

ABBAY NATIONAL NOMINEES LIMITED
REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 1998
Registered No. 2516674



ABBEY NATIONAL NOMINEES LIMITED

Report of the Directors

The Directors submit their report together with the accounts for the year ended 31 December 1998.

1. Principal activity and review of the year

The Company has not traded during the year. No significant accounting transactions as required to be entered in the Company's accounting records by Section 221 of the Companies Act 1985 have occurred during the period under review and therefore the Company is considered to be dormant.

2. Results and Dividends

There was no profit or loss for the period ended 31 December 1998 and therefore the Directors do not recommend the payment of a dividend.

3. Directors and their interests

The directors who served during the year were :

Mr I R Christie
Mrs L Nagrecha
Mr N Wilkes

None of the Directors had a beneficial interest in the shares of the Company at the year end. The directors' interests in the shares of the ultimate holding Company, Abbey National plc, (other than those disclosed in that Company's annual report) were as follows :

Ordinary Shares 10p each

Directors	As at 1 January 1998 or at date of appointment if later	As at 31 December 1998
Mr I R Christie	1,777	2,432
Mrs L Nagrecha	7,486	10,124
Mr N Wilkes	4,415	6,971

Option Schemes - Ordinary Shares 10p each

Directors	As at 1 January 1998 or at date of appointment if later	Options granted during the year or since appointment if later.	Options exercised during the year or since appointment if later.	As at 31 December 1998
Mr I R Christie	3,441	499	642	3,298
Mrs L Nagrecha	5,164	848	3,138	2,874
Mr N Wilkes	23,176	3,704	3,879	23,001

ABBEY NATIONAL NOMINEES LIMITED

Report of the Directors (continued)

Options granted to directors under the ultimate holding company's Sharesave Scheme are exercisable at prices between 232p and 1087p per share within six months of the third, fifth or seventh anniversary of the contract start date. Options granted under the Executive Share Option Scheme and Employee Share Option Schemes are exercisable at prices between 254p and 1195p per share after three years or five years and before ten years from the date of grant.

Shares in respect of Executive Share Options granted in 1998 are held by the Abbey National ESOP Trust (the Trust). Whilst the directors' interest in these shares (if any) are included above, each of the directors of the company is a potential beneficiary of the Trust and is therefore deemed to have an interest in the shares held by the Trust. At 31st December 1998 the Trust held 784,663 ordinary shares (1997 - nil).

Shares awarded under the Abbey National Long Term Incentive Plan (the 'Plan') are held by the Abbey National Employee Trust (the 'Employee Trust'). Whilst the Plan is currently restricted to members of the Abbey National plc Executive Committee, each of the directors of the Company is a potential beneficiary of the Employee Trust and is therefore deemed to have an interest in the shares held by the Employee Trust. At 31 December 1998, the Employee Trust held 268,936 ordinary shares (1997 - 129,780).

4. Directors' Responsibility in respect of the Preparation of Accounts

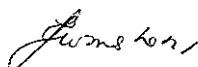
The Directors are required by UK company law to prepare accounts for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year, and of the profit or loss for that period.

The Directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the accounts for the year ended 31 December 1998. The directors also confirm that applicable accounting standards have been followed and that the statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

5. Auditors

In accordance with Section 250 of the Companies Act 1985, the Company has elected to dispense with the obligation to appoint auditors.



For and on behalf of
Abbey National Secretariat Services Limited, Secretary

20 May 1999:

Registered Office:
Abbey House
Baker Street
London
NW1 6XL

ABBEY NATIONAL NOMINEES LIMITED

Balance Sheet

As at 31 December 1998

	Notes	1998 £	1997 £
CURRENT ASSETS			
Cash at Bank		<u>2</u>	<u>2</u>
TOTAL ASSETS		<u>2</u>	<u>2</u>
CAPITAL and RESERVES			
Called-up share capital	3	<u>2</u>	<u>2</u>
TOTAL SHAREHOLDERS' FUNDS		<u>2</u>	<u>2</u>

The Company was dormant (as defined by Section 250 of the Companies Act 1985) throughout the financial year.

The financial statements on page 3 to 4 were approved by the Board of Directors on 20/5/99 and were signed on its behalf by :



Director

ABBEY NATIONAL NOMINEES LIMITED

Notes to the Financial Statements for the year ended 31 December 1998

1. Accounting Policies

a. Basis of Accounting

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

b. Cash Flow Statement

The Company is a wholly owned subsidiary of Abbey National plc, a Company incorporated in England. Accordingly the Company is not required to produce a cash flow statement as prescribed in paragraph 5 (a) of Financial Reporting Standard No.1 (revised 1996), Cash Flow Statements.

2. Profit on Ordinary Activities before Taxation

Director's emoluments and auditor's remuneration are borne by the Parent Company , Abbey National plc. No emoluments were paid to Directors by the Company during the year and it is not practical for the Parent Company to apportion Director's emoluments.

The Company has no employees . No management fee for administration services is charged by the Parent Company.

3. Share Capital

	1998	1997
	£	£
Authorised: 1,000 Ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid : 2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

4. Capital Commitments and Contingent Liabilities

There were no outstanding capital commitments or contingent liabilities at 31st December 1998.

5. Related party transactions

There were no related party transactions during the period or existing at the balance sheet date with directors of the Company.

The Company has taken advantage of the exemption covered by paragraph 3 (c) of FRS8 'Related parties' not to disclose transactions with entities that are part of the Abbey National Group.

6. Ultimate Parent Company

The controlling and ultimate Parent Company is Abbey National plc, which is incorporated in Great Britain. Copies of the consolidated financial statements of Abbey National plc may be obtained from Abbey House, Baker Street, London, NW1 6XL.