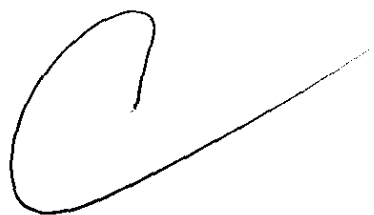




STANDARD LIFE INVESTMENTS

STANDARD LIFE INVESTMENTS LIMITED

**REPORT AND ACCOUNTS
FOR THE YEAR ENDED
15 NOVEMBER 2001**



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COMPANIES HOUSE 07/03/02

REPORT AND ACCOUNTS

STANDARD LIFE INVESTMENTS LIMITED

Directors : A S Bell, CBE FFA DLitt (Chairman) (Non-Executive)
 C A M Buchan, B.Com (Non-Executive)
 A C Burton, ACII
 A M Crombie, FFA (Chief Executive)
 P C Hill, BSc MEng PEng
 J F Hylands, BSc FFA (Non-Executive)
 W R Littleboy, BA(Hons) MA
 N R Parnaby, MA MSI
 N K Skeoch, BA(Hons) MA MSI
 H A Stevenson, BA FSI (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 2001.

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 2001 of £10.2million (2000 - £11.4million).

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 and associates are set out in Notes 10 and 11.

Economic and Monetary Union

The Company's income and expenses are denominated in Sterling. The directors will continue to 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.

W R Littleboy was appointed as a director of the Company on 10 December 2001.

J Stretton retired as a non-executive director of the Company on 15 December 2001.

J F Hylands was appointed as a non-executive director of the Company on 16 December 2001.

I C Lumsden resigned as a non-executive director of the Company on 16 December 2001.

C Garcia resigned as a non-executive director of the Company on 21 January 2002.

C A M Buchan was appointed as a non-executive director of the Company on 25 February 2002.

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 ethnic origin, religion, sex, marital status 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.

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.

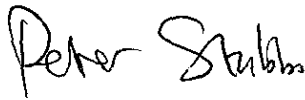
STANDARD LIFE INVESTMENTS LIMITED**REPORT BY THE DIRECTORS (Continued)****Supplier payment policy**

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 6 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, 26 February 2002

STANDARD LIFE INVESTMENTS LIMITED**PROFIT AND LOSS ACCOUNT****for the year ended 15 November 2001**

	Note	2001 £'000	2000 £'000
Turnover	2	67,963	64,335
Administrative expenses	4	(61,269)	(50,427)
Operating profit		6,694	13,908
Income from shares in group undertakings		6,164	1,738
Interest receivable and similar income		1,916	1,637
Interest payable and similar charges	5	(1,148)	(1,155)
		768	482
Profit on ordinary activities before taxation	6	13,626	16,128
Tax on profit on ordinary activities	9	(3,466)	(4,710)
Profit on ordinary activities after taxation		10,160	11,418
Balance brought forward		16,185	4,767
Balance carried forward		26,345	16,185

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 2001

	Note	2001 £'000	2000 £'000
FIXED ASSETS			
Investments in subsidiary undertakings	10	22,218	13,218
Investment in associated undertaking	11	849	-
		<u>23,067</u>	<u>13,218</u>
CURRENT ASSETS			
Debtors	12	11,594	9,538
Investments	13	10,000	30,538
Cash at bank and in hand		23,956	3,784
		<u>45,550</u>	<u>43,860</u>
CURRENT LIABILITIES			
Creditors - <i>Amounts falling due within one year</i>	14	(17,272)	(15,893)
		<u>28,278</u>	<u>27,967</u>
NET CURRENT ASSETS			
		51,345	41,185
TOTAL ASSETS LESS CURRENT LIABILITIES			
CREDITORS - <i>Amounts falling due after more than one year</i>			
Amounts owed to group undertakings	15	(15,000)	(15,000)
		<u>36,345</u>	<u>26,185</u>
CAPITAL AND RESERVES			
Called up share capital	16	10,000	10,000
Profit and loss account		26,345	16,185
TOTAL SHAREHOLDER'S FUNDS	17	<u>36,345</u>	<u>26,185</u>

On behalf of the Board of Directors



A S Bell Chairman

Edinburgh, 26 February 2002

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

(b) Investment in subsidiary and associated undertakings

Shares in the subsidiary and associated 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.

(e) Long-Term Incentive Plan

The liabilities arising in respect of the Company's 3-year long-term incentive plans are accrued based upon the terms of each year's plan. The liabilities are determined on the basis of a range of criteria. Management estimate the liability each year using projections of the Company's growth and of its investment performance against the criteria.

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

	2001 £'000	2000 £'000
Staff Costs:		
Wages and Salaries	27,542	23,358
Social Security Costs	2,640	2,242
Other Pension Costs	3,003	2,687
	33,185	28,287
Other Administrative Expenses	28,084	22,140
TOTAL	61,269	50,427

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 534 (2000 – 494).

STANDARD LIFE INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS (Continued)

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2001 £'000	2000 £'000
Interest payable to group undertakings	854	953
Other interest payable and similar charges	294	202
	<u>1,148</u>	<u>1,155</u>

6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:

	2001 £'000	2000 £'000
Auditors' Remuneration		
Audit fees	7	7
Other non-audit fees	89	28

7. DIRECTORS' REMUNERATION

	2001 £'000	2000 £'000
Aggregate remuneration	1,767	1,563

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.

Certain directors are participants in a long-term incentive plan. The benefits arising under the incentive plan are recorded in the period in which entitlement is determined.

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 £557k (2000 - £369k) during the year. At 15 November 2001, the highest paid director also held accrued pension benefits of £169k (2000 - £143k) 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 including amounts receivable under long-term incentive plans are disclosed in the accounts of that company.

STANDARD LIFE INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS (Continued)

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 an independent firm of qualified actuaries using the projected unit credit method. These continue to be accounted for in accordance with SSAP 24.

Financial Reporting Standard 17 (FRS 17) "Retirement Benefits" was issued in November 2000, but full compliance will not be mandatory until the year ending 15 November 2003. As the Company's employees only form part of the multi-employer scheme operated by the parent undertaking for which the assets and liabilities relating to individual subsidiaries are not identified, on full adoption of FRS 17, the Company will account for its pension contributions as if they were made to a defined contribution scheme.

Full details of the parent undertakings pension scheme, including transitional disclosures required under FRS 17, are contained in the financial statements of The Standard Life Assurance Company.

9. TAXATION

	2001 £'000	2000 £'000
UK corporation tax:		
Amounts payable to group undertakings in respect of group relief	3,202	4,710
Overseas tax:		
Withholding tax	264	-
	3,466	4,710

A potential deferred tax asset amounting to £991k at 15 November 2001 has not been recognised in these accounts.

10. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

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

Name	Country of Registration/ Incorporation	Share class	Year End	Nature of business
Standard Life Investments (Mutual Funds) Limited	Scotland	Ordinary & Redeemable Preference Shares	15 Nov	Collective Investment Products and ISA/PEP Management
SLTM Limited	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 Fund
Standard Life Investments (Private Equity) Limited	Scotland	Ordinary & Redeemable Preference Shares	15 Nov	Investment Management

STANDARD LIFE INVESTMENTS LIMITED**NOTES TO THE ACCOUNTS (Continued)****10. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS (Continued)**

Name	Country of Registration/ Incorporation	Share class	Year End	Nature of business
Standard Life Investments (Mauritius Fund Management) Limited	Mauritius	Ordinary Shares	15 Nov	Investment Management
Standard Life Investments Inc.	Canada	Common Shares	31 Dec	Investment Management
Standard Life Investments (Asia) Limited	Scotland	Ordinary & Redeemable Preference Shares	15 Nov	Investment Management
Standard Life Investments (USA) Limited	Scotland	Ordinary & Redeemable Preference Shares	15 Nov	Investment Management
Standard Life Investments (General Partner EPGF) Limited	Scotland	Ordinary Shares	15 Nov	General Partner for European Property Growth Fund

11. INVESTMENT IN ASSOCIATED UNDERTAKING

At the year end the company held a 26% interest in the equity share capital of HDFC Asset Management Company Limited (HDFC AMC), a company incorporated in India. The latest published accounts for HDFC AMC are for the year ended 31 March 2001 and show aggregate capital and reserves of Indian Rupees 146,078,992 (£2,126,400) and a retained loss for the year of Indian Rupees 53,921,008 (£784,900).

On 16 October 2001 the Company entered into an agreement to purchase an additional 13.9% of the equity share capital of HDFC AMC, on or before 15 May 2002, for a cost of Indian Rupees 400,320,000.

12. DEBTORS

	2001 £'000	2000 £'000
<i>Amounts falling due within one year:</i>		
Amounts owed by other group undertakings	3,601	2,520
Amounts owed by subsidiary undertakings	3,285	4,016
Dividends receivable from subsidiary undertakings	2,827	1,737
Prepayments and accrued income	996	1,159
Other debtors	385	106
	<u>11,094</u>	<u>9,538</u>
<i>Amounts falling due after more than one year:</i>		
Amounts owed by subsidiary undertakings	<u>500</u>	<u>-</u>
	<u>11,594</u>	<u>9,538</u>

STANDARD LIFE INVESTMENTS LIMITED**NOTES TO THE ACCOUNTS (Continued)****13. CURRENT ASSET INVESTMENTS**

	2001	2000
	£'000	£'000
Listed	10,000	-
Unlisted	-	30,538
	10,000	30,538

14. CREDITORS - Amounts falling due within one year

	2001	2000
	£'000	£'000
Accruals and deferred income	9,128	6,340
Amounts owed to other group undertakings	6,124	8,447
Amounts owed to subsidiary undertakings	1,434	308
Trade creditors	322	798
Withholding tax	264	-
	17,272	15,893

Included within 'Amounts owed to other group undertakings' is an amount of £3,202k (2000 - £6,883k) in respect of current year group relief.

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

The Company has a subordinated loan from the parent undertaking which is repayable on 1 November 2013.

The average rate of interest paid on this loan during the year was 5.71% (2000 - 6.33%).

16. CALLED UP SHARE CAPITAL

	Authorised		Allotted, Called Up and Fully Paid	
	2001 & 2000		2001 & 2000	
	No.	£'000	No.	£'000
Ordinary Shares of £1 each	50,000,000	50,000	10,000,000	10,000

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2001	2000
	£'000	£'000
Opening shareholder's funds	26,185	14,767
Profit for the year	10,160	11,418
Closing shareholder's funds	36,345	26,185

STANDARD LIFE INVESTMENTS LIMITED**NOTES TO THE ACCOUNTS (Continued)****18. CONTINGENT LIABILITY**

The Company is party to an agreement with one of its subsidiaries whereby it may be called upon to purchase the issued non-participating, non-voting preferred shares in the subsidiary at a valuation price determined in accordance with the terms of a Profit Sharing Plan of the subsidiary. At 15 November 2001 the value of the total preferred shares in issue was £3,353k.

19. 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.

20. 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.

21. 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 United Kingdom Companies Act 1985 and give a true and fair view of the state of affairs of the Company and of the result 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, applied consistently 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 2001. 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STANDARD LIFE INVESTMENTS LIMITED

We have audited the accounts which comprise the profit and loss account, the balance sheet and the related notes.

Respective responsibilities of directors and auditors

The directors responsibilities for preparing the Report and Accounts in accordance with applicable United Kingdom Law and accounting standards are set out in the statement of directors' responsibilities above.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board.

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 1985. 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.

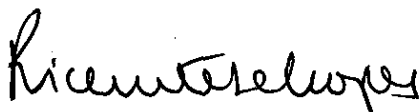
Basis of audit opinion

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 circumstances of the Company, 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 Company as at 15 November 2001 and of the 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, 26 February 2002