

ABERDEEN PREFERRED INCOME TRUST PLC

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 1999 to 30 November 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 30 November 1999

	Notes	£'000
Income from fixed asset investments	1	
Franked		14,386
Unfranked		<u>12,837</u>
		27,223
Other interest receivable and similar income		
Bank interest		201
Underwriting commission		<u>39</u>
Gross revenue		27,463
Administrative expenses	1	<u>(2,085)</u>
Net return on ordinary activities		
before taxation and interest payable		25,378
Interest payable		<u>(6,399)</u>
Net revenue on ordinary activities before taxation		18,979
Tax on ordinary activities	2	<u>(2,884)</u>
Net revenue on ordinary activities after tax		16,095
Dividends per Ordinary share:		
First interim of 4.0p paid		(4,711)
Second interim of 4.4p paid		(5,669)
Third interim of 4.4p payable		<u>(5,669)</u>
Retained revenue at 30 November 1999	11	<u><u>46</u></u>
 Earnings per Ordinary share (pence)	 3	 <u><u>12.87</u></u>

The accompanying notes form part of these initial accounts.

Balance Sheet

At 30 November 1999

	Notes	£'000
Fixed asset investments		
Listed at market value in UK	4	<u>406,997</u>
Current assets		
Debtors: amounts falling due within one year	5	25,002
Current liabilities		
Creditors: amounts falling due within one year	6	<u>(131,682)</u>
Net current liabilities		<u>(106,680)</u>
Total assets less current liabilities		300,317
Creditors: amounts falling due after one year	7	<u>(119,584)</u>
Total net assets		<u><u>180,733</u></u>
Capital and reserves		
Called up share capital	8	12,883
Share premium account	9	149,925
Other non-distributable reserves	10	17,870
Retained revenue reserve	11	55
Total shareholders' funds		<u><u>180,773</u></u>

These interim accounts were approved by the Directors on 7 January 2000 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	1,659
Tax attributable to capitalised expenses	1,225
	<u>2,884</u>

3. Earnings per Ordinary share

The earnings per Ordinary share are calculated on the net basis, on earnings of £16,095,000 and on the 125,011,682 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		194,033
Disposals at cost		(138,853)
Cost at 30 November 1999		<u>402,704</u>
Unrealised appreciation		4,293
Valuation at 30 November 1999		<u><u>406,997</u></u>
5. Debtors: amounts falling due within one year		£'000
Prepayments and accrued income		5,937
Amounts due from subsidiary undertaking - income		3,889
Taxation recoverable		2,380
Sales for future settlement		12,796
		<u>25,002</u>
6. Creditors: amounts falling due within one year		£'000
Bank overdrafts		20,382
Amount due to subsidiary undertaking - capital		97,418
Proposed dividends		5,669
Purchases for future settlement		2,000
Other accruals		6,213
		<u>131,682</u>
7. Creditors: amounts falling due after one year	£'000	£'000
RPI Debenture Stock 2007:		
Debenture Stock	18,370	
Premium on redemption	<u>1,420</u>	
		19,790
Bank loan 2002		12,000
Bank loan 2002		14,000
Bank loan 2002		55,000
Unsecured loan 2023		18,794
		<u><u>119,584</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:	
128,834,529 Ordinary shares of 10p each	<u>12,883</u>

9. Share premium account	£'000
At 1 March 1999	133,695
Premium allotment of shares	16,789
Issue costs relating to issue of new shares	(550)
Refund of issue costs relating to issue of new capital - prior year	20
Debenture and loan finance costs	(29)
At 30 November 1999	<u>149,925</u>

	Merger reserve	Capital reserve - unrealised	Capital reserve - realised	Total
	£'000	£'000	£'000	£'000
10. Other non-distributable reserves				
At 1 March 1999	12,687	13,356	(5,202)	20,841
Gains/(losses) on fixed asset investments	-	(9,063)	8,771	(292)
Expenses allocated to capital	-	-	(5,299)	(5,299)
Tax allocation thereon	-	-	1,314	1,314
Net capital dividend	-	-	1,390	1,390
Transfer to share premium account	-	-	29	29
Settlements due under subscription	-	-	(29)	(29)
Premium on redemption of Debenture Stock	-	-	(84)	(84)
At 30 November 1999	<u>12,687</u>	<u>4,293</u>	<u>890</u>	<u>17,870</u>

11. Revenue reserve	£'000
At 1 March 1999	9
Revenue reserve	46
At 30 November 1999	<u>55</u>



Aberdeen

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