

WATERMAN TRUSTEES LIMITED

DIRECTORS' REPORT AND ACCOUNTS

31 DECEMBER 1997

Registered Number: 2883748



## **WATERMAN TRUSTEES LIMITED**

### **DIRECTORS' REPORT**

The directors of the company present their report and accounts for the year ended 31 December 1997.

#### **PRINCIPAL ACTIVITIES**

The company's principal activity is that of a trustee, holding shares in its ultimate parent company to meet obligations under the ultimate parent company's 1993 Executive Share Option Scheme and Profit Sharing Scheme.

#### **RESULTS AND DIVIDENDS**

The company's results are set out in the profit and loss account on page 4. The directors do not recommend the payment of a dividend.

#### **DIRECTORS**

The directors of the company during the year were as follows:

D.O. Horne  
W. Mathieson  
R.H. Campbell  
G.R. Hiscocks

All of the above are also directors of the company's ultimate parent company, Waterman Partnership Holdings PLC, and their interest in the share capital of that company is disclosed in its Annual Report and Accounts.

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Directors are required by law to prepare accounts for each financial year 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 for that period.

The Directors consider that in preparing the accounts on pages 4 to 7, the Company has used accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the accounts comply with the Companies Act 1985.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and prevent and detect fraud and other irregularities.

## **WATERMAN TRUSTEES LIMITED**

### **AUDITORS**

A Notice of Resignation has been received from Price Waterhouse as the Company's auditors following the merger of Price Waterhouse and Coopers & Lybrand and the new firm, PricewaterhouseCoopers were appointed by the Board to fill the casual vacancy. A resolution to appoint PricewaterhouseCoopers as the Company's auditors and authorising the Directors to settle their remuneration will be proposed at the Annual General Meeting.

By order of the Board



GR Hiscocks

Company Secretary

30 October 1998

AUDITORS' REPORT TO THE MEMBERS OF  
WATERMAN TRUSTEES LIMITED

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

Respective responsibilities of directors and auditors

As described on page 1 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.

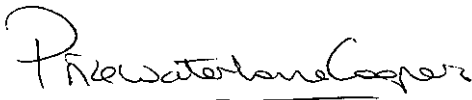
Basis of opinion

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 the company's affairs at 31 December 1997 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers  
Chartered Accountants and Registered Auditors  
London

30 October 1998

## **WATERMAN TRUSTEES LIMITED**

### **PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1997**

	<u>Note</u>	<u>1997</u> £'000	<u>1996</u> £'000
Income		8	6
Administrative charges	2	<u>_(13)</u>	<u>_(6)</u>
(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		(5)	(-)
Taxation	3	<u>_(2)</u>	<u>_(1)</u>
(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		<u>_(7)</u>	<u>_(1)</u>

There have been no other recognised gains or losses during the period save for those disclosed above.

There have been no acquisitions or discontinued operations during the period: the results shown above for this period therefore relate to continuing operations.

The notes on pages 6 to 7 form part of these accounts.

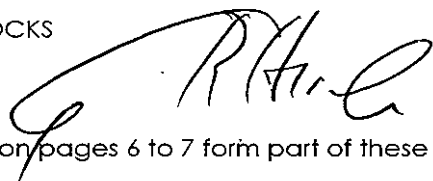
# **WATERMAN TRUSTEES LIMITED**

## **BALANCE SHEET - 31 DECEMBER 1997**

	<u>Note</u>	<u>1997</u> £'000	<u>1996</u> £'000
<b>FIXED ASSETS</b>			
Shares in Waterman Partnership Holdings Plc at cost	4	<u>171</u>	<u>212</u>
<b>CURRENT ASSETS</b>			
Cash at bank and in hand		4	21
<b>CREDITORS (amounts falling due within one year)</b>			
Loan from Waterman Partnership Holdings Plc	5	166	222
Accruals		<u>16</u>	<u>11</u>
		<u>182</u>	<u>233</u>
<b>NET CURRENT LIABILITIES</b>		<u>(178)</u>	<u>(212)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(7)</u>	<u>-</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	6	-	-
Profit and loss account		<u>(7)</u>	<u>-</u>
		<u>(7)</u>	<u>-</u>

Approved by the Board on 30 October 1998  
and signed on its behalf by:

G R HISCOCKS



The notes on pages 6 to 7 form part of these accounts.

## WATERMAN TRUSTEES LIMITED

### NOTES TO THE ACCOUNTS - 31 DECEMBER 1997

#### 1 ACCOUNTING POLICIES

The company is the sole Trustee for a Trust set up to meet the obligations under the ultimate parent company's 1993 Executive Share Option Scheme and Profit Sharing Scheme. The assets and liabilities, income and expenditure of the trust have been included within the accounts of the company.

##### Accounting convention

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

##### Income

Income arises from dividends on investments held, together with the associated tax credit.

##### Investments

Shares are recorded in the balance sheet at cost, less any permanent diminution in value.

#### 2 OTHER OPERATING CHARGES

	<u>1997</u> £'000	<u>1996</u> £'000
Other operating charges include:		
Administration charge from Waterman Partnership Ltd	2	1
Loss on disposal of shares	8	5

Directors received no emoluments during the year. The company has no employees. Auditors remuneration amounted to £500 (1996 : £500) and was borne by the parent company.

#### 3 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	<u>1997</u> £'000	<u>1996</u> £'000
The taxation charge comprises:-		
Tax credit on UK dividends received	<u>2</u>	<u>1</u>

There is no potential liability to deferred taxation at the year end (1996 : £Nil).

## WATERMAN TRUSTEES LIMITED

### NOTES TO THE ACCOUNTS - 31 DECEMBER 1997 (Continued)

#### 4 SHARES IN WATERMAN PARTNERSHIP HOLDINGS PLC

	<u>1997</u> £'000	<u>1996</u> £'000
Shares at cost	171	212

The market value of 329,137 shares held as at 31 December 1997 was £153,049 (1996: £171,063). The extent to which market value is below cost is seen as a temporary fluctuation and consequently has not been adjusted for.

The total number of shares held at 31 December 1997 was 329,137. Options issued but not exercised, which can be satisfied by either issued shares or newly created shares, are outstanding for 382,500 shares at 58p and 20,000 shares at 40p. These options are exercisable between 1996 - 2005.

#### 5 CREDITORS (amounts falling due within one year)

The parent undertaking, Waterman Partnership Holdings Plc, has undertaken not to demand repayment of amounts owed by the company to other group companies and to provide further financial support to enable the company to continue operations.

#### 6 CALLED UP SHARE CAPITAL

	<u>1997</u>	<u>1996</u>
Authorised - 1,000 ordinary shares of £1 each	<u>£1000</u>	<u>£1,000</u>
Allotted and fully paid - 2 ordinary shares of £1 each	<u>£2</u>	<u>£2</u>

#### 7. ULTIMATE PARENT COMPANY

The company's ultimate parent company is Waterman Partnership Holdings Plc, a company incorporated in Great Britain and registered in England. The sole set of accounts which consolidate the accounts of the company are those of Waterman Partnership Holdings PLC, copies of which are available from the Company Secretary, 46/47 Blackfriars Road, London SE1 8PN.

#### 8. POST BALANCE SHEET EVENT

Since 31 December 1997, the Company has purchased 350,000 ordinary shares in Waterman Partnership Holdings Plc at a cost of £158,500.