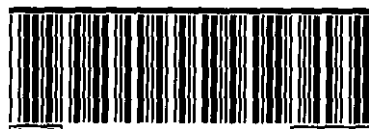




Aberdeen
Preferred Income
Trust PLC



ASS *AT68ZHMJ* 602
COMPANIES HOUSE 30/06/99

Statement of Directors' Responsibilities in Respect of the Interim Accounts

Section 272 of the Companies Act 1985 requires the Directors to prepare interim accounts for the period from 1 March 1998 to 28 February 1999 for the purpose of determining the amount the Company may distribute by way of interim dividend. The interim accounts are required to give a true and fair view of the state of the Company's affairs and profit or loss for the period and to be properly prepared in terms of Section 272 of the Companies Act 1985 subject to matters which are not material for determining whether the proposed distribution would contravene the relevant requirements of the Companies Act 1985.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company. 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.

Revenue Account

For the period from 1 March 1999 to 31 May 1999

	Notes	£'000
Income from fixed asset investments	1	
Franked		4,428
Unfranked		<u>4,178</u>
		8,606
Other interest receivable and similar income		
Bank interest		25
Underwriting commission		<u>31</u>
Gross revenue		8,662
Administrative expenses	1	<u>(685)</u>
Net return on ordinary activities before taxation and interest payable		7,977
Interest payable		<u>(1,984)</u>
Net revenue on ordinary activities before taxation		5,993
Tax on ordinary activities	2	<u>(1,106)</u>
Net revenue on ordinary activities after tax		4,887
Dividends per Ordinary share:		
First interim of 4.0p payable		<u>(4,711)</u>
Retained revenue at 31 May 1999	11	<u>176</u>
Earnings per Ordinary share (pence)	3	<u><u>4.15</u></u>

The accompanying notes form part of these initial accounts.

Balance Sheet

At 31 May 1999

	Notes	£'000
Fixed asset investments		
Listed at market value in UK	4	<u>363,101</u>
Current assets		
Cash at bank		3,192
Debtors: amounts falling due within one year	5	<u>8,552</u>
		<u>11,744</u>
Current liabilities		
Creditors: amounts falling due within one year	6	<u>(100,039)</u>
Net current liabilities		<u>(88,295)</u>
Total assets less current liabilities		274,806
Creditors: amounts falling due after one year	7	<u>(105,601)</u>
Total net assets		<u><u>169,205</u></u>
Capital and reserves		
Called up share capital	8	11,777
Share premium account	9	133,705
Other non-distributable reserves	10	23,538
Retained revenue reserve	11	185
Total shareholders' funds		<u><u>169,205</u></u>

These interim accounts were approved by the Directors on 24 June 1999 and signed on behalf of the Board of Directors by:



Director

Notes to the Interim Accounts

1. Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the period, is set out below.

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention as modified to include the revaluation of fixed asset investments. The accounts have been prepared in accordance with applicable accounting standards, except insofar as these relate to matters which are not material for the purpose of determining the Company's distributable profits.

(b) Valuation of investments

Quoted investments are valued according to the prices issued by the London Stock Exchange being the closing mid-market price. For all investments other than FTSE 100 constituents and FTSE 100 reserve list constituents for which the last trade prices are issued. Realised surpluses or deficits on the disposal of investments and permanent impairments in the value of investments are taken to capital reserve – realised, and unrealised surpluses and deficits on the revaluation of investments are taken to capital reserve – unrealised as explained in note 1(f).

(c) Income

Dividends receivable on equity shares are brought into account on the ex-dividend date. Dividends receivable on equity shares where no ex-dividend date is quoted are brought into account when the Company's right to receive payment is established. The fixed return on a debt security is recognised on a time-apportioned basis and where material so as to reflect the effective yield on each such security.

(d) Expenses

All expenses are accounted for on an accruals basis. Expenses are charged through the revenue account except as follows:

- expenses which are incidental to the acquisition of an investment are included within the cost of the investment
- expenses which are incidental to the disposal of an investment are deducted from the disposal proceeds of the investment
- expenses are charged to capital reserve-realised where a connection with the maintenance or enhancement of the value of the investments can be demonstrated. In this respect the investment management fee, debenture interest bank loan and overdraft interest have been allocated 40% to capital reserve – realised and 60% to revenue account.

Notes to the Interim Accounts

(e) Taxation

The charge for taxation is based on the net revenue for the period. Provision is made for deferred taxation, using the liability method on all material timing differences, to the extent that it is probable that a liability will crystallise. The tax effect of different items of income/gain and expenditure/loss is allocated between capital and revenue on the same basis as the particular item to which it relates, using the Company's effective rate of tax for the accounting period.

(f) Capital reserves

Capital reserve – realised

The following are accounted for in this reserve:

- gains and losses on the realisation of investments
- realised exchange differences of a capital nature
- expenses and finance costs, together with the related taxation effect, charged to this reserve in accordance with the above policies
- realised gains and losses on transactions undertaken to hedge an exposure of a capital nature.

Capital reserve – unrealised

The following are accounted for in this reserve:

- increases and decreases in the valuation of investments held at the period end
- unrealised exchange differences of a capital nature
- unrealised gains and losses on transactions undertaken to hedge an exposure of a capital nature.

2. Taxation	£'000
Tax credits on franked income	663
Tax attributable to capitalised expenses	443
	<hr/>
	1,106

3. Earnings per Ordinary share

The earnings per Ordinary share are calculated on the net basis, on earnings of £4,887,000 and on the 117,767,312 weighted average Ordinary shares in issue from 1 March 1999.

Notes to the Interim Accounts

4. Fixed assets investments		£'000
Valuation at 1 March 1999		360,880
Unrealised appreciation		(13,356)
Cost at 1 March 1999		<u>347,524</u>
Additions at cost		24,430
Disposals at cost		(25,760)
Cost at 31 May 1999		<u>347,194</u>
Unrealised appreciation		15,907
Valuation at 31 May 1999		<u><u>363,101</u></u>
5. Debtors: amounts falling due within one year		£'000
Prepayments and accrued income		5,966
Amounts due from subsidiary undertaking - income		325
Taxation recoverable		1,466
Sales for future settlement		795
		<u><u>8,552</u></u>
6. Creditors: amounts falling due within one year		£'000
Amount due to subsidiary undertaking – capital		88,602
Proposed dividends		4,711
Purchases for future settlement		3,840
Other accruals		2,886
		<u><u>100,039</u></u>
7. Creditors: amounts falling due after one year	£'000	£'000
RPI Debenture Stock 2007:		
Debenture Stock	18,360	
Premium on redemption	<u>1,457</u>	
		19,817
Bank loan 2002		12,000
Bank loan		55,000
Unsecured loan 2023		18,784
		<u><u>105,601</u></u>

Notes to the Interim Accounts

8. Called up share capital	£'000
Authorised Ordinary shares of 10p each	<u>31,000</u>
Allotted, called-up and fully paid:	
117,767,312 Ordinary shares of 10p each	<u>11,777</u>

9. Share premium account	£'000
At 1 March 1999	133,695
Refund of issue costs relating to issue of new capital - prior year	20
Debenture and loan finance costs	(10)
At 31 May 1999	<u>133,705</u>

	Merger reserve £'000	Capital reserve – unrealised £'000	Capital reserve – realised £'000	Total £'000
10. Other non-distributable reserves				
At 1 March 1999	12,687	13,356	(5,202)	20,841
Gains/(losses) on fixed asset investments	–	2,551	1,087	3,638
Expenses allocated to capital	–	–	(1,672)	(1,672)
Tax allocation thereon	–	–	443	443
Net capital dividend	–	–	400	400
Transfer to share premium account	–	–	10	10
Premium on redemption of Debenture Stock	–	–	(122)	(122)
At 31 May 1999	<u>12,687</u>	<u>15,907</u>	<u>(5,056)</u>	<u>23,538</u>

11. Revenue reserve	£'000
At 1 March 1999	9
Revenue reserve	176
At 31 May 1999	<u>185</u>