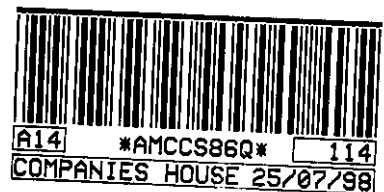


**INDEPENDENT TRUSTEE SERVICES LIMITED**

**REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED 31 DECEMBER 1997**

**Registered No. 2567540**



## **INDEPENDENT TRUSTEE SERVICES LIMITED**

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### **Directors**

R V Whitefoord  
C P Martin  
D L G Hallowell  
A J Lankester

### **Secretary**

Abbey National Secretariat Services Limited

### **Registered Office**

Abbey House  
Baker Street  
LONDON  
NW1 6XL

### **Registered Number**

2567540

### **Registered Auditors**

Coopers & Lybrand  
Chartered Accountants  
1 Embankment Place  
London WC2N 6NN

## **INDEPENDENT TRUSTEE SERVICES LIMITED**

### **REPORT OF THE DIRECTORS**

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The directors submit their report together with the audited accounts for the year ended 31 December 1997.

#### **1 . Principal activity and review of the period**

The principal activity of the company during the period under review, and for the foreseeable future, was to act as pension trustees and consultants.

The results of the company are included in the accounts on pages 5 to 8.

#### **2 . Dividend**

The directors recommend that no dividend be paid for the year under review.

#### **3 . Directors and their interests**

The directors who served during the year were:

R V Whitefoord  
C P Martin  
D L G Hallowell (appointed 24 June 1997)  
A J Lankester (appointed 24 June 1997)  
R J Young (resigned 3 October 1997))

None of the directors had a beneficial interest in the shares of the company at the year end. The directors' interests in the shares of the ultimate holding company, Abbey National plc, (other than those disclosed in that company's annual report) were as follows:

##### **Option Scheme - Ordinary Shares of 10p each**

	<b>As at 31 December 1997</b>	<b>Options exercised during the period</b>	<b>Options granted during the year or since appointment if later</b>	<b>As at 1 January 1997 or date of appointment if later</b>
R V Whitefoord	<b>150</b>	-	-	150
C P Martin	<b>150</b>	-	-	150
D L G Hallowell (appointed 24 June 1997)	<b>5,626</b>	-	-	5,626
A J Lankester (appointed 24 June 1997)	<b>5,626</b>	-	-	5,626

Options granted to directors under the ultimate holding company's Sharesave Scheme are exercisable at prices between 149p and 668p per share within six months of the third, fifth or seventh anniversary of the contract start date. Options granted under the Executive Share Option Scheme and Employee Share Option Schemes are exercisable at prices between 254p and 722p per share after three years or five years and before ten years from the date of grant.

Shares awarded under the Abbey National Long Term Incentive Plan (the 'Plan') are held by the Abbey National Employee Trust (the 'Trust'). Whilst the Plan is currently restricted to members of the Abbey National plc Executive Committee, each of the directors of the Company is a potential beneficiary of the Trust and is therefore deemed to have an interest in the shares held by the Trust. At 31 December 1997, the Trust held 129,780 ordinary shares (1996 - Nil).

## **INDEPENDENT TRUSTEE SERVICES LIMITED**

### **REPORT OF THE DIRECTORS**

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#### **4 . Post balance sheet events**

There have been no material events since the balance sheet date.

#### **5 . Directors' responsibilities in respect of the preparation of the accounts**

The directors are required by UK company law to prepare accounts for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the accounts for the year ended 31 December 1997. The directors also confirm that applicable accounting standards have been followed and that the accounts have been prepared on going concern basis.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **6 . Auditors**

In accordance with Section 386 of the Companies Act 1985, the company has elected to dispense with the obligation to appoint auditors annually.

Coopers & Lybrand, the company's auditors, therefore are deemed to be re-appointed as the company's auditors for each succeeding financial year, so long as such an election remains in force.

**By Order of the Board**



**Secretary**

Abbey National Secretariat Services Limited

*26th June* 1998

**Registered Office:**

Abbey House  
Baker Street  
LONDON  
NW1 6XL

# **INDEPENDENT TRUSTEE SERVICES LIMITED**

## **REPORT OF THE AUDITORS**

### **To the members of Independent Trustee Services Limited**

We have audited the accounts on pages 5 to 8.

#### **Respective responsibilities of the directors and auditors**

As described on page 3, the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 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 the information in the accounts.

#### **Opinion**

In our opinion the accounts give a true and fair view of the state of the company's affairs 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.

*Coopers & Lybrand*

COOPERS & LYBRAND

Chartered Accountants and Registered Auditors

LONDON

*29 June* 1998

**INDEPENDENT TRUSTEE SERVICES LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 1997**

		<b>Year Ended 31 December 1997 £</b>	<b>Eighteen Months Ended 31 December 1996 £</b>
	<b>Notes</b>		
<b>Turnover</b>	3	<b>207,407</b>	251,886
Operating expenses		<b>(207,407)</b>	(251,871)
Operating profit		-	15
Bank interest payable		-	(15)
<b>Profit on ordinary activities before taxation</b>	4	-	-
Taxation		-	-
<b>Retained profit for the year</b>		-	-
Retained profit brought forward		-	-
<b>Retained profit carried forward</b>		-	-

The company has no recognised gains and losses other than those included in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

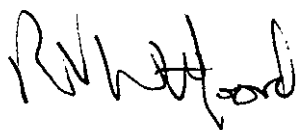
**Reconciliation of movements in shareholders' funds  
for the year ended 31 December 1997**

	<b>Year Ended 31 December 1997 £</b>	<b>Eighteen Months Ended 31 December 1996 £</b>
Profit for the financial year	-	-
Opening shareholders' funds	<b>100</b>	100
<b>Closing shareholders' funds</b>	<b>100</b>	100

**INDEPENDENT TRUSTEE SERVICES LIMITED****BALANCE SHEET****As at 31 December 1997**

		<b>31 December 1997</b>	<b>31 December 1996</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
<b>Current assets</b>			
Debtors	5	<b>195,582</b>	186,643
Cash at bank		<b>20,441</b>	82,223
		<b>216,023</b>	268,866
<b>Creditors:</b>			
<b>amounts falling due within one year</b>	6	<b>215,923</b>	268,766
<b>Net assets</b>		<b>100</b>	100
<b>Capital and reserves</b>			
Called up share capital	7	<b>100</b>	100
Profit and loss account		-	-
<b>Equity shareholders' funds</b>		<b>100</b>	100

The accounts on pages 5 to 8 were approved by the board of directors on **26/6/98** and were signed on its behalf by:-

**Director**

The notes on pages 7 and 8 form part of these accounts.

## **INDEPENDENT TRUSTEE SERVICES LIMITED**

### **Notes to the accounts for the year ended 31 December 1997**

#### **1 . Cash flow statement**

The company is a wholly owned subsidiary of Abbey National plc, a company registered in England and Wales. Accordingly, the Company is not required to produce a cash flow statement as prescribed in paragraph 5(a) of Financial Reporting Standard 1 (FRS1 revised) 'Cash flow statements'.

#### **2 . Principal accounting policies**

##### **a . Accounting Convention**

The accounts are prepared in accordance with applicable Accounting Standards in the United Kingdom and in accordance with the historical cost convention.

##### **b . Taxation**

Provision has been made for the United Kingdom taxation assessable on the results for the year as adjusted for disallowable and non-taxable items. Deferred taxation is calculated on the liability method on timing differences and revaluation surpluses to the extent that it is probable that a liability will crystallise.

#### **3 . Turnover**

Turnover represents the invoiced value of services excluding Value Added Tax less any provisions for bad and doubtful debts.

#### **4 . Profit on ordinary activities before taxation**

Profit on ordinary activities before taxation is stated after charging:

	<b>Year Ended 31 December 1997</b>	<b>Eighteen Months Ended 31 December 1996</b>
	<b>£</b>	<b>£</b>
Management charges from group companies	<b>204,736</b>	249,759

There were no persons including directors, employed by the company (1996: Nil)

The directors' emoluments and auditors remuneration have been borne by other group companies. The directors were employed and remunerated as directors or executives of other group companies in respect of their services to the group as a whole, and it is therefore considered that there is no appropriate basis to which they can apportion part of their remuneration for their services to this company.

#### **5 . Debtors:**

##### **amounts falling due within one year**

	<b>31 December 1997</b>	<b>31 December 1996</b>
	<b>£</b>	<b>£</b>
Trade debtors	<b>55,886</b>	75,532
Amounts owed by parent company and fellow subsidiary undertakings	<b>50,000</b>	4,694
Prepayments and accrued income	<b>89,696</b>	106,417
	<b>195,582</b>	<b>186,643</b>



**INDEPENDENT TRUSTEE SERVICES LIMITED****Notes to the accounts for the year ended 31 December 1997****6 . Creditors:****amounts falling due within one year**

	<b>31 December</b>	<b>31 December</b>
	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
Amounts due to parent companies and fellow subsidiary undertakings	<b>204,736</b>	264,504
Value added tax	<b>11,187</b>	4,262
	<b>215,923</b>	<b>268,766</b>

**7 . Called up share capital**

	<b>31 December</b>	<b>31 December</b>
	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
Authorised 100 Ordinary shares of £1 each	<b>100</b>	100
Allotted, called up and fully paid: 100 Ordinary shares of £1 each	<b>100</b>	100

**8 . Post balance sheet events**

There have been no material post balance sheet events.

**9 . Related party transactions**

The company has taken advantage of the exemptions under FRS8 not to disclose related party transactions with other group companies. There were no material transactions with any other related parties.

**10 . Ultimate holding company**

The company is a wholly owned subsidiary undertaking of Whitefoord & Foden Limited registered in England and Wales.

The ultimate holding company and controlling party is Abbey National plc which is registered in England and Wales, and which is the holding company of the group of which the company is a member and for which group accounts are drawn up. Copies of the accounts of Abbey National plc are available from Abbey House, Baker Street, London NW1 6XL.