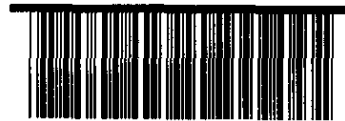


DUNFERMLINE BS NOMINEES LTD

DIRECTORS' REPORT & ACCOUNTS

For the year ended 31 December 1999

Company Reg. No. 113202



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COMPANIES HOUSE 30/03/00



DUNFERMLINE BS NOMINEES LTD

DIRECTORS

J D Herd (Chairman)
D B B Smith

SECRETARY

M R Sibbald

AUDITORS

Ernst & Young
Registered Auditors
10 George Street
EDINBURGH EH2 2DZ

BANKERS

Royal Bank of Scotland plc
PO Box 15/16
DUNFERMLINE
KY12 7HB

SOLICITORS

Dundas & Wilson CS
20 Castle Terrace
EDINBURGH
EH1 2EN

REGISTERED OFFICE

Caledonia House
Carnegie Avenue
DUNFERMLINE
KY11 8PJ

**DUNFERMLINE BS NOMINEES LTD
DIRECTORS' REPORT**

The Directors present their report and accounts for the year ended 31 December 1999.

PRINCIPAL ACTIVITY

In 1996 a 999 year lease was granted to the company in respect of the Head Office Complex at Carnegie Avenue, Dunfermline occupied by Dunfermline Building Society. The Society occupies these premises at market rent. This continues to be the company's only activity.

DIRECTORS AND THEIR INTERESTS

The Directors throughout 1999 and their interests in the share capital of the company at 31 December 1999 were as follows:-

	Ordinary £1 Shares at 1.1.99	Ordinary £1 Shares at 31.12.99
David B B Smith	1	1
John D Herd	Nil	Nil

DIRECTORS RESPONSIBILITY FOR THE ACCOUNTS

Company Law requires the Directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit and loss of the company for that period. In preparing those accounts the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business for the foreseeable future.

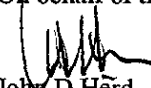
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps the prevention and detection of fraud and other irregularities.

SMALL COMPANIES EXEMPTIONS

The Directors have taken advantage of the exemptions conferred by Part II of Schedule 8 to the Companies Act 1985.

Ernst & Young have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

On behalf of the Board



John D Herd

Director

17 March 2000

REPORT OF THE AUDITORS

To the members of Dunfermline BS Nominees Ltd

We have audited the accounts on pages 3 to 4, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 4.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparations of the accounts, 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.



Ernst & Young
~~Chartered Accountants~~
Registered Auditors
Edinburgh

17 March 2000

DUNFERMLINE BS NOMINEES LTD

PROFIT and LOSS ACCOUNT

for the year ended 31 December 1999

	1999 £000	1998 £000
Rental income receivable	450	450
Depreciation	110	167
Profit on ordinary activities before tax	340	283
Tax on profit on ordinary activities	118	139
Profit for the financial year	222	144

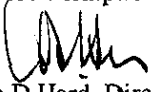
There were no recognised gains or losses other than the profit of £222,000 for the year ended 31 December 1999.

BALANCE SHEET

as at 31 December 1999

	Note	1999 £000	1998 £000
Fixed Assets:			
Tangible Fixed Assets	2	6312	6422
Current Assets		0	0
Creditors: amounts falling due within 1 year	3(a)	205	219
Net Current Assets		-205	-219
Total Assets less Current Liabilities		6107	6203
Creditors: Amounts falling due after more than 1 year			
Amount owed to group undertaking	3(b)	5554	5872
Net Assets		553	331
Capital and Reserves			
Share Capital	4	0	0
Profit and Loss Account	5	553	331
	6	553	331

The directors have taken advantage of the exemptions conferred by Part 1 of Schedule 8 to the Companies Act 1985, on the grounds that the company is entitled to the benefit of those exemptions as a small company.


John D Herd, Director
17 March 2000

NOTES TO THE ACCOUNTS
at 31 December 1999

1. Accounting Policies

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

Related Parties: the company has taken advantage of the exemption available under FRS8 not to disclose details of transactions with related parties that are part of the Dunfermline Building Society group.

Depreciation: Leasehold office premises are not depreciated, it being the company's policy to maintain them to such a standard that the estimated residual values exceed the net book values in the accounts. Office plant and equipment is depreciated on a straight line basis at 20% per annum.

Taxation: Deferred taxation is provided by the liability method on all timing differences, to the extent that they are expected to reverse in the immediate future, calculated at the rate at which it is estimated that the tax will be payable.

2. Tangible Fixed Assets

	Leasehold Land & Buildings £000	Plant & Equipment £000	Total £000
Cost at 1 January 1999 and 31 December 1999	6312	501	6813
Depreciation at 1 January 1999	0	391	391
Provided during year	0	110	110
Depreciation at 31 December 1999	0	501	501
Net Book Value at 31 December 1999	6312	0	6312
Net Book Value at 31 December 1998	6312	110	6422

3. Creditors

	1999 £000	1998 £000
(a) Amounts falling due within 1 year		
Prepayments of Rent	75	75
Corporation Tax	130	144
	205	219
(b) Loans not wholly repayable within 5 years		
Repayable by instalments	5554	5872

This loan was made to the company to enable it to purchase the leasehold of Head Office complex of Dunfermline Building Society at Carnegie Avenue, Dunfermline.

4. Share Capital

	Authorised £100	Issued & Unpaid £2
Ordinary shares of £1 each		

5. Reserves

	1999 £000	1998 £000
Profit & Loss Account:		
At 1 January	331	187
Retained profit for the year	222	144
At 31 December	553	331

6. Reconciliation of shareholders funds

	1999 £000	1998 £000
At 1 January	331	187
Profit for year	222	144
At 31 December	553	331

7. Parent Company: The immediate parent company which is also the ultimate parent undertaking is Dunfermline Building Society. The society is registered in Scotland and copies of the group accounts may be obtained from Caledonia House, Carnegie Avenue, Dunfermline, KY11 8PJ