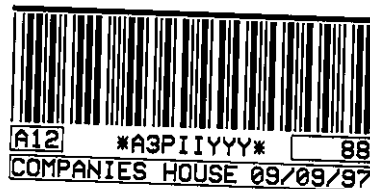


INDEPENDENT TRUSTEE SERVICES LIMITED

REPORT AND ACCOUNTS

FOR THE EIGHTEEN MONTHS ENDED 31 DECEMBER 1996

Registered No. 2567540



INDEPENDENT TRUSTEE SERVICES LIMITED

Directors

R V Whitefoord

C P Martin

R J Young (appointed 9 February 1996)

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

The directors submit their report together with the audited accounts for the eighteen months ended 31 December 1996.

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 period under review.

3 . Directors and their interests

The directors who served during the period were;

R V Whitefoord

C P Martin

R H Coles (resigned 18 December 1996)

A M Clarke (resigned 4 April 1996)

R J Young (appointed 9 February 1996)

M Smith (resigned 12 August 1996)

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

	As at 31 December 1996	Options exercised during the period	Options granted during the period	As at 1 July 1995 or date of appointment if later
R V Whitefoord	150	-	150	-
C P Martin	150	-	150	-
R J Young (appointed 9 February 1996)	2340	-	150	2190

Options granted to directors under the ultimate holding company's Sharesave Scheme are exercisable at 315p per share within six months of the fifth or seventh anniversary of the contract start date. Options granted under the Employee Share Option Scheme are exercisable at 590p per share after three years or five years and before ten years from the date of grant.

INDEPENDENT TRUSTEE SERVICES LIMITED

REPORT OF THE DIRECTORS

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 eighteen month period ended 31 December 1996. The directors also confirm that applicable accounting standards have been followed and that the accounts have been prepared on going concern basis.

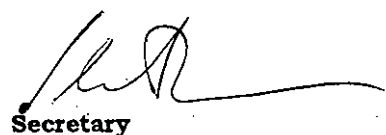
The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

On the 30th July 1996 Beever and Struthers resigned as auditors. Coopers & Lybrand who were appointed in their place by the Directors, have indicated their willingness to continue in office. Coopers & Lybrand, the company's auditors, are therefore 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

16/5/ 1997

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 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 the 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 1996 and of its result for the eighteen months then ended and have been properly prepared in accordance with the Companies Act 1985.



COOPERS & LYBRAND

Chartered Accountants and Registered Auditors

LONDON

6 May 1997

INDEPENDENT TRUSTEE SERVICES LIMITED**PROFIT AND LOSS ACCOUNT****For the eighteen months ended 31 December 1996**

		Eighteen Months Ended 31 December 1996	Year Ended 30 June 1995
	Notes	£	£
Turnover - Continuing operations	3	251,886	169,067
Operating expenses		(251,871)	(169,067)
Operating profit - continuing operations		15	-
Bank interest payable		(15)	-
Profit on ordinary activities before taxation - continuing operations	4	-	-
Taxation		-	-
Retained profit for the year		-	-
Retained profit brought forward		-	-
Retained profit carried forward		-	-

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.

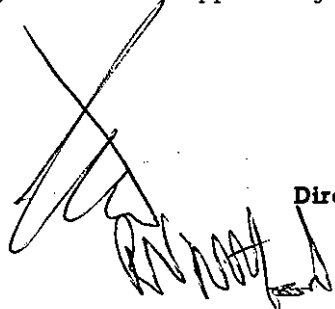
**Reconciliation of movements in shareholders' funds
for the eighteen months ended 31 December 1996**

	Eighteen Months Ended 31 December 1996	Year Ended 30 June 1995
	£	£
Profit for the financial year	-	-
Opening shareholders' funds	100	100
Closing shareholders' funds	100	100

INDEPENDENT TRUSTEE SERVICES LIMITED**BALANCE SHEET****As at 31 December 1996**

		31 December 1996	30 June 1995
	Notes	£	£
Current assets			
Debtors	5	186,643	161,093
Cash at bank		82,223	6,637
		268,866	167,730
Creditors			
amounts falling due within one year	6	268,766	167,630
Net current assets		100	100
Capital and reserves			
Called up share capital	7	100	100
Profit and loss account		-	-
Equity shareholders' funds		100	100

The accounts on pages 5 to 8 were approved by the board of directors on 16/5/97 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 eighteen months ended 31 December 1996

1 . Cash flow statement

The company is a wholly owned subsidiary of Abbey National plc, a company incorporated in England and Wales. Accordingly, the Company is not required to produce a cash flow statement as prescribed in paragraph 8(c) of Financial Reporting Standard 1 '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.

4 . Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	Eighteen Months Ended 31 December 1996	Year Ended 30 June 1995
	£	£
Management charges from group companies	249,759	157,991
Auditors' remuneration	-	1,200

There were no persons including directors, employed by the company (1995: 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

	31 December 1996	30 June 1995
	£	£
Trade debtors	75,532	108,823
Amounts owed by parent company and fellow subsidiary undertakings	4,694	14,685
Other debtors	-	100
Prepayments and accrued income	106,417	37,485
	186,643	161,093

INDEPENDENT TRUSTEE SERVICES LIMITED**Notes to the accounts for the eighteen months ended 31 December 1996****6 . Creditors:**

amounts falling due within one year	31 December	30 June
	1996	1995
	£	£
Amounts due to parent companies and fellow subsidiary undertakings	264,504	-
Management charge payable	-	157,991
Accruals and deferred income	-	1,200
VAT	4,262	8,439
	268,766	167,630

7 . Called up share capital

	31 December	30 June
	1996	1995
	£	£
Authorised 100 Ordinary shares of £1 each	100	100
Allotted, called up and fully paid: 100 Ordinary shares of £1 each	100	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 holding company of the smallest group of which the company is a member and for which group accounts are drawn up is Abbey National Independent Consulting Group Limited.

The ultimate holding company, for which group accounts are prepared, is Abbey National plc which is registered in England and Wales. Copies of accounts of Abbey National plc are available from Abbey House, Baker Street, London NW1 6XL.