

Chart Services Limited

Directors' report and financial statements

27 December 1998

Registered number 66722

Registered Office

Lombard House
Minerva Way
Glasgow
G3 8AY



Report and financial statements

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Directors and secretary

Directors

PR Harris (appointed 31 December 1998)

DM Smith

AK Simpson (resigned 31 December 1998)

Secretary

DA Ives

Directors' report

The directors have pleasure in submitting their report and the financial statements for the year ended 27 December 1998.

Principal activity

The company did not trade during the year and the board has no plans at present to recommence trading. The loss for the financial year of £598,000 arose due to the write down in the company's investments as disclosed in note 2 to the financial statements.

Directors

The directors who served during the year are as shown on page 1.

Directors' interests

None of the persons who were directors as at 27 December 1998 had any interest in the shares of the company.

All of the directors at the year end were also directors of the immediate parent undertaking, Lex Transfleet Limited, and their interests in the shares and loan capital of Group undertakings are disclosed in the directors' report of that company.

Millennium

The company has recognised that the millennium date change is a major business risk and to mitigate the risk to business critical systems and processes, is participating in a group wide Millennium Programme. The main stages of this programme include inventory, business impact assessment, solution planning, testing and installation and regular reporting to the immediate parent undertaking, Lex Transfleet Limited.

Progress has been achieved with the company having completed its inventories, impact assessment, prioritised action plans; with remediation, testing and implementation well advanced. The company, as part of its risk assessment process, is also working with key business suppliers and joint venture partners to understand their progress on the millennium issue.

Contingency plans are being prepared for millennium failures that may occur affecting business critical systems and processes.

Independent external reviews are being undertaken to assess this programme with their findings reported to the company and the immediate parent company Board.

No costs have been incurred by the company in 1998 and none are expected to be incurred in future periods.

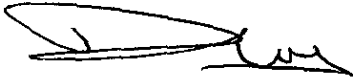
Given the complexity of the Millennium problem, it is not possible for any organisation to guarantee that no problems will occur. However, based on the progress achieved to date, the parent Board believes that the group will achieve an acceptable state of readiness.

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 auditor to the company is to be proposed at the forthcoming Extraordinary General Meeting.

By order of the board



DA Ives
Secretary

19 October 1999

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 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; 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.

KPMG Audit Plc

2 Cornwall Street
Birmingham
B3 2DL

Report of the Auditors, KPMG Audit Plc, to the members of Chart Services Limited

We have audited the financial statements on pages 6 to 10.

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 27 December 1998 and of its loss 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*

19 October 1999

Profit and loss account
for the year ended 27 December 1998

	<i>Note</i>	1998 Continuing operations £000	1997 Continuing operations £000
Amounts provided against investments	2	(598)	-
Loss for the financial year	5	(598)	-

There are no recognised gains or losses other than those passing through the above profit and loss account.

The notes on pages 8 to 10 form part of these financial statements.

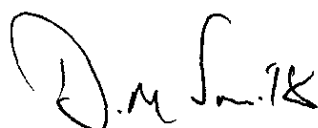
The movement on reserves is detailed in note 5 on page 9 of these financial statements.

Balance sheet
at 27 December 1998

	<i>Note</i>	1998 £000	1997 £000
Fixed Assets			
Investments	2	-	-
Current assets			
Debtors - amounts owed by group undertaking		11,548	11,548
Creditors: amounts falling due within one year	3	(634)	(36)
		<hr/>	<hr/>
Net assets		10,914	11,512
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	4	6,345	6,345
Share premium account		1,231	1,231
Profit and loss account	5	3,338	3,936
		<hr/>	<hr/>
Equity shareholders' funds		10,914	11,512
		<hr/>	<hr/>

The notes on pages 8 to 10 form part of these financial statements

These financial statements were approved by the board of the directors on 19 October 1999 and signed on their behalf by:



DM Smith
Director

Notes
(forming part of the financial statements)

1. Principal 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.

Consolidated financial statements

Consolidated financial statements have not been prepared for the company and its subsidiaries, as the company itself is a wholly owned subsidiary and is thus not required to do so under Section 228 of the Companies Act 1985.

Cash flow statement

A cash flow statement as defined by FRS 1 has not been prepared as the company is a wholly owned subsidiary of a UK parent.

2. Investments

	£000
<i>Cost</i>	
At beginning of year	1,354
Additions	598
At end of year	<u>1,952</u>
	<u> </u>
<i>Provisions</i>	
At beginning of year	1,354
Charge for the year	598
At end of year	<u>1,952</u>
	<u> </u>
<i>Net book value</i>	
At beginning and end of year	<u>-</u>
	<u> </u>

Notes (continued)

2. Investments (continued)

The principal subsidiary undertakings at 27 December 1998 which are shown below are all wholly owned and dormant:

	Class of shares held	Registered in
Chart Elect Direct Limited	Ordinary	Great Britain
Chart Home Delivery Services Limited	Ordinary	Great Britain
Chart Insurance Services Limited	Ordinary	Great Britain
Chart Storage & Transportation Limited	Ordinary	Great Britain

On 30 September 1998 the company subscribed for an additional 5,980,000 ordinary shares of 10p each in Chart Elect Direct Limited. This investment has been fully provided against as the realisable value is now considered to be negligible.

3. Creditors: amounts falling due within one year	1998	1997
	£000	£000
Amounts owed to groups undertakings	630	32
Accruals and deferred income	4	4
	<hr/>	<hr/>
	634	36
	<hr/>	<hr/>
4. Called up share capital	1998	1997
	£000	£000
<i>Authorised:</i>		
Equity: 6,900,000 ordinary shares of £1 each	6,900	6,900
	<hr/>	<hr/>
<i>Allotted, issued and fully paid:</i>	6,345	6,345
Equity: 6,345,292 ordinary shares of £1 each	<hr/>	<hr/>
5. Profit and loss account		£000
Surplus at 28 December 1997		3,936
Loss for the financial year		(598)
Surplus at 27 December 1998		<hr/>
		3,338
		<hr/>

Notes (continued)

6. Reconciliation of movements in shareholders' funds

	1998	1997
	£000	£000
Loss for the financial year	(598)	-
	<hr/>	<hr/>
Net decrease in shareholders' funds	(598)	-
Opening shareholders' funds	11,512	11,512
	<hr/>	<hr/>
Closing shareholders' funds	10,914	11,512
	<hr/> <hr/>	<hr/> <hr/>

7. Parent undertaking

The immediate parent undertaking is Lex Transfleet Limited, the ultimate parent undertaking being National Westminster Bank Plc.

Copies of the financial statements of Lex Transfleet Limited can be obtained from:

The Secretary, Lex Transfleet Limited, c/o Lex Service PLC, Lex House, 17 Connaught Place, London W2 2EL

Copies of the financial statements of National Westminster Bank Plc can be obtained from:

The Secretary, National Westminster Bank Plc, 41 Lothbury, London, EC2P 2BP