



STANDARD LIFE INVESTMENTS

STANDARD LIFE INVESTMENTS
LIMITED

**CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED
15 NOVEMBER 2003**



CONSOLIDATED ACCOUNTS**STANDARD LIFE INVESTMENTS LIMITED**

Directors:	C A M Buchan, B.Com	(Non-Executive Deputy Chairman)
	A M Crombie, FFA	(Non-Executive)
	P C Hill, BSc MSc PEng	
	J F Hylands, BSc FFA	(Non-Executive)
	W R Littleboy, BA(Hons) MA	
	N K Skeoch, BA(Hons) MA MSI	(Chief Executive)
	H A Stevenson, BA FSI	(Non-Executive Chairman)
	A P Watt, FRICS	
Secretary:	V O'Brien ACII	

STANDARD LIFE INVESTMENTS LIMITED

REPORT BY THE DIRECTORS

The directors submit their Report and Accounts for the year ended 15 November 2003.

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 Group's result for the year ended 15 November 2003 is £1.4m (2002 restated - £1.6million).

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 Group is to provide investment management services.

Economic and Monetary Union

The Group is represented on a Standard Life Group ("SLAC") project team responsible for carrying out extensive analysis of the implications of Economic and Monetary Union (EMU) on SLAC'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.

P Stubbs retired as company secretary on 15 October 2003.

V O'Brien was appointed as company secretary on 16 October 2003.

N R Parnaby resigned as director on 31 October 2003.

A Burton resigned as director on 15 November 2003.

On 28 January 2004, A M Crombie resigned as Chairman and Chief Executive but remains on the Board as a non-executive director.

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.

Employees

The Group'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 Group 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 Group 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 Group's liabilities are met as they fall due and to meet regulatory requirements in respect of liquidity management.

Financial liabilities

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

STANDARD LIFE INVESTMENTS LIMITED**REPORT BY THE DIRECTORS (Continued)****Risks**

The main risks arising from the Group's activities are market risk, foreign currency risk, credit risk and operational risk. The ultimate responsibility for managing and controlling risk resides with the board of directors. The directors review and agree policies for managing each of the following risks:

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

Foreign currency risk: The Group is exposed to structural currency exposure as a result of certain of its subsidiary undertakings and its joint venture investment having functional currencies other than Pounds Sterling.

Credit risk: The Group incurs credit risk through investing its capital and holding financial assets. Limits have been established to prevent excessive exposure to a single counterparty.

Operational risk: This is the risk to the Group of loss, resulting from inadequate or failed internal processes, people and systems, or from external events. Management is responsible for managing and controlling operational risk by ensuring that appropriate systems and controls are in place. The effectiveness of the controls is assessed and reported to the directors on a regular basis through a variety of different means.

Supplier payment policy

It is the 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

The auditors, PricewaterhouseCoopers LLP, are willing to continue in office.

On behalf of the Board of Directors

V O'Brien, Secretary

Edinburgh, 10 February 2004

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 Group and of the result of the Group 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 Group 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 Group for the year ended 15 November 2003. 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**CONSOLIDATED PROFIT AND LOSS ACCOUNT****for the year ended 15 November 2003**

	Note	2003 £'000	2002 Restated £'000
Turnover	3	128,139	122,624
Less share of turnover of joint venture		(3,901)	(1,668)
Group turnover		124,238	120,956
Administrative expenses	5	(128,188)	(118,250)
Group operating (loss)/profit		(3,950)	2,706
Share of operating profit of joint venture	7	1,791	490
Profit on sale of intangible fixed assets of continuing operations	8	9,438	-
Profit on ordinary activities before finance charges		7,279	3,196
Net interest receivable			
Group	11	1,118	863
Joint venture	11	6	15
Other finance charges	11	(3,555)	(126)
Profit on ordinary activities before taxation		4,848	3,948
Tax on profit on ordinary activities	12	(3,480)	(2,342)
Profit for the financial year		1,368	1,606

The profit for the year relates wholly to continuing activities.

STANDARD LIFE INVESTMENTS LIMITED**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES****for the year ended 15 November 2003**

	Note	2003 £'000	2002 Restated £'000
Profit attributable to ordinary shareholders		1,368	1,606
Currency translation differences on net investments		370	(377)
Total recognised gains and losses relating to the year		<u>1,738</u>	<u>1,229</u>
Prior year adjustment – fixed assets	2	(1,038)	
Prior year adjustment – deferred tax	2	<u>303</u>	
		(735)	
Total recognised gains and losses for the year		<u>1,003</u>	

STANDARD LIFE INVESTMENTS LIMITED

CONSOLIDATED BALANCE SHEET

as at 15 November 2003

	Note	2003 £'000	2002 Restated £'000
FIXED ASSETS			
Investment in joint venture:	14		
Goodwill		8,990	5,382
Share of gross assets		13,662	1,929
Share of gross liabilities		(1,571)	(438)
		<u>21,081</u>	<u>6,873</u>
Tangible assets	15	538	902
Investments	16	156	542
		<u>21,775</u>	<u>8,317</u>
CURRENT ASSETS			
Investments	17	19,014	20,919
Debtors	18	21,006	20,300
Deferred tax	19	3,542	2,213
Cash at bank and in hand		58,331	41,648
		<u>101,893</u>	<u>85,080</u>
CURRENT LIABILITIES			
Creditors - <i>Amounts falling due within one year</i>	20	(42,125)	(34,466)
NET CURRENT ASSETS			
		<u>59,768</u>	<u>50,614</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>81,543</u>	<u>58,931</u>
CREDITORS - <i>Amounts falling due after more than one year</i>			
	21	(20,418)	(16,709)
PROVISION FOR LIABILITIES & CHARGES			
	22	(725)	-
		<u>60,400</u>	<u>42,222</u>
CAPITAL AND RESERVES			
Called up share capital	23	32,440	16,000
Profit and loss account		27,960	26,222
TOTAL SHAREHOLDERS' FUNDS	24	<u>60,400</u>	<u>42,222</u>

On behalf of the Board of Directors



N K Skeoch, Chief Executive
Edinburgh, 10 February 2004

STANDARD LIFE INVESTMENTS LIMITED**COMPANY BALANCE SHEET****as at 15 November 2003**

	Note	2003 £'000	2002 Restated £'000
FIXED ASSETS			
Investment in subsidiary undertakings	13	23,618	26,718
Investment in joint venture	14	19,988	6,675
Tangible assets	15	-	-
Investments	16	156	266
		43,762	33,659
CURRENT ASSETS			
Investments	17	10,189	10,428
Debtors	18	11,483	10,606
Deferred tax	19	2,729	1,585
Cash at bank and in hand		40,429	27,360
		64,830	49,979
CURRENT LIABILITIES			
Creditors - <i>Amounts falling due within one year</i>	20	(25,653)	(22,391)
NET CURRENT ASSETS		39,177	27,588
TOTAL ASSETS LESS CURRENT LIABILITIES		82,939	61,247
CREDITORS - <i>Amounts falling due after more than one year</i>	21	(18,354)	(15,000)
PROVISIONS FOR LIABILITIES & CHARGES	22	(725)	-
		63,860	46,247
CAPITAL AND RESERVES			
Called up share capital	23	32,440	16,000
Profit and loss account		31,420	30,247
TOTAL SHAREHOLDERS' FUNDS	24	63,860	46,247

On behalf of the Board of Directors


N K Skeoch, Chief Executive
Edinburgh, 10 February 2004

STANDARD LIFE INVESTMENTS LIMITED

NOTES TO THE CONSOLIDATED ACCOUNTS

1. ACCOUNTING POLICIES

(a) **Accounting convention**

The accounts are prepared under the historical cost convention modified to include the valuation of current asset investments at current cost. The accounts are also prepared in accordance with applicable accounting standards.

(b) **Basis of consolidation**

The group accounts consolidate the accounts of Standard Life Investments Limited and its subsidiary undertakings and joint venture.

(c) **Investments in subsidiary undertakings**

Investments in subsidiary undertakings are valued at cost less any permanent diminution in value.

(d) **Goodwill**

Goodwill arising on consolidation is capitalised and amortised over its estimated useful economic life up to a maximum of 20 years.

(e) **Tangible assets and depreciation**

Tangible assets are stated at cost and depreciated on a straight line basis over their estimated useful lives which range from three to five years.

(f) **Investments**

Listed investments are valued at market prices. The stocks of shares and units held by the management companies for the purposes of OEIC and unit trust trading and are valued at net realisable value. Unlisted investments are included at a valuation determined by the directors based upon, where appropriate, latest dealing prices, net asset values and other latest known information.

(g) **Cash at bank and in hand**

Deposits held with financial institutions that are repayable on demand are included within cash at bank and in hand.

(h) **Joint venture**

In the group accounts, the investment in the joint venture is accounted for using the gross equity method. The consolidated profit and loss account includes the group's share of the joint venture's profit whilst the group's share of the net assets of the joint venture is shown in the consolidated balance sheet. In the Company accounts, the investment in the joint venture is valued at cost less any permanent diminution in value.

(i) **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 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 is then discounted at the corresponding gilt rates extant at the year end in order to reflect the time value of money.

(j) **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. Foreign subsidiaries and joint ventures are translated using the closing rate method.

STANDARD LIFE INVESTMENTS LIMITED

NOTES TO THE CONSOLIDATED ACCOUNTS (Continued)

1. ACCOUNTING POLICIES (Continued)

(k) Turnover

Turnover is derived from the provision of investment management services to other companies in the Standard Life Group and to third parties, and from acting as collective investment manager and manager of unit trusts.

(l) Performance fee revenue

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

(m) Long-term incentive scheme

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

(n) Preference shares issued by subsidiaries to third parties

Preference shares issued by subsidiaries to third parties are included at cost, adjusted for redemption premiums payable. Dividends payable and redemption premiums payable thereon are included within finance charges.

2. CHANGES IN ACCOUNTING POLICIES

Fixed Assets

Comparative figures have been restated to reflect a change in the accounting policy for the capitalisation of project development costs. The directors consider the new policy is more appropriate in light of the uncertainty in the types of development expenditure. Details regarding the impact of this change in accounting policy are provided in the consolidated statement of total recognised gains and losses and also within note 24.

Consolidated Accounts

The accounts of Standard Life Investments Limited are now being prepared on a consolidated basis. The directors consider that this provides a more meaningful presentation of the results and financial position of the Company and its subsidiaries. In prior years the directors took advantage of the exemption from preparing consolidated accounts as provided by section 228 of the Companies Act 1985.

3. TURNOVER

Turnover, which is stated net of VAT, can be analysed as follows:

	2003 £'000	2002 £'000
Fund management income	123,764	117,805
Profit/(loss) on unit and share dealing	626	(1,177)
Registrar fees	194	187
Distributions from units and shares	3,362	5,314
Other	193	495
TOTAL	128,139	122,624

STANDARD LIFE INVESTMENTS LIMITED

NOTES TO THE CONSOLIDATED ACCOUNTS (Continued)

4. SEGMENTAL ANALYSIS

	2003			
	UK £'000	Canada £'000	Other £'000	Total £'000
Turnover:				
SLAC group undertakings	72,223	6,019	984	79,226
Third party	41,525	3,378	109	45,012
Group	113,748	9,397	1,093	124,238
Joint venture	-	-	3,901	3,901
Total turnover	113,748	9,397	4,994	128,139
Group profit/(loss) before tax	735	3,506	(1,028)	3,213
Share of joint venture profit before tax	-	-	1,635	1,635
Total profit before tax	735	3,506	607	4,848
Group net assets	50,639	5,355	3,313	59,307
Share of joint venture net assets	-	-	1,093	1,093
Total net assets	50,639	5,355	4,406	60,400
2002 Restated				
	UK £'000	Canada £'000	Other £'000	Total £'000
Turnover:				
SLAC group undertakings	74,484	7,936	863	83,283
Third party	36,622	1,051	-	37,673
Group	111,106	8,987	863	120,956
Joint venture	-	-	1,668	1,668
Total turnover	111,106	8,987	2,531	122,624
Group profit/(loss) before tax	2,974	2,114	(1,541)	3,547
Share of joint venture profit before tax	-	-	401	401
Total profit before tax	2,974	2,114	(1,140)	3,948
Group net assets	33,413	1,137	7,474	42,024
Share of joint venture net assets	-	-	198	198
Total net assets	33,413	1,137	7,672	42,222

STANDARD LIFE INVESTMENTS LIMITED**NOTES TO THE CONSOLIDATED ACCOUNTS (Continued)****5. ADMINISTRATIVE EXPENSES**

Administrative expenses include:

	2003		2002	
	Consolidated	Company	Consolidated	Company
	£'000	£'000	£'000	£'000
Remuneration paid to the auditors				
- audit fees	69	16	60	14
- other non-audit fees	132	104	71	55
Depreciation	531	-	388	-

6. EMPLOYEE INFORMATION

The average number of employees of the Group (excluding non-executive directors) was 728 (2002 – 665)

	2003	2002
	£'000	£'000
Salaries and bonuses	56,337	52,095
Social security costs	3,534	2,484
Pension costs	5,161	3,870
TOTAL	65,032	58,449

7. SHARE OF OPERATING PROFIT OF JOINT VENTURE

	2003	2002
	£'000	£'000
Continuing operations	2,151	668
Amortisation of goodwill	(360)	(178)
TOTAL	1,791	490

8. PROFIT ON SALE

On 31 October 2003, the Group sold its investment administration capability to Citibank N.A.. The sale resulted in a profit for the Group of £9.4m. The sale included the transfer of investment administration personnel and systems to Citibank N.A.. The effect of this transaction on the charge for taxation for the year was £2.9m.

STANDARD LIFE INVESTMENTS LIMITED**NOTES TO THE CONSOLIDATED ACCOUNTS (Continued)****9. DIRECTORS' REMUNERATION**

	2003	2002
	£'000	£'000
Aggregate emoluments	2,892	2,232
Amounts receivable under long-term incentive schemes	898	875

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

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 schemes are disclosed in the accounts of that company.

Retirement benefits are accruing to six directors in respect of their services to the Group 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 schemes to the highest paid director were £967k (2002 - £751k) during the year. At 15 November 2003, the highest paid director also held accrued pension benefits of £133k under the defined benefit pension scheme operated by the parent undertaking (2002 - £6k under the defined benefit pension scheme operated by the parent undertaking and £7k under an unfunded pension arrangement with the parent undertaking).

10. 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 Group'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 Group 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 CONSOLIDATED ACCOUNTS (Continued)

11. NET INTEREST AND OTHER CHARGES

	2003 £'000	2002 £'000
Interest payable to group undertakings	(587)	(645)
Other interest payable and similar charges	(74)	(116)
Interest receivable and other income	1,779	1,624
Net group interest receivable	1,118	863
Share of joint venture net interest receivable and other income	6	15
Dividends on preference shares issued by subsidiary	(201)	(126)
Increase in value of redemption premium on preference shares issued by subsidiary	(3,354)	-
Other finance charges	(3,555)	(126)

12. TAXATION

	2003 £'000	2002 Restated £'000
Current tax:		
Corporation tax	2,801	-
Group relief	(5)	1,283
Overseas withholding tax	-	216
Overseas taxation	1,273	1,610
Share of joint venture tax payable	740	204
Current tax charge (see below)	4,809	3,313
Deferred tax:		
Origination and reversal of timing differences	(1,425)	(992)
Movement in discount	96	21
Tax on profit on ordinary activities	3,480	2,342

STANDARD LIFE INVESTMENTS LIMITED**NOTES TO THE CONSOLIDATED ACCOUNTS (Continued)****12. TAXATION (Continued)**

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

	2003 £'000	2002 Restated £'000
Profit on ordinary activities before tax	4,848	3,948
Profit on ordinary activities multiplied by the UK standard rate of corporation tax 30%	1,454	1,184
Effects of:		
Expenses not deductible	2,132	1,174
Future revenues not yet recognised	1,125	-
Effect of accounting prior year adjustment	(311)	311
Income not taxable	(5)	(32)
Adjustment for prior years	-	(82)
Group income	159	-
Overseas tax	411	742
Capital allowances	(156)	16
Current tax charge	4,809	3,313

13. INVESTMENT IN SUBSIDIARY UNDERTAKINGS

	Company £'000
Cost less amounts written down at 15 November 2002	26,718
Additional investment during year	3,500
Amount written down during year	(6,600)
Cost less amounts written down at 15 November 2003	23,618

STANDARD LIFE INVESTMENTS LIMITED**NOTES TO THE CONSOLIDATED ACCOUNTS (Continued)****13. INVESTMENT IN SUBSIDIARY UNDERTAKINGS (Continued)**

The Company is a wholly owned subsidiary of The Standard Life Assurance 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 Savings Limited	Scotland	Ordinary	15 Nov	ISA Management
Standard Life Investments (General Partner EPGF) Limited	Scotland	Ordinary	15 Nov	General Partner for European Property Growth Fund

For the purposes of consolidation interim accounts prepared to 15 November 2003 are used for Standard Life Investments Inc..

On 16 November 2003, the Company sold 100% of the equity share capital of Standard Life Savings Limited, to the parent undertaking, The Standard Life Assurance Company, for cash consideration of £148,339.

On 20 January 2004, the Company established a new subsidiary, 4217993 Canada Inc., incorporated in Canada. The new subsidiary has been provided with issued and fully paid capital amounting to CAD\$11,625,100 comprising, CAD\$100 of common shares and CAD\$11,625,000 of redeemable preference shares. This new subsidiary has been established with the sole purpose of purchasing the preferred shares of a fellow subsidiary, Standard Life Investments Inc., that are currently held by a Trust (see note 21).

On 28 January 2004, the Company restructured the issued share capital of Standard Life Investments (Asia) Limited to replace all of the issued redeemable preference shares with ordinary shares.

STANDARD LIFE INVESTMENTS LIMITED**NOTES TO THE CONSOLIDATED ACCOUNTS (Continued)****14. INVESTMENT IN JOINT VENTURE**

The Group have a joint venture with HDFC Asset Management Company (HDFC AMC), an investment management company incorporated in India. The Group holds a 49.9% (2002 – 39.9%) interest in the equity share capital and a 49.9% (2002 – nil) interest in the non-equity share capital of HDFC AMC. HDFC AMC has a financial year end date of 31 March. For the purposes of consolidation interim accounts prepared within two months of the Group's financial year end are used.

During the year the Company reclassified its investment in HDFC AMC as a joint venture rather than an associate. The directors consider this to be a more appropriate representation of the nature of the investment. The impact of this change in accounting policy on the current year profit of the Company has been £nil (2002 - £nil).

	2003		2002 Restated	
	Consolidated £'000	Company £'000	Consolidated £'000	Company £'000
Cost	-	19,988	-	6,675
Share of net assets	12,091	-	1,491	-
Unamortised goodwill	8,990	-	5,382	-
	21,081	19,988	6,873	6,675

The following information is given in respect of the Group's share of the joint venture:

	2003 £'000	2002 £'000
Turnover	3,901	1,668
Profit before tax	2,157	683
Taxation	740	204
Profit after tax	<u>1,417</u>	<u>479</u>
Fixed assets	11,729	1,296
Current assets	1,933	633
Current liabilities	(1,571)	(438)
Net Assets	<u>12,091</u>	<u>1,491</u>

STANDARD LIFE INVESTMENTS LIMITED

NOTES TO THE CONSOLIDATED ACCOUNTS (Continued)

15. TANGIBLE FIXED ASSETS

CONSOLIDATED

	Computers £'000	Furniture & Equipment £'000	Leasehold Improvements £'000	Total £'000
Cost:				
Beginning of year (restated)	432	924	295	1,651
Additions	86	57	3	146
End of year	518	981	298	1,797
Accumulated Depreciation:				
Beginning of year	216	428	75	719
Charge for the year	164	277	99	540
End of year	380	705	174	1,259
Net Book Value:				
At 15 November 2003	138	276	124	538
At 15 November 2002 (restated)	202	479	221	902

The Company has no tangible fixed assets as at 15 November 2003 (2002 restated – nil).

16. FIXED ASSET INVESTMENTS

	Consolidated £'000	Company £'000
Unlisted:		
Cost:		
Beginning of year	542	266
Additions	36	36
End of year	578	302
Provision for impairment:		
Beginning of year	-	-
Written off	(422)	(146)
End of year	(422)	(146)
Net Book Value:		
At 15 November 2003	156	156
At 15 November 2002 (restated)	542	266

The Group has no listed fixed asset investments.

STANDARD LIFE INVESTMENTS LIMITED

NOTES TO THE CONSOLIDATED ACCOUNTS (Continued)

17. CURRENT ASSET INVESTMENTS

Current asset investments are comprised of the following:

	2003		2002 Restated	
	Consolidated	Company	Consolidated	Company
	£'000	£'000	£'000	£'000
Unlisted investments	17,150	10,189	16,506	10,428
Listed investments	1,864	-	4,413	-
Total	19,014	10,189	20,919	10,428

Listed investments comprise stocks of shares and units held for the purposes of OEIC and unit trust trading.

Comparative figures in the balance sheet have been restated to reflect the reclassification of certificates of deposits within current assets from cash at bank and in hand to investments. The directors consider this to be a more appropriate representation of the nature of these assets.

18. DEBTORS

	2003		2002 Restated	
	Consolidated	Company	Consolidated	Company
	£'000	£'000	£'000	£'000
Prepayments and accrued income	6,374	957	5,006	936
Amounts due from investors in collective investment schemes	6,048	-	5,163	-
Other debtors	4,981	750	3,408	508
Amounts owed by SLAC group undertakings	1,854	3,014	6,542	436
Taxation recoverable	1,323	-	181	-
VAT recoverable	426	426	-	-
Amounts owed by subsidiary undertakings	-	6,336	-	8,226
	21,006	11,483	20,300	10,106
Amounts falling due after more than one year:				
Amounts owed by subsidiary undertakings	-	-	-	500
	21,006	11,483	20,300	10,606

Included within 'Amounts owed by SLAC group undertakings' is an amount of £5k (2002 - £1,283k included within 'Amounts owed to SLAC group undertakings') in respect of current and prior years' group relief.

STANDARD LIFE INVESTMENTS LIMITED

NOTES TO THE CONSOLIDATED ACCOUNTS (Continued)

19. DEFERRED TAX

	2003		2002 Restated	
	Consolidated £'000	Company £'000	Consolidated £'000	Company £'000
Undiscounted deferred tax asset	3,776	2,887	2,351	1,663
Discount	(234)	(158)	(138)	(78)
Discounted deferred tax asset	3,542	2,729	2,213	1,585
Opening deferred tax asset	2,213	1,585	1,100	743
Movement in year	1,329	1,144	1,113	842
Closing deferred tax asset	3,542	2,729	2,213	1,585

20. CREDITORS - *Amounts falling due within one year*

	2003		2002 Restated	
	Consolidated £'000	Company £'000	Consolidated £'000	Company £'000
Accruals and deferred income	25,210	21,153	21,338	18,723
Amounts due to investors in collective investment schemes	9,674	-	8,540	-
Other creditors	4,737	908	4,159	554
UK Corporation tax	1,801	1,801	-	-
VAT payable	428	426	42	-
Overseas tax	162	-	123	-
Trade creditors	113	113	63	63
Withholding tax	-	-	201	201
Amounts owed to subsidiary undertakings	-	1,252	-	2,850
	42,125	25,653	34,466	22,391

STANDARD LIFE INVESTMENTS LIMITED

NOTES TO THE CONSOLIDATED ACCOUNTS (Continued)

21. CREDITORS - *Amounts falling due after more than one year*

	2003		2002	
	Consolidated	Company	Consolidated	Company
	£'000	£'000	£'000	£'000
Subordinated loans	15,120	15,000	15,000	15,000
Preference shares issued by subsidiary	5,298	3,354	1,709	-
	20,418	18,354	16,709	15,000

The maturity analysis is as follows:

	2003		2002	
	Consolidated	Company	Consolidated	Company
	£'000	£'000	£'000	£'000
Subordinated loans				
Between one and two years	-	-	-	-
Between two and five years	-	-	-	-
After five years	15,120	15,000	15,000	15,000
	15,120	15,000	15,000	15,000
Preference shares issued by subsidiary				
Between one and two years	-	-	-	-
Between two and five years	5,298	3,354	1,709	-
After five years	-	-	-	-
	5,298	3,354	1,709	-

The Group has two subordinated loans from the parent undertaking under agreements that comply with the Financial Services Authority (FSA) regulations. One loan for £15,000,000 is repayable on 1 November 2013. The remaining loan has no specified repayment date. The repayment of the subordinated loans is subject to the prior written agreement of FSA. The average rate of interest paid on the loans during the year was 3.9% (2002 - 4.2%).

STANDARD LIFE INVESTMENTS LIMITED

NOTES TO THE CONSOLIDATED ACCOUNTS (Continued)

21. CREDITORS - Amounts falling due after more than one year (continued)

A subsidiary undertaking incorporated in Canada has issued 50,000 preference shares to a Trust, "the Trust" for the purposes of facilitating a profit sharing arrangement for certain of its employees. The amounts received on issuance of the preferred shares, CAD \$4,264,579 (£1,943,569) has been classified as debt in the group financial statements. The preferred shares are redeemable by the subsidiary at its option (not exercisable for 5 years from the date of issuance) or in the event of liquidation, dissolution or change of control of the subsidiary. The value at which a preferred share may be redeemed is calculated with reference to the profits of the subsidiary for the preceding calendar year. Annual provision is being made for the premium payable on redemption and is included within the accounts of the Company. The total redemption value of the preferences shares as at 15 November 2003 is CAD\$11,625,000 (£5,298,058). In 2002 the premium payable on redemption of the preferred shares was recorded by the ultimate parent undertaking.

Subsequent to the year end, a group company, 4217993 Canada Inc., has been called upon to purchase the preferred shares from the Trust for a price of CAD\$11,625,000. As noted above, full provision has been made in the accounts of the Company for the premium payable on these preferred shares.

22. PROVISIONS FOR LIABILITIES & CHARGES

Provisions:

	Consolidated £'000	Company £'000
Pensions:		
At 15 November 2002	-	-
Provided during year	725	725
Utilised during year	-	-
At 15 November 2003	<u>725</u>	<u>725</u>

The pension provision represents unfunded retirement benefit arrangements.

23. CALLED UP SHARE CAPITAL

	Authorised			
	2003 No.	£'000	2002 No.	£'000
Ordinary Shares of £1 each	50,000,000	50,000	50,000,000	50,000
Allotted, Called Up and Fully Paid				
	2003 No.	£'000	2002 No.	£'000
Ordinary Shares of £1 each	32,440,000	32,440	16,000,000	16,000

On 4 February 2003, 16,440,000 Ordinary Shares of £1 each were issued, at par, by the Company to the parent undertaking for cash consideration of £16,440,000.

STANDARD LIFE INVESTMENTS LIMITED**NOTES TO THE CONSOLIDATED ACCOUNTS (Continued)****24. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2003		2002 Restated	
	Consolidated £'000	Company £'000	Consolidated £'000	Company £'000
Opening shareholders' funds as previously reported	42,957	46,982	34,993	37,088
Prior year adjustment (note 2)	(735)	(735)	-	-
Opening shareholders' funds restated	42,222	46,247	34,993	37,088
Ordinary share capital issued during the year	16,440	16,440	6,000	6,000
Profit for the year	1,368	1,173	1,606	3,159
Foreign currency translation differences	370	-	(377)	-
Closing shareholders' funds	60,400	63,860	42,222	46,247

During the year the Group changed its policy for fixed asset capitalisation as detailed in note 2. This change in policy has resulted in a consolidated profit for the year of £1.4m (2002 restated - £1.6m). If this accounting policy had not changed the consolidated profit for the year would have been £1.4m (2002 - £2.3m).

25. CASHFLOW STATEMENT

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

26. RELATED PARTY TRANSACTIONS

The Group 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.

27. PARENT UNDERTAKING

Standard Life Investments Limited is a wholly owned subsidiary of The Standard Life Assurance 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 consolidated accounts which comprise the group 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 consolidated 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 Group'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 consolidated 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 consolidated accounts, if the Group 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 consolidated 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 consolidated accounts, and of whether the accounting policies are appropriate to the circumstances of the Group, 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 consolidated 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 consolidated accounts.

Opinion

In our opinion:

- the consolidated accounts give a true and fair view of the state of affairs of the Group as at 15 November 2003 and the result of the Group for the year then ended; and
- the consolidated accounts have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
 Edinburgh, 19 February 2004