STEWART IVORY & COMPANY LIMITED

ANNUAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2000

47708

	Page
Directors' Report	1-2
Report of the Auditors	3
Profit and Loss Account	4
Balance Sheet	5
Notes to the Financial Statements	6-14

STEWART IVORY & COMPANY LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30TH JUNE 2000

The Directors present their report and the audited financial statements for the year ended 30th June 2000.

1. **Principal Activities and Status**
The principal activities of the Company are the management of investment trusts and other investment portfolios including pension funds, charities and private clients. The Company is a wholly owned subsidiary of Stewart Ivory (Holdings) Limited. The Company is regulated by IMRO. On 20th March 2000, the entire share capital of Stewart Ivory (Holdings) Limited was acquired by Colonial First State (UK) Holdings Limited.

2. **Review of Business and Future Developments**
The Directors consider that the results are satisfactory and that the Company continues to be in a strong position to benefit from future business opportunities.

3. **Results and Dividends**
The profit for the year after taxation was £1,676,305.

The Directors do not recommend a final dividend.
The balance retained on the Profit and Loss Account was thus £1,676,305.

4. **Directors**
The Directors who served during the year and their interests in the share capital of Stewart Ivory (Holdings) Limited were as follows:

	30th June 2000 Ord.	30th June 1999 Ord.
RSG Allison (appointed 02/08/99 and resigned 30/05/00)	-	2,600
J S Ayling (appointed 02/08/99 and resigned 25/05/00)	-	5,364
A M Balfour (appointed 02/08/99 and resigned 28/06/00)	-	4,164
I J Blair (resigned 25/05/00)	-	7,730
M M Brooks (appointed 02/08/99 and resigned 25/05/00)	-	2,600
M D Burgess (appointed 25/05/00 and resigned 11/10/00)	-	-
J W Burns (resigned 25/05/00)	-	9,230
A Carstens (appointed 25/05/00)	-	-
J G D Ferguson (resigned 25/05/00)	-	21,567
A M M Finlay (resigned 09/07/99)	-	3,864
D J Hume (resigned 25/05/00)	-	7,730
I E Ivory (resigned 09/07/99)	-	21,567
J Ivory (resigned 25/05/00)	-	21,567
B M McCorkell	-	12,320
P Mack (appointed 25/05/00)	-	-
F M Mullan (appointed 02/08/99 and resigned 30/05/00)	-	3,864
S W Paul (appointed 25/05/00)	-	1,500
P L Polson (appointed 25/05/00)	-	-
A R L Sharp (appointed 02/08/99 and resigned 25/05/00)	-	2,646
D H Shaw Stewart (resigned 25/05/00)	-	12,320
M H Sims (resigned 25/05/00)	-	7,730
J K Thomson (resigned 15/05/00)	-	21,567
A J Tulloch (resigned 25/05/00)	-	21,567
E A W Tulloch (resigned 25/05/00)	-	21,567
M G Tulloch (appointed 02/08/99 and resigned 25/05/00)	-	2,600
J G L Wright (resigned 30/05/00)	-	21,567

None of the Directors has an interest in the share capital of the Company or of Commonwealth Bank of Australia, the ultimate parent company.

STEWART IVORY & COMPANY LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30TH JUNE 2000

4. **Directors (continued)**

R W Adams was appointed a Director of the Company on 7th August 2000.

5. **Directors' and Officers' Insurance**

The Company has effected a policy of insurance for its Directors and Officers in respect of potential liabilities arising from any negligence or error.

6. **Charitable Donations**

During the year the Company made charitable donations amounting to £22,020.

7. **Statement of Directors' Responsibilities**

The Directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that period.

The Directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 30th June 2000. The Directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The Directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the Company and for the prevention and detection of fraud and other irregularities.

8. **Auditors**

A resolution to re-appoint PricewaterhouseCoopers as auditors will be proposed at the Annual General Meeting

By Order of the Board

J S Ayling
Secretary

Edinburgh
25th October 2000

AUDITORS' REPORT TO THE MEMBERS OF

STEWART IVORY & COMPANY LIMITED

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.

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 30th June 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Edinburgh
25th October 2000

STEWART IVORY & COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30TH JUNE 2000

	Notes	2000	1999
		£	£
Turnover	2	6,856,234	5,961,653
Administration Expenses	3	9,638,927	8,197,073
Operating loss		(2,782,693)	(2,235,420)
Other income	4	3,731,683	3,480,749
Profit on ordinary activities before taxation		948,990	1,245,329
Tax relief on profit on ordinary activities	7	(727,315)	(527,444)
Profit for the financial year		1,676,305	1,772,773
Dividends paid and payable	8	-	1,869,768
Retained profit/loss for the year		1,676,305	(96,995)
Retained profit brought forward		3,303,553	3,400,548
Realisation of revaluation reserve		67,869	-
Retained profit carried forward		5,047,727	3,303,553

There were no discontinued operations or acquisitions during the year.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

The Statement of Total Recognised Gains and Losses is shown at note 19.

STEWART IVORY & COMPANY LIMITED
BALANCE SHEET
AS AT 30TH JUNE 2000

	Notes	2000 £	2000 £	1999 £	1999 £
Fixed Assets					
Tangible assets	9		-		609,224
Investments:	10				
Shares in group companies		25,100		25,100	
Shares in joint arrangement		1,000		1,000	
Shares in associated company		50		50	
Other investments		-		367,795	
			26,150		393,945
			26,150		1,003,169
Current assets					
Debtors: amounts falling due after one year	11	-		630,337	
Debtors: amounts falling due within one year	12	4,571,999		3,558,424	
Cash at bank		4,814,606		2,973,651	
		9,386,605		7,162,412	
Creditors					
Amounts falling due within one year	13	2,640,028		3,469,159	
Net Current Assets			6,746,577		3,693,253
Total Assets			6,772,727		4,696,422
Creditors					
Amounts falling due after one year					
Subordinated loan	15		1,100,000		1,100,000
Provisions for liabilities & charges	16		400,000		-
Net Assets			5,272,727		3,596,422
Capital and Reserves					
Share Capital	17		225,000		225,000
Profit and Loss Account			5,047,727		3,303,553
Revaluation Reserve	21		-		67,869
Equity Shareholders' funds	22		5,272,727		3,596,422

The financial statements on pages 4 to 14 were approved by the Board of Directors on 25th October 2000 and were signed on its behalf by:

.... Director
B M McCorkell

STEWART IVORY & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2000

1. **Principal Accounting Policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

(a) Basis of accounting

The financial statements are prepared in accordance with the historical cost convention as modified for the valuation of government securities.

(b) Finance and operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term. There are no assets held under finance leases.

(c) Pension scheme arrangements

The Company operates a non-contributory defined benefit pension scheme. The fund is valued every three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary. In the intervening years the actuary reviews the continuing appropriateness of these rates. Pension costs are accounted for on the basis of charging the expected cost of providing pensions over the period during which the Company benefits from the employees' services. The effects of variations from regular costs are spread over the expected average remaining service lives of members of the scheme.

The Company provides no other post retirement benefits to its employees.

(d) Depreciation

Depreciation is calculated to write off the cost of fixed assets on a straight line basis over the expected useful lives of the assets concerned. The principal annual rates used for this purpose are consistent with those of the previous year and are:

Leasehold improvements	-	4%
Office equipment	-	25%
Office furniture	-	15%
Computer software and network	-	$33^1/_3$%

STEWART IVORY & COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2000

(e) Taxation

The charge for taxation is based on the profit for the year as adjusted for disallowable items. Provision is made for deferred tax at the rate of corporation tax ruling at the year end except in respect of any tax reduction which can reasonably be expected to continue for the foreseeable future.

(f) Foreign currencies

Income received in foreign currencies is translated into sterling at the rate on the date of receipt. Foreign currency balances have been translated at market rates of exchange ruling at the Balance Sheet date. Gains and losses on exchange are taken to the Profit and Loss Account.

(g) Investments

Investments are shown in the Balance Sheet at the lower of cost or Directors' valuation, with the exception of Government Securities which are valued at mid-market value on the Balance Sheet date.

(h) Interest income on gilts

Interest income on Government Securities is accounted for when received.

(d) Cashflow statement

No cashflow statement has been prepared as a consolidated cashflow statement is included in the financial statements of the ultimate holding company, Commonwealth Bank of Australia.

2. **Turnover**

Turnover is the total of investment management and administration fees.

3. **Administration Expenses**	**2000** **£**	**1999** **£**
Employment costs (note 5)	5,607,403	5,386,216
Depreciation of fixed assets	366,576	390,168
Auditors' remuneration	13,305	6,150
Foreign exchange differences	(1,364)	(1,731)
Operating lease payments	246,274	234,020
Other expenses	3,406,733	2,182,250
	9,638,927	8,197,073

The remuneration of the Company's auditors for the provision of non-audit services was £41,475 (1999 - £42,902).

STEWART IVORY & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2000

4. **Other Income**	**2000**	**1999**
	£	**£**
Deposit interest received	157,847	262,451
Dividends received – unlisted investments	3,492,500	3,130,559
Other income	81,230	87,739
Gain on sale of investments	106	-
	3,731,683	3,480,749

5. **Information On Employees**	**2000**	**1999**
	£	**£**
Salaries	4,160,472	4,189,306
Social security costs	432,264	414,344
Pension and other costs (see note 18)	1,014,667	782,566
	5,607,403	5,386,216

The average number of employees, including Directors, employed by the Company was 106 (1999 - 105).

6. **Directors' Emoluments**	**2000**	**1999**
	£	**£**
Directors' emoluments, as executives, including pension contributions	1,889,784	1,775,790
Emoluments, excluding pension contributions, of the highest paid Director	152,344	150,483
Pension contributions, of the highest paid Director	20,763	27,333

Retirement benefits are accruing to two of the Directors (1999 - all but one) under the Group's defined benefit scheme. The accrued retirement benefit to the highest paid Director at the period end was £nil (1999 - £69,633).

STEWART IVORY & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2000

7. **Tax On Profit On Ordinary Activities**		**2000**	**1999**
		£	**£**
Group relief	- current year	(701,617)	(473,915)
	- prior year	(25,698)	(53,529)
		(727,315)	(527,444)

	2000		**1999**	
8. **Dividends**	**£**	**£**	**£**	**£**
'A' Ordinary Shares				
1st interim paid	-		100,000	
2nd interim paid	-		453,750	
3rd interim payable	-		431,134	
		-		984,884
'B' Ordinary Shares				
1st interim paid	-		453,750	
2nd interim payable	-		431,134	
		-		884,884
		-		1,869,768

9. **Tangible Fixed Assets**	**Leasehold Improvements**	**Office Furniture and Equipment**	**Total**
	£	**£**	**£**
Cost			
At 1st July 1999	10,629	2,397,402	2,408,031
Additions	-	314,559	314,559
Disposals	(10,629)	(2,711,961)	(2,722,590)
At 30th June 2000	-	-	-
Depreciation			
At 1st July 1999	5,100	1,793,707	1,798,807
Charge for the year	426	366,150	366,576
Disposals	(5,526)	(2,159,857)	(2,165,383)
At 30th June 2000	-	-	-
Net Book Value			
At 30th June 2000	-	-	-
At 30th June 1999	5,529	603,695	609,224

STEWART IVORY & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2000

10. **Investments**

(a) Group Undertakings

The Company has the following subsidiary undertakings:

Name of Company	Description of shares held	% held	Investment at cost 2000 £	1999 £
Stewart Ivory Unit Trust Managers Limited	Ordinary £1	100	25,000	25,000
Stewart Ivory & Company (International) Limited	Ordinary £1	100	100	100

The above companies are engaged in investment management.

Stewart Ivory Nominees Limited (non trading nominee company)	Ordinary £1	100	-	-
			25,100	25,100

Consolidated accounts have not been prepared in respect of the Company and its subsidiaries as the results and financial position of the companies are reflected in the financial statements of Stewart Ivory (Holdings) Limited, which is registered in Scotland.

In the opinion of the Directors the aggregate value of the Company's investment in its subsidiaries is not less than the aggregate of the amount at which the investment is stated in the Balance Sheet.

(b) Associated Undertakings

	2000 £	1999 £
Unlisted shares at cost	50	50

These shares are in respect of a 50% interest in the Ordinary share capital of Stewart OLIM Limited (non trading) which is registered in Scotland.

STEWART IVORY & COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2000

10. **Investments** (continued)

(c) Other Investments

	2000	1999
	£	£
Listed securities - at Market Value	-	367,795
Investment in joint arrangement	1,000	1,000
	1,000	368,795

The investment in joint arrangement represents a 50% interest in Cunningham Stewart Ivory Limited which is registered in Northern Ireland.

11. **Debtors : amounts falling due after one year**

	2000	1999
	£	£
Unsecured loans	-	448,967
Tax recoverable	-	181,370
	-	630,337

The unsecured loans were to Stewart Ivory Group ESOP Trustee Limited to enable it to make loans to employees who participated in the Stewart Ivory Group ESOP. Interest was charged at The Royal Bank of Scotland plc base rate from time to time. The loans were repayable in 5 equal, annual instalments. The interest payment dates coincided with the loan repayment dates. Following the purchase of Stewart Ivory (Holdings) Limited by Colonial First State (UK) holdings Limited, these loans were all repaid.

12. **Debtors : amounts falling due within one year**

	2000	1999
	£	£
Trade debtors	1,954,688	1,613,514
Group undertakings	1,240,269	1,602,231
Prepayments	341,650	95,984
Other debtors	772,056	246,695
Tax recoverable	263,336	-
	4,571,999	3,558,424

13. **Creditors: amounts falling due within one year**

	2000	1999
	£	£
Group undertakings	1,325,099	1,560,778
Taxation and social security *	334,922	334,939
Dividends payable	-	862,268
Accruals	980,007	584,262
Bank Overdraft	-	126,912
	2,640,028	3,469,159
* Taxation and social security comprises:		
Income tax/ACT payable	-	115,117
PAYE & NI	321,608	140,778
VAT	13,314	79,044
	334,922	334,939

STEWART IVORY & COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2000

14. **Deferred Taxation**

	2000		1999	
	Full Potential Liability	Provision Made	Full Potential Liability	Provision Made
Accelerated capital allowances	(26,753)	-	(93,055)	-
Other timing differences	(72,503)	-	(16,924)	-
	(99,256)	-	(109,979)	-

15. **Provision for Liabilities & Charges**

This represents a provision for property costs.

16. **Subordinated Loan**

Under the terms of an agreement with Stewart Ivory (Holdings) Limited, that company has granted an interest-free loan of £1,100,000 of no fixed term subordinated to the claims of all creditors to the Company.

17. **Share Capital**

	Authorised, Issued and Fully Paid	
	2000	1999
	£	£
'A' Ordinary shares of £1	98,016	98,016
'B' Ordinary shares of £1	126,984	126,984
	225,000	225,000

18. **Commitments**

Commitments for payments in respect of operating leases to be made in the next year are as follows:

	Land & Buildings		Plant & Equipment	
	2000	1999	2000	1999
	£	£	£	£
Leases expiring within one year	-	-	-	-
Leases expiring between two and five years	85,250	85,250	4,585	4,585
Leases expiring after five years	142,000	142,000	-	-
	227,250	227,250	4,585	4,585

The Company has capital commitments at 30th June 2000 of £nil (1999 - £nil).

STEWART IVORY & COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2000

19. **Pension Obligations**

The Company operates a pension scheme providing benefits based on final pensionable salary. The assets of the scheme are held separately from those of the Company.

The total pension cost for the Company was £730,998 (1999 - £743,558). The pension cost is assessed in accordance with the advice of an independent qualified actuary using the attained age method. The latest actuarial valuation of the scheme was at 1st September 1998. The assumptions that have the most significant effect on the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the investment return would be 8% per annum, that salary increases would average 6% per annum and that present and future pensions would increase at the rate of 4% per annum.

At the date of the latest actuarial valuation, the market value of the assets of the scheme was £8,577,500 and the actuarial value of the assets was sufficient to cover 108% of the benefits which had accrued to members, after allowing for expected future increases in earnings.

20. **Statement of Total Recognised Gains And Losses**	**2000**	**1999**
	£	**£**
Profit for the financial year	1,676,305	1,772,773
Increase in unrealised gain on investments	-	9,932
Total recognised gains and losses	1,676,305	1,782,705

21. **Revaluation Reserve**	**2000**	**1999**
	£	**£**
Balance at 30th June 1999	67,869	57,937
Realised gain on investments	(67,869)	9,932
Balance at 30th June 2000	-	67,869

22. **Reconciliation of Movements in Shareholders' Funds**	**2000**	**1999**
	£	**£**
Total recognised gains and losses	1,676,305	1,782,705
Dividends paid and payable	-	(1,869,768)
	1,676,305	(87,063)
Opening shareholders' funds	3,596,422	3,683,485
Closing shareholders' funds	5,272,727	3,596,422

STEWART IVORY & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2000

23. **Related Party Disclosures**

The Company's income is solely derived from its activities as a manager and an administrator of investment portfolios for its clients under the terms of investment management contracts and may on a strict interpretation be deemed to be a "related party" to its clients within the definition of Financial Reporting Standard 8 - Related Party Disclosures.

24. **Ultimate Parent Company**

Commonwealth Bank of Australia, incorporated in Australia and listed on the Sydney Stock Exchange, is regarded by the Directors of the Company as the Company's ultimate parent company.

The largest group in which the results of the Company will be consolidated is that of which Commonwealth Bank of Australia is the parent company. The consolidated accounts of Commonwealth Bank of Australia may be obtained from: Level 1, 48 Martin Place, Sydney, New South Wales 1155.

The smallest such group is that of Stewart Ivory (Holdings) Limited, whose consolidated accounts may be obtained from 23 St. Andrew Square, Edinburgh EH2 1BB.