

**EXEL SCOTLAND LIMITED**

**Company number: 4109 (Scotland)**

**Annual Report and Financial Statements**

**For the Year Ended**

**31 December 2002**

**Directors**

**Exel Nominee No 2 Limited  
Exel Secretarial Services Limited**

**Secretary**

**Exel Secretarial Services Limited**



**Registered Office  
Brownsburn Industrial Estate  
Airdrie  
Lanarkshire  
ML6 9SE**

## EXEL SCOTLAND LIMITED

### Directors' Report

The Directors present their report and the financial statements for the year ended 31 December 2002.

### Results and dividends

	2002 £000	2001 £000
Profit for the year	548	514
Preference Dividend	(4)	(4)
Retained profit for the year	<u>544</u>	<u>510</u>

The Directors do not recommend the payment of a dividend on the ordinary shares (2001: £Nil).

### Principal activity and business review

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

In the opinion of the Directors the annexed financial statements give a fair review of the development of the business during the year and of its position at the end of the year. A comprehensive review of the state of affairs of the Group is contained in the report and financial statements of Exel plc, the ultimate parent undertaking.

### 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 of the Company for that year. 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

*The Directors are responsible for ensuring that the Directors' Report and other information included in the Annual Report is prepared in accordance with company law in the United Kingdom.*

### Directors

The Directors who held office during the year are given below:

Exel Nominee No 2 Limited  
Exel Secretarial Services limited

## **EXEL SCOTLAND LIMITED**

### **Directors' Report**

#### **Auditors**

A resolution to re-appoint Ernst & Young LLP as the Company's auditor will be put to the members at the Annual General Meeting.

By order of the Board



S.H. Coffey  
For and on behalf of  
Exel Secretarial Services Limited

4/09/2003

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EXEL SCOTLAND LIMITED**

We have audited the Company's financial statements for the year ended 31 December 2002 which comprise the Profit and Loss Account, Balance Sheet, the Accounting Policies and the related notes 1 to 8. These financial statements have been prepared on the basis of the accounting policies set out therein.

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**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of Audit Opinion**

We conducted our audit in accordance with United Kingdom 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 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.

*Ernst & Young LLP*

Ernst & Young LLP  
Registered Auditor  
400 Capability Green  
Luton  
LU1 3LU

*4th September 2003*

# EXEL SCOTLAND LIMITED

## Profit and Loss Account

For the year ended 31 December 2002

	Note	2002 £000	2001 £000
Interest receivable from group undertaking		<u>548</u>	<u>514</u>
<b>Profit for the financial year</b>		<b>548</b>	<b>514</b>
Non equity dividends	3	<u>(4)</u>	<u>(4)</u>
<b>Retained profit for the financial year</b>	6	<b><u>544</u></b>	<b><u>510</u></b>

Movements in shareholders' funds are set out in note 6.

There are no recognised gains or losses other than the profit for the year of £544,000 (2001 - £510,000).

The notes on pages 8 to 9 form part of these financial statements.

# EXEL SCOTLAND LIMITED

## Balance Sheet

At 31 December 2002

	Note	2002 £000	2001 £000
<b>Fixed assets</b>			
Investments	4	347	347
<b>Current assets</b>			
Debtors: amounts falling due within one year	5	5,271	4,727
<b>Total assets</b>		<b>5,618</b>	<b>5,074</b>
<b>Capital and reserves</b>			
Called up share capital	6	2,053	2,053
Share premium account	6	79	79
Profit and loss account	6	3,486	2,942
		<b>5,618</b>	<b>5,074</b>
<b>Equity shareholders' funds</b>		<b>5,118</b>	<b>4,574</b>
Non-equity shareholders' funds		<b>500</b>	<b>500</b>
<b>Shareholders' funds</b>		<b>5,618</b>	<b>5,074</b>

Approved by the Board on 4/09/2003 and signed on its behalf.

  
Director

The notes on pages 8 to 9 form part of these financial statements.

**Accounting Policies**

The accounting policies adopted by the Company are set out below and are consistent with the previous year, except for the adoption of FRS 19 'Deferred tax'.

The adoption of FRS 19 'Deferred tax' has had no impact on these financial statements, except for the disclosures in Note 2 of 'Factors affecting tax charge for period', as the ultimate parent undertaking, Exel plc has undertaken to discharge the Company's liability to UK corporation tax.

**(a) Accounting convention**

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

**(b) Basis of preparation**

Group financial statements have not been prepared because the Company is a wholly owned subsidiary of Exel plc, a company incorporated in Great Britain. These financial statements present information about the Company as an individual undertaking and not about its group.

The group financial statements of Exel plc contain a consolidated cash flow statement. The Company has taken advantage of the exemption granted by FRS 1 whereby it is not required to publish its own cash flow statement.

The Company has taken advantage of the exemption granted by FRS 8 from disclosure of related party transactions with members of the Group or associates of other Group members.

**(c) Taxation**

The Company does not provide for UK corporation tax or deferred tax because the ultimate parent undertaking has undertaken to discharge the Company's liability to UK corporation tax.

# EXEL SCOTLAND LIMITED

## Notes to the Financial Statements

For the year ended 31 December 2002

### 1 Directors' emoluments

The directors receive no fees or salaries from the company and there are no employees.

### 2 Tax on profit on ordinary activities

The ultimate parent undertaking has undertaken to discharge the Company's liability to UK corporation tax, therefore no provision has been made for UK corporation tax.

#### Factors affecting tax charge for the period

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

	<b>2002</b> <b>£000</b>	<b>2001</b> <b>£000</b>
Profit on ordinary activities before taxation	<u><b>544</b></u>	<u><b>514</b></u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2001:30%)	<b>164</b>	154
Effects of:		
Group relief claimed	<b>(164)</b>	(154)
Current tax charge	<u><b>0</b></u>	<u><b>0</b></u>

### 3 Dividends

	<b>2002</b> <b>£000</b>	<b>2001</b> <b>£000</b>
7% cumulative preference shares of £1 dividend	<u><b>4</b></u>	<u><b>4</b></u>

### 4 Investments

	<b>Total</b> <b>£000</b>
<b>Net book amount</b>	
<b>At 31 December 2002</b>	<u><b>347</b></u>
At 1 January 2002	<u><b>347</b></u>

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



**Notes to the Financial Statements (Cont)**

**For the year ended 31 December 2002**

**5 Debtors**

	<b>2002 £000</b>	2001 £000
Amounts falling due within one year		
Amounts owed by group undertakings	<u><b>5,271</b></u>	<u>4,727</u>

**6 Movements in shareholders' funds**

	Share capital £000	Share premium £000	Profit and loss account £000	<b>2002 Total £000</b>	2001 Total £000
Profit for the financial year	-	-	548	<b>548</b>	514
Dividends	-	-	(4)	<b>(4)</b>	(4)
Movement in the year	-	-	544	<b>544</b>	510
At 1 January	2,053	79	2,942	<b>5,074</b>	4,564
<b>At 31 December</b>	<u><b>2,053</b></u>	<u><b>79</b></u>	<u><b>3,486</b></u>	<u><b>5,618</b></u>	<u>5,074</u>

The authorised share capital is 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 at meetings. On 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.

**7 Ultimate parent undertakings**

The Company's immediate parent undertaking is Exel Holdings Limited. The Company's ultimate parent undertaking is Exel plc which is registered in England. This is the only group of which the Company is a member for which group financial statements are prepared. Copies of the financial statements of Exel plc can be obtained from Ocean House, The Ring, Bracknell, Berkshire, RG12 1AN.

**8 Contingent liabilities**

- (a) For VAT purposes the Company is group 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.