



STANDARD LIFE INVESTMENTS

STANDARD LIFE INVESTMENTS LIMITED

**REPORT AND ACCOUNTS
FOR THE YEAR ENDED
15 NOVEMBER 2002**



Registered in Scotland Number SC123321

REPORT AND ACCOUNTS**STANDARD LIFE INVESTMENTS LIMITED**

Directors : C A M Buchan, B.Com (Non-Executive)
A C Burton, ACII
A M Crombie, FFA (Chief Executive)
P C Hill, BESC MESC 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 2002.

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 2002 of £3.9million (2001 restated - £10.7million).

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

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 12 and 13.

Economic and Monetary Union

The Company is represented on a Standard Life Group project team responsible for carrying out extensive analysis of the implications of Economic and Monetary Union (EMU) on the Standard Life Group's activities. The project team is currently preparing for the possibility of UK entry to EMU.

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.

Financial instruments

Financial assets

The principal financial assets held by the Company comprise cash and deposits with banks. The main purpose of holding these financial assets as agreed by the directors is to ensure appropriate liquidity, ensuring the Company's liabilities are met as they fall due and to meet regulatory requirements in respect of liquidity management.

STANDARD LIFE INVESTMENTS LIMITED**REPORT BY THE DIRECTORS (Continued)****Financial instruments (continued)***Financial liabilities*

The principal financial liability of the Company is a long-term subordinated loan from its parent company. The purpose of incurring this financial liability as agreed by the directors is to ensure the Company has sufficient resources in order to meet regulatory requirements in respect of capital management.

Company risks

The main risks arising from the Company's activities are market risk, foreign currency risk, credit risk and operational risk. The ultimate responsibility for managing risk resides with the board of directors. The directors review and agree policies for managing each of these risks, which are summarised below.

Market risk: The Company takes little market risk in respect of its own capital. However the Company maintains a policy of monitoring global macroeconomic developments and the implications to the Company by using sensitivity analysis.

Foreign currency risk: The Company is not exposed to material structural currency exposure since all of the Company's operations are based in the UK.

Credit risk: The Company maintains a policy of holding financial assets across a number of counterparties all of which are rated as investment grade by Standard and Poors and Moodys.

Operational risk: This is the risk to the Company of loss, resulting from inadequate or failed internal processes, people and systems, or from external events. The detailed management of risk is the responsibility of senior management in each area. Each business area is required to have appropriate systems and controls in place to ensure that identified key risks are controlled and that the effectiveness of the controls is assessed and reported on a regular basis.

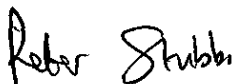
Supplier payment policy

It is Standard Life Group's 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.

Auditors

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 28 January 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors.

On behalf of the Board of Directors



P A Stubbs, Secretary

Edinburgh, 24 February 2003

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 2002. 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.

STANDARD LIFE INVESTMENTS LIMITED**PROFIT AND LOSS ACCOUNT****for the year ended 15 November 2002**

	Note	2002 £'000	2001 Restated £'000
Turnover	3	86,976	67,963
Administrative expenses	5	(83,083)	(61,269)
Operating profit		3,893	6,694
Income from shares in group undertakings		3,107	6,164
Interest receivable and similar income		1,251	1,916
Interest payable and similar charges	6	(787)	(1,148)
		464	768
Profit on ordinary activities before taxation	7	7,464	13,626
Tax on profit on ordinary activities	10	(3,570)	(2,895)
Profit on ordinary activities after taxation		3,894	10,731
Balance brought forward		27,088	16,357
Balance carried forward		30,982	27,088

The profit for the year relates wholly to continuing activities.

STANDARD LIFE INVESTMENTS LIMITED

BALANCE SHEET

as at 15 November 2002

	Note	2002 £'000	2001 Restated £'000
FIXED ASSETS			
Tangible fixed assets	11	1,038	-
Investments in subsidiary undertakings	12	26,718	22,218
Investment in associated undertaking	13	6,675	849
		<u>34,431</u>	<u>23,067</u>
CURRENT ASSETS			
Debtors	14	15,269	11,594
Deferred tax	15	1,282	743
Investments	16	-	10,000
Cash at bank and in hand		37,360	23,956
		<u>53,911</u>	<u>46,293</u>
CURRENT LIABILITIES			
Creditors - <i>Amounts falling due within one year</i>	17	(26,360)	(17,272)
NET CURRENT ASSETS			
		<u>27,551</u>	<u>29,021</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		61,982	52,088
CREDITORS - <i>Amounts falling due after more than one year</i>			
Amounts owed to group undertakings	18	(15,000)	(15,000)
		<u>46,982</u>	<u>37,088</u>
CAPITAL AND RESERVES			
Called up share capital	19	16,000	10,000
Profit and loss account		30,982	27,088
TOTAL SHAREHOLDER'S FUNDS	20	<u>46,982</u>	<u>37,088</u>

On behalf of the Board of Directors



A M Crombie, Chief Executive

Edinburgh, 24 February 2003

STANDARD LIFE INVESTMENTS LIMITED**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES****for the year ended 15 November 2002**

	Note	2002 £'000	2001 Restated £'000
Profit attributable to ordinary shareholders and total recognised gains and losses for the year		3,894	10,731
Prior year adjustment – deferred tax	15		
Prior to 16 November 2000		172	
Year ended 15 November 2001		571	
		<u>743</u>	
Total recognised gains relating to year		<u>4,637</u>	

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. During the year Financial Reporting Standard (FRS) 19, 'Deferred Tax', was adopted. Details of this change in accounting policy and the effects on the accounts are shown in notes 2, 10, 15 and 20.

(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) Fixed assets and depreciation

Fixed assets are stated at cost and depreciated on a straight line basis over their estimated useful lives which range from three to five years. For project costs the charge for depreciation commences on completion of the individual phases of the project.

(d) Deferred taxation

Deferred tax is recognised on a discounted basis for all timing differences that have originated but not reversed at the balance sheet date. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

The value of the deferred tax asset is calculated using the average tax rates expected to be applicable in the periods in which the timing differences are expected to reverse. The value of the tax asset is then discounted at the corresponding gilt rates extant at the year end in order to reflect the time value of money.

(e) 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.

(f) Performance fee revenue

Revenues arising in respect of performance fees arrangements are recognised on an accruals basis in accordance with the terms of the performance fee agreement.

(g) 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. CHANGE IN ACCOUNTING POLICY

During the year the Company adopted FRS19 on deferred tax. This standard requires full provision to be made for deferred tax on assets and liabilities arising on all timing differences that have originated but not reversed at the balance sheet date.

Adoption of FRS19 has required a change in accounting policy, as previously deferred tax assets were not recognised within the financial statements. The change in accounting policy has been accounted for as a prior year adjustment and the profit and loss account and balance sheets for the previous year have been restated accordingly.

STANDARD LIFE INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS (Continued)

3. 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.

4. SEGMENTAL REPORTING

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

5. ADMINISTRATIVE EXPENSES

	2002 £'000	2001 £'000
Staff Costs:		
Wages and salaries	40,616	27,542
Social security costs	3,861	2,640
Other pension costs	3,708	3,003
	<u>48,185</u>	<u>33,185</u>
Other administrative expenses	34,898	28,084
TOTAL	<u>83,083</u>	<u>61,269</u>

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 577 (2001 – 534).

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2002 £'000	2001 £'000
Interest payable to group undertakings	632	854
Other interest payable and similar charges	155	294
	<u>787</u>	<u>1,148</u>

7. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:

	2002 £'000	2001 £'000
Auditors' Remuneration:		
Audit fees	14	7
Other non-audit fees	55	89
Provision – Investment in subsidiary undertakings	4,600	-

STANDARD LIFE INVESTMENTS LIMITED**NOTES TO THE ACCOUNTS (Continued)****8. DIRECTORS' REMUNERATION**

	2002 £'000	2001 £'000
Aggregate emoluments	2,232	1,767
Amounts receivable under long-term incentive plans	875	-

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

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 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.

Retirement benefits are accruing to seven 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.

Aggregate emoluments and benefits payable under long-term incentive plans to the highest paid director were £751k (2001 - £557k) during the year. At 15 November 2002, the highest paid director also held accrued pension benefits of £6k (2001 - £169k) under the defined benefit pension scheme operated by the parent undertaking and £7k (2001 - £nil) under an unfunded pension arrangement with the parent undertaking.

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

FRS17 - Retirement Benefits has been amended by the Accounting Standards Board to extend the transitional arrangements and therefore defer the mandatory requirement for its full adoption until 15 November 2006. 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 FRS17, the Company will account for its pension contributions as if they were made to a defined contribution scheme.

Full details of the parent undertaking's pension scheme, including the transitional disclosures required under FRS17, are contained in the financial statements of The Standard Life Assurance Company.

STANDARD LIFE INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS (Continued)

10. TAXATION

	2002 £'000	2001 Restated £'000
Current tax:		
UK corporation tax on profits for the year	1,277	-
Double tax relief	(1,277)	-
Group relief in respect of current year	3,835	3,202
Group relief adjustment in respect of prior year	58	-
Overseas withholding tax	216	264
Current tax charge (see below)	4,109	3,466
Deferred tax:		
Origination and reversal of timing differences	(556)	(597)
Movement in discount	17	26
Tax on profit on ordinary activities	3,570	2,895

A reconciliation of current tax on profit on ordinary activities at the standard UK corporation tax rate to the Company's actual current tax charge is shown as follows:

	2002 £'000	2001 Restated £'000
Profit on ordinary activities before tax	7,464	13,626
Profit on ordinary activities multiplied by the UK standard rate of corporation tax 30%	2,240	4,088
Effects of:		
Expenses not deductible	2,496	963
Income not taxable	(901)	(1,849)
Adjustment for prior years	58	-
Overseas tax	216	264
Current tax charge	4,109	3,466

STANDARD LIFE INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS (Continued)

11. TANGIBLE FIXED ASSETS

	Projects £'000	Total £'000
Cost:		
Beginning of year	-	-
Additions	1,038	1,038
End of year	1,038	1,038
Net Book Value:		
At 15 November 2002	1,038	1,038
At 15 November 2001	-	-

12. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

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.

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	15 Nov	Collective Investment Products and ISA/PEP Management
SLTM Limited	Scotland	Ordinary	15 Nov	Unit Trust Management
Standard Life Investments (Corporate Funds) Limited	Scotland	Ordinary	15 Nov	Investment Management
Standard Life Investments (General Partner) Limited	Scotland	Ordinary	15 Nov	General Partner for Private Equity Fund
Standard Life Investments (General Partner II) Limited	Scotland	Ordinary	15 Nov	General Partner for Private Equity Fund
Standard Life Investments (Private Equity) Limited	Scotland	Ordinary & Redeemable Preference	15 Nov	Investment Management
Standard Life Investments (Mauritius Fund Management) Limited	Mauritius	Ordinary	15 Nov	Investment Management
Standard Life Investments Inc.	Canada	Common	31 Dec	Investment Management
Standard Life Investments (Asia) Limited	Scotland	Ordinary & Redeemable Preference	15 Nov	Investment Management
Standard Life Investments (USA) Limited	Scotland	Ordinary & Redeemable Preference	15 Nov	Investment Management
Standard Life Investments (General Partner EPGF) Limited	Scotland	Ordinary	15 Nov	General Partner for European Property Growth Fund

STANDARD LIFE INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS (Continued)

12. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS (Continued)

	£'000
Cost:	
Beginning of year	22,218
Additions	9,100
End of year	31,318
Provision:	
Beginning of year	-
Charge during the year	4,600
End of year	4,600
Carrying value:	
At 15 November 2002	26,718
At 15 November 2001	22,218

On 16 November 2002 the Company purchased 100% of the equity share capital of Standard Life Savings Limited, a fellow subsidiary of The Standard Life Assurance Company, for a cost of £140,286.

13. INVESTMENT IN ASSOCIATED UNDERTAKING

The company holds a 39.9% (2001 - 26.0%) 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 2002 and show aggregate capital and reserves of Indian Rupees 209,337,902 (£2,752,000) and a retained profit for the year of Indian Rupees 63,258,910 (£832,201).

14. DEBTORS

	2002 £'000	2001 Restated £'000
Amounts falling due within one year:		
Amounts owed by subsidiary undertakings	6,033	3,285
Amounts owed by parent undertaking	4,157	3,400
Dividends receivable from subsidiary undertakings	2,192	2,827
Prepayments and accrued income	1,364	996
Other debtors	775	385
Amounts owed by other group undertakings	248	201
	14,769	11,094
Amounts falling due after more than one year:		
Amounts owed by subsidiary undertakings	500	500
	15,269	11,594

STANDARD LIFE INVESTMENTS LIMITED**NOTES TO THE ACCOUNTS (Continued)****15. DEFERRED TAX**

	2002 £'000	2001 Restated £'000
Undiscounted deferred tax asset	1,352	796
Discount	(70)	(53)
Discounted deferred tax asset	1,282	743
Opening deferred tax asset	743	-
Prior year adjustment	-	172
Opening deferred tax asset restated	743	172
Movement in year	539	571
Closing deferred tax asset	1,282	743

16. CURRENT ASSET INVESTMENTS

	2002 £'000	2001 £'000
Listed	-	10,000

17. CREDITORS - Amounts falling due within one year

	2002 £'000	2001 £'000
Accruals and deferred income	18,724	9,128
Amounts owed to parent undertaking	3,893	6,106
Amounts owed to subsidiary undertakings	2,850	1,434
Trade creditors	616	322
Withholding tax	201	264
Amounts owed to other group undertakings	76	18
	26,360	17,272

Included within 'Amounts owed to parent undertaking' is an amount of £3,893k (2001 - £3,202k) in respect of current and prior year group relief.

18. 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 4.2% (2001 - 5.7%).

STANDARD LIFE INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS (Continued)

19. CALLED UP SHARE CAPITAL

	Authorised			
	2002		2001	
	No.	£'000	No.	£'000
Ordinary Shares of £1 each	50,000,000	50,000	50,000,000	50,000
Allotted, Called Up and Fully Paid				
	2002		2001	
	No.	£'000	No.	£'000
Ordinary Shares of £1 each	16,000,000	16,000	10,000,000	10,000

On 21 March 2002, 6,000,000 Ordinary Shares of £1 each were issued at par to the parent undertaking for cash consideration of £6,000,000.

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2002 £'000	2001 Restated £'000
Opening shareholder's funds as previously reported	36,345	26,185
Prior year adjustment for deferred tax (notes 2 & 15)	743	172
Opening shareholder's funds restated	37,088	26,357
Ordinary share capital issued during year	6,000	-
Profit for the year	3,894	10,731
Closing shareholder's funds	46,982	37,088

During the year the Company adopted FRS19 and this change in policy has led to a profit for the year of £3.9m (2001 - £10.7m). If this accounting policy had not changed a deferred tax asset would not have been recognised and the profit for the year would have been £3.4m (2001 - £10.2m).

21. FINANCIAL COMMITMENT

At 15 November 2002 the Company has committed, on behalf of a subsidiary company, to make a payment of up to £900k towards the launch expenses incurred during the offer period of a new fund. The fund will be managed by the subsidiary company. The offer period for the fund is open until 28 February 2003 at which time the actual amount of the payment will be determined.

22. 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 2002 the value of the total preferred shares in issue was £3,975k (2001 - £3,353k).

STANDARD LIFE INVESTMENTS LIMITED**NOTES TO THE ACCOUNTS (Continued)****23. CASHFLOW STATEMENT**

A Cashflow Statement has not been provided. The Company has taken advantage of the exemption contained in FRS1 (Revised) "Cashflow Statements", as group accounts in which the Company is included are available.

24. 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.

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

We have audited the accounts which comprise the profit and loss account and balance sheet, the statement of recognised gains and losses and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the accounts in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the accounts give a true and fair view and have been properly prepared in accordance with the 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.

We read the 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 accounts. The other information comprises only the report by the directors.

Basis of audit opinion

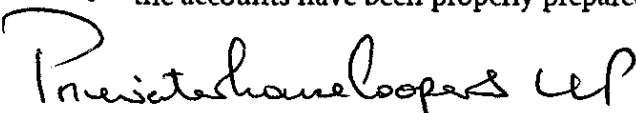
We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgments made by the 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 2002 and the results of the Company for the year then ended; and
- the accounts have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors

Edinburgh, 24 February 2003