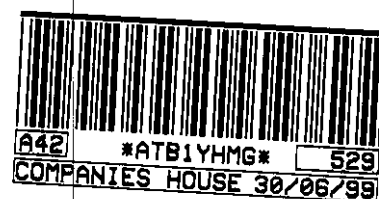


CATER ALLEN GLOBAL MARKETS LIMITED

REPORT AND ACCOUNTS
For the year ended 31 December 1998

Registered in England and Wales No 3017046



CATER ALLEN GLOBAL MARKETS LIMITED

DIRECTORS' REPORT

For the year ended 31 December 1998

The directors submit their report and accounts of Cater Allen Global Markets Limited for the year ended 31 December 1998.

REVIEW OF THE BUSINESS

The company did not trade during the year and the state of the company's affairs are set out in the attached accounts.

The directors do not recommend the payment of a dividend.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were:

M.R.D.Evans	Chairman	(Resigned 12 June 1998)
N.H.D.Ryder		(Resigned 31 March 1998)
G.M.Batchelor		(Appointed 31 March 1998)
B.W.Morrison		(Appointed 31 March 1998)

In accordance with the Articles of Association the directors are not subject to retirement by rotation.

The beneficial interests of the directors at the balance sheet date in the ordinary shares of group companies are disclosed in the accounts of Abbey National Treasury Services plc.

YEAR 2000 AND ECONOMIC AND MONETARY UNION

The company is aware of the significant compliance risks faced in connection with Year 2000 and the strategic and operational risks posed by Economic and Monetary Union (EMU). These issues are being addressed by both the intermediate parent undertaking, Abbey National Treasury Services plc, through the provision of management, technology and systems support, and the ultimate parent undertaking, Abbey National plc, through a group-wide steering committee.

Further disclosures in respect of both Year 2000 and EMU, including details of the impact on business, risks and uncertainties, general plans to address these issues and estimated costs of these plans, are detailed in the consolidated accounts of both the intermediate parent and ultimate parent undertakings.

AUDITORS

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

Following a resolution at the 1999 Annual General Meeting of the company's ultimate parent undertaking, Abbey National plc, Deloitte & Touche were appointed as auditors of Abbey National plc. It is intended that Deloitte & Touche will also be appointed as auditors for the company once outstanding formalities have been completed. Accordingly, the current auditors will resign following approval of the company's 1998 accounts and the directors will appoint Deloitte & Touche to fill the casual vacancy thus arising.

CATER ALLEN GLOBAL MARKETS LIMITED

DIRECTORS' REPORT (continued)

DIRECTORS' RESPONSIBILITIES

The directors of Cater Allen Global Markets Limited are required by UK law to prepare accounts which 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 of the company for the year. They are also responsible for ensuring that proper and adequate accounting records have been maintained, and that reasonable procedures have been followed for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities. In respect of the accounts, the directors are required to:

- ensure that appropriate accounting policies, which follow generally accepted accounting practice, have been applied consistently;
- ensure that reasonable and prudent judgements and estimates have been used in the preparation of the accounts;
- prepare the accounts on the going concern basis, unless it is inappropriate to presume that the company will continue in business; and
- state whether applicable accounting standards have been followed and to discuss and explain any material departure in the accounts.

BY ORDER OF THE BOARD



D. LEITH
Secretary

25 JUNE 1999

**REPORT OF THE AUDITORS TO THE MEMBERS OF
CATER ALLEN GLOBAL MARKETS LIMITED**

We have audited the accounts on pages 4 and 5.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for preparing the Report and Accounts including, as described on page 2, the accounts. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if the information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Report and Accounts and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts.

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 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 1998 and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand
Coopers & Lybrand
Chartered Accountants & Registered Auditors
London

25 June 1999

CATER ALLEN GLOBAL MARKETS LIMITED

BALANCE SHEET

As at 31 December 1998

	Notes	1998 £	1997 £
Current assets:			
Amounts due from group companies		<u>2</u>	<u>2</u>
Capital and Reserves:			
Share Capital in shares of £1 each:			
Authorised		<u>100</u>	<u>100</u>
Allotted, called up and fully paid		<u>2</u>	<u>2</u>

The accounts on pages 4 to 5 were
approved by the Board of Directors on 25 June 1999
and signed on its behalf by:



.....
Director

CATER ALLEN GLOBAL MARKETS LIMITED

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

Accounting convention

The accounts have been prepared under the historic cost convention and in accordance with applicable accounting standards

2. PROFIT AND LOSS ACCOUNT

The company has neither received any income nor incurred any expenses during the year and accordingly no profit and loss account is presented.

3. ULTIMATE PARENT COMPANY

The company's ultimate parent company and ultimate controlling entity is Abbey National plc which is registered in England and Wales. The accounts of the company are consolidated into the group accounts of both the ultimate parent company and an intermediate holding company, Abbey National Treasury Services plc. Copies of both these companies' accounts may be obtained from their registered office, Abbey House, Baker Street, London, NW1 6XL.