

SCOTTISH AMICABLE LIFE ASSURANCE SOCIETY

**REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 1999**

COMPANY No. S2000012

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SCOTTISH AMICABLE LIFE ASSURANCE SOCIETY
REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1999

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SCOTTISH AMICABLE LIFE ASSURANCE SOCIETY

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1999

Principal activity and business review

The principal activity of the Scottish Amicable Life Assurance Society (the Society) was ordinary long-term insurance business, augmented by a wide range of retail financial products, which ceased on 30 September 1997 when the business of the Society was transferred to The Prudential Assurance Company Limited, a wholly owned subsidiary of Prudential plc. The Society did not trade during 1999.

Directors

The present directors of the Society are shown on page 2. Mr A D Stewart ceased to be a director on 16 March 1999.

Directors' interests

The interest of Mr R M Nicolson who is also director of The Prudential Assurance Company Limited (the immediate parent company) respectively are shown in the annual report and accounts of those companies.

The other director in office at the end of the year had interests in shares of 5p each in Prudential plc as follows:

(a) in shares, including shares awarded under the Prudential Share Participation Plan and shares allocated under the Prudential Restricted Share Plan:

	1.1.99	31.12.99
J W Jack	37,919	37,506

(b) under the Prudential Restricted Share Plan, in which the shares are held in trust and represent the maximum award that can be allocated if the performance requirements of the Plan are met:

	1.1.99	31.12.99
J W Jack	52,040	41,412

(c) in options to subscribe for shares:

		1.1.99	During the period:		31.12.99
			granted	exercised	
J W Jack	(1)	65,000	Nil	65,000	Nil
J W Jack	(2)	8,624	593	Nil	9,217

Notes: (1) Prudential Executive Share Option Scheme
(2) Prudential Savings-Related Share Option Scheme

Except as stated above none of the directors in office at the end of the year:

(a) had any interest in shares in, or debentures of, any Group company either at the beginning of the year or at the end of the year; or

(b) was granted or exercised any right to subscribe for shares in, or debentures of, any Group company during the year.

SCOTTISH AMICABLE LIFE ASSURANCE SOCIETY

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1999

Directors' interests (continued)

Millennium Issue

The Society's operations have not been significantly affected by the millennium issue and, given the nature of the Society's computer systems, the directors have concluded that they do not expect there to be any significant residual risks from this issue.

In the unlikely event of residual risk crystallising the directors believe there are sufficient contingency plans in place.

Political donations

No political donations were made.

Charitable donations

No charitable donations were made.

Statement of directors' responsibilities in respect of the accounts

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 of the profit or loss for that period. In preparing those financial statements, the directors are required to:

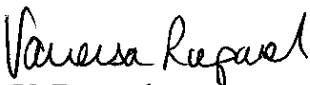
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company 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 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 company and to prevent and detect fraud and other irregularities.

Auditors

During the period PricewaterhouseCoopers resigned as auditors of the company and the directors appointed KPMG Audit Plc to fill the casual vacancy thus arising. A resolution for the re-appointment of KPMG Audit Plc will be placed before the annual general meeting. Special notice of this resolution has been given to the Company in accordance with Section 388(3) of the Companies Act 1985.

On behalf of the directors



V Ruparel

Secretary

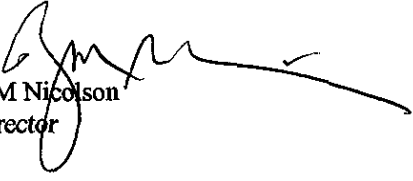
1 March 2000

SCOTTISH AMICABLE LIFE ASSURANCE SOCIETY

**BALANCE SHEET
YEAR ENDED 31 DECEMBER 1999**

	Notes	1999 £m	1998 £m
Assets	3	-	-
Liabilities	3	-	-

The accounts on pages 5 to 6 were approved by the board of directors on 1 March 2000.


R M Nicolson
Director

SCOTTISH AMICABLE LIFE ASSURANCE SOCIETY

NOTES TO THE ACCOUNTS

1. Basis of preparation of accounts

The accounts have been prepared in accordance with Section 255 of, and Schedule 9A to, the Companies Act 1985. The accounts are prepared in accordance with applicable accounting standards and with the Statement of Recommended Accounting Practice issued by the Association of British Insurers.

The Society has taken advantage of the exemption under S228 of the Companies Act from the requirement to prepare group accounts. Thus, the accounts present information about the Society as an individual undertaking and not about its group.

2. Transfer of business

At an Extraordinary General Meeting held on 26 June 1997 the members approved the transfer of the business of the Society on 30 September 1997 to The Prudential Assurance Company Limited, a wholly owned subsidiary of Prudential plc. Therefore, the accounts have not been prepared on a going concern basis.

3. Balance Sheet

Following the transfer of the business of the Society on 30 September 1997 to The Prudential Assurance Company Limited, the Society has no beneficial interest in any assets and has no liabilities. The Society continues to hold certain property assets and interests in group undertakings in trust for The Prudential Assurance Company Limited but these are not regarded as assets of the Society.

4. Ultimate parent company

The ultimate parent company is Prudential plc, which is the only parent company to prepare group accounts, copies of which can be obtained from the Company Secretary, Laurence Pountney Hill, London, EC4R 0HH.

AUDITORS' REPORT
TO THE MEMBERS OF SCOTTISH AMICABLE LIFE ASSURANCE SOCIETY
FOR THE YEAR ENDED 31 DECEMBER 1999

We have audited the accounts on pages 5 to 6.

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. We also report to you if, in our opinion, the report of 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 company is not disclosed.

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 preparation of the accounts, and of whether the accounting policies are appropriate to the Society'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 Society at 31 December 1999 and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc
Chartered Accountants
Registered Auditor
Edinburgh

1 March 2000