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31/03/00

City Deal Services (Nominees) Ltd

Report and Accounts – 31 December 1999

Directors' Report

The directors submit their report and audited accounts for the eight months ended 31 December 1999.

Principal activity and review of the period

The sole activity during the period was to act as a nominee in respect of securities registered in its name, with the associated collection of dividends on behalf of the beneficial owners. During the period the company has, therefore, not traded. It has neither received income, nor incurred expenditure as all costs are borne by the parent company. Accordingly, no profit and loss or income and expenditure account is presented.

Directors and their interests

The Directors who served during the period were:

Mr R J Fryer	(Chief Executive)
Mr R J Wise	(Director: Appointed 18 October 1999)
Mr T E Price-Rees	(Director: Resigned 24 May 1999)
Mr D J Hammond	(Director: Resigned 31 August 1999)

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, were as follows:

Ordinary Shares of 10 pence each

	As at 1 May 1999*	As at 31 December 1999
R J Fryer	596	2,596
R J Wise	200	200

* or date of appointment if later

Options Schemes – Ordinary Shares of 10 pence each

As at 1 May 1999* and 31 December 1999

R J Fryer	29,156
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* or date of appointment if later

Options granted to Directors under the ultimate holding company's Sharesave Scheme are exercisable at 6.07 pence per share within six months of the fifth anniversary of the contract start date. Options granted under the Executive Share Option Scheme and Employee Share Option Schemes are exercisable at prices between 5.64 pence and 13.06 pence per share after three years or five years and before ten years from the date of grant.

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Shares in respect of Executive Share Options granted in 1999 are held by Abbey National ESOP Trust (the "Trust"). Whilst the Directors' interests 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 31 December 1999, the Trust held 1,580,429 ordinary shares (30.04.1999 – 1,535,964 shares).

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 1999, the Employee Trust held 389,320 ordinary shares (30.04.1999 – 389,320 shares).

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 at the end of the financial year, and of the profit and loss for that year.

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 eight months ended 31 December 1999. 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 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 are also responsible for the Company's system of internal control and for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Year 2000 and Economic and Monetary Union

The ultimate parent undertaking Abbey National plc's plans to address the Year 2000 issue (the risk of date-related electronic processing errors) were fully implemented by September 1999. The fully co-ordinated Group approach ensured that all the Group's business critical systems were unaffected by the year 2000 issue, and continue to operate effectively. As a result, the Group's operations were not disrupted over the period and City Deal Services (Nominees) Limited was able to provide a full service to its clients. Nevertheless the Directors continue to monitor the potential risks and uncertainties surrounding the Year 2000 issue.

Further disclosure in respect of both Year 2000 and EMU, including details of the impact on business, risks and uncertainties and the total costs of achieving compliance are detailed in the consolidated accounts of the ultimate parent undertaking.

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Auditors

In accordance with Section 386 of the Companies Act 1985, the Company has dispensed with the obligation to appoint auditors annually.

During the year, PricewaterhouseCoopers resigned as Auditors of the Company on 11 November 1999 and the Board resolved to appoint Deloitte & Touche in their place on 26 November 1999.

BY ORDER OF THE BOARD



For and on behalf of
Abbey National Secretariat Services Limited
Secretary

22 March 2000

North House
9-11 St. Edwards Way
Romford
Essex
RM1 4PE

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Auditors' report to the Members of City Deal Services (Nominees) Ltd

We have audited the accounts on pages 6 to 7.

Respective Responsibilities of Directors and Auditors

As described on page 3, the 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.

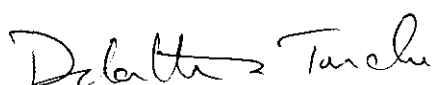
Basis of Audit Opinion

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 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 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 1999 and have been properly prepared in accordance with the Companies Act 1985.



DELOITTE & TOUCHE

Chartered Accountants and Registered Auditors

London

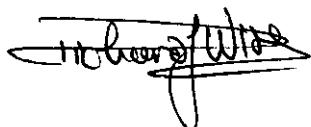
22 March 2000

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Balance Sheet
At 31 December 1999

	Notes	31.12.99 £	30.04.99 £
CURRENT ASSETS			
Debtors - amounts due from City Deal Services Limited		<u>1</u>	<u>1</u>
Represented by:			
CALLED UP EQUITY SHARE CAPITAL	4	<u>1</u>	<u>1</u>

Approved on behalf of the Board of Directors



Director

22 March 2000

The notes on page 7 form part of these accounts.

Notes to the Accounts at 31 December 1999

1. Accounting Policies

The balance sheet has been prepared in accordance with applicable accounting standards and under the historical cost convention.

2. Activity

The company acts solely as nominee in respect of all securities registered in its name, with the associated collection of dividends on behalf of the beneficial owners. It therefore has no beneficial interest in the securities and accordingly they are not shown as assets in this balance sheet.

3. Trading

The company has not traded during the period and has therefore made neither a profit nor a loss.

4. Called up Equity Share Capital

	31.12.99	30.04.99
	£	£
Authorised		
100 ordinary shares of £1 each	100	100
	<hr/>	<hr/>
Allotted, called up and unpaid		
1 ordinary share of £1 each	1	1
	<hr/>	<hr/>

5. Contingent Liabilities

In the ordinary course of business, the company has given letters of indemnity in respect of lost share certificates. The contingent liability arising therefrom cannot be quantified but it is not believed that any material liability will arise under these indemnities.

6. Related Parties

The company has taken advantage of the exemption allowed by paragraph 3(c) of Financial Reporting Standard 8, "Related Party Disclosures" not to disclose transactions with entities that are part of the Abbey National Group.

7. Ultimate Parent Undertakings

The company's ultimate parent and controlling undertaking is Abbey National plc which is registered in England and Wales. The company is a wholly-owned subsidiary of Abbey National plc and its accounts are consolidated into those of Abbey National plc. Copies of these consolidated accounts may be obtained from Abbey House, Baker Street, London, NW1 6XL.