

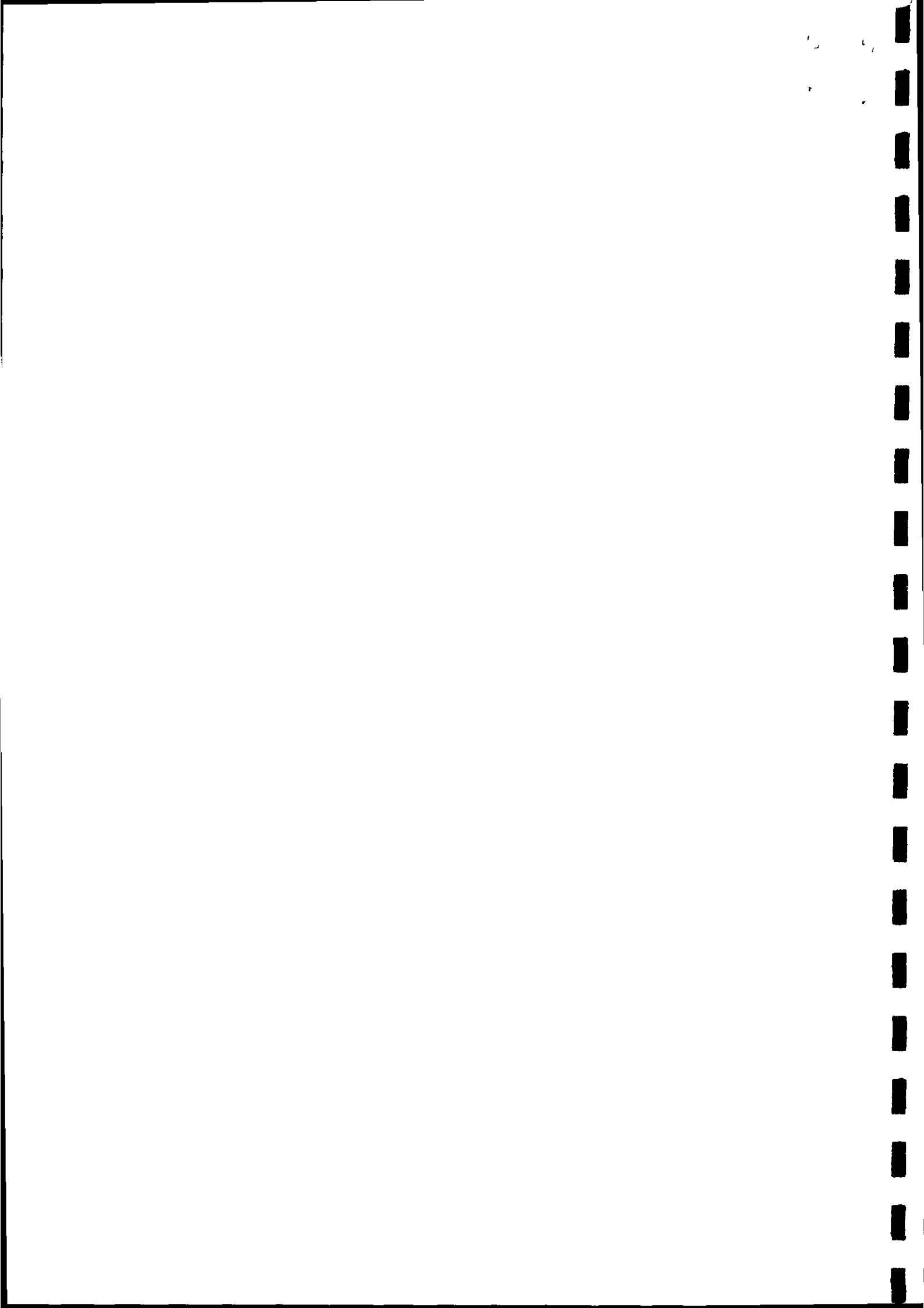
Westpool Investment Trust plc

Directors' report and financial statements

31 March 2001

Registered in England and Wales number 255691





Westpool Investment Trust plc

Directors' report and financial statements

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Westpool Investment Trust plc

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2001.

Financial review

The results for the year are set out in the profit and loss account on page 6. A dividend of £2,500,000 (2000:£ 2,500,000) is recommended.

Principal activities

The Company is an investment holding company. The directors foresee no material change in the nature of the Company's activities.

Payment of suppliers

The Company does not have a formal policy for the payment of suppliers. However, most invoices are paid within 28 days of receipt.

Directors and directors' interests

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

The Lord Rayne (resigned on 12 June 2000)

NGE Driver (appointed on 12 June 2000)

The Hon RA Rayne

The Lord Remnant

M Waldron

Lord Remnant retires by rotation, and, being eligible, offers himself for re-election. Mr NGE Driver offers himself for re-appointment at the first Annual General Meeting since his appointment.

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the Company.

The interest of Mr NGE Driver in the shares of the Company's ultimate holding company and fellow subsidiary undertakings is set out on page 3; his interest at the date of appointment is given in brackets. The interests of the remaining directors in shares of the Company's ultimate holding company and fellow subsidiary undertakings are set out in the financial statements of London Merchant Securities plc, the ultimate holding company.

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Directors' report (*continued*)

Auditor

In accordance with S.385 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



SC Mitchley
Secretary

Carlton House
33 Robert Adam Street
London
W1U 3HR

12 June 2001

Westpool Investment Trust plc

Notes to the Directors' report

Directors' interests at 31 March 2001

London Merchant Securities plc						
	27 18/41p Ordinary	27 18/41p Deferred Ordinary	Executive 32.25p options	Executive 131.5p options	SAYE 40.5p options	SAYE 65.25p options
NGE Driver	204,056 (199,975)	477,930 (477,930)	575,000 (575,000)	961,656 (-)	19,259 (19,259)	17,931 (17,931)

In accordance with the terms of the London Merchant Securities Executive Share Option Scheme

- i) options were granted in 1992 to subscribe for 27 18/41p Deferred Ordinary shares in London Merchant Securities plc at 32.25p per share. The expiry date of these options is 29 September 2002; and
- ii) options were granted in 2001 to subscribe for 27 18/41p Deferred Ordinary shares in London Merchant Securities plc at 131.5p per share. The expiry date of these options is 4 January 2011.

In accordance with the terms of the London Merchant Securities Savings-Related Share Option Scheme:

- i) options were granted in 1996 to subscribe for 27 18/41p Deferred Ordinary shares in London Merchant Securities plc at 40.5p per share. The expiry date of these options is 1 October 2003; and
- ii) options were granted in 1998 to subscribe for 27 18/41p Deferred Ordinary shares in London Merchant Securities plc at 65.25p per share. The expiry date of these options is 1 October 2005.

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Directors' responsibilities statement

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; and
- 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 as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Auditor's report to the members of Westpool Investment Trust plc

We have audited the financial statements on pages 6 to 12.

Respective responsibilities of directors and auditor

The directors are responsible for preparing the directors' report and, as described on page 4, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements 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 financial statements, 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 information specified by law regarding directors' remuneration and transactions with the Company is not disclosed.

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 at 31 March 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc
Chartered Accountants
Registered Auditor
London

12 June 2001

Westpool Investment Trust plc

Profit and loss account

for the year ended 31 March 2001

	Note	2001 £000	2000 £000
UK investment income		116	127
Limited partnership loss		(753)	(520)
<hr/>			
Income from fixed asset investments	2	(637)	(393)
Sundry income		44	12
Administrative expenses	3	(85)	(107)
<hr/>			
Operating loss		(678)	(488)
Gain on sale of investments	4	26,872	37,208
Provision against investments		(16,034)	(3,044)
Net interest receivable	5	127	387
<hr/>			
Profit on ordinary activities before taxation		10,287	34,063
Tax on profit on ordinary activities	6	(6,054)	(12,828)
<hr/>			
Profit on ordinary activities after taxation		4,233	21,235
Dividends proposed		(2,500)	(2,500)
<hr/>			
Retained profit for the financial year		1,733	18,735
<hr/>			

All turnover and results are derived from continuing activities.

There were no recognised gains or losses other than the profit for the year.

Westpool Investment Trust plc

Balance sheet

at 31 March 2001

	Note	2001 £000	2000 £000
Fixed assets			
Investments	7	123,830	118,952
Current assets			
Debtors	8	5,656	781
Cash at bank and in hand		1	-
		<hr/>	<hr/>
		5,657	781
Creditors: amounts falling due within one year	9	(88,178)	(80,157)
		<hr/>	<hr/>
Net current liabilities		(82,521)	(79,376)
		<hr/>	<hr/>
Net assets		41,309	39,576
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	10	10,014	10,014
Share premium account	11	588	588
Capital reserve	11	9,314	9,314
Profit and loss account	11	21,393	19,660
		<hr/>	<hr/>
Equity shareholder's funds	12	41,309	39,576
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 12th June 2001 and were signed on its behalf by:

M. Waldron

M Waldron
Director

Westpool Investment Trust plc

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Investments

Investments are shown at cost, less provisions where in the opinion of the directors there has been a permanent diminution in the value of the holdings. Profits and losses on sale and provisions against investments are included in the profit and loss account.

The profit and loss account includes the group's share of income and expenses of those unlisted investments operating as limited partnerships.

Dividends from listed investments are credited to profit and loss account on the dates when the investments concerned are first listed ex dividend.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are included at the exchange rates ruling at the balance sheet date.

Deferred taxation

Deferred taxation is provided in full on short term timing differences.

2 Income from fixed asset investments

	2001 £000	2000 £000
Listed	60	70
Unlisted	56	57
Limited partnership loss	(753)	(520)
	<hr/>	<hr/>
	(637)	(393)
	<hr/>	<hr/>

Westpool Investment Trust plc

Notes (continued)

3 Administrative expenses

	2001 £000	2000 £000
Auditors' remuneration - audit	5	5
- other services	21	22

The directors received no remuneration.

4 Gain on sale of investments

	2001 £000	2000 £000
Gain on sale of investments	26,872	37,208

5 Net interest receivable

	2001 £000	2000 £000
Interest receivable:		
Other	130	450
Interest payable:		
Other	-	(63)
Exchange loss	(3)	-
	127	387

Westpool Investment Trust plc

Notes (continued)

6 Tax on profit on ordinary activities

	2001 £000	2000 £000
Tax attributable to investments sold	7,515	10,726
Deferred tax credit on investment provision	(2,152)	-
Prior year adjustment	678	-
Group relief payable	-	1,391
Corporation tax:		
Overseas tax	35	-
Prior year adjustment	(22)	711
	<u>6,054</u>	<u>12,828</u>

7 Other fixed asset investments

	Listed £000	Unlisted £000	Total £000
<i>Cost</i>			
At 31 March 2000	14,406	109,070	123,476
Provisions	(1,437)	(3,087)	(4,524)
	<u>12,969</u>	<u>105,983</u>	<u>118,952</u>
Reclassifications	1,054	(1,054)	-
Additions	6,237	37,057	43,294
Disposals	(1,821)	(18,625)	(20,446)
Returns of capital	-	(1,937)	(1,937)
Movement in provisions	(54)	(15,979)	(16,033)
	<u>18,385</u>	<u>105,445</u>	<u>123,830</u>
At 31 March 2001	18,385	105,445	123,830
At 31 March 2000	12,969	105,983	118,952

The listed investments include £4,683,098 which are listed on the London Stock Exchange.

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Notes (continued)

8 Debtors

	2001 £000	2000 £000
Overseas taxation	-	666
Deferred tax	2,266	114
Other debtors	3,387	1
Prepayments and accrued income	3	-
	<hr/>	<hr/>
	5,656	781
	<hr/>	<hr/>

9 Creditors: amounts falling due within one year

	2001 £000	2000 £000
Bank loans and overdrafts	-	40
Amounts owed to group undertakings:		
Fellow subsidiary undertakings	77,936	68,416
Dividends payable	2,500	2,500
Group relief payable	-	1,391
Other creditors	5	101
Corporation tax	7,737	7,328
Provision for indemnity claim	-	381
	<hr/>	<hr/>
	88,178	80,157
	<hr/>	<hr/>

10 Called up share capital

	2001 £000	2000 £000
<i>Authorised</i>		
167,600,000 ordinary shares of 10p each	16,760	16,760
	<hr/>	<hr/>
	£000	£000
<i>Allotted, called up and fully paid</i>		
100,136,604 ordinary shares of 10p each	10,014	10,014
	<hr/>	<hr/>

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Notes (continued)

11 Reserves

	Share premium £000	Capital reserve £000	Profit and loss account £000
At 31 March 2000	588	9,314	19,660
Retained profit for the year	-	-	1,733
At 31 March 2001	588	9,314	21,393

12 Reconciliation of movements in shareholders' funds

	2001 £000	2000 £000
Profit for the financial year	4,233	21,235
Dividends	(2,500)	(2,500)
Net movement in shareholders' funds	1,733	18,735
Opening shareholders' funds	39,576	20,841
Closing shareholders' funds	41,309	39,576

13 Capital commitments

	2001 £000	2000 £000
Partly paid investments	22,292	53,661

14 Ultimate parent company

The Company is a member of the London Merchant Securities Group and the Company's ultimate parent company is London Merchant Securities plc, which is registered in England and Wales. Copies of the accounts of the above company may be obtained at the following address: Carlton House, 33 Robert Adam Street, London W1U 3HR.

15 Cash flow statement

Under Financial Reporting Standard 1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly-owned subsidiary undertaking.

