

Alliance Capital Limited

Directors' report and consolidated financial statements

31 December 1994

Registered number 2551144



Alliance Capital Limited

Directors' report and consolidated financial statements

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Alliance Capital Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 1994.

Principal activities and business review

The principal activities of the company and its subsidiary companies are that of investment management and other services. The company pursued these activities throughout the year and intends to continue in these activities in the future.

Proposed dividend and transfer to reserves

The directors do not recommend the payment of a dividend.

The profit for the year retained in the group is £120,671.

Fixed assets

Information relating to changes in tangible fixed assets is given in note 9 to the financial statements.

Share capital

Information relating to share capital is given in note 14 in the financial statements.

Directors and directors' interests

The directors who held office during the year were as follows:

RW Banz
EG Banz
N Bergel
MH Breedon
D Williams

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company.

According to the register of directors' interests, no rights to subscribe for shares in any group company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

Alliance Capital Limited

Directors' report *(continued)*

Directors and directors' interests *(continued)*

The following transactions were made in the year on behalf of the following directors:

	R Banz £	N Bergel £
Car parking fees paid in advance by the company for:		
Balance at 1 January 1994	1,974	1,175
Balance at 31 December 1994	210	705
Largest outstanding balance	2,961	1,997

There were no terms in respect of interest payment or security required.

Political and charitable contributions

The company made no political or charitable contributions during the year.

Post balance sheet events

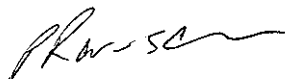
On 26 January 1995 the company entered into a new lease for office premises at Devonshire House, Picadilly for an annual rent of £467,370.

Auditors

On 6 February 1995 our auditors changed the name under which they practise to KPMG and accordingly, have signed their report in their new name.

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company, is to be proposed at the forthcoming Annual General Meeting.

By order of the board



Patrick Ravenscroft
Secretary

53 Stratton Street
London
W1X 6JJ

28 April 1995

Alliance Capital Limited

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and group and of the profit or loss of the group for that year. In preparing those 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for maintaining 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



PO Box 695
8 Salisbury Square
London
EC4Y 8BB

Auditors' report to the members of Alliance Capital Limited

We have audited the financial statements on pages 5 to 20.

Respective responsibilities of directors and auditors

As described on page 3 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 affairs of the company and the group at 31 December 1994 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature of the KPMG firm, appearing as 'KPMG' in a cursive script.

KPMG
Chartered Accountants
Registered Auditors

28 April 1995

Alliance Capital Limited

Consolidated profit and loss account for the year ended 31 December 1994

	Note	1994 £	1993 £
Turnover	<i>1</i>	120,600,858	52,917,981
Cost of sales		<u>(115,740,873)</u>	<u>(49,356,098)</u>
Gross profit		4,859,985	3,561,883
Administrative expenses		<u>(4,532,080)</u>	<u>(4,266,437)</u>
Trading profit		327,905	(704,554)
Other interest receivable and similar income	<i>5</i>	78,817	67,519
Interest payable and similar charges	<i>6</i>	<u>(296,551)</u>	<u>-</u>
Profit on ordinary activities before taxation	<i>2</i>	110,171	(637,035)
Tax on loss on ordinary activities	<i>7</i>	<u>-</u>	<u>6,051</u>
Retained profit for the financial year	<i>15</i>	110,171	630,984
Retained profit for the financial year			
The company		218,114	(488,885)
Group undertakings		<u>(107,943)</u>	<u>(142,099)</u>
		110,171	(630,984)

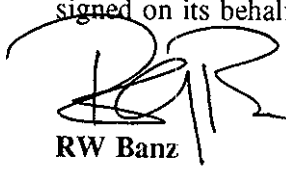
In both current and preceding years, the group made no material acquisitions and had no discontinued operations. There were no recognised gains and losses other than the profit for the year shown above.

Alliance Capital Limited

Consolidated balance sheet at 31 December 1994

	Note	1994		1993	
		£	£	£	£
Fixed assets					
Intangible assets	8		642,093		714,708
Tangible assets	9		651,096		634,522
			<u>1,293,189</u>		<u>1,349,230</u>
Current assets					
Debtors	11	1,888,122		1,632,881	
Cash at bank and in hand		1,515,162		1,161,181	
		<u>3,403,284</u>		<u>2,794,062</u>	
Creditors: amounts falling due within one year	12	(1,990,488)		(1,054,935)	
Net current assets			<u>1,412,796</u>		<u>1,739,127</u>
Total assets less current liabilities			<u>2,705,985</u>		<u>3,088,357</u>
Creditors: amounts falling due after more than one year	13		(771,796)		(1,264,339)
Net assets			<u>1,934,189</u>		<u>1,824,018</u>
Capital and reserves					
Called up share capital	14		4,651,994		4,651,994
Profit and loss account			(2,717,805)		(2,827,976)
Shareholders' funds			<u>1,934,189</u>		<u>1,824,018</u>

These financial statements were approved by the board of directors on 28 April 1995 and were signed on its behalf by:


RW Banz
Director

Alliance Capital Limited

Balance sheet at 31 December 1994

	Note	1994		1993	
		£	£	£	£
Fixed assets					
Tangible assets	9		642,604		620,673
Investments	10		1,400,000		1,400,000
			<u>2,042,604</u>		<u>2,020,673</u>
Current assets					
Debtors	11	1,828,964		1,490,103	
Cash at bank and in hand		1,151,074		828,462	
		<u>2,980,038</u>		<u>2,318,565</u>	
Creditors: amounts falling due within one year	12	(1,876,245)		(918,412)	
Net current assets			<u>1,103,793</u>		<u>1,400,153</u>
Total assets less current liabilities			<u>3,146,397</u>		<u>3,420,826</u>
Creditors: amounts falling due after more than one year	13		(771,796)		(1,264,339)
Net assets			<u>2,374,601</u>		<u>2,156,487</u>
Capital and reserves					
Called up share capital	14		4,651,994		4,651,994
Profit and loss account			(2,277,393)		(2,495,507)
			<u>2,374,601</u>		<u>2,156,487</u>

These financial statements were approved by the board of directors on 28 April 1995 and were signed on its behalf by:


RW Banz
Director

Alliance Capital Limited

Consolidated cash flow statement for the year ended 31 December 1994

	Note	1994		1993	
		£	£	£	£
Net cash inflow/(outflow) from operating activities	17	1,240,633		(463,478)	
Return on investments and servicing of finance					
Interest received		78,817		67,519	
Interest element of finance lease rental payments		(11,837)		(9,955)	
Interest paid		(195,662)		-	
Net cash (outflow)/inflow from returns on investment and servicing of finance		(128,682)		57,564	
Investing activities					
Purchase of tangible fixed assets		(282,789)		(80,472)	
Sale of tangible fixed assets		12,278		-	
Net cash outflow from investing activities		(270,511)		(80,472)	
Net cash inflow/(outflow) before financing		841,440		(486,386)	
Financing					
Redemption of subordinated loan		507,000		-	
Issue of subordinated loan		-		(743,000)	
Capital element of finance lease rental payments		68,962		37,991	
Net cash outflow/(inflow) from financing	18	575,962		(705,009)	
Increase in cash and cash equivalents	19	265,478		218,623	
		841,440		(486,386)	

Alliance Capital Limited

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

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

Basis of consolidation

The group accounts consolidate the accounts of Alliance Capital Limited and all its subsidiary undertakings. These accounts are made up to 31 December 1994. The consolidated accounts are based on accounts which are coterminous with those of the parent company.

Unless otherwise stated, the acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired are included in the consolidated profit and loss account from the date of acquisition. Goodwill arising on consolidation (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) is amortised over a period of 12 years.

In the company's accounts, investments in subsidiary undertakings are stated at cost, less any permanent diminution in value. Dividends received and receivable are credited to the company's profit and loss account to the extent that they represent a realised profit for the company.

In accordance with Section 230(4) of the Companies Act 1985 Alliance Capital Limited is exempt from the requirement to present its own profit and loss account.

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Leasehold improvements	-	lesser of their useful lives or the terms of the related leases
Cars	-	3 years
Furniture, fixtures and fittings	-	8 years
Computer equipment	-	3 years
Other equipment	-	6 years

Alliance Capital Limited

Notes (continued)

1 Accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Leases

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

Pension costs

The company operated a money purchase Retirements Benefits Plan during the year. The company also operates a money purchase executive pension scheme for R and E Banz. The assets of the Plan and the scheme are held separately from those of the group in independently administered funds. The amount charged against profits represents the contributions payable to the Plan and the scheme in respect of the accounting period.

From December 1994 contributions have been paid into a new group personal scheme. The old scheme is to be wound up during 1995. The executive pension scheme is unaffected by this.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Turnover

Turnover is comprised of investment advisory fees, proceeds from the sale and redemption of units and remuneration from the management of unit trusts.

Alliance Capital Limited

Notes (continued)

2 Profit on ordinary activities before taxation

	1994 £	1993 £
<i>Profit on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Auditors' remuneration:		
Audit	42,000	43,900
Other services	18,500	43,515
Depreciation and other amounts written off tangible fixed assets	306,351	307,010
Exchange losses	3,578	2,044
Goodwill amortised	72,615	72,615
Hire of equipment - rentals payable under operating leases	34,129	27,865
Finance charges in respect of finance leases	11,837	14,990
	<u> </u>	<u> </u>

3 Remuneration of directors

	1994 £	1993 £
Directors' emoluments:		
As directors	1,012,857	883,393
	<u> </u>	<u> </u>

The emoluments, excluding pension contributions, of the chairman who was also the highest paid director were £351,538 (1993:£213,400).

Alliance Capital Limited

Notes (continued)

3 Remuneration of directors (continued)

The emoluments, excluding pension contributions, of the directors (including the chairman and highest paid director) were within the following ranges:

		Number of directors	
		1994	1993
£0	- £ 20,000	1	1
£105,001	- £110,000	-	1
£110,001	- £115,000	1	-
£115,001	- £120,000	-	2
£185,001	- £190,000	-	1
£210,001	- £215,000	-	1
£225,001	- £230,000	1	-
£275,001	- £280,000	1	-
£350,001	- £355,000	1	-
		<hr/>	<hr/>
		5	6
		<hr/>	<hr/>

4 Staff numbers and costs

The aggregate payroll costs were as follows:

	1994	1993
	£	£
Wages and salaries	2,536,693	2,424,157
Social security costs	250,246	217,186
Other pension costs	134,016	132,750
	<hr/>	<hr/>
	2,920,955	2,774,093
	<hr/>	<hr/>

The average number of employees during the year was 47 (1993:48).

5 Other interest receivable and similar income

	1994	1993
	£	£
Bank interest receivable	78,817	67,519
	<hr/>	<hr/>

Alliance Capital Limited

Notes (continued)

6 Interest payable and similar charges

	1994 £	1993 £
Interest payable to parent undertaking	<u>296,551</u>	<u>-</u>

7 Taxation

	1994 £	1993 £
Adjustment relating to an earlier year	<u>-</u>	<u>(6,051)</u>

Tax losses amounting to £3,431,000 (1993:£3,858,000) are available to relieve future profits of the group.

8 Intangible fixed assets

	Goodwill £
Group	
<i>Cost</i>	
At beginning of year	<u>871,380</u>
At end of year	<u>871,380</u>
<i>Amortisation</i>	
At beginning of year	156,672
Charged in year	<u>72,615</u>
At end of year	<u>229,287</u>
<i>Net book value</i>	
At 31 December 1994	<u>642,093</u>
At 31 December 1993	<u>714,708</u>

Alliance Capital Limited

Notes (continued)

9 Tangible fixed assets

	Leasehold improvements	Cars	Furniture, fixtures & fittings	Equipment	Total
	£	£	£	£	£
Group					
<i>Cost</i>					
At beginning of year	525,953	188,961	486,887	494,537	1,696,338
Additions	131,681	78,813	6,117	144,991	361,602
Disposals	(25,192)	(117,971)	(7,624)	-	(150,787)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	632,442	149,803	485,380	639,528	1,907,153
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation and diminution in value</i>					
At beginning of year	313,344	128,087	250,959	369,426	1,061,816
Charge for year	128,504	37,565	55,297	84,985	306,351
On disposals	(25,192)	(86,918)	-	-	(112,110)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	416,656	78,734	306,256	454,411	1,256,057
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>					
At 31 December 1994	<u>215,786</u>	<u>71,069</u>	<u>179,124</u>	<u>185,117</u>	<u>651,096</u>
At 31 December 1993	<u>212,609</u>	<u>60,874</u>	<u>235,928</u>	<u>125,111</u>	<u>634,522</u>

All cars are held under finance leases.

Alliance Capital Limited

Notes (continued)

9 Tangible fixed assets (continued)

	Leasehold improvements	Cars	Furniture, Fixtures & fittings	Equipment	Total
	£	£	£	£	£
Company					
<i>Cost</i>					
At beginning of year	500,761	188,961	437,988	437,048	1,564,758
Additions	131,681	78,813	6,117	144,991	361,602
Disposals	-	(117,971)	(7,624)	-	(125,595)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	632,442	149,803	436,481	582,039	1,800,765
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation and diminution in value</i>					
At beginning of year	288,152	128,087	214,691	313,155	944,085
Charge for year	128,504	37,565	51,158	83,767	300,994
On disposals	-	(86,918)	-	-	(86,918)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	416,656	78,734	265,849	396,922	1,158,161
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>					
At 31 December 1994	215,786	71,069	170,632	185,117	642,604
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1993	212,609	60,874	223,297	123,893	620,673
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

All cars are held under finance leases.

Alliance Capital Limited

Notes (continued)

10 Fixed asset investments

Company	Shares in group undertakings £
<i>Cost</i>	
At beginning and end of year	<u>1,400,000</u>

The company owns 100% of the issued share capital consisting of 500 'A' ordinary £1 shares and 500 'B' ordinary £1 shares of Dimensional Asset Management Limited, a company registered in England and Wales, which has been included in the consolidation. The subsidiary undertaking acts as an investment adviser to Dimensional Trust Management Limited.

Dimensional Asset Management Limited owns 100% of the issued share capital of Dimensional Trust Management Limited, a company registered in England and Wales. Its share capital consists of 50,000 ordinary £1 shares which has been included in the consolidation. Dimensional Trust Management Limited acts as a fund manager for the Dimensional Unit Trusts.

11 Debtors

	Group		Company	
	1994	1993	1994	1993
	£	£	£	£
Amounts falling due within one year				
Trade debtors	218,802	14,067	218,802	14,067
Amounts owed by group undertakings	1,135,065	1,152,898	1,210,143	1,173,186
Other debtors	280,771	160,230	240,071	119,530
Prepayments and accrued income	253,484	305,686	159,948	183,320
	<u>1,888,122</u>	<u>1,632,881</u>	<u>1,828,964</u>	<u>1,490,103</u>
The amounts owed by group undertakings comprise				
Parent and fellow subsidiary undertakings	1,135,065	1,152,898	1,135,065	1,152,898
Subsidiary undertakings	-	-	75,078	20,288
	<u>1,135,065</u>	<u>1,152,898</u>	<u>1,210,143</u>	<u>1,173,186</u>

Alliance Capital Limited

Notes (continued)

12 Creditors: amounts falling due within one year

	Group		Company	
	1994	1993	1994	1993
	£	£	£	£
Bank loans and overdrafts	155,627	67,124	155,627	67,124
Obligations under finance leases	30,020	34,627	30,020	34,627
Amounts owed to group undertakings	850,035	390,807	811,898	327,913
Taxation and social security	449,709	305,435	449,709	305,435
Accruals and deferred income	505,097	256,942	428,991	183,313
	<u>1,990,488</u>	<u>1,054,935</u>	<u>1,876,245</u>	<u>918,412</u>
Amounts owed to group undertakings comprise				
Parent and fellow subsidiary undertakings	<u>850,035</u>	<u>390,807</u>	<u>811,898</u>	<u>327,913</u>

13 Creditors: amounts falling due after more than one year

	Group		Company	
	1994	1993	1994	1993
	£	£	£	£
Obligations under finance leases	28,796	14,339	28,796	14,339
Amounts owed to group undertakings	743,000	1,250,000	743,000	1,250,000
	<u>771,796</u>	<u>1,264,339</u>	<u>771,796</u>	<u>1,264,339</u>
Amounts owed to group undertakings comprise				
Parent and fellow subsidiary undertakings	<u>743,000</u>	<u>1,250,000</u>	<u>743,000</u>	<u>1,250,000</u>

All creditors falling due after more than one year fall due for repayment within 5 years.

Alliance Capital Limited

Notes (continued)

14 Called up share capital

	1994 £	1993 £
<i>Authorised</i>		
Ordinary shares of £1 each	<u>5,000,000</u>	<u>5,000,000</u>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	<u>4,651,994</u>	<u>4,651,994</u>

15 Reserves

	Profit and loss account Group £	Company £
Balance at 1 January 1994	(2,827,976)	(2,495,507)
Retained profit for the financial year	<u>120,671</u>	<u>228,614</u>
Balance at 31 December 1994	<u>(2,707,305)</u>	<u>(2,266,893)</u>

16 Commitments and contingencies

(i) Annual commitments under non-cancellable operating leases are as follows:

	1994		1993	
	Land and buildings £	Other £	Land and buildings £	Other £
Group				
Operating leases which expire:				
Within one year	260,043	5,535	260,043	1,237
In the second to fifth years inclusive	-	1,509	-	14,795
Over five years	<u>44,195</u>	<u>-</u>	<u>-</u>	<u>51,140</u>
	<u>304,238</u>	<u>7,044</u>	<u>260,043</u>	<u>67,172</u>

Alliance Capital Limited

Notes (continued)

16 Commitments and contingencies (continued)

Company	1994		1993	
	£	£	£	£
Operating leases which expire:				
Within one year	260,043	5,535	260,043	1,237
In the second to fifth years inclusive	-	1,509	-	14,795
Over 5 years	44,195	-	-	-
	<u>304,238</u>	<u>7,044</u>	<u>260,043</u>	<u>16,032</u>

17 Reconciliation of operating profit to net cash inflow from operating activities

	1994	1993
	£	£
Operating profit	327,905	(704,554)
Depreciation charge	306,351	307,010
Loss on sale of tangible fixed assets	26,398	5,591
Amortised goodwill	72,615	72,615
Increase in debtors	(255,241)	(317,836)
Increase in creditors	750,768	173,696
Interest on finance leases	11,837	-
	<u>1,240,633</u>	<u>(463,478)</u>

18 Analysis of changes in financing during the year

	Share capital	Loans and finance lease obligations
	£	£
Balance at 31 December 1993	4,651,994	1,298,965
Cash outflow from financing	-	(575,962)
Inception of finance lease contracts	-	78,813
	<u>4,651,994</u>	<u>801,816</u>

Alliance Capital Limited

Notes *(continued)*

19 Analysis of the balances of cash and cash equivalents as shown in the balance sheet

	1994	1993	Change in year
	£	£	£
Cash at bank and in hand	1,515,162	1,161,181	353,981
Bank overdrafts	(155,627)	(67,124)	(88,503)
	<hr/>	<hr/>	<hr/>
Net inflow/(outflow) of cash and cash equivalents	1,359,535	1,094,057	265,478
	<hr/>	<hr/>	<hr/>

20 Ultimate parent company and parent undertaking of larger group

The immediate holding company is Alliance Capital Management Corporation of Delaware, incorporated in the United States of America. The ultimate holding company is The Equitable Life Assurance Society of the United States, which is also incorporated in the United States of America.