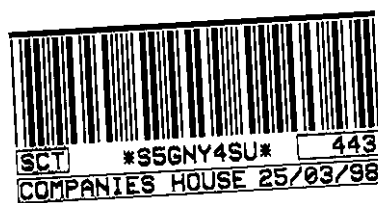


**ARGYLE TRUST LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**31 DECEMBER 1996**

Registered number: 45822 Scotland



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**ARGYLE TRUST LIMITED**

**DIRECTORS' REPORT**

**Financial Statements**

The directors present their annual report and the audited financial statements for the year ended 31 December 1996.

**Principal Activity**

During the period, the company continued its activities as an Investment Company. The Directors reviewed a number of further investment opportunities during the course of the year and in February 1998 the Company acquired Trident Investment Company.

**Results**

The profit and loss account set out on page 4 shows the Company's results for the year ended 31 December 1996.

**Proposed dividend and transfer of reserves**

The directors do not recommend the payment of a dividend (1995: £nil).

Transfers to and from reserves are set out in note 11 to the accounts.

**Directors and directors' interests**

The directors who held office during the year were as follows:

J. M. Bottomley

C. J. Emson

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company or in the shares of any other group company.

No rights to subscribe for shares in or debentures of the company or any other group company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

**Auditors**

In accordance with section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG, as auditors of the company, is proposed at the forthcoming Annual General Meeting.

By order of the board



**JM Bottomley**  
Director

**ARGYLE TRUST LIMITED****STATEMENT OF 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 of the company for the year. In preparing those financial statements, the directors are required to:

1. select suitable accounting policies and then apply them consistently;
2. make judgements and estimates that are reasonable and prudent;
3. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
4. 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 also 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.

**ARGYLE TRUST LIMITED**

**AUDITORS' REPORT TO THE MEMBERS**

We have audited the financial statements on pages 4 to 8.

**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 affairs of the company as at 31 December 1996 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

Chartered Accountants  
Registered Auditors

23 March 1998

**ARGYLE TRUST LIMITED****PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 1996**

	Note	Year ended 31 December 1996 £	Year ended 31 December 1995 £
<b>Turnover</b>		-	-
Bank Interest Receivable		2,584	232
Administrative expenses		(49)	(1,374)
		<hr/>	<hr/>
<b>Operating Profit/(Loss) on ordinary activities before taxation</b>	2	2,535	(1,142)
Tax on profit on ordinary activities	5	-	-
		<hr/>	<hr/>
<b>Profit/(Loss) on ordinary activities after taxation</b>		2,535	(1,142)
Retained loss brought forward		(1,142)	-
		<hr/>	<hr/>
<b>Retained profit/(loss) carried forward</b>		1,393	(1,142)

The company has no recognised gains or losses other than those reported in the profit and loss account. Accordingly a separate statement of recognised gains and losses has not been prepared.

The notes on pages 6 to 8 form part of these financial statements.

**ARGYLE TRUST LIMITED****BALANCE SHEET AS AT 31 DECEMBER 1996**

	Note	Year ended 31 December 1996 £	Year ended 31 December 1995 £
<b>Fixed assets</b>			
Fixed asset investments	6	-	-
Other investments	7	5,000	5,000
		<hr/>	<hr/>
		5,000	5,000
<b>Current assets</b>			
Amounts owed by group undertakings	8	-	38,922
Other debtors		-	-
Cash on hand and at bank		52,939	11,482
		<hr/>	<hr/>
		52,939	50,404
<b>Creditors: amounts falling due within one year</b>	9	(6,546)	(6,546)
		<hr/>	<hr/>
<b>Net current assets</b>		46,393	43,858
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		51,393	48,858
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	10	50,000	50,000
Profit and loss account		1,393	(1,142)
		<hr/>	<hr/>
		51,393	48,858
		<hr/>	<hr/>

These financial statement were approved by the board of directors on 23 MARCH 1998 and were signed on its behalf by:

J M Bottomley  
Director



C J Emson  
Director



The notes on pages 6 to 8 form part of these financial statements.

**ARGYLE TRUST LIMITED****NOTES TO THE ACCOUNTS****1. Accounting policies****(a) Basis of preparation**

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention. The financial statements have been prepared on a going concern basis which assumes that the company will continue to trade. The company's immediate parent undertaking has undertaken to provide financial support for the foreseeable future.

The company, as a wholly owned subsidiary undertaking of Sterling Trust Limited, has taken advantage of an exemption contained in FRS8, 'Related Party Disclosure', in preparing its accounts. This exemption allows the company not to disclose details of transactions with other group companies or investees of the group qualifying as related parties, as the consolidated accounts of Sterling Trust Limited in which the company is included are available to the public.

**(b) Group accounts**

Under section 228 of the Companies Act 1985 the company has taken advantage of the exemption from preparing group accounts on the grounds that it is a wholly owned subsidiary undertaking of Anstake Limited who will be preparing group accounts.

**(c) Cash flow statement**

The company has not prepared a cash flow statement since it is a wholly owned subsidiary undertaking of another U.K. company preparing group accounts in which there is a consolidated cash flow statement.

**(d) Turnover**

Turnover represents amounts arising from the investment of surplus cash funds.

**2. Profit on ordinary activities before taxation**

	1996 £	1995 £
Profit on ordinary activities before taxation is stated after charging		
Interest receivable on money market deposits	239	232
Audit fees incurred by the company are paid by the immediate parent undertaking, Sterling Trust Limited.		

**3. Remuneration of directors**

No directors' emoluments were paid during the year (1995: £nil).



**ARGYLE TRUST LIMITED****NOTES TO ACCOUNTS (cont'd)****4. Staff numbers and costs**

The average number of persons employed by the company (including directors) during the year was 2 (1995: 2). No payment was paid to these employees (1995: £nil).

**5. Taxation**

There is no tax charge for the current year due to the availability of deductible management expenses brought forward.

**6. Fixed asset investments**

The subsidiaries of the company as at 31 December 1996 are stated at nil book value. All subsidiaries are wholly owned unless otherwise stated and are set out below. These companies are all registered in England and Wales.

Monomulti Limited (50% owned by Sterling Credit Nominees Limited)  
Sterling Credit Nominees Limited

	1996 £	1995 £
<b>7. Other investments</b>		
Investments in gilts		
As at 31 December	5,000	5,000
	<hr/>	<hr/>
<b>8. Amounts owed by group undertakings</b>		
The amounts owed by group undertakings comprise		
Parent and fellow subsidiary undertakings	-	38,922
	<hr/>	<hr/>
	-	38,922
	<hr/>	<hr/>
<b>9. Creditors: amount falling due within one year</b>		
Other creditors and accruals	6,546	6,546
	<hr/>	<hr/>

**ARGYLE TRUST LIMITED****NOTES TO ACCOUNTS (cont'd)**

	1996 £	1995 £
<b>10. Share Capital</b>		
Authorised Ordinary shares of 1p each	50,000	50,000
	<hr/>	<hr/>
Allotted, called up and fully paid Ordinary shares of 1p each	50,000	50,000
	<hr/>	<hr/>
<b>11. Reconciliation of movement in shareholder's funds</b>		
Profit/(Loss) for the financial year	2,535	(1,142)
Opening shareholders' funds	48,858	50,000
	<hr/>	<hr/>
Closing shareholders' funds	51,393	48,858
	<hr/>	<hr/>

**12. Post Balance Sheet Event**

Since the end of the financial period the Company has reviewed a number of investment opportunities and in February 1998 the Company acquired Trident Investment Company.

**13. Immediate parent undertaking and ultimate parent undertaking**

The company's immediate parent undertaking as at 31 December 1996 was Sterling Trust Limited, a company registered in England and Wales. The ultimate parent undertaking as at 31 December 1996 was Anstake Limited, a company registered in England and Wales.

Copies of the consolidated group accounts will be available at Fraser House, 29 Albemarle Street, London W1X 3FA and from Companies House.