

Company Registration No. SC98767

ALLIANCE TRUST SAVINGS LIMITED

Report and Accounts

**For the 11 month period ended
31 December 2011**

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Alliance Trust Savings Limited
Report and Accounts
For the 11 month period ended 31 December 2011

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Alliance Trust Savings Limited
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For the 11 month period ended 31 December 2011

Officers and Professional Advisers

Directors

Lesley Knox
Katherine Garrett-Cox
John Hylands
Robert Burgess (resigned 9 February 2012)
James Kinloch
Alan Trotter
Karin Forseke (appointed 1 March 2012)

Secretary

Donald McPherson

Registered Office

PO Box 164
8 West Marketgait
Dundee
DD1 9YP

Bankers

Royal Bank of Scotland
Dundee Chief Office
3 High Street
Dundee
DD1 9LY

Independent Auditor

Deloitte LLP
Hill House
1 Little New Street
London
EC4A 3TR

Alliance Trust Savings Limited
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Directors' Report

Business review and activities

Alliance Trust Savings has achieved significant progress over recent years and it is pleasing to report that this continued in 2011. The repositioning of the business has now largely been completed, the success of which is reflected in the further strong financial progress reported.

Alliance Trust Savings, which is wholly owned by Alliance Trust PLC, is a financial services business that is registered with, and regulated by, the Financial Services Authority, under registration number 116115. The business supports the creation and management of personal wealth through the ability to research, buy and sell a wide range of investments through a range of financial products including Self Invested Personal Pensions (SIPPs), Individual Savings Accounts (ISAs) and Dealing Accounts. Our trading platform, i.nvest, provides the ability to aggregate and administer investments in one place.

During the year we developed our proposition for individual clients and independent financial advisors. We complemented our award winning ISA and SIPP products with the launch of a junior ISA and added 21,000 international equities to i.nvest making it one of the most comprehensive dealing platforms in the UK. More recently we are pleased to have been rated the direct platform with the best user experience by the Platform and have grown to be the 6th largest self-directed platform in the UK.

Our unique business model is based on a simple, flat fee structure which continues to receive significant interest across the media and industry alike. Specifically, unlike many of our competitors, we return all commissions received from fund management groups back direct to our clients. As a result of this model we are one of the few firms ideally placed to benefit from the fundamental changes which will result from the FSA's Retail Distribution Review.

We now have a scalable business model which will support significant growth in client accounts at only marginal cost. Our model is geared towards online servicing with 86% of active trades now placed online. Consequently we are focused on growing the business through increasing new account volumes and providing excellent customer service. During 2011 we re-priced our ISA and Select SIPP products to a level more in line with the market.

We made strong progress during the year reporting a loss before tax of £3,147,000 against £5,446,000 last year. Overall the number of client accounts grew by 8%.

The business model now in place positions us well to be able to take advantage of the considerable market opportunities and to deliver continued growth and long term value to shareholders.

The Directors do not recommend payment of a dividend.

Going Concern

The Company's business activities, together with any factors likely to affect its future development and position, are set out above.

The Company participates in the Alliance Trust PLC group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries. The Directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the group to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of their assessment of the Company's financial position and that of the ultimate parent company, the Company's Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Alliance Trust Savings Limited
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Directors' Report (continued)

Financial risk management objectives and policies

The company's activities expose it to a number of financial risks including market price and interest rate risk, credit risk and liquidity risk.

Market price and interest rate risk

Market risk embodies the potential for both losses and gains arising in respect of the company's loans and advances to banks and debt securities. Market risk includes interest rate risk and price risk. Details of the risks are given in note 18 of the financial statements.

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. Details of the management and methods used to minimise such risk are given in note 19 to the financial statements.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with financial liabilities. For details see note 20 of the financial statements.

Incorporation

The Company is incorporated in Scotland with the registered number SC98767.

Registered office

The Company's registered office is PO Box 164, 8 West Marketgait, Dundee, DD1 9YP.

Auditor

Deloitte LLP were appointed as auditors at the Annual General Meeting held on 20 May 2011. Deloitte LLP have expressed a willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Change of financial year end

The period for the financial statements is for the eleven months to 31 December 2011. The change has been initiated by the Directors to allow shareholders to more readily compare the financial performance with that of its peers. As a result, the comparative information presented is for the full year to 31 January 2011.

Data protection

The Company is a controller under the Data Protection Act 1998. The records which the Company maintains in respect of its customers are confidential and are only disclosed on the customer's authority or where the Company is obliged to do so by law or regulation. The Company does not sell or otherwise make its customer list available to third parties.

Directors

The Directors during the period and to date are listed on page 1.

Alliance Trust Savings Limited
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Directors' Report (continued)

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor are unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.



By order of the Board
Donald McPherson
Secretary
Dundee
12 March 2012

Alliance Trust Savings Limited
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Directors' Responsibilities Statement

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Alliance Trust Savings Limited
Report and Accounts
For the 11 month period ended 31 December 2011

Independent Auditor's Report to the members of Alliance Trust Savings Limited

We have audited the financial statements of Alliance Trust Savings Limited for the 11 month period ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its loss for the 11 month period then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Calum Thomson (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London
United Kingdom
5 March 2012

Alliance Trust Savings Limited
Profit and Loss Account
For the 11 month period ended 31 December 2011

	Notes	11 month period ended 31 December 2011 £000	Year ended 31 January 2011 £000
Interest receivable	5	2,592	2,752
Interest payable		(5)	(8)
Net interest income		2,587	2,744
Savings and pension plans charges		8,153	7,891
Gain on sale of debt securities		763	1,434
Other income		702	694
Operating income		12,205	12,763
Administrative expenses		(15,352)	(18,209)
Loss on ordinary activities before taxation	2	(3,147)	(5,446)
Taxation	6	(925)	7
Loss on ordinary activities after taxation	15	(4,072)	(5,439)

All of the above results have arisen from continuing activities in both periods.

There are no recognised gains or losses other than the loss for the period of £4,072,000 (year ended 31 January 2011: £5,439,000). A reconciliation of the movement in shareholders' funds can be found in note 15.

The notes on pages 9 to 21 form part of these financial statements.

Alliance Trust Savings Limited
Balance Sheet
As at 31 December 2011

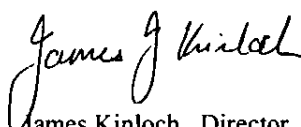
	Notes	As at 31 December 2011 £000	As at 31 January 2011 £000
Assets			
Intangible fixed assets	7	931	1,725
Loans and advances to banks	19	184,309	143,263
Debt securities	9	129,483	121,076
Other assets	10	6,458	8,197
Total assets		321,181	274,261
Liabilities			
Customer accounts		282,620	238,439
Other liabilities	11	9,714	16,792
Accruals and deferred income		4,620	4,414
Subordinated Loan	12	7,100	3,600
Total liabilities		304,054	263,245
Called up share capital	14	50,841	41,141
Profit and loss account	15	(33,714)	(30,125)
Shareholders' Funds	15	17,127	11,016
		321,181	274,261

The notes on pages 9 to 21 form part of these financial statements.

The financial statements of Alliance Trust Savings Limited (registered number SC98767) on pages 7 to 21 were approved by the Board on 12 March 2012 and were signed on its behalf by:



Lesley Knox, Director



James Kinloch, Director

Company Registration Number
SC98767

Alliance Trust Savings Limited
Notes to the Financial Statements
For the 11 month period ended 31 December 2011

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have been applied consistently throughout the period and the preceding year.

Basis of preparation

The financial statements have been prepared on a going concern basis, as described in the Directors' Report, under the historical cost convention and in accordance with applicable United Kingdom accounting standards and applicable law (UK Generally Accepted Accounting Practice).

Alliance Trust PLC, the parent company of Alliance Trust Savings Limited, has confirmed that it intends to make available sufficient funds as are needed by Alliance Trust Savings Limited to enable it to continue trading and to meet its day to day commitments for a period of at least 12 months from the date of approval of the financial statements. Alliance Trust PLC has also confirmed that it will not seek repayment of the amounts currently made available.

Consolidated accounts

The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated accounts because the Company and its subsidiary are consolidated in the Group accounts of the ultimate parent undertaking, Alliance Trust PLC. Information in these financial statements is therefore presented for the individual Company and not the Group.

Investments

The investment in the subsidiary is stated at cost less provision for permanent diminution in value.

Income

Savings and pension plan charges are accounted for on the date on which the underlying transaction occurs. Annual fees are accounted for on a time apportioned basis.

Interest

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

Debt securities

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 interest receivable in the profit and loss account, over the period to redemption. Other debt securities are included in the balance sheet at cost. Debt securities are used as both a source of regulatory liquidity and as a source of income. They are purchased with the intention of being held as long term investments. Where securities are sold before the maturity date any gain or loss on sale is recognised and noted separately in the Profit and Loss Account. In accordance with UK GAAP, a provision will be made for any impairment.

Current tax

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Alliance Trust Savings Limited
Notes to the Financial Statements
For the 11 month period ended 31 December 2011

1. ACCOUNTING POLICIES (continued)

Deferred tax

Deferred tax is recognised at the standard rate of corporation tax, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed out by the balance sheet date. To the extent that timing differences are currently not forecast to be utilised, then deferred tax assets are not recognised.

Intangible fixed assets

Intangible fixed assets comprise technology assets developed and used to facilitate the services provided to the company's customers and to enable the company to comply with its regulatory and accounting requirements.

Such assets are expected to have a minimum useful life of five years. Enhancements to the company's technology assets that match the above criteria and have expected future benefits are capitalised.

Amortisation is provided to write off the cost of intangible fixed assets by equal instalments over their useful economic lives with a full year's charge in the year of completion. The amortisation rates are as follows:

- Technology assets – 5 years.

An impairment review is carried out annually and a provision will be made for any impairment required.

Cash flow

The Company is exempt under the terms of 'FRS 1 Cash Flow Statements (Revised 1996)' from the requirement to publish its own cash flow statement, as its results are included within the consolidated financial statements of the ultimate parent undertaking, Alliance Trust PLC.

Subordinated loan

Subordinated loans, with the ultimate parent undertaking, Alliance Trust PLC, are included in the financial statements at cost.

Share based payments

The Group operates two share based payments schemes, the All Employee Share Ownership Plan (AESOP) and the Long Term Incentive Plan (LTIP). All employees are employed by another group company, Alliance Trust Services Limited. The cost is allocated to the company and is included within Wages and Salaries costs. Full disclosure of the schemes is included within the financial statements of Alliance Trust PLC.

Defined benefit pension

The group operates defined benefit and defined contribution pension schemes for employees. All employees are employed by another group company, Alliance Trust Services Limited. Costs are allocated to subsidiary companies, recognised within Administrative Costs. Alliance Trust Services Ltd is the sole participating employer and its pension obligations are guaranteed by Alliance Trust Plc. Full disclosure of the pension schemes are included within the financial statements of Alliance Trust Plc.

Alliance Trust Savings Limited
Notes to the Financial Statements
For the 11 month period ended 31 December 2011

2. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

Loss on ordinary activities before taxation is stated after charging:

	11 month period ended 31 December 2011	Year ended 31 January 2011
	£000	£000
Remuneration of the auditor		
- audit services	31	40
- other services pursuant to legislation	26	16
- audit of company's subsidiary pursuant to legislation	1	2
- other services relating to taxation	13	-
- other services	23	-
Directors' remuneration (note 3)	1,413	1,182
Amortisation of government securities	(5)	(24)
Amortisation of intangible fixed assets	1,244	1,269
(Gain) on sale of motor vehicle	-	(4)
Operating lease charges – land and buildings	98	98
Operating lease charges - other	19	16

Total fees paid to the auditor, Deloitte LLP, for audit and other services are disclosed in the report and accounts of the ultimate parent company, Alliance Trust PLC (year ended 31 January 2011: paid to KPMG).

The operating leases costs relate to photocopiers and buildings. Alliance Trust Services Limited and Alliance Trust PLC enter into the lease agreements and the costs are allocated to group companies. Operating lease commitments are disclosed in the Alliance Trust Services Limited and Alliance Trust PLC accounts.

3. DIRECTORS' REMUNERATION

Comprises the following amounts recharged to the company for directors' services:

	11 month period ended 31 December 2011	Year ended 31 January 2011
	£000	£000
Directors' emoluments	961	858
Amounts receivable under long term incentive schemes	436	270
Contributions to money purchase pension schemes	16	73
Compensation for loss of office	-	(19)
	1,413	1,182

Alliance Trust Savings Limited
Notes to the Financial Statements
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3. DIRECTORS' REMUNERATION (continued)

Details of the remuneration of Lesley Knox, John Hylands, Katherine Garrett-Cox, Robert Burgess and Alan Trotter are given in the accounts of the parent company, Alliance Trust PLC.

Of the Directors not disclosed in the accounts of the parent company, the aggregate emoluments and amounts receivable under long term incentive schemes of the highest paid director was £173,094 (year ended 31 January 2011: £162,052), and company pension contributions of £16,383 (year ended 31 January 2011: £16,834) were made to a money purchase scheme on their behalf.

	Number of Directors	
	31 December 2011	31 January 2011
Retirement benefits are accruing at the balance sheet date to the following number of directors not disclosed in the accounts of the parent company:		
Money purchase schemes	1	1

4. EMPLOYEE INFORMATION

All United Kingdom employees are employees of Alliance Trust Services Limited, a group company. Alliance Trust Savings Limited pays a recharge to Alliance Trust Services Limited in respect of the staff costs. During the 11 month period ended 31 December 2011, excluding Directors, the average number of total employees of Alliance Trust Services Limited was 259 (year ended 31 January: 256) full time and 18 (year ended 31 January: 20) part time staff.

Staff costs recharged	11 month period ended 31 December 2011 £000	Year ended 31 January 2011 £000
Wages and salaries	7,087	6,896
Social security costs	714	694
Defined benefit	-	419
Defined contribution	575	552
One off pension gain	(627)	-
	7,749	8,561

As a result of the closure of the Defined Benefit Scheme to future accrual, the Company benefitted from a non-recurring credit to the Profit and Loss Account of £627,000.

Alliance Trust Savings Limited
Notes to the Financial Statements
For the 11 month period ended 31 December 2011

5. INTEREST RECEIVABLE

	11 month period ended 31 December 2011 £000	Year ended 31 January 2011 £000
Interest on Debt Securities	1,102	1,100
Other interest	1,490	1,652
	<u>2,592</u>	<u>2,752</u>

6. TAXATION

Current Tax

	11 month period ended 31 December 2011 £000	Year ended 31 January 2011 £000
Group relief adjustment in respect of prior periods	925	-
Prior period over payment of tax	-	(7)
	<u>925</u>	<u>(7)</u>

The tax assessed on the loss on ordinary activities is higher in both periods than the average standard rate of corporation tax in the UK of 26.35 % (year ended 31 January 2011: 28%).

Factors affecting the current tax charge for the year

Loss on ordinary activities before tax	<u>(3,147)</u>	<u>(5,446)</u>
UK corporation tax payable at 26.35% (2011: 28%)	(829)	(1,525)
Effects of:		
Depreciation and capital assets expensed in excess of capital allowances	316	382
Unutilised losses	523	1,019
Expenses not deductible for tax purposes	8	91
Short term timing differences	(18)	33
Prior period over payment of tax	-	(7)
Group relief adjustment in respect of prior periods	925	-
	<u>925</u>	<u>(7)</u>
Total tax charge/(credit)	<u>925</u>	<u>(7)</u>

Alliance Trust Savings Limited
Notes to the Financial Statements
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6. TAXATION (continued)

The Company has not recognised deferred tax assets of £7,464,000 (31 January 2011:£ 6,466,000) arising as a result of trading losses, accelerated capital allowances and short term timing differences. These assets will only be utilised when the Company has profits chargeable to corporation tax in future accounting periods. Due to the uncertainty of the timing of such taxable profits, the deferred tax asset has not been recognised.

7. INTANGIBLE FIXED ASSETS

	Technology Systems £000
Cost	
Cost at 1 February 2011	6,551
Additions	450
	<hr/>
Cost at 31 December 2011	7,001
	<hr/>
Accumulated Amortisation	
At 1 February 2011	4,826
Charge for the year	1,244
	<hr/>
At 31 December 2011	6,070
	<hr/>
Net Book Value	
At 31 January 2011	1,725
	<hr/>
At 31 December 2011	931
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8. INVESTMENT IN SUBSIDIARY

The Company owns 100% of the issued share capital of Alliance Trust Pensions Limited ('ATP') comprising 400 ordinary shares of £1 each. ATP is incorporated in England.

Alliance Trust Savings Limited
Notes to the Financial Statements
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9. DEBT SECURITIES

	31 December 2011	31 January 2011
	£000	£000
Book cost at the start of the year	121,076	75,148
Additions	162,957	173,074
Redemptions	(154,555)	(127,170)
Amortisation	5	24
	<hr/>	<hr/>
Book cost at the end of the year	129,483	121,076
	<hr/>	<hr/>

At 31 December 2011 the Company held UK Government Securities (Gilts) with a book value of £Nil (31 January 2011: £31,084,000); these securities had a market value of £Nil (31 January 2011: £31,578,000). The company also held Government Securities (Treasury Bills) with a book value of £15,483,000 (31 January 2011: £89,992,000) and market value of £15,499,000 (31 January 2011: £89,992,000). At 31 December 2011 other debt securities comprise Certificates of Deposits, the market value of which was not significantly different from book value.

	31 December	31 January
	2011	2011
	£000	£000
Age Analysis of debt securities		
Certificates of Deposit		
Under one year	114,000	-
UK Government Securities Gilts		
Over one year	-	31,000
Unamortised discount	-	84
	<hr/>	<hr/>
	-	31,084
UK Government Securities Treasury Bills		
Under one year	15,483	89,992
	<hr/>	<hr/>
	129,483	121,076
	<hr/>	<hr/>

Alliance Trust Savings Limited
Notes to the Financial Statements
For the 11 month period ended 31 December 2011

10. OTHER ASSETS

	31 December 2011	31 January 2011
	£000	£000
Interest receivable	964	121
Settlement debtors	3,559	6,013
Sundry debtors	1,457	789
Group relief payments due	-	925
Prepayments	478	349
	<hr/>	<hr/>
	6,458	8,197
	<hr/>	<hr/>

11. OTHER LIABILITIES

	31 December 2011	31 January 2011
	£000	£000
Interest payable	-	3
Settlement creditor	5,898	13,256
FSCS Levy and other provisions for compensation	1,344	1,130
Sundry liabilities	2,472	2,403
	<hr/>	<hr/>
	9,714	16,792
	<hr/>	<hr/>

A provision is maintained to cover potential liabilities arising from the Financial Services Compensation Scheme levy and costs of compensation arising from the normal course of business.

12. SUBORDINATED LOAN

On 13 October 2010 Alliance Trust Savings Limited entered into a subordinated loan agreement with Alliance Trust PLC. The value of that loan at 31 January 2011 and at 31 December 2011 was £3.6m. On 7 February 2011 Alliance Trust Savings entered into a second subordinated loan agreement with Alliance Trust PLC for £3.5m. The value of that loan during the period of £3.5m, together with the earlier loan brings the total at 31 December 2011 to £7.1m. Both loans form part of the company's regulatory capital requirement. Neither loan bears any interest and both have no set repayment date. The loans may be repaid at the option of Alliance Trust Savings Limited on or after 29 October 2015 and 8 February 2013 respectively.

13. RELATED PARTY TRANSACTIONS

As a wholly owned subsidiary of Alliance Trust PLC the Company is exempt from the requirements of FRS 8 to disclose transactions with other members of the group.

Alliance Trust Savings Limited
Notes to the Financial Statements
For the 11 month period ended 31 December 2011

14. SHARE CAPITAL

	31 December 2011 £000	31 January 2011 £000
Allotted, called up and fully paid		
At 1 February 2011: 41,141,000 ordinary shares of £1 each	41,141	36,941
New ordinary shares of £1 each issued during year	9,700	4,200
	<hr/>	<hr/>
At 31 December 2011: 50,841,000 ordinary shares of £1 each	50,841	41,141
	<hr/>	<hr/>

5,500,000 new ordinary share issues were approved on 3 February 2011, 2,000,000 on 7 April 2011 and 2,200,000 on 24 November 2011. These were allotted, called up and fully paid on 3 February 2011, 26 August 2011 and 5 December 2011 respectively.

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share Capital £000	Profit and Loss Account £000	Total £000
As at 31 January 2011	41,141	(30,125)	11,016
LTIP charge	-	483	483
Loss for the year	-	(4,072)	(4,072)
New ordinary shares issued	9,700	-	9,700
	<hr/>	<hr/>	<hr/>
At 31 December 2011	50,841	(33,714)	17,127
	<hr/>	<hr/>	<hr/>

Per FRS 20 the costs of the Group Long Term Incentive Plans ('LTIP') which relate to Alliance Trust Savings Limited are expensed through the profit and loss account with a corresponding credit to reserves. Details of the individual schemes are given in the report and accounts of the parent company, Alliance Trust PLC.

16. CONTINGENT LIABILITIES

The Directors do not believe that unprovided liabilities, if any, to compensate its customers arising from circumstances that predate the year end will be material to the net assets of the Company.

17. ULTIMATE PARENT COMPANY

The Parent Company is Alliance Trust PLC, incorporated in Scotland, whose Report and Accounts, in which Alliance Trust Savings Limited results are consolidated, may be obtained from its registered office at 8 West Marketgait, Dundee, DD1 1QN or online at www.alliancetrust.co.uk.

18. MARKET PRICE AND INTEREST RATE RISK

Market risk embodies the potential for both losses and gains and includes interest rate risk and price risk. The Company's exposure to market risk is considered minimal because, at the reporting date, the Company held gilts

Alliance Trust Savings Limited
Notes to the Financial Statements
For the 11 month period ended 31 December 2011

with an average maturity of 0 days (31 January 2011: 1,451 days), treasury bills with an average maturity of 9 days (31 January 2011: 7) and financial assets consisting of deposits and certificates of deposit with an average maturity of 18 days (31 January 2011: 4 days).

Part of the Company's return on financial instruments is obtained from managing the dates on which assets mature and the interest rate payable on them. The tables on pages 18 and 19 summarise the positions at 31 December 2011 and 31 January 2011. Items are allocated to time bands by reference to the earlier of interest rate reset date or maturity.

A positive interest rate sensitivity gap exists when more assets than liabilities reprice during a given period. Although a positive interest gap position tends to benefit net interest income in an increasing interest rate environment, the actual effect will depend on a number of factors, including the extent to which repayments are made earlier or later than the contracted date and variations in interest rate sensitivity within periods.

A negative interest rate sensitivity gap exists when more liabilities than assets mature during a given period. Although a negative interest gap position tends to benefit net interest income in a decreasing interest rate environment, the actual effect will depend on a number of factors, including the extent to which repayments are made earlier or later than the contracted date and variations in interest rate sensitivity within periods.

Asset and liability analysis	Interest Bearing					Non-interest bearing	Total
	Under 3 mths	3 to 6 mths	6 mths to 1 year	1 year to 5 years	Greater than 5 years	£000	
31 December 2011	£000	£000	£000	£000	£000		£000
Assets							
Intangible assets	-	-	-	-	-	931	931
Loans and advances to banks	184,309	-	-	-	-	-	184,309
Debt Securities	72,483	38,000	19,000				129,483
Other Assets	-	-	-	-	-	6,458	6,458
Total Assets	256,792	38,000	19,000			7,389	321,181
Liabilities							
Customers' accounts	188,169	-	-	-	-	94,451	282,620
Other Liabilities	-	-	-	-	-	21,434	21,434
Shareholders' funds	-	-	-	-	-	17,127	17,127
Total Liabilities and Equity	188,169					133,012	321,181
Positive (negative) interest rate sensitivity gap	68,623	38,000	19,000	-	-	(125,623)	-
Cumulative Positive Gap	68,623	106,623	125,623	125,623	125,623	NIL	

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Asset and liability analysis	Interest Bearing					Non-interest bearing	Total £000
	Under 3 mths £000	3 to 6 mths £000	6 mths to 1 year £000	1 year to 5 years £000	Greater than 5 years £000	£000	
31 January 2011							
Assets							
Intangible assets	-	-	-	-	-	1,725	1,725
Loans and advances to banks	143,263	-	-	-	-	-	143,263
Certificates of Deposit	-	-	-	-	-	-	-
Debt Securities	89,992	-	-	31,084	-	-	121,076
Other Assets	-	-	-	-	-	8,197	8,197
Total Assets	233,255	-	-	31,084	-	9,922	274,261
Liabilities							
Customers' accounts	166,051	-	-	-	-	72,388	238,439
Other Liabilities	-	-	-	-	-	24,806	24,806
Shareholders' funds	-	-	-	-	-	11,016	11,016
Total Liabilities and Equity	166,051	-	-	-	-	108,210	274,261
Positive (negative) interest rate sensitivity gap	67,204	-	-	31,084	-	(98,288)	
Cumulative Positive Gap	67,204	67,204	67,204	98,288	98,288	NIL	

19. CREDIT RISK

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company.

The risk is managed as follows:

- Investment transactions are carried out with a number of well established, approved brokers
- Investment transactions are done on a cash against delivery basis

The Company also minimises credit risk through banking policies which restrict banking deposits to Moody's long term A3 and better rated financial institutions. The policies also set maximum exposure to individual banks.

None of the Company's financial assets are secured by collateral or other credit enhancements. The carrying amounts of financial assets best represent the maximum credit risk exposure at the reporting date.

At the reporting date, the Company's financial assets exposed to credit risk were as follows:

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19 CREDIT RISK (Continued)

Credit rating of loans and advances to banks and certificates of deposits	31 December 2011 £000	31 January 2011 £000
Aaa	17,426	2,458
Aa1	19,000	-
Aa2	10,095	10,075
Aa3	-	130,730
A1	19,739	-
A2	80,049	-
A3	38,000	-
	184,309	143,263
Average maturity	17.8 days	3.5 days

At the reporting date the Company was invested in gilts per the table below:

	31 December 2011 £000	31 January 2011 £000
Gilts	-	31,084
Average maturity	-	1,451 days

At the reporting date the Company was invested in treasury bills per the table below:

	31 December 2011 £000	31 January 2011 £000
Treasury Bills	15,483	89,992
Average maturity	9 days	7 days

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20. LIQUIDITY RISK

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with financial liabilities.

There is not a significant risk for the Company as the majority of its assets are held on short term deposits or certificates of deposit. At the reporting date the Company held client deposits of £283m (31 January 2011: £238m). These deposits are placed with various financial institutions as per note 19 above.