

Simon Storage Limited

Directors' report and financial statements

31 December 2002

Registered number 3795352



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Simon Storage Limited

Directors' report and financial statements

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Simon Storage Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2002.

Principal activities

The principal activity of the company is the management of a group of bulk liquid storage businesses and the provision of terminal automation services.

Business review

The results for the year are set out in the profit and loss account on page 6.

Proposed dividend

An interim dividend of £1,250,000 (2001: £3,000,000) was paid during the year. The directors do not recommend the payment of a final dividend (2001: £Nil).

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. Creditor days at the end of the year were 12 (2001: 13 days).

Directors and directors' interests

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

Mr R E Hartless
Mr P Rendall
Mr R D Sammons
Mr M C S Dixon (resigned 11 April 2002)
Mr T J Redburn (resigned 13 January 2003)
Mr R J Catt (resigned 13 January 2003)
Mr M J A Lyons (appointed 20 January 2003)
Mr P R Betts (appointed 20 January 2003)

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

Ordinary	Ordinary	Number of Shares under option or Allocated under the Simon Group Long Term Incentive Scheme							
31.12.02 Shares	01.01.02 Shares	Date of grant/ allocation	Scheme	31.12.02	01.01.02	Exercise	Ordinarily capable of vesting or exercise from	Expiry date	

Mr R E Hartless	18,918	11,304	21/4/94	A	35,000	35,000	116.5	21/4/97	20/4/04
			08/9/94	A	20,000	20,000	109.5	08/9/97	07/9/04
			20/3/00	C	11,179	11,179	-	19/3/03	20/3/03
			14/4/00	D	2,867	2,867	50.0	01/6/03	30/11/03
			6/4/01	D	3,386	3,386	49.2	01/6/04	30/11/04
			24/3/99	E	30,000	30,000	44.5	24/3/02	23/3/09

Simon Storage Limited

Directors' report (continued)

	Ordinary	Ordinary	Number of Shares under option or Allocated under the Simon Group Long Term Incentive Scheme						
	31.12.02 Shares	01.01.02 Shares	Date of grant/ allocation	Scheme	31.12.02	01.01.02	Exercise	Ordinarily capable of vesting or exercise from	Expiry date
Mr P Rendall	7,540	6,779	21/4/94	A	35,000	35,000	116.5	21/4/97	20/4/04
			08/9/94	A	20,000	20,000	109.5	08/9/97	07/9/04
			1998	B	19,282	19,282	-	01/1/01	31/12/02
			20/3/00	C	6,624	6,624	-	19/3/03	20/3/03
			14/4/00	D	1,395	1,395	50.0	01/6/03	30/11/03

	Ordinary	Ordinary	Number of Shares under option or Allocated under the Simon Group Long Term Incentive Scheme						
	31.12.02 Shares	01.01.02 Shares	Date of grant/ allocation	Scheme	31.12.02	01.01.02	Exercise	Ordinarily capable of vesting or exercise from	Expiry date
Mr R D Sammons	31,409	16,179	21/4/94	A	35,000	35,000	116.5	21/4/97	20/4/04
			08/9/94	A	20,000	20,000	109.5	08/9/97	07/9/04
			20/3/00	C	11,179	11,179	-	19/3/03	20/3/03
			14/4/00	D	2,635	2,635	50.0	01/6/03	30/11/03
			6/4/01	D	3,386	3,386	49.2	01/6/04	30/11/04
			1/6/02	D	3,653	-	46.8	01/6/05	30/11/05
			24/3/99	E	30,000	30,000	44.5	24/3/02	23/3/09

Share Schemes:

- A. The Simon Engineering Executive Share Option Scheme.
- B. The Simon Group 1995 Long Term Incentive Scheme under which contingent allocations are made and held under the trusts of the Scheme.
- C. 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.
- D. The 1995 Simon Group Savings Related Share Option Scheme.
- E. Simon Group plc 1999 Executive Share Option Scheme.

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.

Post balance sheet event and change in ultimate holding company

On 14 January 2003, Simon Group plc sold Simon Storage Limited and its subsidiaries to Siena Investments Limited.

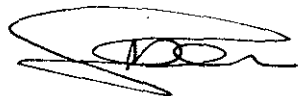
Simon Storage Limited

Directors' report *(continued)*

Auditors

In accordance with Section 385 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 Limited

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 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 Limited

Report of the independent auditors to the members of Simon Storage Limited

We have audited the financial statements on pages 6 to 14.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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 1985. 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 affairs of the company as at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

*KPMG Audit Plc
Chartered Accountants
Registered Auditor*

25 April 2003

1 Forest Gate
Brighton Road
Crawley
West Sussex
RH11 9PT

Simon Storage Limited

Profit and loss account

for the year ended 31 December 2002

	Note	2002 £'000	2001 £'000
Turnover	1	2,231	1,754
Cost of sales		(459)	-
Gross profit		1,772	1,754
Administrative expenses		(1,957)	(2,000)
Operating loss		(185)	(246)
Income from shares in group undertakings		1,250	3,728
Interest	3	28	(105)
Profit on ordinary activities before taxation		1,093	3,377
Tax on profit on ordinary activities	4	12	113
Profit on ordinary activities after taxation		1,105	3,490
Dividends	13	(1,250)	(3,000)
Retained (loss)/profit for the year		(145)	490
Retained profit brought forward		895	405
Retained profit carried forward		750	895
Reconciliation of movements in shareholders' funds			
Balance brought forward at beginning of year		950	460
Profit for the year		1,105	3,490
Dividends paid		(1,250)	(3,000)
Balance carried forward at end of year		805	950

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

The company has no recognised gains or losses other than the profit 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 14 form part of these financial statements.

Simon Storage Limited

Balance sheet
at 31 December 2002

	Note	2002 £'000	2001 £'000
Fixed assets			
Tangible assets	7	54	206
Investments	8	<u>1,579</u>	<u>1,579</u>
		1,633	1,785
Current assets			
Debtors	9	598	471
Cash at bank and in hand		<u>464</u>	<u>609</u>
		1,062	1,080
Creditors: amounts falling due within one year	10	<u>(1,890)</u>	<u>(1,915)</u>
Net current liabilities		<u>(828)</u>	<u>(835)</u>
Total assets less current liabilities		805	950
Net assets		<u>805</u>	<u>950</u>
Capital and reserves			
Called up share capital	12	55	55
Profit and loss account		750	895
Equity shareholders' funds		<u>805</u>	<u>950</u>

The notes on pages 8 to 14 form part of these financial statements.

These financial statements were approved by the board of directors on 24th March 2003 and were signed on its behalf by:


R E Hartless
Director

Simon Storage Limited

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:

Plant and machinery	-	10% to 25% per annum
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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 Financial Reporting Standard 17 – Retirement Benefits are given in the published accounts of the Simon Group plc in respect of the UK schemes as a whole, and actuarial data concerning individual companies within the Simon Group plc has not been prepared.

Simon Storage Limited

Notes (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. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by Financial Reporting Standard 19.

Turnover

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

2 Profit on ordinary activities before taxation

	2002 £'000	2001 £'000
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration:		
Audit	5	3
Depreciation and other amounts written off tangible fixed assets – owned	98	10
Operating lease rentals	201	179
	<hr/>	<hr/>

3 Interest

	2002		2001	
	£'000	£'000	£'000	£'000
Interest receivable:				
Bank interest receivable	28		8	
	<hr/>		<hr/>	
		28		8
Interest payable:				
Bank overdrafts	-		(5)	
Intra Group interest payable	-		(108)	
	<hr/>		<hr/>	
		-		(113)
		<hr/>		<hr/>
		28		(105)
		<hr/>		<hr/>

Simon Storage Limited

Notes (continued)

4 Taxation Analysis of charge in year

	2002 £'000	2001 £'000
UK corporation tax:		
Current tax on profit for the year	(13)	(106)
Deferred tax	1	(7)
	<hr/> (12) <hr/>	<hr/> (113) <hr/>

Factors affecting tax charge in the year

The current tax charge for the year is lower (2001: lower) than the standard rate of corporation tax in the UK 30% (2001: 30%). The differences are explained below.

	2002 £'000	2001 £'000
Profit on ordinary activities before taxation	1,093	3,377
Profit on ordinary activities multiplied by standard rate of UK corporation tax of 30% (2001: 30%)	328	1,013
Effects of:		
Expenses not deductible for tax purposes	5	-
Capital allowances for the year below/(in excess of) depreciation	29	(1)
Income from shares in group undertakings	(375)	(1,118)
Total current tax	<hr/> (13) <hr/>	<hr/> (106) <hr/>

5 Remuneration of directors

The aggregate emoluments of the directors amounted to £310,702 (2001 : £370,955).

The aggregate emoluments of the highest paid director were £119,291 (2001 : £146,881)

Mr T J Redburn participates 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 29 (2001: 24).

The aggregate payroll costs of these persons were as follows:

	2002 £'000	2001 £'000
Wages and salaries	1,395	1,264
Social security costs	137	134
Other pension costs	(18)	161
	<hr/> 1,514 <hr/>	<hr/> 1,559 <hr/>

Simon Storage Limited

Notes (continued)

7 Tangible fixed assets

	Assets under construction £'000	Freehold land and buildings £'000	Plant and machinery £'000	Total £'000
Cost or valuation				
At 1 January 2002	83	80	122	285
Additions	-	-	26	26
Reclassification	(83)	-	83	-
Disposals	-	(80)	(104)	(184)
At 31 December 2002	-	-	127	127
Depreciation				
At 1 January 2002	-	-	79	79
Charge for year	-	-	98	98
Disposals	-	-	(104)	(104)
At 31 December 2002	-	-	73	73
Net book value				
At 31 December 2002	-	-	54	54
At 31 December 2001	83	80	43	206

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 of	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 Intermodal Limited	England & Wales	Holding company	100% of ordinary share capital
Simon Management Limited	England & Wales	Facilities Management	100% of ordinary share capital

9 Debtors

	2002 £'000	2001 £'000
Amounts owed by group undertakings	516	381
Corporation tax	3	62
Deferred tax (see note 11)	6	7
Other debtors	5	5
Prepayments	68	16
	598	471

Simon Storage Limited

Notes (continued)

10 Creditors: amounts falling due within one year

	2002 £'000	2001 £'000
Trade creditors	50	12
Amounts owed to group undertakings	1,501	1,608
Other taxes and social security	79	66
Accruals and deferred income	260	229
	<hr/> 1,890	<hr/> 1,915

11 Deferred taxation

The elements of deferred taxation are as follows:

	2002 £'000	2001 £'000
Excess of capital allowances over related depreciation	-	(1)
Other timing differences	(6)	(6)
	<hr/> (6)	<hr/> (7)

12 Called up share capital

	2002 £'000	2001 £'000
100,000 Ordinary shares of £1 each authorised	100	100
55,219 Ordinary shares of £1 each allotted	<hr/> 55	<hr/> 55

13 Dividends

	2002 £'000	2001 £'000
Equity shares:		
Interim dividend paid	1,250	3,000
	<hr/>	<hr/>

The aggregate amount of proposed dividends is £Nil (2001: £Nil).

14 Contingent liabilities

On 14 January 2003 the company entered into a composite guarantee and debenture whereby The Bank of New York, London Branch (as security trustee) took fixed and floating security over the company's assets and business. On the same date Lloyds TSB Bank plc released security it had taken over the company's assets.

Simon Storage Limited

Notes (continued)

15 Operating lease commitments

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

	2002		2001	
	Land and buildings	Other	Land and Buildings	Other
	£'000	£'000	£'000	£'000
Expiring within one year	-	8	-	2
Expiring within two to five years	-	69	-	59
Expiring after five years	113	-	125	-
	<u>113</u>	<u>77</u>	<u>125</u>	<u>61</u>

16 Cash flow statement

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.

17 Pension scheme

The Company is a member of a group pension scheme providing benefits based on final pensionable pay. Because the Company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by Financial Reporting Standard 17 'Retirement benefits' the scheme will be accounted for by the Company when the accounting standard is fully adopted as if the scheme was a defined contribution scheme. At 31 December 2002 the scheme had a surplus of £6 million on a Financial Reporting Standard 17 basis.

Subsequent to the year end the ownership of the Company has changed which will result in the employees of the Company becoming deferred members of the group defined benefit scheme on 14 May 2003. From this date the Company will not be required to contribute to the scheme.

The latest full actuarial valuation was carried out at April 1999 and was updated for Financial Reporting Standard 17 purposes to 31 December 2002 by a qualified independent actuary.

The total pension charge for the year was £Nil (2001: £161,000).

18 Related party transactions

As the company is a wholly owned subsidiary of Simon Group plc, it has taken advantage of the exemption contained in Financial Reporting Standard 8, and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties) except for the following balances with related parties which were outstanding as at 31 December 2002:

<i>Company:</i>	<i>Relationship with Simon Storage Limited:</i>	<i>Balance at 31 December 2002: £'000</i>	<i>Description:</i>
<i>Assets</i>			
Chemicals and Oil Storage Management Ltd	Subsidiary	313	Management fee and Commission

Simon Storage Limited

Notes (continued)

18 Related party transactions (continued)

The following transactions with related parties were recorded in the profit and loss accounts during the year ended 31 December 2002:

<i>Company:</i>	<i>Relationship with Simon Storage Limited:</i>	<i>Value: £'000</i>	<i>Description:</i>
Chemicals and Oil Storage Management Ltd	Subsidiary	706	Management fee and Commission
Chemicals & Oil Storage Management Ltd	Subsidiary	153	Personnel Recharges

19 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. No other consolidated financial statements include the results of the company.

On 14 January 2003, Simon Group plc sold Simon Storage Limited and its subsidiaries to Siena Investments Limited.