

Alliance Capital Limited

**Directors' report and consolidated
financial statements**

Registered number 2551144

31 December 2002



Directors' report and financial statements

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Directors and advisors

Directors	ED Baker L Manookian SE Fay D Steyn
Secretaries	MR Manley D Samuels
Registered Office	Devonshire House 1 Mayfair Place London W1J 8AJ
Bankers	HSBC Bank Plc 79 Piccadilly London W1V OEU
Auditors	KPMG Audit Plc PO Box 695 8 Salisbury Square London EC4Y 8BB
Solicitors	Linklaters & Alliance 1 Silk Street London EC2Y 8HQ

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2002.

Principal activities and business review

The principal activities of the company and its subsidiary companies are those of investment management and the provision of administrative services to group companies. One of the company's subsidiary undertakings, Dimensional Trust Management Limited, ceased its principal activity as a manager of authorised unit trusts in 1999 and was put into voluntary liquidation in March 2002. Besides that, the group pursued its normal activities throughout the year and intends to continue in these activities in the future. The company is regulated by the Financial Services Authority.

Results and dividends

The retained profit for the year in the group was £2,497,560 (2001: profit of £1,248,541) and will be transferred to reserves.

The directors do not recommend the payment of a dividend (2001: £nil).

Directors and directors' interests

The directors who held office during the year and as the date of this report are as follows:

ED Baker	
MH Breedon	(Resigned 10 December 2002)
KA Corbet	(Resigned 30 May 2002)
L Manookian	
SE Fay	(Appointed 20 January 2003)
DA Steyn	(Appointed 20 January 2003)

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company or any group company as at 31 December 2002 (2001: £nil).

There are no other directors' interests requiring disclosure under section 234 of the Companies Act 1985.

Political and charitable donations

The group made no political or charitable donations during the year (2001: £nil).

Directors' report *(continued)*

Auditors

Pursuant to section 379A of the Companies Act 1985 the company has elected:

- a) to dispense with the holding of Annual General Meetings;
- b) to dispense with appointment of Auditors annually; and
- c) to dispense with the laying of Reports and Financial Statements before General Meetings.

KPMG Audit Plc are willing to continue in office and the Directors have agreed to their so continuing.

By order of the board



ED Baker
Director

Devonshire House
1 Mayfair Place
London
W1J 8AJ

29 April 2003

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 period. 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 keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Report of the independent auditors to the members of Alliance Capital Limited

We have audited the financial statements on pages 6 to 19.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors

The directors are responsible for preparing the directors' report and, as described on page 4, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, 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 1985. 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 group 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 group'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 and the group affairs as at 31 December 2002 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

29 April 2003
8 Salisbury Square
London EC4Y 8BB

Consolidated profit and loss account
For the year ended 31 December 2002

	Note	2002 £	2001 £
Turnover	1	47,627,057	41,004,309
Administrative expenses		(45,608,664)	(39,694,425)
Operating profit		2,018,393	1,309,884
Other interest receivable and similar income	5	503,464	508,101
Other interest payable and similar charges	6	(93,499)	(114,694)
Goodwill written off	8	-	(206,403)
Profit on ordinary activities before taxation	2	2,428,358	1,496,888
Tax on profit on ordinary activities	7	69,202	(248,347)
Retained profit for the financial year	18	2,497,560	1,248,541
Retained profit for the financial year			
The company		1,328,312	1,119,463
Group undertakings		1,169,248	129,078
		2,497,560	1,248,541

In both the 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.

The notes on pages 9 to 19 form part of these accounts.

Consolidated balance sheet
At 31 December 2002

	Note	2002		2001	
		£	£	£	£
Fixed assets					
Intangible assets	8	-	-	-	-
Tangible assets	9	8,272,559		8,916,519	
Investments	10	32,129		32,129	
		<u>8,304,688</u>		<u>8,948,648</u>	
Current assets					
Investments	11	2,900,000	-		
Debtors	12	7,543,701	5,209,255		
Cash at bank and in hand		15,159,438	14,404,254		
		<u>25,603,139</u>	<u>19,613,509</u>		
Creditors: amounts falling due					
Within one year	13	(23,206,524)	(22,295,081)		
		<u></u>	<u></u>		
Net current assets/(liabilities)		<u>2,396,615</u>		<u>(2,681,572)</u>	
Debtors due after more than one year	12	1,076,685		1,088,985	
		<u>11,777,988</u>		<u>7,356,061</u>	
Total assets less current liabilities					
Creditors: amounts falling due after more					
than one year	14	(1,820,616)		(1,820,780)	
		<u></u>		<u></u>	
Provisions for liabilities and charges	15	-		(75,469)	
		<u></u>		<u></u>	
Net assets		<u>9,957,372</u>		<u>5,459,812</u>	
Capital and reserves					
Called up share capital	16	6,651,994		4,651,994	
Profit and loss account	18	3,305,378		807,818	
		<u>9,957,372</u>		<u>5,459,812</u>	
Shareholders' funds	17				

These financial statements were approved by the board of directors on 29 April 2003 and were signed on its behalf by:



ED Baker
Director

The notes on pages 9 to 19 form part of these accounts.

Company balance sheet
At 31 December 2002

		2002	2001
		£	£
Fixed assets			
Tangible assets	9	-	87,133
Investments	10	1,432,129	1,432,129
		<u>1,432,129</u>	<u>1,519,262</u>
Current assets			
Investments	11	-	-
Debtors	12	6,078,381	3,364,751
Cash at bank and in hand		14,504,212	11,841,806
		<u>20,582,593</u>	<u>15,206,557</u>
Creditors: amounts falling due within one year	13	(11,168,794)	(9,216,903)
		<u>9,413,799</u>	<u>5,989,654</u>
Net current assets			
Debtors due after more than one year	12	58,865	67,565
		<u>10,904,793</u>	<u>7,576,481</u>
Total assets less current liabilities			
Creditors: amounts falling due after more than one year	14	(1,500,000)	(1,500,000)
		<u>9,404,793</u>	<u>6,076,481</u>
Net assets			
Capital and reserves			
Called up share capital	16	6,651,994	4,651,994
Profit and loss account	18	2,752,799	1,424,487
		<u>9,404,793</u>	<u>6,076,481</u>
Shareholders' funds	17		

These financial statements were approved by the board of directors on 29 April 2003 and were signed on its behalf by:



ED Baker
Director

The notes on pages 9 to 19 form part of these accounts.

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 group's financial statements. The company has adopted FRS 19 "Deferred Tax" in the financial statements. The comparative figures have been restated accordingly.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, in accordance with the Companies Act 1985.

Cash flow statement and related party disclosures

The company is exempt from preparing a cash flow statement under Financial Reporting Standard 1 (Revised 1996) as it is a wholly owned subsidiary of a company which prepares consolidated financial statements which are publicly available. The consolidated financial statements of Alliance Capital Management LP, within which this company is included, can be obtained from the address given in Note 19.

The company is also exempt from the requirements of Financial Reporting Standard 8 concerning related party disclosures for the same reason and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties).

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 2002. The consolidated accounts are based on accounts, which are coterminous with those of the parent company.

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.

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) relates to the company's investment in Dimensional Trust Management Limited. In prior years goodwill has been amortised over a period of 12 years, in accordance with the director's best estimate of useful economic life. As Dimensional Trust Management Limited had been placed into voluntary liquidation in March 2002, the goodwill was written down completely in the year 2001.

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
Furniture, fixtures and fittings	-	6 years
Computer equipment	-	3 years
Other equipment	-	6 years

In 2002, the company revised the estimated useful life of leasehold improvement assets and extended the useful life from 6 years to 10 years. This change was implemented effective 1st June 2002. The revised estimated life became effective on the net book value of the assets at that date.

Notes (continued)

1 Accounting policies (continued)

In September 2002, all assets held directly by Alliance Capital Limited were transferred to its subsidiary company Alliance Capital Services Limited. The assets were transferred at net book value. The transfer had a net nil impact on a consolidated basis.

Fixed asset investments

Fixed asset investments have been stated at cost less any permanent diminution.

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.

Lease Commitments

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, including the rent free period.

Rent free period

A rent free period was granted on the office space leases. The value of the rent free period has been deferred and is amortised over the period up to the earlier of the first rent review or the date the lease can be terminated.

Pension costs

During the year, the group continued to contribute to a Group Personal Pension plan (which is a defined contribution scheme) paying contributions for its employees. Pension contributions are based on a percentage of the employee costs. The amount charged against profits represents the contributions payable to the plan in respect of the accounting period.

The assets of the plan are held separately from those of the company in independently administered funds.

There were no outstanding or prepaid contributions at the year end.

Investments

Current asset investments are valued at the lower of cost or net asset value.

Taxation

The charge for taxation is based on the results for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred Tax is recognised without discounting, in respect of any timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date. Provision is made for any deferred taxation only to the extent that it is probable that an actual liability will crystallise. As the company is a member of a group for Corporation Tax, deferred tax assets will not be recognised where losses will be passed between members of the group.

Notes (continued)

Turnover

Turnover is comprised of investment advisory fees. Turnover also consists of management recharges received from group companies in respect of services rendered by the group. Turnover is accounted for on an accruals basis.

2 Profit on ordinary activities before taxation

	2002 £	2001 £
<i>This is stated after charging/(crediting)</i>		
Auditors' remuneration:		
Audit		
- ACL	68,429	40,947
- Subsidiaries	17,425	12,067
Non audit services - ACL		
- taxation	76,088	48,315
- other services	4,500	17,490
- Subsidiaries		
- taxation	29,181	32,880
- other services	2,439	11,074
Depreciation and other amounts written off:		
Tangible fixed assets	2,302,278	1,614,525
Exchange losses	22,382	22,208
Goodwill amortised	-	206,403
Rent of premises - rentals payable under other operating leases	2,797,330	1,933,249
	<u>2,797,330</u>	<u>1,933,249</u>

3 Remuneration of directors

	2002 £	2001 £
Directors' emoluments	1,489,367	2,523,033
Pension contributions	12,314	23,981
	<u>1,501,681</u>	<u>2,547,014</u>

The aggregate emoluments, excluding pension contributions, of the highest paid director were £788,587 (2001: £1,024,622).

The number of directors to whom retirement benefits are accruing under a defined contribution pension plan was 1 (2001: 3).

Notes (continued)

4 Staff numbers and costs

The aggregate payroll costs were as follows:

	2002 £	2001 £
Wages and salaries	20,521,993	17,782,684
Social security costs	2,046,713	1,848,398
Other pension costs	843,726	629,996
	<hr/> 23,412,432 <hr/>	<hr/> 20,261,078 <hr/>

The average number of employees during the year was 165 (2001: 140).

5 Other interest receivable and similar income

	2002 £	2001 £
Bank interest receivable	362,501	392,309
Rental of premises – rentals receivable under operating leases	140,288	115,792
Gain on sale of fixed asset	675	-
	<hr/> 503,464 <hr/>	<hr/> 508,101 <hr/>

6 Interest payable and similar charges

	2002 £	2001 £
Interest payable to parent undertaking	(93,499)	(114,694)
	<hr/> (93,499) <hr/>	<hr/> (114,694) <hr/>

Notes (continued)

7 Taxation

The taxation charge for the year is set out below.

Analysis of tax charge

	2002 £	2001 £
UK Corporation Tax on activities for the year	97,617	231,209
Adjustment in respect of deferred tax liability	(75,469)	-
Adjustments in respect of prior periods	(91,350)	17,138
	<hr/>	<hr/>
Tax on profit on ordinary activities	(69,202)	248,347
	<hr/>	<hr/>

Factors affecting tax charge for the year

The current tax charge for the year is lower (2001: lower) than the standard rate of corporation tax in the UK (30%; 2001: 30%). The differences are explained below.

	2002 £	2001 £
Profit on ordinary activities before Corporation Tax	2,428,358	1,496,888
	<hr/>	<hr/>
UK Corporation Tax charge on profits of the year at 30% (2001: 30%)	728,508	449,067
Effect of disallowable expenditure	428,683	114,567
Adjustments in respect of prior periods	(91,350)	17,138
Adjustment in respect of deferred tax liability	(75,469)	-
Timing difference – Excess capital allowances over depreciation	(154,732)	(48,914)
Adjustments in respect of group relief	(712,161)	(417,589)
Corporation Tax adjustment between statutory accounts and tax return	-	91,350
Timing difference – Accruals	(14,288)	16,752
Adjustment for tax losses brought forward	(178,393)	(40,223)
Timing difference – Pension contributions	-	4,278
Consolidation adjustment in respect of goodwill amortisation	-	61,921
	<hr/>	<hr/>
Tax on profit on ordinary activities	(69,202)	248,347
	<hr/>	<hr/>

Factors that may affect future tax charges

No recognition has been reported for a £2,710K (2001: £3,058K) deferred tax asset on timing differences due to losses carried forward from other group companies where the business has transferred to Alliance Capital Limited and the difference between the tax written down value and net book value of qualifying assets in Alliance Capital Services Limited. At present, it is not envisaged that any tax will become recoverable in the foreseeable future.

Notes (continued)

8 Intangible fixed assets

Goodwill relates to the company's investment in Dimensional Trust Management Limited. As Dimensional Trust Management Limited had been placed into voluntary liquidation in March 2002 the goodwill was written down completely at the end of 2001.

9 Tangible fixed assets

	Leasehold improvements	Furniture, fixtures & fittings	Equipment	Total
Group	£	£	£	£
Cost				
At beginning of year	8,889,410	2,813,885	3,894,082	15,597,377
Transfers	(1,208,744)	1,208,744	-	-
Additions	363,417	235,991	1,060,009	1,659,417
Disposals			(3,046)	(3,046)
At end of year	8,044,083	4,258,620	4,951,045	17,253,748
Depreciation				
At beginning of year	2,658,819	1,746,105	2,275,934	6,680,858
Depreciation for the period	731,640	612,298	958,340	2,302,278
Disposals			(1,947)	(1,947)
At end of year	3,390,459	2,358,403	3,232,327	8,981,189
Net book value				
At 31 December 2002	4,653,624	1,900,217	1,718,718	8,272,559
At 31 December 2001	6,230,591	1,067,780	1,618,148	8,916,519

In September 2002, all assets held directly by Alliance Capital Limited were transferred to its subsidiary company Alliance Capital Services Limited. The assets were transferred at net book value. The transfer had a net nil impact on a consolidated basis.

Upon completion of the refurbishment of Devonshire House, assets which were included as additions to Leasehold Improvements in 2001 were subsequently reclassified to Fixtures & Fittings in 2002. The total reclass amounted to £1,208,744. Depreciation for these items did not begin until 2002.

Notes (continued)

9 Tangible fixed assets (continued)

	Leasehold Improvements £	Furniture, fixtures and fittings £	Equipment £	Total £
Company				
Cost				
At beginning of year	764,803	434,097	816,923	2,015,823
Additions	-	-	-	-
Transfer of assets to subsidiary company	(764,803)	(434,097)	(816,923)	(2,015,823)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At beginning of year	748,799	414,702	765,189	1,928,690
Charge for year	5,200	7,771	27,305	40,276
Transfer of assets to subsidiary company	(753,999)	(422,473)	(792,494)	(1,968,966)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 December 2002	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2001	16,004	19,395	51,734	87,133
	<hr/>	<hr/>	<hr/>	<hr/>

10 Investments held as fixed assets

	Group		Company	
	2002 £	2001 £	2002 £	2001 £
Shares in group undertaking	-	-	1,400,000	1,400,000
Investment in GSTP AG	32,129	32,129	32,129	32,129
	<hr/>	<hr/>	<hr/>	<hr/>
	32,129	32,129	1,432,129	1,432,129
	<hr/>	<hr/>	<hr/>	<hr/>

The company owns 100% of the issued share capital consisting of 500 'A' ordinary £1 shares and 500 'B' ordinary £1 shares of Alliance Capital Services Limited, a company registered in England and Wales, which has been included in the consolidation. This company provides administration services to other group companies.

Alliance Capital Services 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 previously acted as a fund manager for the Dimensional Unit Trusts, but discontinued these activities during the year 1999. In March 2002, Dimensional Trust Management Limited was entered into liquidation.

In July 2000, the company invested £32,129 in GSTP Global Straight Through Processing AG, Zurich. The purpose of this investment is to promote an industry wide standard towards processing securities transactions and establishing a global template to process transactions. The company owns 0.1% of the issued share capital consisting of 80,000 ordinary CHF 1,000 shares. GSTP Global Straight Through Processing AG, Zurich is a company registered in Switzerland.

Notes (continued)

11 Current Asset Investments

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Investment in open ended collective investment schemes	2,900,000	-	-	-

Alliance Capital Services Limited holds units in the ACM International Reserves Sterling Portfolio Fund (a sterling money market fund).

At 31 December 2002 the market value of the listed investments was £2,900,000 (2001: £nil).

12 Debtors

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Amounts falling due within one year				
Trade debtors	174,768	224,929	174,768	224,929
Amounts owed by group undertakings	381,356	1,435,310	764,985	1,024,789
Other debtors	770,474	1,485,364	96,053	274,398
Prepayments and accrued income	6,217,103	2,063,652	5,042,575	1,840,635
	<u>7,543,701</u>	<u>5,209,255</u>	<u>6,078,381</u>	<u>3,364,751</u>
Amounts falling due after more than one year				
Rent deposits	1,076,685	1,088,985	58,865	67,565

Notes (continued)

13 Creditors: amounts falling due within one year

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Trade creditors	10,586	52,755	10,586	-
Amortisation of rent free period	208,514	104,339	-	-
Amounts owed to group undertakings	14,620,557	13,814,060	3,364,032	1,735,759
Other creditors including taxation and social security	7,183,458	6,518,559	7,183,458	6,482,210
Accruals and deferred income	1,183,409	1,805,368	610,718	998,934
	<u>23,206,524</u>	<u>22,295,081</u>	<u>11,168,794</u>	<u>9,216,903</u>
Taxation and social security comprises				
Corporation tax payable	37,750	36,349	37,750	-
Other	7,145,708	6,482,210	7,145,708	6,482,210
	<u>7,183,458</u>	<u>6,518,559</u>	<u>7,183,458</u>	<u>6,482,210</u>

14 Creditors: amounts falling due after more than one year

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Amounts owed to group undertakings				
- subordinated loan from parent undertaking	1,500,000	1,500,000	1,500,000	1,500,000
Amortisation of rent free period	320,616	320,780	-	-
	<u>1,820,616</u>	<u>1,820,780</u>	<u>1,500,000</u>	<u>1,500,000</u>

The subordinated loan attracts interest twice a year at 2% above the LIBOR rate and falls due for repayment 5 years from the date that notice is given by the parent undertaking.

Notes (continued)

15 Provisions for liabilities and charges

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Taxation, including deferred taxation				
- accelerated capital allowances	-	75,469	-	-

Movements on the deferred tax provision were as follows:

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
At 1 January	75,469	75,469	-	-
Charge to the profit and loss account	(75,469)	-	-	-
At 31 December	-	75,469	-	-

16 Called up share capital

	2002	2001
	£	£
<i>Authorised</i>		
10,000,000 ordinary shares of £1 each (5,000,000 shares: 2001)	10,000,000	5,000,000
<i>Allotted, called up and fully paid</i>		
6,651,994 ordinary shares of £1 each (4,651,994 shares: 2001)	6,651,994	4,651,994

17 Shareholders' funds

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Shareholders' funds at 1 January	5,459,812	4,211,271	6,076,481	4,957,018
Increase in share capital	2,000,000	-	2,000,000	-
Retained profit for the financial year	2,497,560	1,248,541	1,328,312	1,119,463
Shareholders' funds at 31 December	9,957,372	5,459,812	9,404,793	6,076,481

On 18 October 2002 a resolution was passed to increase the authorised share capital from 5,000,000 ordinary shares of £1 each to 10,000,000. A resolution was also passed, on 18 October 2002, to issue 2,000,000 ordinary shares, at the nominal value of £1 each, to the holding company, Alliance Capital Management Corporation of Delaware. This was done to increase the company's regulatory capital.

Notes (continued)

18 Reserves

	Profit and loss account Group £	Company £
Balance at 31 December 2001	807,818	1,424,487
Retained profit for the financial year	2,497,560	1,328,312
	<hr/>	<hr/>
Balance at 31 December 2002	3,305,378	2,752,799
	<hr/>	<hr/>

19 Commitments and contingencies

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

	2002 £	2001 £
Group and Company		
Operating leases which expire within one year	558,694	606,713
Operating leases which expire over five years	3,038,710	3,026,410
	<hr/>	<hr/>

20 Immediate and ultimate parent company

The company's immediate holding company is Alliance Capital Management Corporation (Delaware), a company incorporated in Delaware, United States of America. The consolidated financial statements of Alliance Capital Management LP, within which the company and its immediate holding company are included, can be obtained from Alliance Capital LP, 1345 Avenue of the Americas, New York, New York 10105, United States of America.

The ultimate holding company is AXA, S.A., a French holding company for an international group of insurance and related financial service companies.