

Simon Storage Limited

Directors' report and financial statements

31 December 1999

Registered number 3795352



Directors' report and financial statements

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Simon Storage Ltd

Directors' report

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

Principal activities

The principal activity of the company is to provide the management of a group of bulk liquid storage businesses.

Business Review

The company was incorporated as Precis (1769) Ltd on 24 June 1999. The company name was changed to Simon Port Services Ltd on 14 July 1999 and subsequently to Simon Storage Ltd on 23 December 1999. The company did not trade during 1999 and no profit and loss account has been prepared. On 31 December 1999, Simon Storage Ltd acquired the trade, assets and liabilities of the bulk liquid storage management activities of Humber Sea Terminal Ltd (formerly Simon Storage Group Ltd).

Proposed dividend

The directors do not recommend the payment of a final dividend.

Payments to suppliers

The company agrees terms and conditions for its business transactions with suppliers. Payment is made in accordance with those terms, subject to other terms and conditions being met by the supplier.

Directors and directors' interests

The directors who held office during the period were as follows:

Mrs D Penfold (appointed 24 June 1999, resigned 14 July 1999)

Mrs C A Wilson (appointed 24 June 1999, resigned 14 July 1999)

Mr T J Redburn (appointed 14 July 1999)

Mr R J Catt (appointed 14 July 1999)

Mr M D Williamson (appointed 14 July 1999, resigned 1 January 2000)

Dr M C S Dixon, Mr R E Hartless, Mr P Rendall and Mr R D Sammons were appointed directors on 1 January 2000.

The Directors held the following interests in the ordinary shares of the ultimate holding company, Simon Group plc, at the beginning and end of the period:

	Shares		Options		Incentive Scheme Shares	
	31.12.99	24.6.99	31.12.99	24.6.99	31.12.99	24.6.99
M D Williamson	-	-*	58,809	25,000*	79,122	79,122*

* at date of appointment

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Directors' report *(continued)*

The Simon Group Incentive Scheme shares are held in trust and were allocated in July 1997 and April 1998.

The interests of Mr T J Redburn and Mr R J Catt who are also directors of Simon Group plc, the ultimate holding company, are disclosed in the accounts of that company.

Investments

On 31 December 1999 the company acquired the following investments:

Company	Shares	Consideration (£)
Seal Sands Storage Ltd	5,004	5,004
Simon Management Ltd (formerly Northern Waste Management Ltd)	100	100
Simon Riverside Ltd	2	2
Chemicals & Oil Storage Management Ltd	125,500	50,111

In consideration for the investments above, 55,217 ordinary £1 shares in the company were allotted.

Year 2000

The company is aware of the potential problems that may result from millennium related issues. A project team was set up to determine the extent of the problem and to identify and implement solutions. Critical systems were identified and tested during 1999. As part of the programme suppliers were asked to confirm that their products were Year 2000 compliant.

No significant problems were experienced on or around 31 December as a result of the date change from 1999 to 2000. Management are continuing to monitor the situation for potential issues that could arise during 2000. There are not expected to be any further significant costs associated with Year 2000 compliance.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



RD Sammons
Secretary

Priory House
60 Station Road
Redhill
SURREY
RH1 1PE

Simon Storage Ltd

Statement of responsibilities of the directors

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 these 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.

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Auditors' report to the members of Simon Storage Limited

We have audited the financial statements on pages 5 to 10.

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 31 December 1999 and of its result for the period from 24 June 1999 (the date of incorporation) to 31 December 1999 and have been properly prepared in accordance with the Companies Act 1985.



*Chartered Accountants
Registered Auditors*

12 June 2000

1 Forest Gate
Brighton Road
Crawley
West Sussex
RH11 9PT

Simon Storage Ltd

Profit & Loss Account

For the year ended 31 December 1999

The company was incorporated on the 24th of June 1999. During the financial year, the Company did not trade and received no income and incurred no expenditure. Consequently, during the period from 24 June 1999 to 31 December 1999 the Company made neither a profit nor a loss and hence no profit and loss account is presented.

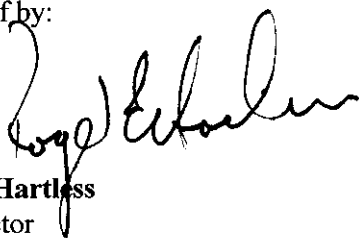
Simon Storage Ltd

Balance sheet at 31 December 1999

	Note	1999 £'000	£'000
Fixed assets			
Tangible assets	4		118
Investments	5		55
			<hr/> 173
Current assets			
Debtors	6	9,188	
Cash at bank and in hand		15	
		<hr/> 9,203	
Creditors: amounts falling due within one year	7	(9,321)	
		<hr/>	
Net current liabilities			(118)
			<hr/>
Total assets less current liabilities			55
			<hr/>
Net assets			55
			<hr/>
Capital and reserves			
Called up share capital	9		55
			<hr/>
Shareholders' funds			55
			<hr/>

The notes on pages 7 to 10 form part of these financial statements.

These financial statements were approved by the board of directors on 22 May 2000 and were signed on its behalf by:



R E Hartless
Director

Simon Storage Ltd

Notes

(forming part of the financial statements)

1 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.

The company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group accounts, as the company is included in the consolidated accounts of its parent undertaking, Simon Group plc.

Depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold land	-	no depreciation
Leasehold land and buildings	-	life of lease
Plant and machinery	-	10% to 25% per annum

Leases

Rentals applicable to operating leases under which substantially all the benefits and risks of ownership remain with the lessor, are charged to the profit and loss account as incurred.

Pension costs

The company's employees are eligible for membership of one of the Simon Group UK pension schemes. These are of the defined benefit type, the assets of which are held in independent trust funds. The net pension cost of the scheme is calculated as the net regular annual cost of providing retirement and pension benefits to current employees less an interest credit adjustment relating to the prepaid pension surplus. Company contributions to a number of defined contribution type pension schemes are charged as incurred.

The details which are required to be disclosed by Statement of Standard Accounting Practice No. 24 - Accounting for pension costs are given in the published accounts of the Simon Group in respect of the UK schemes as a whole, and actuarial data concerning individual companies within the Simon Group has not been prepared.

At the date of the latest actuarial valuations of the pension schemes in question a surplus was disclosed and this is being eliminated over a shorter period than the employees' average working lifetime by means of a contribution holiday for the participating companies.

2 Remuneration of directors

None of the directors received any emoluments from the company.

Simon Storage Ltd

Notes (continued)

3 Staff numbers and costs

The average number of persons employed by the company (excluding directors) during the year was nil.

4 Tangible fixed assets

	Freehold Land and Buildings £'000	Plant and machinery £'000	Total £'000
Cost or valuation			
Cost of assets acquired from Simon Group companies	80	97	177
At 31 December 1999	80	97	177
Depreciation			
Accumulated depreciation on assets acquired from Simon Group companies	-	59	59
At 31 December 1999	-	59	59
Net book value			
At 31 December 1999	80	38	118

5 Fixed asset investments

The principal companies in which the company's interest is more than 10% are as follows:

	Country of registration	Principal activity	Class and percentage of shares held
Subsidiary undertakings			
Seal Sands Storage Limited	England & Wales	Bulk storage	100% of ordinary share capital
Simon Riverside Limited	England & Wales	Bulk storage	100% of ordinary share capital
Chemicals and Oil Storage Management Limited	England & Wales	Holding company	50.01% of ordinary share capital
Simon Management Limited	England & Wales	Facilities Management	100% of ordinary share capital

Simon Storage Ltd

Notes (continued)

6 Debtors

	1999 £'000
Amounts owed by group undertakings	8,705
Corporation tax	407
Other taxes and social security	3
Prepayments	73
	<hr/> 9,188

7 Creditors: amounts falling due within one year

	1999 £'000
Amounts owed to group undertakings	8,874
Other taxes and social security	62
Accruals and deferred income	385
	<hr/> 9,321

8 Deferred taxation

The potential amount of deferred tax for all timing differences, together with the amount provided in the accounts, are as follows:

	1999	
	Provided £'000	Unprovided £'000
Excess of capital allowances over related depreciation	-	(2)
Other timing differences	-	(12)
	<hr/> -	<hr/> (14)

9 Called up share capital

	1999 £'000
100,000 Ordinary shares of £1 each authorised	
55,216 Ordinary shares of £1 each allotted	55
	<hr/>

Simon Storage Ltd

Notes (continued)

10 Operating lease commitments

Annual commitments under non-cancellable operating leases are as follows:

	1999	
	Land and buildings	Other
	£'000	£'000
Expiring within one year	-	4
Expiring within two to five years	-	40
Expiring after 5 years	114	-
	<hr/> 114	<hr/> 44

11 Cash flow statements

Under Financial Reporting Standard 1 (Revised), the company is exempt from the requirement to prepare a cash flow statement because the consolidated accounts of the immediate holding company include a consolidated cash flow statement dealing with the cash flows of that group.

12 Related party transactions

The following balances with related parties were outstanding as at 31 December 1999:

<i>Company:</i>	<i>Relationship with Simon Storage Ltd:</i>	<i>Balance at 31 December 1999:</i>	<i>Description:</i>
		<i>£'000</i>	
<i>Assets</i>			
Chemicals & Oil Storage Management Ltd	Subsidiary	460	Management Commission

13 Ultimate parent undertaking

The company is a subsidiary undertaking of Simon Group plc, incorporated in Great Britain and registered in England and Wales.

The consolidated accounts of the group are available to the public and may be obtained from Simon Group plc, 2 Eaton Gate, London SW1W 9BJ.