

STANDARD LIFE INVESTMENTS

STANDARD LIFE INVESTMENTS LIMITED

**REPORT AND ACCOUNTS
FOR THE YEAR ENDED
15 NOVEMBER 2000**

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Registered in Scotland Number SC123321

REPORT AND ACCOUNTS**STANDARD LIFE INVESTMENTS LIMITED**

Directors : A S Bell, CBE FFA DLitt (Chairman) (Non-Executive)
A C Burton, ACII
A M Crombie, FFA (Chief Executive)
C Garcia, FSA FCIA (Non-Executive)
P C Hill, BESC MESC PEng
I C Lumsden, MA FFA (Non-Executive)
N R Parnaby, MA MSI
N K Skeoch, BA(Hons) MA MSI
H A Stevenson, BA FSI (Non-Executive)
J Stretton, BA FFA (Non-Executive)
A P Watt, FRICS

Secretary : P A Stubbs, FFA MSI

STANDARD LIFE INVESTMENTS LIMITED

REPORT BY THE DIRECTORS

The directors submit their Report and Accounts for the year ended 15 November 2000.

Annual General Meeting

As permitted by Section 366A of the Companies Act 1985, the Company has passed an elective resolution to dispense with the holding of annual general meetings.

Result and dividend

The Company made a profit for the year ended 15 November 2000 of £11.4million (1999 - £6.5million).

The directors do not recommend the payment of a dividend for the year. The profit for the year has been transferred to reserves.

Principal activities and business review

The principal activity of the Company is to provide investment management services to other companies in the Standard Life Group, and to third parties. The Company's subsidiaries are set out in Note 10.

Economic and Monetary Union

The Company's income and expenses are denominated in Sterling. The directors will closely monitor the development of Economic and Monetary Union (EMU), but at present no specific action is required.

Directors and their interests

The names of the current directors of the Company are shown on page 1. Hugh Stevenson and Claude Garcia were appointed as Non-Executive directors of the Company on 23 November 1999 and 11 July 2000 respectively.

The appointment of directors is not subject to retirement by rotation. None of the directors has a beneficial interest in the shares of the Company, which is a wholly owned subsidiary of The Standard Life Assurance Company.

Employees

The Company's policy is to recruit, develop and employ staff on the basis of the suitability of their qualifications and experience to the work performed, regardless of sex, marital status, race, nationality or disability. Full consideration is given to continuing the employment of staff who become disabled and to provide training and career development opportunities to disabled employees.

Employee involvement

The Company keeps staff informed of progress and policies through line management channels, training courses, conferences and an Internal Communication Programme, which consists of various house publications and briefing seminars with staff.

Supplier payment policy

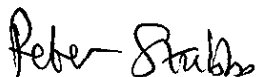
It is Company policy to negotiate payment terms with principal suppliers and to pay in accordance with the terms agreed. For other suppliers, where goods and services have been supplied to specification, payment is made in accordance with the terms offered by the supplier.

The closing balance of Trade creditors represents 9 creditor days.

Auditors

The auditors, PricewaterhouseCoopers, Chartered Accountants, are willing to continue in office.

On behalf of the Board of Directors



P A Stubbs, Secretary

Edinburgh, 27 February 2001

STANDARD LIFE INVESTMENTS LIMITED**PROFIT AND LOSS ACCOUNT****for the year ended 15 November 2000**

		2000	1999
	Note	£'000	£'000
Turnover	2	64,335	57,328
Administrative expenses	4	(50,427)	(48,442)
Operating profit		13,908	8,886
Income from shares in group undertakings		1,738	80
Interest receivable and similar income		1,637	1,105
Interest payable and similar charges	5	(1,155)	(1,430)
		482	(325)
Profit on ordinary activities before taxation	6	16,128	8,641
Tax on profit on ordinary activities	9	(4,710)	(2,173)
Profit on ordinary activities after taxation		11,418	6,468
Balance brought forward		4,767	(1,701)
Balance carried forward		16,185	4,767

There are no recognised gains or losses other than the profit for the year.

The profit for the year relates wholly to continuing activities.

STANDARD LIFE INVESTMENTS LIMITED

BALANCE SHEET

as at 15 November 2000

	Note	2000 £'000	1999 £'000
FIXED ASSETS			
Investments	10	13,218	7,664
CURRENT ASSETS			
Debtors	11	9,538	4,928
Investments	12	30,538	5,000
Cash at bank and in hand		3,784	22,439
		43,860	32,367
CURRENT LIABILITIES			
Creditors - <i>Amounts falling due within one year</i>	13	(15,893)	(10,264)
NET CURRENT ASSETS			
		27,967	22,103
TOTAL ASSETS LESS CURRENT LIABILITIES			
		41,185	29,767
CREDITORS - <i>Amounts falling due after more than one year</i>			
Amounts owed to group undertakings	14	(15,000)	(15,000)
		26,185	14,767
CAPITAL AND RESERVES			
Called up share capital	15	10,000	10,000
Profit and loss account		16,185	4,767
TOTAL SHAREHOLDER'S FUNDS	16	26,185	14,767

On behalf of the Board of Directors



A S Bell Chairman

Edinburgh, 27 February 2001

STANDARD LIFE INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

(a) Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

(b) Investment in subsidiaries

Shares in the subsidiary undertakings are carried at cost less any permanent diminution in value.

(c) Deferred taxation

Deferred taxation is provided on all material timing differences unless the liability is unlikely to become payable in the foreseeable future.

(d) Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Non-monetary assets are translated at the rate ruling at the date of the transaction. Transactions in foreign currencies are translated at the rate ruling at the date of the transaction. All differences are taken to the Profit and Loss Account.

2. TURNOVER

Turnover, which is stated net of VAT, is derived solely from the provision of investment management services to other companies in the Standard Life Group and to third parties.

3. SEGMENTAL REPORTING

During the year the Company had no material activities outside the United Kingdom. Accordingly, no segmental information is disclosed.

4. ADMINISTRATIVE EXPENSES

	2000 £'000	1999 £'000
Staff Costs		
Wages and Salaries	23,187	19,178
Social Security Costs	2,206	1,839
Other Pension Costs	2,783	2,507
Other Administrative Expenses	22,251	24,918
TOTAL	50,427	48,442

Certain administrative expenses are met by the parent undertaking. The parent undertaking recovers these expenses from the Company through administrative and management charges.

The average number of persons employed by the Company during the year was 494 (1999 – 470).

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2000 £'000	1999 £'000
Interest payable to group undertakings	953	895
Other interest payable and similar charges	202	535
	1,155	1,430

STANDARD LIFE INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS (Continued)

6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:

	2000 £'000	1999 £'000
Auditors' Remuneration		
Audit fees	7	7
Other non-audit fees	28	6

7. DIRECTORS' REMUNERATION

	2000 £'000	1999 £'000
Aggregate remuneration	1,563	1,285

Four non-executive directors, who are also directors of the parent undertaking, The Standard Life Assurance Company, received no remuneration for their services as directors of the Company.

The remuneration relating to two directors, included within the aggregate remuneration above, is borne by subsidiary undertakings as the remuneration is deemed to be wholly attributable to the services of those directors to the subsidiary undertakings.

The directors are participants in a long-term incentive plan. The benefits arising under the incentive plan are recorded in the aggregate remuneration in the period in which they are paid to the directors.

Retirement benefits are accruing to four directors in respect of their services to the Company under defined benefit schemes operated by the parent undertaking. Non-executive directors are not entitled to retirement benefits.

The highest paid director, in respect of services to the Company, received aggregate remuneration of £369k (1999 - £315k) during the year. At 15 November 2000, the highest paid director also held accrued pension benefits of £143k (1999 - £123k) under the defined benefit pension scheme operated by the parent undertaking.

The chief executive is also a director of the parent undertaking, The Standard Life Assurance Company. Details regarding the remuneration of the chief executive are disclosed in the accounts of that company.

8. PENSION COSTS

The parent undertaking operates a pension scheme for its employees and those of its subsidiaries providing benefits based on final pensionable pay. The contributions to the scheme are determined by qualified actuaries employed by the parent undertaking using the projected unit credit method.

Full details of the parent undertakings pension scheme are contained in the financial statements of The Standard Life Assurance Company.

STANDARD LIFE INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS (Continued)

9. TAXATION

	2000 £'000	1999 £'000
UK corporation tax: Amounts payable to group undertakings in respect of group relief	4,710	2,173

10. FIXED ASSET INVESTMENTS

Fixed asset investments relate solely to shares in subsidiary undertakings.

The following are particulars of the Company's subsidiary undertakings, all of which are wholly owned:

Name	Country of Registration or Incorporation	Share class	Year End	Nature of business
Standard Life Investments (Mutual Funds) Limited	Scotland	Ordinary Shares	15 Nov	Collective Investment Products and ISA/PEP management
SLTM Limited (<i>formerly Standard Life Trust Management Limited</i>)	Scotland	Ordinary Shares	15 Nov	Unit Trust Management
Standard Life Investments (Corporate Funds) Limited	Scotland	Ordinary Shares	15 Nov	Investment Management
Standard Life Investments (General Partner) Limited	Scotland	Ordinary Shares	15 Nov	General Partner for Private Equity business
Standard Life Investments (Private Equity) Limited	Scotland	Ordinary & Redeemable Preference Shares	15 Nov	Investment Management
Standard Life Investments (Mauritius Fund Management) Limited	Mauritius	Ordinary Shares	15 Nov	Investment Management
Standard Life Investments Inc. (<i>formerly Standard Life Portfolio Management Limited</i>)	Canada	Common Shares	31 Dec	Investment Management
Standard Life Investments (Asia) Limited	Scotland	Ordinary Shares	15 Nov	Investment Management

As permitted by Section 228 of Companies Act 1985 no group accounts have been prepared.

11. DEBTORS

	2000 £'000	1999 £'000
Amounts owed by subsidiary undertakings	4,016	2,255
Amounts owed by other group undertakings	2,520	2,024
Dividend receivable from subsidiary undertakings	1,737	80
Prepayments and accrued income	1,159	256
Other debtors	106	313
	9,538	4,928

STANDARD LIFE INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS (Continued)

12. CURRENT ASSET INVESTMENTS

Current asset investments are comprised of unlisted Certificate of Deposits and Commercial Paper.

	2000	1999
	£'000	£'000
Repayable within 3 months	30,538	5,000

13. CREDITORS - Amounts falling due within one year

	2000	1999
	£'000	£'000
Amounts owed to other group undertakings	8,447	3,941
Accruals and deferred income	6,340	4,785
Trade creditors	798	899
Amounts owed to subsidiary undertakings	308	639
	15,893	10,264

Included within 'Amounts owed to other group undertakings' is an amount of £6,883k (1999 - £2,173k) in respect of current and prior years' group relief.

14. CREDITORS - Amounts falling due after more than one year

The Company has a subordinated loan from the parent undertaking under an agreement that complies with Investment Management Regulatory Organisation (IMRO) regulations. The loan is repayable on 1 November 2013. The repayment of subordinated loans is subject to the prior written agreement of IMRO.

The average rate of interest paid on this loan during the year was 6.33% (1999 - 6.0%).

15. CALLED UP SHARE CAPITAL

	Authorised		Allotted, Called Up and Fully Paid	
	2000 & 1999		2000 & 1999	
	No.	£'000	No.	£'000
Ordinary Shares of £1 each	50,000,000	50,000	10,000,000	10,000

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2000	1999
	£'000	£'000
Opening shareholder's funds	14,767	8,299
Profit for the year	11,418	6,468
Closing shareholder's funds	26,185	14,767

STANDARD LIFE INVESTMENTS LIMITED**NOTES TO THE ACCOUNTS (Continued)****17. CASHFLOW STATEMENT**

A Cashflow Statement has not been provided. The Company has taken advantage of the exemption contained in Financial Reporting Standard 1 (Revised) "Cashflow Statements", as group accounts in which the Company is included are available.

18. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemptions under paragraph 3(c) of Financial Reporting Standard 8 from disclosing transactions with other undertakings of the Standard Life Group.

19. PARENT UNDERTAKING

The Company is a wholly owned subsidiary of The Standard Life Assurance Company. The accounts of the parent undertaking are the only group accounts incorporating the accounts of this Company.

Copies of the accounts of the parent undertaking can be obtained at Standard Life House, 30 Lothian Road, Edinburgh EH1 2DH.

STANDARD LIFE INVESTMENTS LIMITED**DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare accounts for each financial year which comply with the Companies Act 1985 and give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In addition, the directors should take all reasonable steps to ensure that adequate accounting records are maintained, that the assets of the Company are safeguarded and that fraud and other irregularities are prevented or detected.

The directors confirm that suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of the accounts of the Company for the year ended 15 November 2000. The directors also confirm that the accounts have been appropriately prepared on a going concern basis and that applicable accounting standards have been followed as described in the Accounting Policies.

AUDITORS' REPORT TO THE MEMBERS OF STANDARD LIFE INVESTMENTS LIMITED

We have audited the accounts on pages 3 to 9.

Respective responsibilities of directors and auditors

As described above, the directors are responsible for preparing the accounts, 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 accounts 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 accounts, 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 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 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 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 the Company's affairs at 15 November 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors

Edinburgh, 27 February 2001