MORVERN SHIPPING AGENCY LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 28TH MAY 1999

MORVERN SHIPPING AGENCY LIMITED

REPORT OF THE DIRECTORS

The Directors present their report and the financial statements for the year ended 28 May 1999.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company has not traded during the year.

DIRECTORS AND DIRECTORS' INTERESTS

The Directors of the Company during the year were as follows:

J F Yeoman
J G W Smart   Resigned on 1 November 1999
B T Beddow   Appointed on 1 November 1999

None of the Directors has a beneficial interest in the shares of the Company. The beneficial interests of the directors in the shares of the ultimate holding Company, Foster Yeoman Limited, are disclosed in that Company's financial statements.

TAXATION STATUS

The Company is a close Company within the provisions of the Income and Corporation Taxes Act 1988 .

REGISTERED NO: 1475083

AUDITORS

A resolution to reappoint KPMG, will be proposed at the annual general meeting.

BY ORDER OF THE BOARD

B T Beddow
Secretary

29 November 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 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 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 that are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities

MORVERN SHIPPING AGENCY LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS OF
MORVERN SHIPPING AGENCY LIMITED

We have audited the financial statements set out on pages 4 to 5.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 2 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 at 28 May 1999 and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG
Chartered Accountants and Registered Auditors

Bristol

29 November 1999

MORVERN SHIPPING AGENCY LIMITED

BALANCE SHEET AS AT 28 MAY 1999

	Notes	1999	1998
		£	£
CURRENT ASSETS			
DEBTORS: amount due from parent Company		856	856
NET ASSETS		856	856
CAPITAL AND RESERVES			
Share Capital	2	2	2
Profit and Loss Account	3	854	854
		856	856

The Company did not trade during the year and accordingly it made neither a profit nor a loss, therefore no profit and loss account has been prepared.

The financial statements were approved by the Board on 29 November 1999 and are signed on its behalf by:

John F Yeoman.

J F Yeoman Director

B T Beddow Director

MORVERN SHIPPING AGENCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 MAY 1999

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

The financial statements are prepared on the historical cost basis.

2. SHARE CAPITAL

	1999	1998
	£	£
Authorised ordinary shares of £1	100	100
Allotted, called up and fully paid	2	2

3. RESERVES

	1999	1998
	£	£
At 29 May 1998	854	854
Profit for the year	-	-
At 28 May 1999	854	854

4. ULTIMATE HOLDING COMPANY

The ultimate holding Company is Foster Yeoman Limited, registered in England. Copies of the parent's consolidated financial statements may be obtained from The Secretary, Foster Yeoman Limited, Marston House, Marston Bigot, Frome, Somerset, BA11 5DU.