

**REPORT OF THE DIRECTORS**

The Directors submit their Report with the Accounts for the year ended 31 March 1998.

**Principal Activity**

The principal activity of the Company is to act as trustees.

**Business Review and Future Developments**

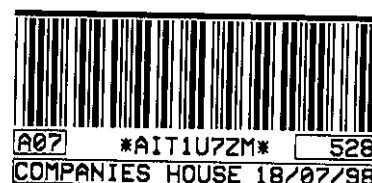
There have been no changes in activity in the year and the Directors do not foresee any future such changes.

**Results and Dividend**

The loss for the financial year amounted to £nil (1997: £472). The Directors do not recommend the payment of a final dividend.

**Directors**

Sir George Russell (Chairman)  
 Charles Robert Richardson  
 Brian Paul Larcombe - appointed 10 September 1997  
 Ewen Cameron Stewart Macpherson - resigned 9 July 1997

**Directors' Interests**

The beneficial interests in, and options to subscribe for, Shares of 50p each in 3i Group plc of those persons who were Directors of the Company at the end of the financial year are set out below. The beneficial interests include interests arising by virtue of conditional rights to acquire shares from the trustee of The 3i Group Employee Trust under the terms of the Management Equity Investment Plan.

	Beneficial Interests		Share Options			
	held on 1 April 1997 or later appointment	held on 31 March 1998	held on 1 April 1997 or later appointment	granted in the period	exercised in the period	held on 31 March 1998
C R Richardson	273,148	273,436	102,250	33,884	—	136,134
B P Larcombe	707,402	707,402	296,349	—	—	296,349

As potential beneficiaries of The 3i Group Employee Trust, B P Larcombe and C R Richardson have interests in the Shares of 50p each in 3i Group plc held by the trust. The trust held 4,818,272 Shares as at 1 April 1997, 4,817,944 Shares as at 10 September 1997 and 6,305,886 Shares as at 31 March 1998. These holdings of the trust include Shares over which Directors are mentioned above as having conditional rights to acquire under the Management Equity Investment Plan.

The beneficial interests in Shares of 50p each in 3i Group plc of Sir George Russell are shown in the accounts of that company.

# **3i Trustee Company Limited**

## **REPORT OF THE DIRECTORS continued**

### **Directors' Interests continued**

These Directors had no other interests in or options to subscribe for the shares, debentures or loan stock of the Company, or its fellow group companies at the beginning of the financial year or the date of appointment (as the case may be), or at the end of the financial year.

### **Statement of Directors' responsibilities in respect of the Accounts**

Company law requires the Directors to prepare accounts 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 that year. In preparing those accounts, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the accounts 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 accounts comply with the Companies Act 1985. They also have a 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.

### **General**

The close company provisions of the Income and Corporation Taxes Act 1988 do not apply to the Company.

### **Millennium preparations**

The Company operates from the same premises and uses the same systems as the ultimate parent undertaking, 3i Group plc, which has a project to address the millennium issue. The costs of the project are being borne by 3i Group plc and details of these and the progression of the project are reported within the Group accounts.

### **Auditors**

Ernst & Young remain in office as auditors of the Company in accordance with Section 386 of the Companies Act 1985.

By Order of the Board  
3i plc

  
Secretaries

Registered Office:  
91 Waterloo Road  
London SE1 8XP

28 May 1998

# **3i Trustee Company Limited**

## **REPORT OF THE AUDITORS**

**to the members of 3i TRUSTEE COMPANY LIMITED**

We have audited the accounts on pages 4 to 7 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 6.

### **Respective responsibilities of Directors and auditors**

As described on page 2 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.

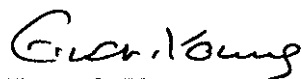
### **Basis of opinion**

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 information in the accounts.

### **Opinion**

In our opinion the accounts give a true and fair view of the state of the Company's affairs as at 31 March 1998 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young  
Chartered Accountants  
Registered Auditor  
Birmingham  
28 May 1998

**3i Trustee Company Limited**  
**Profit and loss account**  
**for the year ended 31 March 1998**

	Notes	1998 £	1997 £
Fees received		-	(400)
Administration expenses		-	(72)
		<hr/>	<hr/>
Loss on ordinary activities before taxation		-	(472)
Taxation	2	-	-
		<hr/>	<hr/>
Retained loss for the year	5	-	(472)
		<hr/> <hr/>	<hr/> <hr/>

The Company has no recognised gains and losses other than the result above and therefore no separate statement of total recognised gains and losses has been presented.

All of the above items are derived from the Company's continuing activities.

### 3i Trustee Company Limited

#### Balance sheet as at 31 March 1998

	Notes	1998 £	1997 £
<b>Current assets</b>			
<b>Debtors</b>			
Amounts owed by group undertakings		108,925	108,884
Cash at bank		9,744	9,907
		<u>118,669</u>	<u>118,791</u>
<b>Creditors: amounts falling due within one year</b>			
Other creditor		(338)	(460)
<b>Net current assets</b>		<u>118,331</u>	<u>118,331</u>
<b>Capital and reserves</b>			
Called up share capital	3	100,000	100,000
Profit and loss account	5	18,331	18,331
<b>Equity shareholders' funds</b>	6	<u>118,331</u>	<u>18,331</u>

+  + Director

28 May 1998

# **3i Trustee Company Limited**

## **Notes to the accounts**

**for the year ended 31 March 1998**

### **1. Accounting policies**

#### **(a) Accounting principles**

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

#### **(b) Cash flow**

Under Financial Reporting Standard 1 (Revised 1996), the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly-owned subsidiary undertaking.

### **2. Taxation**

The tax charge for the year has been increased by £nil (1997: £155) as a result of group relief to be surrendered for nil payment.

### **3. Called up share capital**

	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>
Authorised ordinary shares of £1 each	<u>250,000</u>	<u>250,000</u>
Called up, allotted and fully paid ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

### **4. Directors' emoluments, related party transactions and auditors' remuneration**

None of the Directors received any emoluments in respect of their services to the Company. The Company had no employees during the year.

No disclosures have been made in relation to related parties as required by FRS8 as the company has taken advantage of the exemption available to subsidiary companies in paragraph 3 of the FRS.

The auditors' remuneration has been borne by a fellow subsidiary undertaking.

## **3i Trustee Company Limited**

### **Notes to the accounts**

#### **for the year ended 31 March 1998 continued**

<b>5. Profit and loss account</b>	<b>£</b>	
At 1 April 1997 and 31 March 1998		<u>18,331</u>
<b>6. Reconciliation of movement in shareholders' funds</b>	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>
At 1 April	118,331	118,803
Retained loss for the year	-	(472)
	<u>118,331</u>	<u>118,331</u>
At 31 March	<u>118,331</u>	<u>118,331</u>

#### **7. Ultimate parent undertaking**

The ultimate parent undertaking is 3i Group plc, which is incorporated in Great Britain and registered in England and Wales. Copies of the Group accounts can be obtained from 91 Waterloo Road, London, SE1 8XP.