

Notes to the accounts

1 Segmental analysis of total return

The Group carries on its private equity and venture capital business in four geographical areas, the United Kingdom, continental Europe, the US and Asia Pacific and has one principal activity – the making of investments. The information shown below is based on the geographical location of investee companies and for the US and Asia Pacific also includes the results of older joint venture businesses.

	United Kingdom 2003 £m	Continental Europe 2003 £m	US 2003 £m	Asia Pacific 2003 £m	Total 2003 £m
Geographical areas					
Interest receivable and similar income arising from debt securities and other fixed income securities held as financial fixed asset investments	96	16	–	1	113
Dividend income from equity shares	89	17	–	–	106
Fees receivable	30	24	–	2	56
Other income	29	3	1	–	33
Total operating income before interest payable	244	60	1	3	308
Revenue profit before tax	186	(12)	(2)	–	172
Capital profit before tax	(586)	(377)	(140)	(15)	(1,118)
Total return before tax	(400)	(389)	(142)	(15)	(946)
Net assets	2,158	568	159	51	2,936
Total assets	3,360	1,348	198	93	4,999

	United Kingdom 2002 £m	Continental Europe 2002 £m	US 2002 £m	Asia Pacific 2002 £m	Total 2002 £m
Geographical areas					
Interest receivable and similar income arising from debt securities and other fixed income securities held as financial fixed asset investments	117	14	–	1	132
Dividend income from equity shares	99	11	–	1	111
Fees receivable	32	21	–	3	56
Other income	37	18	1	–	56
Total operating income before interest payable	285	64	1	5	355
Revenue profit before tax and goodwill	137	(17)	(7)	(2)	111
Capital profit before tax and goodwill	(431)	(465)	(67)	(31)	(994)
Total return before tax and goodwill	(294)	(482)	(74)	(33)	(883)
Goodwill	–	(73)	–	–	(73)
Total return before tax	(294)	(555)	(74)	(33)	(956)
Net assets	2,851	862	179	53	3,945
Total assets	4,067	1,653	295	118	6,133

2 Realised profits/(losses) on disposal of investments

	2003 £m	2002 £m
Net proceeds	970	1,112
Opening valuation of investments disposed	(755)	(1,002)
Investments written off	(79)	(151)
Other	48	2
Realised profits/(losses) on disposal	184	(39)
Represented by:		
Listed	8	12
Unlisted	176	(51)
	184	(39)

Other includes £50 million (2002: £3 million) in respect of subordinated liabilities no longer repayable, as explained in note 38.

3 Unrealised (losses) on revaluation of investments

	2003 £m	2002 £m
Listed	(169)	(246)
Unlisted	(996)	(644)
	(1,165)	(890)

4 Interest receivable and similar income arising from debt securities and other fixed income securities held as financial fixed asset investments

	UK 2003 £m	Non-UK 2003 £m	Total 2003 £m	UK 2002 £m	Non-UK 2002 £m	Total 2002 £m
Interest receivable on loan investments – unlisted	79	17	96	98	15	113
Fixed rate dividends – unlisted	17	–	17	19	–	19
	96	17	113	117	15	132

Interest receivable of £41 million (2002: £30 million) has been received by way of loan notes and a corresponding amount has been included in additions to loan investments.

5 Other interest receivable and similar income

	2003 £m	2002 £m
Interest receivable on money market assets, treasury debt securities and similar income	34	46

6 Interest payable

Interest payable has been allocated as follows:

	2003 £m	2002 £m
Revenue reserve	57	114
Capital reserve	53	6
	110	120

Interest payable during the year was allocated so that interest payable less other interest receivable and similar income was allocated to revenue and capital profits based on the expected split of returns between revenue and capital. This split is expected to be 30% revenue and 70% capital. In previous years, interest payable, other than that relating to TH Technologieholding GmbH group, was allocated to the financing of assets which could only earn future revenue profits and was therefore charged to revenue profits.

7 Dividend income from equity shares

	UK 2003 £m	Non-UK 2003 £m	Total 2003 £m	UK 2002 £m	Non-UK 2002 £m	Total 2002 £m
Listed	3	1	4	8	2	10
Unlisted	86	16	102	91	10	101
	89	17	106	99	12	111

8 Fees receivable

Fees have been accounted for as follows:

	2003 £m	2002 £m
Revenue reserve	46	56
Capital reserve	10	–
	56	56

Fees receivable during the year earned as an intrinsic part of an intention to acquire or dispose of an investment have been accounted for directly in the capital reserve as a result of adopting the revised Investment Trust SORP. In previous years, all fees were accounted for in the revenue reserve.

9 Administrative expenses and depreciation

	2003 £m	2002 £m
Staff costs		
Wages and salaries	67	74
Social security costs	7	8
Other pension costs	15	16
	89	98
Other administrative expenses	57	65
Depreciation	7	8
Total administrative expenses	153	171
Total administrative expenses have been allocated as follows:		
Revenue reserve	64	121
Capital reserve	89	50
	153	171

The average monthly number of employees during the year was 922 (2002: 1,084). At 31 March 2003, the number of employees was 858 (2002: 944). In addition to the staff costs shown above, an amount of £6 million (2002: £1 million) has been charged against realised capital profits in respect of carried interest payable to employees.

Costs incurred during the year as an intrinsic part of an intention to acquire or dispose of an investment have been accounted for directly to the capital reserve. In previous years, they were available for allocation. Costs associated with making and managing investments were allocated to revenue and capital profits based on the expected split of returns between revenue and capital. This split is expected to be 30% revenue and 70% capital (2002: 20% revenue and 80% capital).

10 Directors' emoluments

Details of Directors' emoluments are contained within the Remuneration report on pages 30 to 37.

11 Pension arrangements

The Group operates a number of pension schemes. The main scheme, which covers most employees, is the 3i Group Pension Plan ("the Plan"). The cost of the Plan recognised in the accounts was £12 million (2002: £13 million) and other plans was £3 million (2002: £3 million). This is a funded defined benefit scheme, the assets of which are independent of the Group's finances and are administered by trustees. The Group accounts for pension arrangements in accordance with Statement of Standard Accounting Practice 24 – Accounting for Pension Costs (SSAP 24). The Plan is the subject of an actuarial valuation every three years. The last full valuation was made at 30 June 2001 on the projected unit method. At that date, the market value of the assets was £246 million, and the actuarial value of the assets (taken to be market value) was sufficient to cover 92% of the value of benefits that had accrued to members after allowing for assumed increases in earnings and benefits. The principal assumptions were as follows:

	Accrued liabilities	Future contributions
Price inflation	2.7%	2.7%
Rate of return pre-retirement	8.2%	8.6%
Rate of return post-retirement	5.2%	5.5%
Salary increases (excluding promotion)	5.2%	5.2%
Pension increases	3.0%	3.0%

The deficit at 30 June 2001 has been spread over a ten year period, the average remaining service lives of the existing employees, using the percentage of payroll method.

The net cost and contributions in respect of the main scheme comprises:

	2003 £m	2002 £m
Regular cost	11	11
Variation from regular cost (including interest)	1	2
Net cost for the year	12	13
Contributions – cash	25	22

As a result of adverse economic and market conditions since 30 June 2001, the market value of the Plan's assets at 31 March 2003 would have been sufficient to cover 66% of the value of benefits that had accrued to members after allowing for assumed increases in earnings and benefits. If these conditions persist until the next triennial actuarial valuation of the Plan at 30 June 2004, the SSAP 24 based net cost will increase for 2005.

Following advice from independent actuaries, no employer's contributions were made during the period from 1 July 1985 to 1 April 2002 except that during the year to 31 March 2002 two payments were made into the Plan totalling £22 million. Employer's contributions to the Plan recommenced on 1 April 2002. For the year to 31 March 2003, standard contributions were agreed to be 31.5% of members' pensionable salaries. An additional £13 million was also paid on 31 March 2003. An amount of £13 million (2002: £nil) included in prepayments represents the cumulative difference between the net pension cost and contributions made.

11 Pension arrangements continued

New employees joining 3i and the Plan after 1 September 2002 are required to contribute 5% of their monthly pensionable salaries. Under its rules, the Plan was non contributory for employees, joining prior to 1 September 2002, from 1 April 1978 to 31 December 2002. From 1 January 2003, the rules of the Plan were changed and employees who joined the Plan prior to 1 September 2002 were required to contribute 1% of monthly pensionable salary, currently this will increase by 1% each year to a target of 5% of pensionable salary. After a review of the discretionary early retirement arrangements of the Plan, the employer's standard contribution rate changed from 1 April 2003 to 29.2%.

R W Perry and O H J Stocken are Directors of 3i Group plc and were also throughout the year Directors of Gardens Pension Trustees Limited, one of two Corporate Trustees of the 3i Group Pension Plan.

Financial Reporting Standard 17 – Retirement Benefits (“FRS17”) changes the basis of accounting for pensions and other post-retirement benefits. Under the transitional arrangements for the introduction of FRS17, certain additional disclosures are required and these are given below.

The actuarial valuation at 30 June 2001 was updated to 31 March 2002 and 31 March 2003 by an independent qualified actuary in accordance with FRS17. The Plan's liabilities have been measured using the projected unit method. The valuation for FRS17 purposes is based on the membership details and demographic assumptions used in the most recent actuarial valuation. The Plan assets have been updated to market value as at 31 March 2003.

The key FRS17 assumptions used for the Plan were:

	2003	2002
Price inflation	2.5%	2.5%
Salary increases (excluding promotion)	4.0%	5.0%
Pension increases	3.0%	3.0%
Discount rate	5.6%	6.1%

The assets of the Plan and their expected return were:

	Long term rate of return expected at 31 March 2003	2003 Value £m	Long term rate of return expected at 31 March 2002	2002 Value £m
Equities	7.5%	144	8.5%	212
Gilts	4.5%	42	–	–
Other	3.8%	27	5.2%	39
		213		251
Present value of Plan liabilities		(303)		(265)
Net pension liability		(90)		(14)

A deferred tax asset has not been recognised on this deficit because its utilisation is considered unlikely in the foreseeable future.

If FRS17 had been adopted in the financial statements, the following amounts would have been recognised in the total return for the year to 31 March 2003:

	2003 £m
Revenue account	
Amount charged to administrative expenses	
Current service cost	(11)
Vested past service	(1)
Total administrative expenses	(12)
Amount charged to other finance costs	
Expected return on Plan assets	20
Interest on Plan liabilities	(16)
Net return	4
Revenue return	(8)
Capital account	
Difference between expected and actual return on Plan assets	(76)
Experience (losses) on Plan liabilities	(5)
Changes in assumptions underlying the present value of Plan liabilities	(12)
Actuarial (losses) recognised in total return	(93)
Total return	(101)

11 Pension arrangements continued

The movement in pension deficit is as follows:

	2003 £m
Opening balance	(14)
Current service cost	(11)
Past service cost	(1)
Contributions	25
Other financial interest	4
Actuarial (losses) recognised in capital reserve	(93)
Movement in the year	(76)
Closing balance	(90)

History of experience gains and losses:

	2003
Difference between the expected and actual return on Plan assets:	
Amount	£(76)m
Percentage of Plan assets (closing)	36%
Experience gains and losses on Plan liabilities:	
Amount	£(5)m
Percentage of present value of Plan liabilities (closing)	2%
Total amount recognised in Statement of total return:	
Amount	£(93)m
Percentage of present value of Plan liabilities (closing)	31%

If FRS17 had been fully implemented net assets would have reduced by:

	2003 £m	2002 £m
FRS17 deficit	90	14
SSAP 24 prepayment	13	–
	103	14

12 Cost of changes to organisational structure

A provision of £10 million (2002: £18 million) was made for organisational changes of the Group and staff reductions made during the year. This has been allocated between the revenue reserve £5 million (2002: £9 million) and the capital reserve £5 million (2002: £9 million) based on the underlying nature of the cost.

13 Profit on ordinary activities before tax

This is arrived at after charging:

	2003 £m	2002 £m
Depreciation on owned assets	6	6
Depreciation on hire purchase assets	1	2

Auditors' remuneration

The auditors received fees for the audit of the Group of £0.7 million (2002: £0.6 million), which included £0.2 million (2002: £0.2 million) for the Company. In addition, £0.7million (2002: £1.2 million) was paid by the Group to Ernst & Young for non-audit work. Total fees paid are analysed below:

	2003 £m	2002 £m
Statutory audit fee	0.7	0.6
Additional assurance	0.2	0.1
Total audit related services	0.9	0.7
Taxation advisory services	0.2	0.2
Other services		
Group reorganisation	–	0.3
Investment due diligence	0.1	0.3
Other	0.2	0.3
Total non-audit related services	0.3	0.9

13 Profit on ordinary activities before tax continued

Non-audit services, including regulatory reports and taxation advice, were undertaken by Ernst & Young in accordance with the principles in the Directors' report on page 29.

Audit related services are services required to be undertaken by the auditors which include the statutory and interim audits, regulatory returns and formalities relating to borrowing, shareholder and other circulars. This work is normally allocated to the auditors.

Tax advisory services are services which it is most efficient for the auditors to provide and is allocated to them subject to consideration of any impact on their independence.

Other services are services that could be provided by a number of firms, including general consultancy work. All significant projects are normally put out to tender and work would be allocated to the auditors only if it did not present a potential threat to the independence of the audit team.

14 Tax

The tax charge/(credit) for the year comprises:

	Revenue 2003 £m	Capital 2003 £m	Revenue 2002 £m	Capital 2002 £m
Charge/(credit) in respect of costs allocated to capital profits but utilised against revenue profits	30	(30)	–	–
UK corporation tax at 30% (2002: 30%)	2	–	2	–
Less relief for foreign tax	(2)	–	(2)	–
Foreign tax	3	(1)	4	–
Adjustment in respect of previous periods	(1)	–	(1)	–
Current tax charge/(credit) for the year	32	(31)	3	–
Deferred tax	–	(4)	–	(4)
Charge/(credit) for the year	32	(35)	3	(4)

The charge/(credit) for the year all relates to the Company and its subsidiary undertakings

Factors affecting the charge for the year The tax charge for the year differs from the standard rate of corporation tax in the UK, currently 30% (2002: 30%), and the differences are explained below:

	Revenue 2003 £m	Capital 2003 £m	Revenue 2002 £m	Capital 2002 £m
Return before tax	172	(1,118)	109	(1,065)
Return before tax multiplied by standard UK corporation tax rate of 30% (2002: 30%)	52	(335)	33	(320)
Effects of:				
Expenses not deductible for tax purposes	1	–	1	–
Short term timing differences	1	–	(5)	–
Current period unutilised tax losses	7	–	10	–
Non-taxable UK dividend income	(29)	–	(37)	–
Foreign tax	3	–	4	–
Foreign tax credits available for double tax relief	(2)	–	(2)	–
Adjustments in respect of previous periods	(1)	–	(1)	–
Capital losses not allowable because of Investment Trust status	–	304	–	320
Current tax charge/(credit) for the year	32	(31)	3	–

The Group's investments and capital return are primarily included in the Group's ultimate parent company, the affairs of which are directed so as to allow it to be approved as an investment trust. As investment trusts are exempt from capital gains tax, the Group's capital return is largely not taxable.

Factors that may affect future tax charges The Group currently has and expects to continue to generate surplus tax losses. A deferred tax asset in respect of these surplus losses is not recognised because their utilisation is considered unlikely in the foreseeable future.

15 Profit after tax

The amount dealt with in the revenue account of the Company is £101 million (2002: £110 million).

16 Dividends

	2003 £m	2002 £m
Interim paid 4.9p per share (2002: 4.9p per share paid)	29	29
Final proposed 8.6p per share (2002: 8.1p per share paid)	52	49
	81	78

17 Earnings and net assets per share

	2003	2002
Revenue profit for the year	£140m	£106m
Weighted average number of shares – Basic	610m	609m
– Diluted	611m	613m
Earnings per share – Basic	22.9p	17.4p
– Diluted	22.9p	17.3p
Net assets	£2,936m	£3,945m
Number of shares – Basic	611m	610m
– Diluted	611m	612m
Net asset value per share – Basic	481p	647p
– Diluted	480p	645p

The difference between the basic and diluted weighted average number of shares is the dilutive effect of share options.

18 Related undertakings

The Directors are of the opinion that the number of undertakings in respect of which the Company is required to disclose information under Schedule 5 to the Companies Act 1985 is such that compliance would result in information of excessive length being given.

In accordance with section 231 of that Act, information regarding principal subsidiary undertakings and joint ventures is set out on page 66. Full information will be annexed to the Company's next annual return.

As permitted by Financial Reporting Standard 8 – Related Party Disclosures – transactions or balances with Group entities that have been eliminated on consolidation are not reported.

19 Loans and advances to banks

	The Group 2003 £m	The Group 2002 £m	The Company 2003 £m	The Company 2002 £m
Repayable on demand	99	48	34	9
Maturity of other loans and advances to banks				
Repayable:				
within three months	313	461	282	430
between one year and five years	115	54	115	50
	527	563	431	489

20 Debt securities held for treasury purposes

	The Group 2003 £m	The Group 2002 £m	The Company 2003 £m	The Company 2002 £m
Repayable within one year	283	191	283	191

21 Debt securities and other fixed income securities held as financial fixed asset investments and equity shares

	The Group 2003 £m	The Group 2002 £m	The Company 2003 £m	The Company 2002 £m
Debt securities and fixed income shares				
Loan investments	1,336	1,408	1,258	1,334
Fixed income shares	228	324	224	318
	1,564	1,732	1,482	1,652
Equity shares				
Listed	187	413	180	406
Unlisted	2,188	2,964	1,999	2,694
	2,375	3,377	2,179	3,100
Total	3,939	5,109	3,661	4,752
Maturity of debt securities and fixed income shares				
Repayable within one year	101	115	95	109
Repayable after more than one year	1,463	1,617	1,387	1,543
	1,564	1,732	1,482	1,652

21 Debt securities and other fixed income securities held as financial fixed asset investments and equity shares continued

	The Group Equity shares 2003 £m	The Group Loan investments 2003 £m	The Group Fixed income shares 2003 £m	The Group Total 2003 £m
Opening balances				
Cost	2,685	1,640	450	4,775
Unrealised appreciation	692	(232)	(126)	334
	3,377	1,408	324	5,109
Additions at cost	327	384	6	717
Additions at cost from joint venture	17	-	-	17
Disposals, repayments and write-offs	(479)	(369)	(133)	(981)
Transfers	99	(121)	34	12
Unrealised appreciation	(1,068)	5	(1)	(1,064)
Currency translation	102	29	(2)	129
31 March 2003	2,375	1,336	228	3,939
Represented by:				
Cost	2,751	1,563	355	4,669
Unrealised appreciation	(376)	(227)	(127)	(730)
	2,375	1,336	228	3,939
Listed				
UK	158	-	-	158
Non-UK	29	-	-	29
	187	-	-	187
Unlisted				
UK	1,130	995	211	2,336
Non-UK	1,058	341	17	1,416
	2,188	1,336	228	3,752

	The Company Equity shares 2003 £m	The Company Loan investments 2003 £m	The Company Fixed income shares 2003 £m	The Company Total 2003 £m
Opening balances				
Cost	2,415	1,554	440	4,409
Unrealised appreciation	685	(220)	(122)	343
	3,100	1,334	318	4,752
Additions at cost	306	366	6	678
Additions at cost from joint venture	17	-	-	17
Disposals, repayments and write-offs	(408)	(349)	(128)	(885)
Transfers	99	(121)	34	12
Transfers to other Group companies	(21)	(3)	-	(24)
Unrealised appreciation	(983)	12	(4)	(975)
Currency translation	69	19	(2)	86
31 March 2003	2,179	1,258	224	3,661
Represented by:				
Cost	2,477	1,466	350	4,293
Unrealised appreciation	(298)	(208)	(126)	(632)
	2,179	1,258	224	3,661
Listed				
UK	158	-	-	158
Non-UK	22	-	-	22
	180	-	-	180
Unlisted				
UK	1,129	993	208	2,330
Non-UK	870	265	16	1,151
	1,999	1,258	224	3,481

21 Debt securities and other fixed income securities held as financial fixed asset investments and equity shares continued

Group companies have invested in or made commitments to 13 limited partnerships. These investments represented the following proportions of the total commitments of all investors in these partnerships:

Partnership	Proportion of total commitments
3i Europe Investment Partners No. 1	0.92%
3i Europe Investment Partners No. 2	<0.01%
3i 94 LMBO Plan	<0.01%
3i UK Investment Partners	0.23%
3i Smaller MBO Plan	<0.01%
3i NPM Smaller MBO Plan	<0.01%
3i UKIP II LP	<0.01%
3i Europartners II LP	<0.01%
3i Parallel Ventures LP	<0.01%
3i Europartners IIIA LP	<0.01%
3i Europartners IIIB LP	<0.01%
3i Asia Pacific Technology LP	<0.01%
3i Nippon Buyouts Venture Capital Investment Limited Partnership	0.03%

The proportion of total commitments shown above are those at both 31 March 2003 and 31 March 2002. Although Group companies act as the general partner and the manager of each partnership, since their rights as such are held in a fiduciary capacity, the investments are included as equity share investments. Unrealised appreciation on unlisted equity investments includes £6 million (2002: £13 million) which represents the net carried interest that would be received by the Group if all investments held by the limited partnerships were realised at their valuation on the balance sheet date. The Group received fee income of £34 million (2002: £35 million) and distributions of £7 million (2002: £2 million) from this activity.

22 Interests in joint ventures

	The Group 2003 £m	The Company 2003 £m
Opening balances		
Cost	91	14
Share of post acquisition retained surpluses less losses	(6)	-
Unrealised appreciation	(50)	(2)
	35	12
Additions	54	-
Disposals and repayment	(24)	(1)
Transfers	(12)	(12)
Share of net surplus less losses	(1)	-
Unrealised appreciation	(35)	2
Currency translation	6	-
31 March 2003	23	1
Represented by:		
Cost	115	1
Share of post acquisition retained surpluses less losses	(7)	-
Unrealised appreciation	(85)	-
	23	1

The additions to joint ventures were mainly the investment of equity in and loans to Woodrose AB.

Details of the Group's interest in its principal joint venture, which is unlisted and outside the UK, is given on page 66.

23 Shares in Group undertakings

	The Company 2003 £m
Opening balance	137
Additions	16
Disposals	(25)
Provisions	(78)
Currency translation	16
Closing balance	66

Details of the principal subsidiary undertakings are given on page 66.

24 Goodwill

	2003 £m
Opening cost	93
Currency translation	11
Disposal	(104)
Cost at 31 March 2003	-
Opening amortisation	93
Currency translation	11
Disposal	(104)
Amortisation at 31 March 2003	-
Book amount at 31 March 2003	-
Book amount at 31 March 2002	-

25 Tangible fixed assets

	The Group 2003 £m	The Group 2002 £m	The Company 2003 £m	The Company 2002 £m
Investment properties	5	-	-	-
Properties in use by the Group	27	34	26	31
Other fixed assets in use by the Group	13	16	-	-
	45	50	26	31

	The Group Investment properties 2003 £m	The Company Investment properties 2003 £m	The Group Properties in use by the Group 2003 £m	The Company Properties in use by the Group 2003 £m
Properties				
Opening balances				
Cost	-	-	23	21
Unrealised appreciation	-	-	11	10
	-	-	34	31
Additions	5	-	-	-
Disposals	-	-	(1)	-
Unrealised appreciation	-	-	(6)	(5)
	5	-	27	26
Represented by:				
Cost	5	-	22	21
Unrealised appreciation	-	-	5	5
	5	-	27	26
Freehold	5	-	9	8
Leasehold – 50 years and over	-	-	18	18
	5	-	27	26

	The Group Office equipment 2003 £m	The Group Motor vehicles 2003 £m	The Group Hire purchase motor vehicles 2003 £m	The Group Total 2003 £m
Other fixed assets in use by the Group				
Opening cost	53	1	5	59
Additions	4	-	1	5
Disposals	(1)	(1)	(1)	(3)
Cost at 31 March 2003	56	-	5	61
Opening depreciation	40	1	2	43
Charge for year	6	-	1	7
Disposals	-	(1)	(1)	(2)
Depreciation at 31 March 2003	46	-	2	48
Book amount at 31 March 2003	10	-	3	13
Book amount at 31 March 2002	13	-	3	16

25 Tangible fixed assets continued

	The Group 2003 £m	The Group 2002 £m
Obligations under motor vehicle hire purchase contracts		
Amounts payable:		
within one year	1	1
between two and five years	1	1
	2	2
Finance charge allocated to future periods	–	–
	2	2

26 Own shares

	2003 £m
Opening cost	54
Disposals	(10)
31 March 2003	44

Investment in own shares consists of shares in 3i Group plc held by The 3i Group Employee Trust to meet its obligations under the Group's share schemes. The market value of these shares at 31 March 2003 was £34 million (2002: £76 million). The Trustee has waived its right to receive dividends on the shares held by the Trust. The purchase of the shares is funded by an interest free loan from 3i Group plc.

27 Other assets

	The Group 2003 £m	The Group 2002 £m	The Company 2003 £m	The Company 2002 £m
Non-investment leases	–	1	–	–
Tax recoverable	4	9	1	3
Development properties	–	2	–	–
Other debtors	60	49	9	9
Amounts due from Group undertakings			62	52
	64	61	72	64

28 Prepayments and accrued income

	The Group 2003 £m	The Group 2002 £m	The Company 2003 £m	The Company 2002 £m
Interest receivable	71	66	48	46
Certificates of tax deposit	2	3	2	3
	73	69	50	49

29 Deposits by banks

	The Group 2003 £m	The Group 2002 £m	The Company 2003 £m	The Company 2002 £m
With agreed maturity dates or periods of notice	423	519	248	323
Maturity of deposits with agreed maturity dates or periods of notice				
Repayable:				
within three months	66	153	66	153
between three months and one year	3	3	3	3
between two years and five years	354	363	179	167
	423	519	248	323

30 Debt securities in issue

	The Group 2003 £m	The Group 2002 £m	The Company 2003 £m	The Company 2002 £m
Bonds and notes	1,183	1,189	830	835
Other debt securities in issue	167	150	167	150
	1,350	1,339	997	985

Bonds and notes	Rate	Repayment	The Group 2003 £m	The Group 2002 £m	The Company 2003 £m	The Company 2002 £m
Fixed rate (guaranteed)						
3i International BV	7.75%	2003	150	150		
Total fixed rate			150	150	–	–
Variable rate						
Unsecured loan notes		2007-2010	2	4	1	2
Total variable rate			2	4	1	2

Notes issued under the £2,000 million Note Issuance Programme	Rate	Repayment	The Group 2003 £m	The Group 2002 £m	The Company 2003 £m	The Company 2002 £m
Fixed rate						
Public issues						
3i Group plc	6.875%	2007	200	200	200	200
3i Group plc	6.875%	2023	200	200	200	200
3i Group plc	5.750%	2032	400	400	400	400
Private placings			22	2	20	–
Total fixed rate			822	802	820	800
Variable rate						
Public issues						
3i Holdings plc		2007	200	200		
Private placings			9	33	9	33
Total variable rate			209	233	9	33
Total bonds and notes			1,183	1,189	830	835

Maturity of bonds and notes	The Group 2003 £m	The Group 2002 £m	The Company 2003 £m	The Company 2002 £m
Repayable:				
on demand or within one year	175	28	25	28
between one year and two years	2	155	–	5
between two years and five years	405	3	205	–
after five years	601	1,003	600	802
	1,183	1,189	830	835

Other debt securities in issue	The Group 2003 £m	The Group 2002 £m	The Company 2003 £m	The Company 2002 £m
European Investment Bank	22	33	22	33
Other	145	117	145	117
	167	150	167	150
Maturity of other debt securities in issue				
Repayable:				
within three months	115	115	115	115
between three months and one year	42	11	42	11
between one year and two years	5	22	5	22
between two years and five years	5	2	5	2
	167	150	167	150

30 Debt securities in issue continued

The Group had the following committed multi-currency facilities at 31 March 2003:

Negotiated	Facility	Drawn	Drawn margin (over LIBOR)	Undrawn commitment fee	Maturity
April 1997	£625m	–			18 April 2004
			0.150%	0.0750%	Years 6 to 7
June 2001	£360m	£351m			21 June 2006
			0.175%	0.0875%	Years 1 to 5

31 Interest rate sensitivity gap analysis

Interest rate risk emanates from the Group's loan investments and the Group's funding. The Group's policy is that fixed rate lending is matched with fixed rate borrowings and the interest rate resetting profile of variable rate lending is matched with that of variable rate borrowings through gearing the portfolio. Financial instruments including interest rate swaps are used as part of this matching process. Equity investments, which are mainly funded by shareholders' funds but also partially by borrowings in similar currencies, give rise to an interest rate sensitivity gap as a result of the equity investments being non-interest bearing and having no fixed maturity date. The interest rate sensitivity gap at 31 March 2003 was:

	Not more than three months 2003 £m	More than three months but not more than six months 2003 £m	More than six months but not more than one year 2003 £m	More than one year but not more than five years 2003 £m	More than five years 2003 £m	Non-interest bearing 2003 £m	Total 2003 £m
Assets							
Treasury bills and other eligible bills	–	–	–	–	1	–	1
Loans and advances to banks	412	105	10	–	–	–	527
Debt securities held for treasury purposes	228	55	–	–	–	–	283
Debt securities and other fixed income securities held as financial fixed assets							
Loan investments	438	67	65	328	438	–	1,336
Fixed income shares	–	–	–	–	–	228	228
Equity shares	–	–	–	–	–	2,375	2,375
Other assets	–	–	–	–	–	249	249
	1,078	227	75	328	439	2,852	4,999
Liabilities							
Deposits by banks	316	104	3	–	–	–	423
Debt securities in issue	(44)	126	(34)	302	1,000	–	1,350
Other liabilities	–	–	–	–	–	239	239
Subordinated liabilities	–	–	–	–	51	–	51
Shareholders' funds	–	–	–	–	–	2,936	2,936
	272	230	(31)	302	1,051	3,175	4,999
Interest rate sensitivity gap	806	(3)	106	26	(612)	(323)	–
Cumulative gap	806	803	909	935	323	–	–

31 Interest rate sensitivity gap analysis continued

	Not more than three months 2002 £m	More than three months but not more than six months 2002 £m	More than six months but not more than one year 2002 £m	More than one year but not more than five years 2002 £m	More than five years 2002 £m	Non-interest bearing 2002 £m	Total 2002 £m
Assets							
Treasury bills and other eligible bills	–	–	–	–	1	–	1
Loans and advances to banks	509	54	–	–	–	–	563
Debt securities held for treasury purposes	161	30	–	–	–	–	191
Debt securities and other fixed income securities held as financial fixed assets							
Loan investments	496	98	95	273	446	–	1,408
Fixed income shares	–	–	–	–	–	324	324
Equity shares	–	–	–	–	–	3,377	3,377
Other assets	–	–	–	–	–	269	269
	1,166	182	95	273	447	3,970	6,133
Liabilities							
Deposits by banks	448	68	3	–	–	–	519
Debt securities in issue	144	(28)	108	(106)	1,221	–	1,339
Other liabilities	–	–	–	–	–	246	246
Subordinated liabilities	–	–	–	–	84	–	84
Shareholders' funds	–	–	–	–	–	3,945	3,945
	592	40	111	(106)	1,305	4,191	6,133
Interest rate sensitivity gap	574	142	(16)	379	(858)	(221)	–
Cumulative gap	574	716	700	1,079	221	–	–

32 Currency exposures

Currency rate risk emanates from the Group's international operations. The policy regarding currency risk is set out in the Financial review on page 19. Currency swaps are used as part of applying that policy.

The Group's structural currency exposures at 31 March 2003 were as follows:

Currency	Variable rate loan investments 2003 £m	Fixed rate loan investments 2003 £m	Other investment assets 2003 £m	Other net assets before borrowings 2003 £m	Short term variable rate borrowings 2003 £m	Other variable rate borrowings 2003 £m	Fixed rate borrowings 2003 £m	Net assets 2003 £m
Sterling	397	496	1,450	688	14	200	(1,244)	2,001
Euro	91	181	656	69	(113)	42	(259)	667
US dollar	37	62	221	10	(32)	–	–	298
Swiss franc	–	38	26	2	(25)	–	–	41
Swedish krona	1	20	217	20	–	(354)	–	(96)
Other	–	13	61	4	(39)	–	(14)	25
Subtotal	129	314	1,181	105	(209)	(312)	(273)	935
Total	526	810	2,631	793	(195)	(112)	(1,517)	2,936

Currency	Variable rate loan investments 2002 £m	Fixed rate loan investments 2002 £m	Other investment assets 2002 £m	Other net assets before borrowings 2002 £m	Short term variable rate borrowings 2002 £m	Other variable rate borrowings 2002 £m	Fixed rate borrowings 2002 £m	Net assets 2002 £m
Sterling	572	534	2,178	503	(80)	71	(1,034)	2,744
Euro	72	155	841	186	(61)	(53)	(231)	909
US dollar	3	51	347	24	(96)	–	(14)	315
Swiss franc	–	6	27	1	(22)	–	–	12
Swedish krona	3	4	280	10	–	(353)	–	(56)
Other	–	8	63	19	(14)	–	(55)	21
Subtotal	78	224	1,558	240	(193)	(406)	(300)	1,201
Total	650	758	3,736	743	(273)	(335)	(1,334)	3,945

33 Liquidity

The Group's liquidity policy is based on a maturity ladder approach with all mismatch limits of cash flows between cumulative assets and cumulative liabilities over various time periods approved by the Board. The limits for shorter periods are also agreed with the Financial Services Authority.

34 Fair value of financial assets and financial liabilities

The Group does not have a trading book and it holds all assets and liabilities in a non-trading book.

Financial assets Quoted and unquoted equity investments and quoted fixed income shares are included in the consolidated balance sheet at market value or Directors' valuation which equates to fair value. Unquoted fixed income shares and loan investments are included in the consolidated balance sheet at the lower of cost or recoverable amount. No liquid and active market exists, either for the unquoted fixed income share or loan investments or their component parts. The fair value of other financial assets equates to their book value in the consolidated balance sheet.

Financial liabilities 3i's borrowings finance loan investments, fixed income shares and equity shares. As stated above, these unquoted loan and fixed income share investments are included in the consolidated balance sheet at the lower of cost or recoverable amount. These investments are not shown at an estimated market value as no active and liquid market exists for them. The Report and accounts therefore do not include any recognition of the effect of their yield being above or below current market yields. However, Financial Reporting Standard 13 – Derivatives and other financial instruments: disclosures – requires disclosure of the fair value of those elements of the Group's borrowings that are listed even though, in some cases, the market for those borrowings is not particularly active. The remainder of the Group's borrowings, which are unlisted, do not have a liquid or active market.

The fair value of the listed element of financial liabilities at 31 March 2003 was £1,214 million (2002: £1,222 million), which compares with a book amount of £1,205 million (2002: £1,208 million). These borrowings are used to fund investments which, in general, yield a net margin to the Group and which would therefore have a higher fair value than the fair value of the borrowing. The fair value of other financial liabilities equates to their book value in the consolidated balance sheet.

Derivatives The Group does not trade in derivatives. The derivatives held hedge specific exposures and have maturities designed to match the exposures they are hedging. It is the intention to hold both the financial instruments giving rise to the exposure and the derivative hedging them until maturity and therefore no net gain or loss is expected to be realised.

The book value of derivatives represents net interest receivable/(payable) on such instruments at the balance sheet date. The fair value represents the replacement cost of the instruments at the balance sheet date. No unrealised gains or losses are included in the balance sheet. The amount of unrecognised gains or losses at the balance sheet date equates to the difference between fair value and book value.

The fair values and book values at 31 March 2003 of the swaps were:

	Fair value 2003 £m	Fair value 2002 £m	Book value 2003 £m	Book value 2002 £m
Interest rate swaps	(24)	(5)	6	6
Currency swaps	(21)	2	2	1
	(45)	(3)	8	7

All swaps held at 31 March 2003 mature before 31 March 2041.

The principal outstanding on currency swap agreements and notional principal outstanding on interest rate swap agreements were:

	2003 £m	2002 £m
Fixed rate to variable rate	688	715
Variable rate to fixed rate	1,193	1,064
Variable rate to variable rate	170	175
Fixed rate to fixed rate	–	60
Included in the above are currency swaps amounting to	164	271

All financial instruments are unsecured. However, 3i does not expect non-performance by the counterparties, whose credit ratings are reviewed regularly.

35 Other liabilities

	The Group 2003 £m	The Group 2002 £m	The Company 2003 £m	The Company 2002 £m
Obligations under hire purchase contracts	2	2	–	–
Proposed dividend	52	49	52	49
Taxation payable	2	2	–	–
Amounts due to Group undertakings			389	327
	56	53	441	376

The amounts due to Group undertakings include £338 million (2002: £215 million) due after more than one year.

36 Accruals and deferred income

	The Group 2003 £m	The Group 2002 £m	The Company 2003 £m	The Company 2002 £m
Interest payable	43	45	26	28
Other accruals	130	136	21	19
	173	181	47	47

37 Provisions for liabilities and charges

	Costs of organisational changes 2003 £m	Deferred tax 2003 £m	Total 2003 £m
Opening balance	8	4	12
Charge for year	10	(4)	6
Utilised in year	(8)	–	(8)
Movement for the year	2	(4)	(2)
31 March 2003	10	–	10

The provision for the cost of organisational changes relates to organisational changes and staff reductions in the year to 31 March 2003. This is explained in note 12. The remaining provision is expected to be largely utilised in the year to 31 March 2004.

Deferred tax Full provision has been made for deferred tax relating to capital allowances and other timing differences.

	The Group 2003 £m	The Group 2002 £m	The Company 2003 £m	The Company 2002 £m
Capital allowances and other timing differences				
Accelerated capital allowances	–	(1)	–	–
Other timing differences	–	4	–	–
Relief for losses	–	(3)	–	–
	–	–	–	–
Unrealised appreciation less expected losses	–	4	–	–
	–	4	–	–

The Group has generated surplus tax losses and expects to continue to do so in the future. A deferred tax asset in respect of these surplus losses has not been recognised because their utilisation is considered unlikely in the foreseeable future.

38 Subordinated liabilities

Subordinated liabilities comprise limited recourse funding from Kreditanstalt für Wiederaufbau (“KfW”), a German federal bank. This funding, which individually finances investment assets, is at various fixed rates of interest and maturity is dependent upon the disposal of the associated assets. This funding is subordinated to other creditors of the individual group undertakings to which these funds have been advanced.

During March, 3i Group plc agreed to purchase from KfW €72 million (£50 million) owed by Technologieholding Fonds VC GmbH and Technologieholding Fonds NBL GmbH for a consideration of €9 million (£6 million). The final legal agreement was signed on 29 April 2003. As an adjusting post balance sheet event this has been accounted for in the year to 31 March 2003 and results in a realised capital profit in the year of £39 million. Additionally, during the year, £11 million of loans were waived by KfW.

39 Called up share capital

	The Company 2003 Number	The Company 2003 £m
Ordinary shares of 50p each		
Authorised		
Opening balance	700,000,000	350
Movement for the year	120,000,000	60
31 March 2003	820,000,000	410
Issued, called up and fully paid		
Opening balance	609,603,828	305
Allotted on exercise of options under The 3i Executive Share Option Plan and The 3i Group 1994 Executive Share Option Plan at between 167p and 664p per share	790,552	–
Allotted on exercise of options under The 3i Group Sharesave Scheme at 467p per share	117,083	–
Allotted under The 3i Group Share Incentive Plan at between 431p and 764p per share	342,877	–
Allotted to vendors of SFK Finance Oy at 1210p per share	63,913	–
Movement for the year	1,314,425	–
31 March 2003	610,918,253	305

The market price of shares on the date on which the terms of the issues were fixed, was the price at which those shares were allotted, except in relation to those allotted under The 3i Group Sharesave Scheme where the market price of the shares was 583p.

There were options outstanding to subscribe for the shares of the Company under The 3i Executive Share Option Plan, The 3i Group 1994 Executive Share Option Plan, The 3i Group Discretionary Share Plan and The 3i Group Sharesave Scheme as follows:

	Number of options	Period of exercise	Exercise price
31 March 2003	22,280,605	2003 to 2012	168p to 1375p
31 March 2002	20,419,430	2002 to 2011	168p to 1375p

The interests of the Directors (all of which are beneficial) in the shares of the Company are shown below:

	31 March 2003 or date of retirement if earlier	31 March 2002 or date of appointment if later	31 March 2003 or date of retirement if earlier Conditional*	31 March 2002 or date of appointment if later Conditional*
Baroness Hogg	12,355	9,355	–	–
The Lord Camoys (retired 10 July 2002)	10,200	10,200	–	–
Dr J R Forrest	1,500	1,500	–	–
C J M Morin-Postel (appointed 12 September 2002)	–	–	–	–
F D Rosenkranz	30,000	15,000	–	–
F G Steingraber	–	–	–	–
O H J Stocken	12,249	6,108	–	–
B P Larcombe	741,845	740,958	53,571	53,571
M M Gagen	91,055	91,055	24,050	24,050
R W Perry	22,436	21,509	22,176	22,176
M J Queen	130,135	129,285	32,220	32,220
Dr R D M J Summers (retired 31 December 2002)	639,573	638,938	55,180	55,180
P B G Williams (retired 31 December 2002)	306,127	305,481	37,652	37,652

* Represents conditional rights to acquire shares pursuant to share bonus awards granted under the Management Equity Investment Plan, described on page 36.

In addition to the interests shown above, the executive Directors also have beneficial interests in the conditional rights to acquire shares pursuant to the performance linked awards granted under the Management Equity Investment Plan, which are detailed in the table on page 35. Each of the employees of the Group (including each of the executive Directors) is a potential beneficiary of The 3i Group Employee Trust and as such is interested (within the meaning of section 324 of the Companies Act 1985) in the 8,193,026 shares held by the trust at 31 March 2003. (Shares at 31 March 2002: 9,716,940.) This number of shares includes the shares over which Directors are mentioned above as having conditional rights to acquire under the Management Equity Investment Plan.

Details of Directors' share options under the Group's Executive Share Option Plans are shown in the Remuneration report on pages 32 to 33.

Dr R D M J Summers retained from 1 April 2002 to 31 December 2002 an interest in one share of €7 in 3i SA and an interest in one share of €16 in 3i Gestion SA, subsidiary undertakings of the Company, in order to comply with provisions in the Articles of Association of those companies.

Since 31 March 2003, there have been changes in the Directors' interests in shares. As at 2 May 2003, each of these Directors were beneficially interested in the following number of additional shares: B P Larcombe (84), R W Perry (84) and M J Queen (84). In addition, as at that date, the number of shares held by The 3i Group Employee Trust was 8,177,679.

40 Reserves

	The Group Revenue 2003 £m	The Group Share premium 2003 £m	The Group Capital redemption 2003 £m	The Group Capital 2003 £m
Opening balances	276	342	1	3,021
Retained revenue for the year	59			
Realised profits on disposal of investments				184
Change in value of retained investments				(1,165)
Fees receivable allocated to capital reserve				10
Interest payable allocated to capital reserve				(53)
Administrative expenses allocated to capital reserve				(89)
Cost of changes to organisational structure allocated to capital reserve				(5)
Tax on capital items				35
Increase in respect of shares issued		7		
Currency translation adjustment	6			2
Movement for the year	65	7	-	(1,081)
31 March 2003	341	349	1	1,940
The balance on the capital reserve represents:				
Realised profits				2,692
Unrealised appreciation				(752)
				1,940

	The Company Revenue 2003 £m	The Company Share premium 2003 £m	The Company Capital redemption 2003 £m	The Company Capital 2003 £m
Opening balances	405	342	1	2,939
Retained revenue for the year	20			
Realised profits on disposal of investments				115
Change in value of retained investments				(1,128)
Interest payable allocated to capital reserve				(25)
Administrative expenses allocated to capital reserve				(55)
Capital contribution to subsidiary undertakings				(100)
Tax on capital items				5
Increase in respect of shares issued		7		
Currency translation adjustment	13			11
Movement for the year	33	7	-	(1,177)
31 March 2003	438	349	1	1,762
The balance on the capital reserve represents:				
Realised profits				2,441
Unrealised appreciation				(679)
				1,762

	The Company £m	Subsidiary undertakings £m	Joint ventures £m	Total £m
Retained profits				
31 March 2003				
Revenue and realised capital profits	2,879	161	(7)	3,033
31 March 2002				
Revenue and realised capital profits	3,022	23	(6)	3,039

The Company's Articles of Association prohibit the distribution of capital profits. As a result, the balance of its capital reserve, both realised and unrealised, is not distributable.

41 Unrealised appreciation

	2003 £m	2002 £m
Unrealised appreciation represents the difference between the original cost of investments and their carrying value, less charges		
Opening balance after tax	258	1,281
Value surplus realised	(38)	(268)
Value deficit written back on realisation	189	131
Change in value surplus	(1,165)	(890)
Tax credit	4	4
Movement for the year	(1,010)	(1,023)
Closing balance after tax	(752)	258

42 Reconciliation of revenue profit before tax to net cash flow from operating activities

	2003 £m	2002 £m
Revenue profit before tax	172	109
Depreciation of equipment and vehicles	7	8
Amortisation of goodwill	–	2
Tax on investment income included within income from overseas companies	(1)	(2)
Interest received by way of loan notes	(41)	(30)
Movement in other assets associated with operating activities	(9)	(5)
Movement in prepayments and accrued income associated with operating activities	12	13
Movement in accruals and deferred income associated with operating activities	(15)	(31)
Movement in provisions for liabilities and charges	2	8
Reversal of losses/(profits) of joint ventures less distribution received	1	(9)
Net cash inflow from operating activities	128	63

43 Acquisition of subsidiary undertakings

Analysis of the net outflow of cash from the acquisition of subsidiary undertakings is:

	2003 £m	2002 £m
Cash and acquisition costs	–	54
Cash acquired	–	(3)
Net cash flow	–	51

The acquisitions in 2002 did not have a material effect on the items prescribed in Financial Reporting Standard 1 (Revised 1996) – Cash Flow Statements – for inclusion in the consolidated cash flow.

44 Analysis of changes in financing during the year

	Share capital and share premium 2003 £m	Deposits and debt securities repayable after more than one year 2003 £m	Share capital and share premium 2002 £m	Deposits and debt securities repayable after more than one year 2002 £m
Opening balance	647	1,548	637	1,457
Exchange movements	–	47	–	(10)
Cash inflows from financing	7	6	10	220
Cash outflows from financing	–	(45)	–	(78)
Non-cash movements	–	(184)	–	(41)
Movement for the year	7	(176)	10	91
Closing balance	654	1,372	647	1,548

45 Reconciliation of net cash flows to movement in net debt

	2003 £m	2002 £m
Increase/(decrease) in cash in the year	49	(38)
Cash flow from management of liquid resources	(15)	(293)
Cash flow from debt financing	143	252
Cash flow from subordinated liabilities	(7)	(24)
Cash flow from finance leases	–	1
Change in net debt from cash flows	170	(102)
Foreign exchange movements	(46)	5
Non-cash changes	50	9
Movement in net debt in the year	174	(88)
Net debt at start of year	(1,189)	(1,101)
Net debt at end of year	(1,015)	(1,189)

46 Analysis of net debt

	1 April 2002 £m	Cash flow £m	Exchange movement £m	Other non-cash changes £m	31 March 2003 £m
Cash and deposits repayable on demand	48	49	2	–	99
Treasury bills, other loans, advances and treasury debt securities	707	(15)	20	–	712
Deposits and debt securities repayable within one year	(310)	104	(11)	(184)	(401)
Deposits and debt securities repayable after one year	(1,548)	39	(47)	184	(1,372)
Subordinated liabilities repayable after one year	(84)	(7)	(10)	50	(51)
Finance leases	(2)	–	–	–	(2)
	(1,189)	170	(46)	50	(1,015)

47 Cash flows arising from management of liquid resources

	2003 £m	2002 £m
Other loans, advances and treasury debt securities	15	293
Net cash inflow from management of liquid resources	15	293

48 Contingent liabilities

	The Group 2003 £m	The Group 2002 £m	The Company 2003 £m	The Company 2002 £m
Contingent liabilities relating to guarantees available to third parties in respect of investee companies	19	27	16	21

The Company has guaranteed the creditors of 3i plc and 3i Holdings plc at the dates of their capital reductions to a maximum of the amounts of those capital reductions. The amounts of the capital reductions were £140 million in respect of 3i plc and £250 million in respect of 3i Holdings plc. The Company has guaranteed the payment of principal, premium, if any, and interest on all the interest swap agreements of 3i Holdings plc. The Company, 3i Holdings plc and 3i plc have jointly and severally guaranteed the payment of principal, premium, if any, and interest on the bonds and notes issued by 3i International BV as listed in note 30. The Company has guaranteed the payment of principal, premium, if any, and interest on notes issued under the £2,000 million Note Issuance Programme by 3i Holdings plc and 3i International BV.

The Company has guaranteed the payment of principal and interest on amounts drawn down under the £625 million revolving credit facilities by 3i plc and 3i Holdings plc and the £360 million revolving credit facility by 3i Holdings plc. At 31 March 2003, 3i Holdings plc had drawn down £nil (2002: £10 million) and £175 million (2002: £187 million) respectively under these facilities.

A wholly owned subsidiary undertaking of the Company, Technologieholding VC GmbH, has guarantees of £2 million (2002: £2 million) to Kreditanstalt für Wiederaufbau, a provider of subordinated loans to four of its wholly owned subsidiary undertakings.

At 31 March 2003, there was no material litigation outstanding against the Company or any of its subsidiary undertakings.

49 Commitments

	The Group 2003 £m	The Group 2002 £m	The Company 2003 £m	The Company 2002 £m
Share and loan investments	270	411	260	394