

Simon Storage Limited

Directors' report and financial statements

31 December 2000

Registered number 3795352



Directors' report and financial statements

Contents

| | |
|--|---|
| Directors' report | 1 |
| Statement of directors' responsibilities | 4 |
| Report of the auditors to the members of Simon Storage Limited | 5 |
| Profit & Loss Account | 6 |
| Balance sheet | 7 |
| Notes | 8 |

Simon Storage Ltd

Directors' report

The directors present their annual report and the audited financial statements for the period ended 31 December 2000.

Principal activities

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

Business Review

The directors regard the trading for the year to be satisfactory.

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:

| | |
|-------------------|----------------------------|
| Dr M C S Dixon | (appointed 1 January 2000) |
| Mr R E Hartless | (appointed 1 January 2000) |
| Mr P Rendall | (appointed 1 January 2000) |
| Mr R D Sammons | (appointed 1 January 2000) |
| Mr T J Redburn | |
| Mr R J Catt | |
| Mr M D Williamson | (resigned 1 January 2000) |

Simon Storage Ltd

Directors' report *(continued)*

The Directors held the following beneficial interests in the Ordinary Shares and Options (none of which has yet been exercised) over Ordinary Shares in the Company's ultimate holding company, Simon Group plc at the dates stated:-

| | Ordinary | Ordinary | Number of Shares under option or Allocated under the Simon Group Long Term Incentive Scheme | | | | | | |
|------------------------|--------------------|--------------------|---|--------|----------|----------|------------------------|---|----------------|
| | 31.12.00 Shares | 01.01.00 Shares | Date of grant/ allocation | Scheme | 31.12.00 | 01.01.00 | Exercise price p | Ordinarily capable of vesting or exercise from | Expiry date |
| Mr R E Hartless | 14,203 | 3,024 | 21/04/94 | A | 35,000 | 35,000 | 116.5 | 21/04/97 | 20/04/04 |
| | | | 08/09/94 | A | 20,000 | 20,000 | 109.5 | 08/09/97 | 07/09/04 |
| | | | 1997 | B | NIL | 29,813 | - | - | - |
| | | | 1998 | B | 19,524 | 19,524 | - | 01/01/01 | 31/12/02 |
| | | | 20/03/00 | C | 11,179 | NIL | - | 19/03/03 | 20/03/03 |
| | | | 14/04/00 | D | 2,867 | NIL | 50.0 | 01/06/03 | 30/11/03 |
| | | | 24/03/99 | E | 30,000 | 30,000 | 44.5 | 24/03/02 | 23/03/09 |
| Mr P Rendall | 6,779 | 155 | 21/04/94 | A | 35,000 | 35,000 | 116.5 | 21/04/97 | 20/04/04 |
| | | | 08/09/94 | A | 20,000 | 20,000 | 109.5 | 08/09/97 | 07/09/04 |
| | | | 1997 | B | NIL | 29,441 | - | - | - |
| | | | 1998 | B | 19,282 | 19,282 | - | 01/01/01 | 31/12/02 |
| | | | 20/03/00 | C | 6,624 | NIL | - | 19/03/03 | 20/03/03 |
| | | | 30/04/00 | D | 761 | 761 | 35.6 | 01/06/02 | 30/11/02 |
| | | | 14/04/00 | D | 1,395 | NIL | 50.0 | 01/06/03 | 30/11/03 |
| Mr R D Sammons | 16,179 | 5,000 | 21/04/94 | A | 35,000 | 35,000 | 116.5 | 21/04/97 | 20/04/04 |
| | | | 08/09/94 | A | 20,000 | 20,000 | 109.5 | 08/09/97 | 07/09/04 |
| | | | 1997 | B | NIL | 29,813 | - | - | - |
| | | | 1998 | B | 29,286 | 29,286 | - | 01/01/01 | 31/12/02 |
| | | | 20/03/00 | C | 11,179 | NIL | - | 19/03/03 | 20/03/03 |
| | | | 30/04/99 | D | 3,809 | 3,809 | 35.6 | 01/06/02 | 30/11/02 |
| | | | 14/04/00 | D | 2,635 | NIL | 50.0 | 01/06/03 | 30/11/03 |
| | | | 24/03/99 | E | 30,000 | 30,000 | 44.5 | 24/03/02 | 23/03/09 |

Share Schemes:

- The Simon Engineering Executive Share Option Scheme.
- The Simon Group 1995 Long Term Incentive Scheme under which contingent allocations are made and held under the trusts of the Scheme.
- Matching Share Allocation under the Simon Group 1995 Long Term Incentive Scheme under which shares are deposited with the Trustee and matching shares are awarded upon the achievement of performance targets.
- The 1995 Simon Group Savings Related Share Option Scheme.
- Simon Group plc 1999 Executive Share Option Scheme.

The interests of Dr M C S Dixon, 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.

Simon Storage Ltd

Directors' report *(continued)*

Investments

On 24 July 2000 the company acquired the following investment:

| Company | Shares | Consideration (£) |
|-----------------------------|---------|-------------------|
| Norman Lewis (Holdings) Ltd | 750,000 | £1,533,350 |

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.

Simon Storage Ltd

Auditors' report to the members of Simon Storage Limited

We have audited the financial statements on pages 6 to 13.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 4, 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 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Per Ms Audit Plc

*Chartered Accountants
Registered Auditors*

22 August 2001

1 Forest Gate
Brighton Road
Crawley
West Sussex
RH11 9PT

Simon Storage Ltd

Profit and loss account for the year ended 31 December 2000

| | Note | 2000 £'000 | 1999 £'000 |
|---|------|---------------|---------------|
| Turnover | 1 | 1,779 | - |
| Cost of sales | | - | - |
| Gross profit | | 1,779 | - |
| Administrative expenses | | (1,910) | - |
| Operating loss | | (131) | - |
| Interest | 3 | (9) | - |
| Loss on ordinary activities before taxation | 2 | (140) | - |
| Tax on loss on ordinary activities | 4 | 45 | - |
| Loss on ordinary activities after taxation | | (95) | - |
| Dividends received | | 6,500 | - |
| Dividends paid | | (6,000) | - |
| Retained profit for the financial year | | 405 | - |
| Retained profit brought forward | | - | - |
| Retained profit carried forward | | 405 | - |
| Statement of shareholders' funds | | | |
| Balance brought forward at beginning of year | | 55 | - |
| Issue of new shares | | - | 55 |
| Dividends received | | 6,500 | - |
| Dividends paid | | (6,000) | - |
| Loss for the year on ordinary activities after taxation | | (95) | - |
| Balance carried forward at end of year | | 460 | 55 |

Turnover and loss on ordinary activities before tax arise wholly from continuing activities.

The company has no recognised gains or losses other than the loss for the year

There is no material difference between the company's results above on an historical cost basis. Accordingly no note of historical cost profits and losses has been prepared.

The notes on pages 8 to 13 form part of these financial statements.

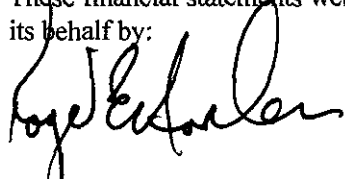
Simon Storage Ltd

Balance sheet at 31 December 2000

| | Note | 2000 | | 1999 | |
|---|------|----------------|----------------|----------------|--------------|
| | | £'000 | £'000 | £'000 | £'000 |
| Fixed assets | | | | | |
| Tangible assets | 7 | | 108 | | 118 |
| Investments | 8 | | 1,589 | | 55 |
| | | | <u>1,697</u> | | <u>173</u> |
| Current assets | | | | | |
| Debtors | 9 | 1,686 | | 9,188 | |
| Cash at bank and in hand | | - | | 15 | |
| | | <u>1,686</u> | | <u>9,203</u> | |
| Creditors: amounts falling due within one year | 10 | <u>(2,923)</u> | | <u>(9,321)</u> | |
| Net current liabilities | | | <u>(1,237)</u> | | <u>(118)</u> |
| Total assets less current liabilities | | | <u>460</u> | | <u>55</u> |
| Net assets | | | <u>460</u> | | <u>55</u> |
| Capital and reserves | | | | | |
| Called up share capital | 12 | | 55 | | 55 |
| Profit & loss account | | | 405 | | - |
| Shareholders' funds | | | <u>460</u> | | <u>55</u> |

The notes on pages 8 to 13 form part of these financial statements.

These financial statements were approved by the board of directors on 29 March 2001 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 the company's contributions being lower than the regular cost of benefits accruing.

Simon Storage Ltd

Notes (continued)

1 Accounting policies (continued)

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of services to customers during the year.

2 Loss on ordinary activities before taxation

| | 2000 £'000 | 1999 £'000 |
|---|---------------|---------------|
| <i>Loss on ordinary activities before taxation is stated after charging</i> | | |
| Auditors' remuneration: | | |
| Audit | 5 | - |
| Other services | 1 | - |
| Depreciation and other amounts written off tangible fixed assets | | |
| Owned | 10 | - |
| Operating lease rentals | 177 | - |
| | <hr/> | <hr/> |

3 Interest

| | 2000 £'000 | £'000 | 1999 £'000 | £'000 |
|---------------------------------|---------------|-------|---------------|-------|
| Interest receivable: | | | | |
| Bank interest receivable | 9 | | - | |
| Intra Group interest receivable | 11 | | - | |
| | <hr/> | | <hr/> | |
| | | 20 | | - |
| Interest payable: | | | | |
| Bank overdrafts | (10) | | - | |
| Intra Group interest payable | (19) | | - | |
| | <hr/> | | <hr/> | |
| | | (29) | | - |
| | | <hr/> | | <hr/> |
| | | (9) | | - |
| | | <hr/> | | <hr/> |

Simon Storage Ltd

Notes (continued)

4 Taxation

| | 2000 £'000 | 1999 £'000 |
|---|---------------|---------------|
| UK corporation tax at 30% (1999 30.25%) on the loss for the year on ordinary activities | 45 | - |
| | <hr/> 45 | <hr/> - |

5 Remuneration of directors

The aggregate emoluments of the directors amounted to £332,580 (1999 : nil).

The aggregate emoluments of the highest paid director were £130,563 (1999 : nil)

Employer contributions to a defined benefit pension scheme amounted to £6,645 (1999 : nil).

The defined pension entitlement of the highest paid director at 31 December 2000 was £33,455 pa (1999 : nil).

Dr M C S Dixon and Mr T J Redburn participate in the Simon Group Pension Fund solely for the purpose of receiving death in service benefits. Mr R J Catt, Mr R E Hartless, Mr P Rendall and Mr R D Sammons are all full members of the Simon Group Pension Fund, which is a defined benefit scheme.

6 Staff numbers and costs

The average number of persons employed by the company during the year was 23 (1999: nil).

The aggregate payroll costs of these persons were as follows:

| | 2000 £'000 | 1999 £'000 |
|-----------------------|---------------|---------------|
| Wages and salaries | 1,256 | - |
| Social security costs | 133 | - |
| Other pension costs | 75 | - |
| | <hr/> 1,464 | <hr/> - |

Simon Storage Ltd

Notes (continued)

7 Tangible fixed assets

| | Freehold Land and Buildings £'000 | Plant and machinery £'000 | Total £'000 |
|----------------------------|--|------------------------------------|----------------|
| Cost or valuation | | | |
| At 1 January 2000 | 80 | 97 | 177 |
| Additions | - | - | - |
| At 31 December 2000 | 80 | 97 | 177 |
| Depreciation | | | |
| At 1 January 2000 | - | 59 | 59 |
| Charge for year | - | 10 | 10 |
| At 31 December 2000 | - | 69 | 69 |
| Net book value | | | |
| At 31 December 2000 | 80 | 28 | 108 |
| At 31 December 1999 | 80 | 38 | 118 |

8 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 |
| Norman Lewis (Holdings) Limited | England & Wales | Holding company | 100% of ordinary share capital |
| Simon Management Limited | England & Wales | Facilities Management | 100% of ordinary share capital |

Simon Storage Ltd

Notes (continued)

9 Debtors

| | 2000 £'000 | 1999 £'000 |
|------------------------------------|---------------|---------------|
| Amounts owed by group undertakings | 596 | 8,705 |
| Corporation tax | 27 | 407 |
| Other taxes | 18 | 3 |
| Prepayments | 45 | 73 |
| Dividends receivable | 1,000 | - |
| | <hr/> 1,686 | <hr/> 9,188 |

10 Creditors: amounts falling due within one year

| | 2000 £'000 | 1999 £'000 |
|------------------------------------|---------------|---------------|
| Bank loans and overdrafts | 6 | - |
| Amounts owed to group undertakings | 1,519 | 8,874 |
| Other taxes and social security | 68 | 62 |
| Accruals and deferred income | 330 | 385 |
| Dividends payable | 1,000 | - |
| | <hr/> 2,923 | <hr/> 9,321 |

11 Deferred taxation

The potential amount of deferred taxation for all timing differences are as follows:

| | 2000 Unprovided £'000 | 1999 Unprovided £'000 |
|--|-----------------------------|-----------------------------|
| Excess of capital allowances over related depreciation | (2) | (2) |
| Other timing differences | (6) | (12) |
| | <hr/> (8) | <hr/> (14) |

12 Authorised and Called up share capital

| | 2000 £'000 | 1999 £'000 |
|---|---------------|---------------|
| 100,000 ordinary shares of £1 each authorised | 100 | 100 |
| 55,216 Ordinary shares of £1 each allotted | <hr/> 55 | <hr/> 55 |

Simon Storage Ltd

Notes (continued)

13 Operating lease commitments

The minimum operating lease payments to be made during the following year are:

| | 2000 | | 1999 | |
|-----------------------------------|--------------------------------|----------------|--------------------------------|----------------|
| | Land and buildings £'000 | Other £'000 | Land and Buildings £'000 | Other £'000 |
| Expiring within one year | - | 15 | - | 4 |
| Expiring within two to five years | - | 29 | - | 40 |
| Expiring after five years | 125 | - | 114 | - |
| | <hr/> 125 | <hr/> 44 | <hr/> 114 | <hr/> 44 |

14 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.

15 Related party transactions

The following balances with related parties were outstanding as at 31 December 2000:

| <i>Company:</i> | <i>Relationship with Simon Storage Ltd: £'000</i> | <i>Balance at 31 December 2000:</i> | <i>Description:</i> |
|---|---|---|--------------------------|
| <i>Assets</i> | | | |
| Chemicals & Oil Storage Management Ltd | Subsidiary | 402 | Management Commission |

The following transactions with related parties were recorded in the profit and loss accounts during the year ended 31 December 2000:

| <i>Company:</i> | <i>Relationship with Simon Storage Ltd: Assets</i> | <i>Value: £'000</i> | <i>Description:</i> |
|---|--|-------------------------|---------------------|
| Chemicals & Oil Storage Management Ltd | Subsidiary & Commission | 778 | Management fee |
| Chemicals & Oil Storage Management Ltd | Subsidiary | 267 | Personnel Recharges |

16 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.