

EXEL SCOTLAND LIMITED


Directors' Report and Accounts

for the 65 weeks ended

31 December 2000

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Company registration number 4109 (SCOTLA



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EXEL SCOTLAND LIMITED

Directors

Exel Secretarial Services Ltd
Exel Nominee No 2 Ltd

Directors' Report

The directors present their report and the audited accounts for the 65 weeks ended 31 December 2000.

1 Change of ultimate holding company and accounting reference date

On May 4 2000, the business of the Exel plc group (formerly the NFC plc Group) was merged with that of Ocean Group plc. On 26 July 2000, Exel plc changed its name to Exel Investments plc (subsequently re-registering as Exel Investments Limited) and Ocean Group plc changed its name to Exel plc. Exel plc is now the ultimate holding company. In order to align its financial year end with that of the new ultimate holding company, the Company changed its Accounting Reference Date from 30 September to 31 December. Consequently, these accounts cover a period of 65 weeks.

2 Principal activity and review of business developments

The sole activity of the company during the period was the receipt of interest income from group undertakings. There were no business developments during the period. It is unlikely that the company will recommence trading operations in the foreseeable future.

3 Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the accounts.

4 Accounts and dividends

	£'000
The profit for the period was	424
The distributable reserves brought forward from last year were	2,012
The balance available for distribution was	<u>2,436</u>
Non equity dividends paid during the period were	(4)
The distributable reserves carried forward to next year are	<u><u>2,432</u></u>

5 Directors

The directors at the date of this report are shown above. There were no changes in the board during the period.

EXEL SCOTLAND LIMITED

Directors' Report (continued)

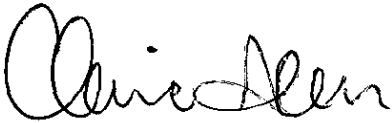
6 Directors' interests

According to the registers kept by the company and by other group companies under section 325 of the Companies Act 1985, the directors at the end of the financial period had no notifiable interests in the shares of the ultimate parent company, Exel plc (formerly NFC plc).

7 Auditors

On 28 June 2001, Ernst & Young, the Company's auditor, transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001. Ernst & Young LLP will be re-appointed as the Company's auditor in accordance with elective resolution passed by the Company under section 386 Companies Act 1985.

By order of the Board



Claire Alves
Authorised Signatory
Exel Secretarial Services Limited
Secretary

Registered Office:
Brownsburn Industrial Estate
Airdrie
Lanarkshire
ML6 9SE

23 October 2001

EXEL SCOTLAND LIMITED

Directors' Responsibilities

The Directors are required by the Companies Act 1985 to prepare accounts which give a true and fair view of the state of affairs of the company as at the end of each financial period and of the profit or loss for the period then ended. The accounts must be prepared in accordance with the formats and disclosures required by the Act and with applicable accounting standards. The Directors must also ensure that the accounts are based on appropriate accounting policies, consistently applied, and are supported by reasonable and prudent judgements and estimates. The Directors are also responsible for the maintenance of adequate accounting records, for safeguarding the assets of the company and for taking reasonable steps for preventing and detecting fraud and other irregularities.

Report of the auditors to the members of Exel Scotland Limited

We have audited the accounts on pages 5 to 9 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described above, the company's directors are responsible for the preparation of the accounts 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.

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 2000 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Luton

23 October 2001

EXEL SCOTLAND LIMITED

Profit and Loss Account

for the 65 weeks ended 31 December 2000

	Note	65 weeks to 31.12.00 £'000	53 weeks to 2.10.99 £'000
Interest receivable from group undertakings		607	501
Profit on ordinary activities before taxation		607	501
Tax on profit on ordinary activities	2	(183)	(153)
Profit for the financial period		424	348
Non equity dividends	3	(4)	(3)
Retained profit for the period		420	345

Movements in shareholders' funds are set out in note 8

There are no recognised gains or losses other than the profit for the period.

EXEL SCOTLAND LIMITED**Balance Sheet****at 31 December 2000**

	Note	65 weeks to 31.12.00 £'000	53 weeks to 2.10.99 £'000
Fixed assets			
Investments	4	347	347
Current assets			
Debtors	5	4,493	7,235
Creditors: Amounts falling due within one year	6	(276)	(3,438)
Net current assets		4,217	3,797
Total assets less current liabilities		4,564	4,144
Capital and reserves			
Called up share capital	8	2,053	2,053
Capital reserve	8	79	79
Profit and loss account	8	2,432	2,012
		4,564	4,144
Equity shareholders' funds		4,064	3,644
Non-equity shareholders funds		500	500
		4,564	4,144

Approved by the Board on 23 October 2001
and signed on its behalf



.....
Doug Evans
Authorised Signatory
Exel Nominee No 2 Ltd

EXEL SCOTLAND LIMITED

Accounting Policies

(a) Accounting Convention

The accounts are prepared under the historical cost convention and are in accordance with all applicable UK accounting standards.

(b) Basis of Accounts

In order to align its financial year end with that of the new ultimate holding company, the accounting reference date of the company was changed from 30 September to 31 December. As a result, the accounts cover the 65 week period to 31 December 2000.

Group accounts have not been prepared because the company is a wholly-owned subsidiary of a company incorporated in Great Britain. These accounts present information about the company as an individual undertaking and not about its group.

Financial Reporting Standard No. 1 does not require the company to prepare a cash flow statement.

Financial Reporting Standard No. 8 exempts the company from the disclosure of transactions with fellow subsidiary companies.

(c) Deferred Taxation

Deferred taxation is provided at expected future rates of tax on all timing differences to the extent that it is probable that a liability or asset will crystallise.

EXEL SCOTLAND LIMITED

Notes to the Accounts for the 65 weeks ended 31 December 2000

1 DIRECTORS' EMOLUMENTS

No director received emoluments during the period.

2 TAX ON PROFIT ON ORDINARY ACTIVITIES

The charge based on the profits for the period comprises:

	65 weeks to 31.12.00 £'000	53 weeks to 2.10.99 £'000
UK Corporation tax at 30% (1999: 30.5%)	<u>183</u>	<u>153</u>

3 DIVIDENDS

	65 weeks to 31.12.00 £'000	53 weeks to 2.10.99 £'000
7% cumulative preference shares of £1 each	<u>4</u>	<u>3</u>

Exel Holdings Limited has waived dividends in respect of the period ended 31 December 2000 on the preference shares which it holds. The dividends were also waived in 1999.

4 INVESTMENTS

(a)	65 weeks to 31.12.00 £'000	53 weeks to 2.10.99 £'000
Shares in subsidiary undertakings		
At beginning of period	<u>347</u>	<u>347</u>
At end of period	<u>347</u>	<u>347</u>

(b) The above investment represents a 100% holding in Citispeed Limited which is dormant. In the opinion of the directors, the value of the company's investment is not less than the amount included in the balance sheet.

5 DEBTORS

	65 weeks to 31.12.00 £'000	53 weeks to 2.10.99 £'000
Amounts owed by group undertakings	<u>4,493</u>	<u>7,235</u>
	<u>4,493</u>	<u>7,235</u>

EXEL SCOTLAND LIMITED

Notes to the Accounts for the 65 weeks ended 31 December 2000 (continued)

6 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	65 weeks to 31.12.00 £'000	53 weeks to 2.10.99 £'000
Corporation tax	276	241
Amounts owed to group undertakings	-	3,197
	<u>276</u>	<u>3,438</u>

7 DEFERRED TAXATION

No provision for deferred taxation is required (1999 -nil)

8 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share capital £'000	Capital reserve £'000	Profit and loss account £'000	Total £'000
At 26 September 1998	2,053	79	1,667	3,799
Profit for the financial period	-	-	348	348
Dividends	-	-	(3)	(3)
At 2 October 1999	2,053	79	2,012	4,144
Profit for the financial period	-	-	424	424
Dividends	-	-	(4)	(4)
At 31 December 2000	<u>2,053</u>	<u>79</u>	<u>2,432</u>	<u>4,564</u>

The authorised share capital comprises 7,000,000 ordinary shares of 25p each of which 6,210,420 have been allotted and 500,000 7% (formerly 4.9% plus tax credit) cumulative preference shares of £1 each all of which have been allotted.

The preference shares carry no voting rights in meetings. On a winding up of the company, the preference shareholders have a right to receive, in preference to any payments to the ordinary shareholders, £1 per share plus accrued dividend.

9 CONTINGENT LIABILITIES

- (a) For VAT purposes the company is grouped with other undertakings in the Exel VAT group; under these arrangements the company has a joint and several liability for amounts owed by those undertakings to H.M. Customs and Excise.
- (b) For UK corporate tax purposes the company has made collective payment arrangements with other undertakings in the Exel group; under these arrangements the company has a joint and several liability for amounts owed by those undertakings to Inland Revenue.

10 ULTIMATE PARENT COMPANY

The ultimate parent company and the parent undertaking of the largest and smallest group of undertakings for which group accounts are drawn up and of which the company is a member is Exel plc. Copies of the accounts of Exel plc can be obtained from Ocean House, The Ring, Bracknell, Berkshire RG12 1AN.