

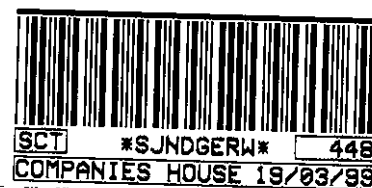
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Alliance Trust Savings Ltd

Report & Accounts 1999

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REGISTERED OFFICE

PO Box 164, Meadow House, 64 Reform Street, Dundee DD1 9YP. Telephone 01382 201900
Registered in Scotland No. 98767

REPORT OF THE DIRECTORS

The directors present their report and the accounts for the year ended 31st January 1999.

ACTIVITIES

The Company, which is regulated by the Personal Investment Authority for investment business, is the provider and administrator of retail savings, investment and pension products for the private investor. At 31st January 1999, the valuation of assets within the Alliance PEP, Alliance Investment Plan (formerly the Alliance Dividend and Savings Investment Scheme) and the Alliance Pension Plan, amounted to £772 million, of which £32 million comprised cash balances within the Plans. The company is part of The Alliance Trust PLC Group with whom staff and premises are shared in carrying out operations.

The Government is replacing Personal Equity Plans with the Individual Savings Account in 1999 and is also reviewing the provision of pensions. Whilst this introduces some uncertainty into the savings and investment market, the Company intends to take full advantage of the opportunities this offers by introducing new products in response to the proposed new savings and investment legislation and by enhancing and extending its existing investment and pensions products.

The Company has applied for authorisation under the Banking Act. Further details are given on page 7.

RESULTS

The profit for the period after taxation was £1,090,000 (£980,000). The directors do not recommend the payment of a dividend.

DIRECTORS

The present directors are listed below. Mr William Berry, Mr Bruce W M Johnston, Mr W Nelson Robertson and Mr Andrew F Thomson were appointed on 2nd December 1998, the remaining directors served throughout the year. With the exception of their interests in the Company's ultimate parent company, The Alliance Trust PLC, which are disclosed below, no director has a shareholding in any of the other group companies. No director and no member of any director's immediate family has been granted options to subscribe for shares or debentures in the Company or in any body corporate in the same group as the Company.

	31st January 1999		1st February 1998	
	Beneficial	Non-Beneficial	Beneficial	Non-Beneficial
William Berry	750	64,977	636*	72,557*
Kevin P Dann	91	—	56	—
Bruce W M Johnston	289	14,536	233*	14,536*
W Nelson Robertson	1,000	1,000	1,000*	1,000*
Sheila M Ruckley	1,345	—	1,277	—
Gavin R Suggett	437	8,721	437	8,153
Andrew F Thomson	12,576	152,166	12,522*	153,068*
Alan M W Young	1,840	—	1,725	—

*on appointment

YEAR 2000

Computer systems are developed internally to serve the Group. Those systems which are used in connection with the retail products of ATS have been tested and found to be robust. A programme seeking reassurance from external suppliers regarding the Year 2000, is well advanced, and complete in all critical areas. Costs, which consist largely of staff time, are relatively modest and are written off when incurred.

AUDITOR

KPMG Audit Plc has indicated its willingness to continue in office. A resolution concerning its re-appointment and remuneration will be submitted at the annual general meeting.

Dundee, 12th March 1999

Sheila M Ruckley
Sheila M Ruckley, Secretary

DIRECTORS' RESPONSIBILITIES

in respect of the preparation of the financial statements

The directors are required by law to prepare financial statements which give a true and fair view of the state of affairs of the Company at the end of the financial period and of its revenue and cash flows for the year. In addition, the directors are responsible for ensuring that adequate accounting records are maintained, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention of fraud or other irregularities.

The directors confirm that the financial statements of the Company for the year ended 31st January 1999 have been prepared on a going concern basis and that suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in their preparation and that applicable accounting standards have been followed.

REPORT OF THE AUDITOR

to the Member of Alliance Trust Savings Limited

We have audited the financial statements on pages 4 to 8.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described above, 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

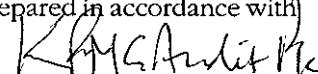
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 as at 31st January 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

12th March 1999



KPMG Audit Plc
Chartered Accountants
Registered Auditor
Saltire Court
20 Castle Terrace
Edinburgh, EH1 2EG

P R O F I T & L O S S A C C O U N T

for the year ended 31st January 1999

	1999 £000	1998 £000
Savings and investment products revenue	1,850	1,681
Administration expenses:-		
Audit fee	(1)	(4)
Regulatory fees and expenses	(14)	4
Other expenses	(541)	(452)
Directors' emoluments	—	—
	<hr/>	<hr/>
Operating profit	1,294	1,229
Interest received	295	198
	<hr/>	<hr/>
Profit on ordinary activities before taxation	1,589	1,427
Taxation	(499)	(447)
	<hr/>	<hr/>
Profit on ordinary activities after taxation	1,090	980
Balance on Profit and Loss Account at 1st February 1998	3,040	2,060
	<hr/>	<hr/>
Balance on Profit and Loss Account at 31st January 1999	4,130	3,040
	<hr/>	<hr/>

There are no recognised gains or losses other than the profit for the year of £1,090,000 (£980,000). Such profits represent the only movement in the shareholder's funds.

The notes on pages 7 and 8 form part of these accounts

BALANCE SHEET

as at 31st January 1999

	1999 £000	1998 £000
CURRENT ASSETS		
Debtors:-		
Trade debtors	51	81
Other debtors	1	14
Prepayments	3	3
	<u>55</u>	<u>98</u>
Deposits with immediate parent company	4,622	3,452
Cash at bank	8	1
	<u>4,685</u>	<u>3,551</u>
CURRENT LIABILITIES		
Creditors due within one year :-		
Other creditors	31	39
Taxation	499	447
	<u>530</u>	<u>486</u>
Total assets less current liabilities	<u>4,155</u>	<u>3,065</u>
CAPITAL AND RESERVES		
Share capital		
Authorised, allotted, called up and fully paid 25,000 ordinary shares of £1 each	25	25
Profit and Loss Account	4,130	3,040
	<u>4,155</u>	<u>3,065</u>



Alan M W Young Director

Gavin R Suggett Director

The notes on pages 7 and 8 form part of these accounts

CASH FLOW STATEMENT

for the year ended 31st January 1999

	1999 £000	1998 £000
Net cash inflow from operating activities	1,329	1,237
Returns on investments and servicing of finance		
Interest received	295	198
	<u>1,624</u>	<u>1,435</u>
Taxation		
Corporation tax paid	(447)	(308)
	<u>1,177</u>	<u>1,127</u>

Notes to the cash flow statement

Reconciliation of profit before interest to net cash inflow from operating activities

Profit before interest	1,294	1,229
Decrease)/(increase) in debtors	43	38
Decrease/(increase) in prepayments	—	26
(Decrease)/increase in creditors	(8)	(56)
	<u>1,329</u>	<u>1,237</u>

Analysis of changes in net funds and reconciliation of net cash flow to movement in net funds

	At 1st February 1998 £000	Cash Flows £000	At 31st January 1999 £000
Cash at bank and deposits	<u>3,453</u>	<u>1,177</u>	<u>4,630</u>

NOTES ON THE ACCOUNTS

1. Accounting Policies

- (a) These financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.
- (b) Interest received is accounted for on an accruals basis as are other income and expenses.

2. Parent company

The immediate parent company is Alliance Trust (Finance) Limited, which is registered in Scotland and is an authorised institution under the Banking Act 1987. The ultimate parent company is The Alliance Trust PLC, incorporated in Scotland, whose Report and Accounts may be obtained from its Registered Office Meadow House, 64 Reform Street, Dundee DD1 1TJ.

3. Related party transactions

The Company is a wholly owned subsidiary of Alliance Trust (Finance) Limited and as such is exempt from the requirements of Financial Reporting Standard 8 as its accounts are included in the consolidated financial statements of Alliance Trust (Finance) Limited.

4. Approval of financial statements

These financial statements were approved by the Board on 12th March 1999.

5. Expenditure

Application has been made to the Financial Services Authority by Alliance Trust Savings Limited ("ATS") for a deposit taking authorisation which, if granted, will be accompanied by a simultaneous surrender by Alliance Trust (Finance) Limited ("ATF") of its deposit taking authorisation.

This change will lead to employment and other costs previously borne by ATF, being borne by ATS.

In order to show the effect of that change and provide comparable figures for next year, a pro-forma Profit and Loss Account has been prepared and is shown in Note 6. These figures incorporate the costs incurred by ATF in 1997/8 and 1998/9 which related to the savings business.

6. **Pro-forma Profit and Loss Account
for the year ended 31st January 1999.**

	1999	1998
	£000	£000
Savings and investment product revenue	1,850	1,681
Administration expenses		
Staff costs	(1,028)	(889)
Audit fee	(7)	(7)
Regulatory fees and expenses	(26)	(5)
Other expenses	(842)	(755)
	(53)	25
Interest received	295	198
Profit on ordinary activities before taxation	242	223
Taxation	(75)	(69)
Profit on ordinary activities after taxation	167	154