

Registered number: 2123798.

ALDER INVESTMENT MANAGEMENT LIMITED

Reports and Financial Statements

FOR THE YEAR ENDED 31ST DECEMBER 2000



ALDER INVESTMENT MANAGEMENT LIMITED
REPORT OF THE DIRECTORS

The directors present their annual report and the audited financial statements of the company for the year ended 31st December 2000.

DIRECTORS AND INTERESTS

The directors who served during the year are:

Name

John P.D. Hancox (Chairman)
Ian M. McCulloch
Gordon H. Scrase
Edmund H. Vestey
The Lord Vestey
Geoffrey B.T. Wells

None of the directors had any beneficial interest in the share capital of the company. All of the directors except G.B.T. Wells are also directors of the company's parent company, Alder Asset Management Limited, and their interests are disclosed in the financial statements of that company.

PRINCIPAL ACTIVITY

The principal activity of the company is the management of clients' investments.

FIXED ASSETS

Changes in the fixed assets of the company took place during the year as shown in note 7 to the financial statements.

TRADING

The company's trading results are stated on page 4 of the financial statements.

REVIEW OF THE BUSINESS

The results for the year ended 31st December 2000 were as follows:

Profit on ordinary activities after taxation	119,431
Less: dividend paid	<u>54,400</u>
	<u>£ 65,031</u>

The company traded successfully during the year and continues to do so.

An interim dividend of 17p per share was paid to shareholders on 6th November 2000 (1999: Nil). The directors do not recommend the payment of a final dividend in respect of the year to 31st December 2000 (1999: 37.5p per share). Accordingly, £65,031 will be transferred to the company's reserves.

ALDER INVESTMENT MANAGEMENT LIMITED
REPORT OF THE DIRECTORS (continued)

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 of the profit and loss of the company 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 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.

AUDITORS

In accordance with section 384 of the Companies Act 1985 a resolution to reappoint PricewaterhouseCoopers as auditors to the company will be proposed at the annual general meeting.

SIGNED ON BEHALF OF THE BOARD



G.B.T. WELLS
Secretary
23 April 2001

ALDER INVESTMENT MANAGEMENT LIMITED
REPORT OF THE AUDITORS TO THE MEMBERS OF THE COMPANY

We have audited the financial statements on pages 4 to 14.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 2, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and 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 United Kingdom Companies Act. 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 is not disclosed.

We read other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

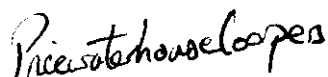
Basis of audit opinion

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 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 the company's affairs at 31st December 2000 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London
23 April 2001

ALDER INVESTMENT MANAGEMENT LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2000

	<u>Notes</u>	<u>2000</u> £	<u>1999</u> £
Turnover - continuing operations	2	1,043,539	983,564
Operating costs - continuing operations			
Staff costs	3	(636,869)	(593,752)
Other operating costs		<u>(322,439)</u>	<u>(230,053)</u>
Operating profit - continuing operations		84,231	159,759
Investment income	4	7,542	7,131
Interest receivable		<u>18,784</u>	<u>13,094</u>
Profit on ordinary activities before taxation	4	110,557	179,984
Taxation	5	<u>8,874</u>	<u>4,931</u>
Profit on ordinary activities after taxation		119,431	184,915
Dividend paid	6	<u>(54,400)</u>	<u>(120,000)</u>
Retained profit for the year	12	<u>£ 65,031</u>	<u>£ 64,915</u>

There is no difference between the profit on ordinary activities before taxation and the retained profit above and their historical cost equivalent.

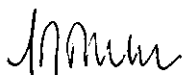
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31ST DECEMBER 2000

	<u>2000</u> £	<u>1999</u> £
Profit on ordinary activities after taxation	119,431	184,915
Surplus on revaluation of investments (revaluation reserve)	<u>1,722</u>	<u>4,034</u>
Total gains and losses relating to the year	<u>£ 121,153</u>	<u>£ 188,949</u>

ALDER INVESTMENT MANAGEMENT LIMITED
BALANCE SHEET
AS AT 31ST DECEMBER 2000

	<u>Notes</u>	<u>2000</u> £	<u>1999</u> £
FIXED ASSETS:			
Tangible assets	7	10,876	10,319
Investments	8	<u>339,654</u>	<u>337,932</u>
		<u>350,530</u>	<u>348,251</u>
Current Assets:			
Debtors: amounts falling due within one year	9	119,756	108,407
Short term bank deposits		368,094	484,718
Cash at bank and in hand		<u>230,590</u>	<u>123,878</u>
		<u>718,440</u>	<u>717,003</u>
Current Liabilities:			
Creditors: amounts falling due within one year	10	<u>180,849</u>	<u>243,886</u>
NET CURRENT ASSETS		<u>537,591</u>	<u>473,117</u>
NET ASSETS		<u>£ 888,121</u>	<u>£ 821,368</u>
Financed by:			
CAPITAL & RESERVES			
Share Capital	11	320,000	320,000
Share Premium Account	12	319,900	319,900
Revaluation Reserve Account	12	79,987	78,265
Profit and Loss Account	12	<u>168,234</u>	<u>103,203</u>
EQUITY SHAREHOLDERS' FUNDS	13	<u>£ 888,121</u>	<u>£ 821,368</u>

The financial statements on pages 4 to 14 were approved by the board of directors on 23 April 2001 and were signed on its behalf by:



I.M. McCULLOCH

Directors

G.B.T. WELLS



ALDER INVESTMENT MANAGEMENT LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2000

	<u>Notes</u>	<u>2000</u> £	<u>2000</u> £	<u>1999</u> £	<u>1999</u> £
Net cash inflow/(outflow) from operating activities	(B)		131,690		(155,434)
Returns on investments and servicing of finance					
Interest received		18,983		12,393	
Income from fixed asset investments		<u>7,447</u>		<u>6,877</u>	
			26,430		19,270
Taxation					
UK corporation tax refund/(paid)			<u>12,495</u>		<u>(12,495)</u>
			170,615		(148,659)
Capital expenditure					
Purchase of fixed asset investments		-		(24,370)	
Purchase of tangible fixed assets		<u>(6,127)</u>		<u>(3,165)</u>	
			(6,127)		(27,535)
Equity dividends paid					
Dividends paid on ordinary shares			<u>(174,400)</u>		-
Cash outflow before management of liquid resources and financing			(9,912)		(176,194)
Management of liquid resources					
Decrease in short term deposits			116,624		245,282
Increase in cash during year			<u>£ 106,712</u>		<u>£ 69,088</u>

Notes to the cash flow statement

(A) RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	<u>2000</u> £	<u>1999</u> £
Net funds at 1st January	608,596	784,790
Increase in cash during year	106,712	69,088
Decrease in short term deposits during year	<u>(116,624)</u>	<u>(245,282)</u>
Net funds at 31st December	<u>£ 598,684</u>	<u>£ 608,596</u>

ALDER INVESTMENT MANAGEMENT LIMITED
NOTES TO CASH FLOW STATEMENT (continued)

(B) RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	<u>2000</u>	<u>1999</u>
	£	£
Operating profit	84,231	159,759
Depreciation of tangible fixed assets	5,570	5,185
(Increase)/decrease in debtors	(15,074)	114,145
Increase/(decrease) in creditors	56,963	(434,523)
Net cash inflow/(outflow) from operating activities	<u>£ 131,690</u>	<u>£ (155,434)</u>

(C) ANALYSIS OF NET FUNDS

	<u>2000</u>	<u>1999</u>	Change in Year
	£	£	£
Cash at bank and in hand	230,590	123,878	106,712
Short term bank deposits	368,094	484,718	(116,624)
At 31st December	<u>£ 598,684</u>	<u>£ 608,596</u>	<u>£ (9,912)</u>

ALDER INVESTMENT MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2000

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. The company's principal accounting policies, which have been applied consistently, are set out below:

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention modified to include the revaluation of listed investments which are held for the long term, which are included at their market value at the year end date under the alternative accounting rules of the Companies Act 1985. Any change in value is credited or charged as appropriate to the revaluation reserve.

TANGIBLE FIXED ASSETS

Depreciation is charged at a rate of 25% a year so as to write off the cost of tangible assets, less their estimated residual values, over the expected useful economic lives of the assets concerned. Computer software costs are expensed as incurred.

FIXED ASSET INVESTMENTS

The listed fixed asset investments are carried at their market value (excluding any accrued interest) at the year end date. Any change in value is credited or charged as appropriate to the revaluation reserve.

TURNOVER

Turnover represents the value of services rendered in the ordinary course of business during the year, excluding value added tax.

FOREIGN CURRENCIES

Assets and liabilities in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year. Fees receivable in foreign currencies are recognised in the profit and loss account at the rates of exchange ruling at the date they were invoiced and foreign exchange differences are taken to the profit and loss account on the date the fees are received.

PENSION SCHEME

Defined benefit pension costs and the cost of providing other post-retirement benefits are charged to the profit and loss account on a systematic basis over the expected average remaining service lives of the eligible employees in accordance with the advice of qualified actuaries.

OPERATING LEASES

Costs in respect of operating leases are charged on a straight line basis over the lease term.

ALDER INVESTMENT MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

2. TURNOVER

Turnover relates to the company's principal activity.

3. STAFF COSTS

	<u>2000</u>	<u>1999</u>
	£	£
Wages and salaries	478,199	445,775
Social security costs	46,515	42,593
Pension scheme	112,155	105,384
	<u>£ 636,869</u>	<u>£ 593,752</u>

The average number of employees (including directors) during the year was 14 (1999:15)

DIRECTORS' EMOLUMENTS

Aggregate emoluments and benefits	<u>£ 222,334</u>	<u>£ 216,718</u>
-----------------------------------	------------------	------------------

Retirement benefits are accruing to 2 directors under the defined benefit scheme.

The highest paid director's emoluments totalled £123,724 (1999: £119,588) and his accrued pension entitlement at the end of the year was £60,058 (1999: £55,552).

4. PROFIT ON ORDINARY ACTIVITIES

	<u>2000</u>	<u>1999</u>
	£	£
Profit on ordinary activities before taxation is stated after charging:		
Depreciation	5,570	5,185
Hire of equipment and vehicles	18,454	18,421
Rent on property (recharged from parent undertaking)	41,450	41,450
Auditors' remuneration for audit	6,276	5,907
Auditors' remuneration for other services	2,564	2,413
and after crediting:		
Income from listed fixed asset investments	<u>7,542</u>	<u>7,131</u>

5. TAXATION

	<u>2000</u>	<u>1999</u>
	£	£
UK Corporation tax at 20% (1999: 20%):		
Over provision in respect of prior year	(8,874)	(4,931)
	<u>£ (8,874)</u>	<u>£ (4,931)</u>

ALDER INVESTMENT MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

6. DIVIDENDS

	<u>2000</u> £	<u>1999</u> £
Interim dividend	54,400	-
Final dividend	<u>-</u>	<u>120,000</u>

7. TANGIBLE FIXED ASSETS

	<u>Fixtures and Fittings</u> £
Cost	
At 1st January 2000	35,578
Additions	6,127
Disposals	<u>(2,176)</u>
At 31st December 2000	<u>39,529</u>
Accumulated depreciation	
At 1st January 2000	25,259
Charge for the year	5,570
Eliminated in respect of disposals	<u>(2,176)</u>
At 31st December 2000	<u>28,653</u>
Net book value as at 31st December 2000	<u>£ 10,876</u>
Net book value as at 31st December 1999	<u>£ 10,319</u>

8. INVESTMENTS

	<u>2000</u> £	<u>1999</u> £
UK Government stock at market value		
At 1st January	337,932	309,528
Purchase	-	24,370
Surplus on revaluation	1,722	4,034
At 31st December	<u>£ 339,654</u>	<u>£ 337,932</u>

The historic cost of UK Government stock is £259,667 (1999: £259,667) and the accumulated unrealised surplus on revaluation is £79,987 (1999: £78,265).

ALDER INVESTMENT MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

9. DEBTORS

	<u>2000</u>	<u>1999</u>
	£	£
Amounts falling due within one year:		
Trade debtors	61,247	47,376
Corporation tax refund	1,308	4,929
Other debtors	8,905	8,830
Prepayments and accrued income	48,296	47,272
	<u>£ 119,756</u>	<u>£ 108,407</u>

Included in other debtors is a loan to a director, Geoffrey B.T. Wells, from the company as follows:

	£
At 1st January 2000	210
At 31st December 2000	213
Maximum during year	<u>2,766</u>

10. CREDITORS

	<u>2000</u>	<u>1999</u>
	£	£
Trade creditors	27,580	6,965
Corporation tax	-	-
Amount owed to parent undertaking	66,831	44,055
Other taxation and social security	67,011	63,781
Accruals	19,427	9,085
Dividends payable	-	120,000
	<u>£ 180,849</u>	<u>£ 243,886</u>

11. SHARE CAPITAL

	<u>2000</u>	<u>1999</u>
	£	£
Authorised:		
400,000 (1999: 400,000) £1 Ordinary shares	<u>£ 400,000</u>	<u>£ 400,000</u>
Allotted, called up and fully paid:		
320,000 (1999: 320,000) £1 Ordinary shares	<u>£ 320,000</u>	<u>£ 320,000</u>

ALDER INVESTMENT MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

12. RESERVES

	<u>2000</u>	<u>1999</u>
	£	£
PROFIT AND LOSS ACCOUNT		
As at 1st January	103,203	38,288
Retained profit for the year on ordinary activities after taxation and dividends	<u>65,031</u>	<u>64,915</u>
As at 31st December	<u>£ 168,234</u>	<u>£ 103,203</u>
SHARE PREMIUM ACCOUNT		
As at 1st January and 31st December	<u>£ 319,900</u>	<u>£ 319,900</u>
REVALUATION RESERVE ACCOUNT		
As at 1st January	78,265	74,231
Surplus on revaluation of investments	<u>1,722</u>	<u>4,034</u>
As at 31st December	<u>£ 79,987</u>	<u>£ 78,265</u>

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>2000</u>	<u>1999</u>
	£	£
As at 1st January	821,368	752,419
Profit on ordinary activities after taxation	119,431	184,915
Dividends	<u>(54,400)</u>	<u>(120,000)</u>
	886,399	817,334
Surplus on revaluation of investments	<u>1,722</u>	<u>4,034</u>
As at 31st December	<u>£ 888,121</u>	<u>£ 821,368</u>

14. FINANCIAL COMMITMENTS

The company had annual commitments under operating leases at 31st December 2000 which expire as follows:

	<u>2000</u>	<u>1999</u>
	£	£
Expiring within 1 year	8,955	8,827
Expiring between 1 and 5 years	<u>9,747</u>	<u>9,747</u>
	<u>£ 18,702</u>	<u>£ 18,574</u>

15. DEFERRED TAXATION

Unrecognised deferred tax assets are:

	<u>2000</u>	<u>1999</u>
	£	£
Tax losses	24,373	57,013
Other timing differences	<u>985</u>	<u>518</u>
	<u>£ 25,358</u>	<u>£ 57,531</u>

ALDER INVESTMENT MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

16. PENSION SCHEME

Alder Investment Management participated during the year with its parent company, in the Western United Group Pension Scheme, a contracted out contributory scheme which provides defined benefits based on length of pensionable service and pensionable salary at retirement. The rate of contribution by Alder to the scheme is determined by the Scheme's actuary and amounted to 25% of pensionable salaries in 2000.

The total pension cost for the company charged in the 2000 financial statements was £112,155 (1999: £105,384).

Contributions to the Scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' expected working lives with the company. The pension cost is based on the results of a formal actuarial valuation of the Scheme, which are carried out at least every three years, the last of which was made as at 31st December 1997 by Bacon & Woodrow, Consulting Actuaries, using the projected unit method. The principal actuarial assumptions adopted in the valuation were that the investment returns would be 6.5% per annum, that salary increases would average 5.3% per annum, and that present and future pensions would increase at the rate of 3.3% per annum. The market value of the assets of the Scheme as a whole at 31st December 1997 was £357.3 million which exceeded 120% of the liabilities of the Scheme. The addition of the employees of Alder to the Scheme with effect from the 1st January 1999 will not have materially affected these figures. The actuarial valuation as at 31st December 2000 is in progress but the results are not available at the date of this report.

17. RELATED PARTY DISCLOSURE

98% of the company's income arises from services provided to members of the Vestey Family (two of whom are directors of the company), their spouses and pension funds set up to provide benefits for current and previous employees of companies controlled or formerly controlled by members of the Vestey Family. All fees charged are at arm's length on commercial terms.

The company made payments totalling £41,450 (1999: £42,850) during the year to Western United Investment Company Limited, a company related to members of the Vestey Family (two of whom are directors of the company) in respect of rent for its office accommodation and other services provided under contract with Alder Asset Management Limited. As at 31st December 2000 rent prepaid amounted to £9,672 (31st December 1999: £9,672).

Fees received by the company during the year from clients who are related parties of directors (or directors themselves) were:

The Lord Vestey (in relation to 13 clients)	<u>£ 87,880</u>
Edmund H. Vestey (in relation to 4 clients)	<u>£ 211,340</u>

Of these amounts none were outstanding at 31st December 2000 (1999: None).

18. ULTIMATE PARENT COMPANY

The company's ultimate parent and controlling company is Alder Asset Management Limited, which is registered in England and Wales. The accounts of the parent company are available at 16 St John's Lane, London EC1M 4EY.