

**Ninesevenfive Limited**

*(formerly The S.M.T. Sales and Service Company Limited)*

**Directors' report and financial statements**

31 December 1997

Registered number 26975



## **Directors' report and financial statements**

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## Directors' report

The directors present their annual report and audited financial statements for the financial year ended 31 December 1997.

### Principal activities and business review

The Company did not trade during the year and is unlikely to do so in the near future.

The Company changed its name from The S.M.T. Sales and Service Company Limited to Ninesevenfive Limited on 1 October 1997 by special resolution.

### Proposed dividend and transfer to reserves

The directors do not recommend the payment of a dividend (1996: £Nil).

### Directors and directors' interests

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

I Wardle	(appointed 25 June 1997)
DJ Booth	
ML Young	
NTC Fotherby	(resigned 25 June 1997)

I Wardle resigned as a director of the Company on 29 May 1998.

None of the persons who were directors at 31 December 1997 had any interest in the shares of the Company, or share options awarded to them as a result of their duties for the Company.

The directors who held office at the end of the financial year had the following interests in the ordinary shares of Lex Service PLC, of which the Company is a wholly owned subsidiary, as recorded in the register of directors' share and debenture interests:

	Ordinary shares of 25p each	
	31 December 1997	1 January 1997 (or date of appointment if later)
DJ Booth	2,314	2,314
I Wardle	1,000	-
ML Young	-	-

## Directors' report (continued)

### Directors and directors' interests (continued)

The following directors held options at the beginning and end of the year to subscribe for ordinary shares of 25p each in Lex Service PLC as follows:-

Lex Executive Share Option Scheme	1 January	Granted	Lapsed	Exercised during year	31 December 1997	Date of grant	Date from which exercisable	Expiry date	Exercise price £
1997									
NTC Fotherby	6,915	-	-	-	6,915*	31.3.93	31.3.96	31.3.03	3.19
DJ Booth	21,459	-	-	-	21,459	31.3.93	31.3.96	31.3.03	3.19
Lex Executive Share Option Scheme (1994)									
ML Young	15,060	-	-	-	15,060	7.4.95	7.4.98	7.4.05	3.22
	23,961	-	-	-	23,961	29.3.96	29.3.99	29.3.03	3.13
NTC Fotherby	9,872	-	-	-	9,872*	29.3.96	29.3.99	29.3.03	3.13
DJ Booth	13,498	-	-	-	13,498	29.3.96	29.3.99	29.3.03	3.13

\* at date of resignation

The options under the Lex Executive Share Option Scheme were granted for a consideration of £1 for each option.

The options under the Lex Executive Share Option Scheme (1994) were granted for nil consideration.

The outstanding options are potentially exercisable, between various future points in time at between 313p per share and 322p per share.

Options are granted at an aggregate value not exceeding an agreed multiple of the employee's earnings. This multiple, which is approved by the Remuneration Committee of Lex Service PLC, varies for each participant and ranges from two to four.

Under the 1984 scheme, no performance criteria were required to be met for the exercise of an option after three years.

Under the 1994 scheme, the exercise of options will normally be conditional on the achievement of a specified performance target determined by the Remuneration Committee where options are granted.

Under certain conditions, where the employment of persons holding share options under the 1984 Scheme ceases, the rules of the Scheme state that their options will remain exercisable for a six month period commencing on either the date of cessation of employment, or for a six month period commencing on the third anniversary of their grant, whichever is the later date. In the case of the 1994 Scheme, options will remain exercisable for a twelve month period commencing on the date of cessation of employment, or for a six month period commencing on the third anniversary of their grant, whichever is the later date.

## Directors' report *(continued)*

### Directors and directors' interests *(continued)*

#### *Lex Sharesave Scheme*

Under the terms of the Scheme, introduced in 1997, the Board of Lex Service PLC, the company's ultimate parent company, may offer options to purchase ordinary shares in Lex Service PLC, to those eligible employees who enter into an Inland Revenue approved Save As You Earn (SAYE) savings contract. The price at which options may be offered is up to a maximum discount of 20% of the market price for three consecutive dealing days preceding the date of offer. The options may normally be exercised during the period of six months after the completion of the SAYE contract, whether three or five years after entering the Scheme.

Options held under the Scheme by the following director who served during the year are as follows:

Name	Number of shares under option at 1 January  1997	Number of shares under option at 31 December 1997	Exercise price  £	Date of grant	Date from which normally exercisable	Expiry date
ML Young	-	1,927	3.58	22.10.97	1.12.2002	1.6.2003

The outstanding options under the Lex Sharesave scheme are exercisable for up to six months commencing on 1 December 2002 at 358p per share.

The middle market price of the shares at 31 December 1997 was 467p and the range during 1997 was 317p-467p per share.

#### Insurance

The directors and officers of Ninesevenfive Limited are indemnified under the Lex Service PLC worldwide director and officers' insurance cover.

#### Auditors

A resolution for the re-appointment of KPMG Audit Plc as auditors of the Company will be proposed at the forthcoming annual General Meeting.

By order of the board



E Richardson

*Secretary*

Douglas Street  
Dundee  
DD1 5AN

25 June 1998

## 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 period. 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 maintaining 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.



KPMG Audit Plc

PO Box 695  
8 Salisbury Square  
London  
EC4Y 8BB

## Auditors' report to the members of Ninesevenfive Limited.

We have audited the financial statements on pages 6 to 8.

### *Respective responsibilities of directors and auditors*

As described on page 4 the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### *Basis of 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 1997 and of its result 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

*14 July* 1998

## **Profit and loss account**

*for the financial year ended 31 December 1997*

The Company has not traded and has had no income or expenditure during the year ended 31 December 1997 and the preceding financial year, and consequently has made neither a profit nor a loss.

There were no recognised gains or losses in either year.

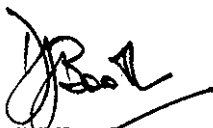


## Balance sheet

at 31 December 1997

	<i>Note</i>	1997 £000	1996 £000
<b>Current assets</b>			
Debtors due within one year:			
Amounts owed by parent and fellow subsidiary undertakings		7,663	7,663
Cash at bank and in hand		11	11
		<hr/> 7,674	<hr/> 7,674
<b>Creditors: amounts falling due within one year</b>			
Amounts owed to parent and fellow subsidiary undertakings		(2,879)	(2,879)
		<hr/> 4,795	<hr/> 4,795
<b>Net assets</b>			
<b>Capital and reserves</b>			
Share capital	5	100	100
Other reserves		2,596	2,596
Profit and loss account		2,099	2,099
		<hr/> 4,795	<hr/> 4,795
<b>Total equity shareholders' funds</b>		<hr/> 4,795	<hr/> 4,795

These financial statements were approved by the board of directors on *25 June* 1998 and were signed on its behalf by:

  
**DJ Booth**  
*Director*

## Notes

(forming part of the financial statements)

### 1 Accounting policies

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Under Financial Reporting Standard 1 (Revised) the Company is exempt from the requirement to prepare a cashflow statement on the grounds that it is a wholly owned subsidiary undertaking.

The Company has taken advantage of the exemption in Financial Reporting Standard 8 not to disclose related party transactions with Lex Service PLC and its subsidiaries.

### 2 Emoluments of directors

There were no directors' emoluments during the year (1996: £nil).

### 3 Auditors' remuneration

Auditors' remuneration was borne by the holding company on a group basis with no recharge to the subsidiary companies.

### 4 Staff numbers and costs

The Company does not have any employees or related costs (1996:£nil).

### 5 Share capital

	1997 £000	1996 £000
<i>Authorised</i>		
500,000 ordinary shares of £1 each	500	500
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
100,000 ordinary shares of £1 each	100	100
	<hr/>	<hr/>

### 6 Ultimate parent company and parent undertaking of largest group of which the Company is a member

The Company is a subsidiary undertaking of Lex Service PLC, incorporated in Great Britain and registered in England and Wales, which is the ultimate parent company.

The consolidated accounts of the Group are available to the public and may be obtained from:

Lex House  
17 Connaught Place  
London  
W2 2EL