff. All services are provided by the Shareholders for which no charge is made.

4. Directors' emoluments

The Company's Directors are all employees of the shareholding Railways and, as such, received no emoluments or expenses in respect of their Directorship. Under an agreement between the Company and the shareholding Railways no recharge is made in respect of Directors' costs. No Director held any material interest in any contract so far as the relevant provisions of the Companies Act are concerned.

NOTES TO THE ACCOUNTS (continued)

5. Creditors: Amounts falling due within one year

	31 December 1999	31 December 1998
	£(000)	£(000)
Shareholders' loans (see Note 9)	185,922	186,162
Trade creditors	<u>131</u>	<u>131</u>
	<u>186,053</u>	<u>186,293</u>

The Shareholders' loans are unsecured, interest free and are repayable within one year.

6. Provision for Liabilities and Charges

	Closure Costs £ (000)
Balance as at 1 January 1999	126
Utilised in year	<u>(1)</u>
Balance as at 31 December 1999	<u>125</u>

7. Share capital

The authorised, issued and fully paid-up share capital of the Company is 100,000 ordinary shares of £1 each. No shares have been issued during the year.

8. Reconciliation of shareholders' funds

	Share Capital £(000)	Profit & loss account £(000)	Total £(000)
Balance as at 1 January 1999	100	(186,270)	(186,170)
Result for the year	-	-	-
Balance as at 31 December 1999	<u>100</u>	<u>(186,270)</u>	<u>(186,170)</u>

NOTES TO THE ACCOUNTS (continued)

9. Immediate and ultimate parent undertaking

The immediate parent is Eurostar (U.K.) Limited who owns 61.5% of the issued share capital, within whose accounts the Company's results are consolidated. The ultimate parent company is London & Continental Railways Ltd. Copies of the accounts of both the immediate parent company and the ultimate parent company will be obtainable from Companies House.

The only material transactions with related parties are the provision of loans by shareholders. Movements during the year have been as follows:

	DB	EUKL	NS	SNCF	TOTAL
	£(000)	£(000)	£(000)	£(000)	£(000)
Balance at 1 January 1999	25,127	114,496	25,132	21,407	186,162
Repaid in year	(32)	(148)	(32)	(28)	(240)
Balance at 31 December 1999	<u>25,095</u>	<u>114,348</u>	<u>25,100</u>	<u>21,379</u>	<u>185,922</u>

The shareholders and their percentage shareholdings are:

DB - Deutsche Bahn (shareholding - 13.5%)

EUKL - Eurostar (U.K.) Limited (shareholding - 61.5%)

NS - NV Nederlandse Spoorwegen (shareholding - 13.5%)

SNCF - Société National des Chemins de fer Français (shareholding - 11.5%)

10. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of operating profit to net cash (outflow) from operating activities.

	Year ended 31 December 1999	Year ended 31 December 1998
	£(000)	£(000)
Operating loss	-	-
Decrease in debtors	1	100
(Decrease) in creditors and accruals	(1)	(785)
	<u>-</u>	<u>(685)</u>

(b) Reconciliation of net cash flow to movement in net debt.

	Year ended 31 December 1999	Year ended 31 December 1998
	£(000)	£(000)
(Decrease)/increase in cash	(240)	183
Cash outflow (inflow) from shareholders' loans	240	(168,476)
Lease repayments	-	167,608
Change in net debt resulting from cash flows	-	(685)
Net debt at 1 January 1999 (1 January 1998)	<u>(185,914)</u>	<u>(185,229)</u>
Net debt at 31 December 1999 (31 December 1998)	<u>(185,914)</u>	<u>(185,914)</u>

(c) Analysis of net debt

	Opening Balance	Cash flow	Closing balance
	£(000)	£(000)	£(000)
Cash	248	(240)	8
Shareholders' loans	<u>(186,162)</u>	<u>240</u>	<u>(185,922)</u>
	<u>(185,914)</u>	<u>-</u>	<u>(185,914)</u>