



Alliance Trust Savings Ltd

3898767

Report & Accounts 2000

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COMPANIES HOUSE 24/03/00

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directors' report

activities and review

The Company, which is an authorised institution under the Banking Act 1987 and is regulated by the Personal Investment Authority for investment business, is the provider and administrator of retail savings, investment and pension products. At 31 January 2000, the valuation of assets within the products amounted to £918 million, of which £38 million comprised cash balances. The Company is owned by The Alliance Trust PLC (75%) and by The Second Alliance Trust PLC (25%).

The profit for the year after taxation was £648,000 (£1,090,000). The directors do not recommend the payment of a further dividend.

year 2000

The testing of the Company's systems was completed in the year to 31 January 1999 and little remained to be done in the current year. Costs, which consisted mainly of staff time, were insignificant. No millennium related difficulties have been experienced.

data protection

The Company is a controller under the Data Protection Act 1998. It may process information it receives from or about its clients (for example from a stockbroker) verbally on the telephone or in writing, by fax or by any other electronic or digital means of communication. For security and compliance monitoring purposes telephone calls may be recorded.

The records which ATS maintains in respect of its clients are confidential and are only disclosed on the client's authority or where the Company is obliged to do so by law or regulation. The Company does not sell or otherwise make its client list available to third parties.

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.

incorporation

Alliance Trust Savings Limited is incorporated in Scotland with the registered number 98767.

registered office

The Company's registered office is PO Box 164, Meadow House, 64 Reform Street, Dundee DD1 9YP. Telephone 01382 201900.

For security and compliance monitoring purposes telephone calls may be recorded.

directors' report

directors' interests

The present directors listed below all 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.

directors' responsibility for the accounts

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 year and of the 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 and detection of fraud or other irregularities.

The directors confirm that the financial statements of the Company for the year ended 31 January 2000 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.

By order of the Board
Sheila M Ruckley
Sheila M Ruckley

Secretary

Dundee, 13 March 2000

directors' interests in The Alliance Trust PLC (stock units of 25p)				
	31 January 2000		1 February 1999	
	Beneficial	Non Beneficial	Beneficial	Non Beneficial
William Berry	756	51,089	750	64,977
Kevin P Dann	124	—	91	—
Bruce W M Johnston	402	15,186	289	14,536
W Nelson Robertson	1,000	1,000	1,000	1,000
Sheila M Ruckley	1,362	—	1,343	—
Gavin R Suggett	677	8,992	437	8,721
Andrew F Thomson	10,600	152,166	12,576	152,166
Alan M W Young	1,941	—	1,840	—

report of the auditor

report of the auditor to the members of Alliance Trust Savings Limited

We have audited the financial statements on pages 5 to 10.

respective responsibilities of the directors and the auditor

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as an independent auditor, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company is not disclosed.

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 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 affairs of the Company as at 31 January 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc

Chartered Accountants

Registered Auditor

Saltire Court

Edinburgh

13 March 2000

the accounts

profit and loss account

for the year ended 31 January 2000

	Notes	2000 £000	1999 £000
Savings and investment products revenue		2,073	1,850
administration expenses			
Audit fee		(8)	(1)
Regulatory fees and expenses		(29)	(14)
Other expenses		(2,352)	(541)
Directors' emoluments	2	(13)	–
operating (loss)profit		(329)	1,294
Interest received		2,290	295
Interest paid	3	(1,024)	–
profit on ordinary activities before taxation	4	937	1,589
Taxation	5	(289)	(499)
profit on ordinary activities after taxation		648	1,090
Dividend paid		(4,130)	–
Balance on Profit and Loss Account at 1 February 1999	6	4,130	3,040
Balance on Profit and Loss Account at 31 January 2000	6	648	4,130

There are no recognised gains or losses other than the profit for the year of £648,000 (£1,090,000). A reconciliation of the movement in shareholders' funds can be found at note 9.

The notes on pages 8 to 10 form part of these accounts.

balance sheet

as at 31 january 2000

	Notes	2000 £000	1999 £000
fixed asset			
Government securities	7	10,068	-
current assets			
Trade debtors		-	51
Other debtors		1,183	1
Prepayments		6	3
Bank Deposits		40,189	-
Deposits with immediate parent company		-	4,622
Cash at bank		3,234	8
		44,612	4,685
creditors: amounts falling due within one year			
Trade creditors		2,857	-
Other creditors		388	31
Taxation		149	499
Amounts due to depositors		40,638	-
		44,032	530
net current assets		580	4,155
total assets less current liabilities		10,648	4,155
capital and reserves			
Authorised, allotted, called up and fully paid 10,000,000 (25,000) ordinary shares of £1 each	8	10,000	25
Profit and loss account	6	648	4,130
Equity shareholders' funds	9	10,648	4,155

The notes on pages 8 to 10 form part of these accounts.

The financial statements on pages 5 to 10 were approved by the Board on 13 March 2000 and were signed on its behalf by:

Kevin P Dann, Director

Gavin R Suggett, Director




cash flow statement

for the year ended 31 january 2000

	Notes	2000 £000	1999 £000
net cash inflow from operating activities	10	43,190	1,329
returns on investments and servicing of finance			
Interest received		1,399	-
Interest paid		(642)	295
		<u>757</u>	<u>295</u>
taxation paid		(639)	(447)
capital expenditure and financial investment			
Purchase of Government securities		(11,760)	-
Maturity of Government securities		1,400	-
		<u>(10,360)</u>	<u>-</u>
equity share capital issued		9,975	-
equity dividend paid		(4,130)	-
		<u>5,845</u>	<u>-</u>
increase in cash	11	<u>38,793</u>	<u>1,177</u>
analysis of changes in net funds and reconciliation of net cash flow to movements in net funds			

	1999 £000	cash flows £000	2000 £000
Bank deposits	-	40,189	40,189
Cash at bank	4,630	(1,396)	3,234
	<u>4,630</u>	<u>38,793</u>	<u>43,423</u>

the accounts

notes to the financial statements

for the year ended 31 january 2000

1. accounting policies

These financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Interest received is accounted for on an accruals basis as are other income and expenses.

Government securities with fixed maturity dates are included in the balance sheet at cost adjusted for the amortisation of premiums or discounts arising on purchase which are taken to revenue over the period to redemption.

2. directors' emoluments

	2000 £	1999 £
Fees	13,125	–

3. interest payable

	2000 £000	1999 £000
Interest on loans repayable within five years	1,024	–

4. profit on ordinary activities before taxation

	2000 £000	1999 £000
Profit on ordinary activities before taxation is stated after charging:		
Remuneration of the auditor		
– audit services	8	1
– non audit services	8	3
Directors' remuneration	13	–
Amortisation of government securities	292	–

5. taxation

	2000 £000	1999 £000
Corporation tax at 30.16% (31%)	289	499

6. profit and loss account

	2000 £000	1999 £000
At 1 February 1999	4,130	3,040
Retained profit for the year	648	1,090
Dividend paid	(4,130)	–
At 31 January 2000	648	4,130

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for the year ended 31 january 2000

7. government securities

	2000 £000	1999 £000
Book cost at 1 February	—	—
Additions	11,760	—
Redemptions	(1,400)	—
Amortisation	(292)	—
	<hr/>	<hr/>
Book cost at 31 January	10,068	—
	<hr/>	<hr/>

At 31 January the market value of Government Securities was £9,729,000 (£nil).

8. share capital

On 24 March 1999 the Company increased its authorised share capital from £25,000 to £10,000,000 and issued 9,975,000 ordinary shares of £1 each to its shareholders The Alliance Trust PLC and The Second Alliance Trust PLC. The Alliance Trust PLC owns 7,500,000 fully paid shares of the Company and The Second Alliance Trust PLC owns 2,500,000.

9. reconciliation of movements in shareholders' funds

	2000 £000	1999 £000
Opening shareholders' funds	4,155	3,065
Profit for financial year	648	1,090
Dividends and appropriations	(4,130)	—
	<hr/>	<hr/>
Recognised gains and losses relating to the year	673	4,155
New share capital issued	9,975	—
	<hr/>	<hr/>
Closing shareholders' funds	10,648	4,155
	<hr/>	<hr/>

10. reconciliation of operating profit to net cash inflow from operating activities

	2000 £000	1999 £000
continuing operating activities		
Operating (loss)profit	(329)	1,294
Decrease in trade debtors	51	43
Decrease in other debtors	1	—
(Increase) in prepayments and accrued income	(3)	—
Increase(decrease) in trade creditors	2,857	(8)
Increase in customer deposits	40,256	—
Increase in other creditors	357	—
	<hr/>	<hr/>
Net cash inflow from continuing operating activities	43,190	1,329
	<hr/>	<hr/>

11. cash and cash equivalents

	2000 £000	1999 £000
Changes in the year		
At 1 February	4,630	3,453
Net cash flow	38,793	1,177
	<hr/>	<hr/>
At 31 January	43,423	4,630
	<hr/>	<hr/>

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notes to the financial statements

for the year ended 31 january 2000

12. employee information

Since 6 April 1999 the Company has shared the cost of employing 53 full time employees and 1 part time employee, excluding the directors, with The Alliance Trust PLC and The Second Alliance Trust PLC. Of these employees, 41 full time and 1 part time were wholly engaged in the business of the Company. The cost to the Company was:

	2000 £000	1999 £000
staff costs		
Wages and salaries	891	-
Social security costs	74	-
Pension costs	270	-
	<u>1,235</u>	<u>-</u>

13. related party transactions

As noted in the Report of the Directors, the Company is owned by The Alliance Trust PLC (75%) and by The Second Alliance Trust PLC (25%). The companies operate from the same office in Dundee, employ staff jointly and share the cost of common services. The contribution of the Company to The Alliance Trust PLC in respect of services were staff costs £965,000 (£nil), office running costs £210,000 (£nil). Alliance Trust Leasing Limited (ATL), a wholly owned subsidiary of The Alliance Trust PLC has a deposit facility with the Company, the balance being £938,000 due to ATL (£nil). Second Alliance Leasing Limited (SAL), a wholly owned subsidiary of The Second Alliance Trust PLC, has a deposit facility with the Company, the balance being £248,000 due to SAL (£nil).

14. parent company

The parent company is The Alliance Trust PLC, incorporated in Scotland, whose Report and Accounts may be obtained from from its registered office at Meadow House, 64 Reform Street, Dundee DD1 1TJ.