

STANDARD LIFE INVESTMENTS
LIMITED

**CONSOLIDATED ACCOUNTS
FOR THE PERIOD ENDED
31 DECEMBER 2004**



REPORT AND ACCOUNTS

STANDARD LIFE INVESTMENTS LIMITED

Directors	:	C A M Buchan, B.Com	(Non-Executive Deputy Chairman)
		C M Clark, MA (Hons) PPE	(Non-Executive)
		A M Crombie, FFA	(Non-Executive)
		D T Cumming, MA	
		P C Hill, BSc MSc Peng	
		J F Hylands, BSc FFA	(Non-Executive)
		W R Littleboy, BA(Hons) MA	
		J D Maxwell, LLB MBA	
		R L Paris, MA(Oxon)	
		N K Skeoch, BA(Hons) MA MSI	(Chief Executive)
		H A Stevenson, BA FSI	(Non-Executive Chairman)
		A P Watt, FRICS	
Secretary	:	V J O'Brien ACII	

STANDARD LIFE INVESTMENTS LIMITED

REPORT BY THE DIRECTORS

The directors submit their Report and Accounts for the period ended 31 December 2004.

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.

Change of Year End and Comparatives

The Group has changed its year end from 15 November to 31 December, and consequently these accounts cover the thirteen and a half month period from 16 November 2003 to 31 December 2004. The comparative figures presented within the accounts are for the year ended 15 November 2003.

Result and dividend

The Group's result for the period ended 31 December 2004 is a profit of £12.8million (2003 - profit of £1.4million). The directors consider the results to be satisfactory.

The directors do not recommend the payment of a dividend for the period (2003 - £nil). The profit for the period has been taken to reserves.

Principal activities and business review

The principal activity of the Standard Life Investments group of companies ("the Group") is to provide investment management services.

Strategic Review

On 13 January 2004 the parent undertaking, Standard Life Assurance Company, announced that it was conducting a strategic review of its business. On 31 March 2004 the parent undertaking announced that, in principle, demutualisation would be in the best interests of the Standard Life Group and its policyholders and that it was envisaged that a proposal for demutualisation would be put to members by the 2006 Annual General Meeting.

Directors and their interests

The names of the current directors of the Company are shown on page 1.

D T Cumming, J D Maxwell and R L Paris were appointed as directors on 21 June 2004.

C M Clark was appointed as a director on 22 November 2004.

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.

STANDARD LIFE INVESTMENTS LIMITED

REPORT BY THE DIRECTORS (Continued)

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 ("SLAC"). 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.

Risks

The main risks arising from the Group's activities are market risk, liquidity 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, but it is exposed to foreign currency risk as a result of certain of its subsidiary undertakings and its joint venture investment having functional currencies other than Pounds Sterling; it is also exposed to interest rate risk through its capital investments and through its subordinated loan with the parent undertaking. In addition, the Group's revenues are exposed to equity market risk as they are primarily derived from the market value of assets under management.

Liquidity risk: The Group maintains a policy of ensuring funds are available at all times to meet the Group's financial obligations as they fall due. The Group ensures it can meet its financial obligations by maintaining a suitable level of liquid assets.

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.

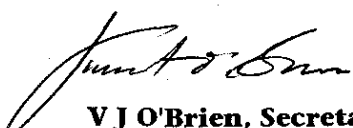
Supplier payment policy

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, Chartered Accountants, are willing to continue in office.

On behalf of the Board of Directors



V J O'Brien, Secretary

Edinburgh, 28 February 2005

STANDARD LIFE INVESTMENTS LIMITED**DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare accounts for each financial period 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 the Company and of the results 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 appropriate judgements and estimates, have been used in the preparation of the accounts of the Group and the Company for the period ended 31 December 2004. 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 period ended 31 December 2004**

	Note	16 Nov 03 - 31 Dec 04 £'000	16 Nov 02 - 15 Nov 03 £'000
Turnover	2	168,556	128,139
Less share of turnover of joint venture		(6,808)	(3,901)
Group turnover		<u>161,748</u>	<u>124,238</u>
Administrative expenses	4	(146,272)	(128,188)
Group Operating Profit/(Loss)		<u>15,476</u>	<u>(3,950)</u>
Share of operating profit of joint venture	5	2,184	1,791
Profit on sale of intangible fixed assets of continuing operations	23	-	9,438
Profit on ordinary activities before finance charges		<u>17,660</u>	<u>7,279</u>
Net interest receivable			
Group	8	2,508	1,118
Joint venture	8	2	6
Other finance charges	8	-	(3,555)
Profit on ordinary activities before taxation		<u>20,170</u>	<u>4,848</u>
Tax on profit on ordinary activities	9	(7,334)	(3,480)
Profit for the financial period		<u>12,836</u>	<u>1,368</u>

The profit for the period relates wholly to continuing activities.

STANDARD LIFE INVESTMENTS LIMITED**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the period ended 31 December 2004**

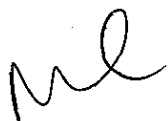
	16 Nov 03 - 31 Dec 04 £'000	16 Nov 02 - 15 Nov 03 £'000
Profit attributable to ordinary shareholders	12,836	1,368
Currency translation difference on net investments	(298)	370
Total recognised gains and losses relating to the period	<u>12,538</u>	<u>1,738</u>

STANDARD LIFE INVESTMENTS LIMITED

CONSOLIDATED BALANCE SHEET as at 31 December 2004

	Note	31 Dec 04 £'000	15 Nov 03 £'000
FIXED ASSETS			
Investment in joint venture:	11		
Goodwill		12,673	8,990
Share of gross assets		9,628	13,662
Share of gross liabilities		(2,799)	(1,571)
		<u>19,502</u>	<u>21,081</u>
Tangible assets	12	276	538
Investments	13	<u>3</u>	<u>156</u>
		19,781	21,775
CURRENT ASSETS			
Investments	14	27,171	19,014
Debtors	15	15,808	21,006
Deferred tax	16	3,142	3,542
Cash at bank and in hand		<u>70,184</u>	<u>58,331</u>
		116,305	101,893
CURRENT LIABILITIES			
Creditors - <i>Amounts falling due within one year</i>	17	(47,247)	(42,125)
NET CURRENT ASSETS			
		69,057	59,768
TOTAL ASSETS LESS CURRENT LIABILITIES			
		88,839	81,543
CREDITORS - Amounts falling due after more than one year			
	18	(15,000)	(20,418)
PROVISION FOR LIABILITIES & CHARGES	19	<u>(901)</u>	<u>(725)</u>
		72,938	60,400
CAPITAL AND RESERVES			
Called up share capital	20	32,440	32,440
Profit and loss account		40,498	27,960
TOTAL SHAREHOLDER'S FUNDS	21	<u>72,938</u>	<u>60,400</u>

The consolidated accounts on pages 5 to 22 were approved by the Board of Directors on 28 February 2005 and were signed on its behalf by:



N K Skeoch, Chief Executive

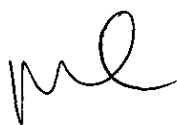
Edinburgh, 28 February 2005

STANDARD LIFE INVESTMENTS LIMITED

COMPANY BALANCE SHEET as at 31 December 2004

	Note	31 Dec 04 £'000	15 Nov 03 £'000
FIXED ASSETS			
Investment in subsidiary undertakings	10	24,830	23,618
Investment in joint venture	11	18,255	19,988
Tangible assets	12	-	-
Investments	13	-	156
		43,085	43,762
CURRENT ASSETS			
Investments	14	20,223	10,189
Debtors	15	11,386	11,483
Deferred tax	16	1,875	2,729
Cash at bank and in hand		47,351	40,429
		80,835	64,830
CURRENT LIABILITIES			
Creditors - <i>Amounts falling due within one year</i>	17	(36,708)	(25,653)
NET CURRENT ASSETS			
		44,127	39,177
TOTAL ASSETS LESS CURRENT LIABILITIES			
		87,212	82,939
CREDITORS - Amounts falling due after more than one year			
	18	(15,000)	(18,354)
PROVISION FOR LIABILITIES & CHARGES			
	19	(901)	(725)
		71,311	63,860
CAPITAL AND RESERVES			
Called up share capital	20	32,440	32,440
Profit and loss account		38,871	31,420
TOTAL SHAREHOLDER'S FUNDS			
	21	71,311	63,860

The accounts on pages 5 to 22 were approved by the Board of Directors on 28 February 2005 and were signed on its behalf by:



N K Skeoch, Chief Executive

Edinburgh, 28 February 2005

STANDARD LIFE INVESTMENTS LIMITED

NOTES TO THE CONSOLIDATED ACCOUNTS

1. ACCOUNTING POLICIES

(a) Accounting convention

The accounts are prepared in accordance with applicable UK accounting standards and under the historical cost convention, as modified to include the valuation of current asset investments at current cost, listed investments at market prices and stocks of shares and units at net realisable value.

(b) Basis of consolidation

The group accounts consolidate the accounts of Standard Life Investments Limited, 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) 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.

(e) Goodwill

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

(f) 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.

(g) Investments

Listed investments are valued at market prices. The stocks of shares and units held by the management companies for the purpose of OEIC and unit trust management 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. Deposits with credit institutions not repayable on demand are valued at cost plus accrued interest.

(h) 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 period end in order to reflect the time value of money.

(i) 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.

(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 and 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.

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 long-term incentive schemes are accrued based upon the terms of each scheme. The liabilities are determined on the basis of a range of criteria. Management estimate the liability each period end 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. TURNOVER

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

	16 Nov 03 - 31 Dec 04 £'000	16 Nov 02 - 15 Nov 03 £'000
Fund management income	156,173	119,863
Profit on unit and share dealing	400	626
Registrar's fees	222	194
Distributions from collective investments	2,192	3,362
Other	2,761	193
	<u>161,748</u>	<u>124,238</u>
Joint venture	6,808	3,901
	<u>168,556</u>	<u>128,139</u>

3. SEGMENTAL REPORTING

	2004			
	UK £'000	Canada £'000	Other £'000	Total £'000
Turnover:				
SLAC group undertakings	94,945	7,396	-	102,341
Third party	56,125	2,836	446	59,407
Group	151,070	10,232	446	161,748
Joint venture	-	-	6,808	6,808
Total turnover	151,070	10,232	7,254	168,556
Group profit/(loss) before tax	27,862	(507)	(8,439)	18,916
Share of joint venture profit before tax	-	-	1,254	1,254
Total profit before tax	27,862	(507)	(7,185)	20,170
Group net assets	66,138	4,344	1,209	71,691
Share of joint venture net assets	-	-	1,247	1,247
Total net assets	66,138	4,344	2,456	72,938

STANDARD LIFE INVESTMENTS LIMITED

NOTES TO THE CONSOLIDATED ACCOUNTS (Continued)

3. SEGMENTAL REPORTING (Continued)

	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	(1,023)	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

4. ADMINISTRATIVE EXPENSES

Administrative expenses include:

	16 Nov 03 - 31 Dec 04		16 Nov 02 - 15 Nov 03	
	Consolidated £'000	Company £'000	Consolidated £'000	Company £'000
auditors				
- audit fees	99	16	69	16
- other non-audit fees	173	90	132	104
Depreciation	446	-	531	-
Exchange differences	133	103	(107)	176

The average number of persons (excluding non-executive directors) employed by the Group during the period was 696 (2003 - 728).

	16 Nov 03 - 31 Dec 04	16 Nov 02 - 15 Nov 03
	£'000	£'000
Salaries and bonuses	65,738	56,337
Social security costs	3,800	3,534
Pension costs	5,216	5,161
TOTAL	74,754	65,032

STANDARD LIFE INVESTMENTS LIMITED**NOTES TO THE CONSOLIDATED ACCOUNTS (Continued)****5. SHARE OF OPERATING PROFIT OF JOINT VENTURE**

	16 Nov 03 - 31 Dec 04 £'000	16 Nov 02 - 15 Nov 03 £'000
Continuing operations	3,220	2,151
Amortisation of goodwill	(1,036)	(360)
TOTAL	2,184	1,791

6. DIRECTORS' REMUNERATION

	16 Nov 03 - 31 Dec 04 £'000	16 Nov 02 - 15 Nov 03 £'000
Aggregate emoluments	2,639	2,892
Amounts receivable under long-term incentive schemes	981	898

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

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

The highest paid director of the Company received aggregate remuneration during the period of £1,124k (2003 - £967k). At 31 December 2004, the highest paid director also held accrued pension benefits of £10k (2003 - £133k) under the defined benefit pension scheme operated by the parent undertaking and £14k (2003 - £nil) under an unfunded pension arrangement with the parent undertaking.

7. 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 31 December 2005. As employees of Standard Life Investments' Group 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 Standard Life 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 parent undertaking.

STANDARD LIFE INVESTMENTS LIMITED

NOTES TO THE CONSOLIDATED ACCOUNTS (Continued)

8. NET INTEREST AND OTHER CHARGES

	16 Nov 03 - 31 Dec 04 £'000	16 Nov 02 - 15 Nov 03 £'000
Interest receivable and other income	3,461	1,779
Interest payable to group undertakings	(785)	(587)
Other interest payable and similar charges	(168)	(74)
Net group interest receivable	2,508	1,118
Share of joint venture net interest receivable and other income	2	6
Dividends on preference shares issued by subsidiary	-	(201)
Increase in value of redemption premium on preference shares issued by subsidiary	-	(3,354)
Other finance charges	-	(3,555)

9. TAXATION

	16 Nov 03 - 31 Dec 04 £'000	16 Nov 02 - 15 Nov 03 £'000
Current tax:		
Corporation tax	(2,085)	(2,801)
Double taxation relief	430	-
Group relief	(4,325)	5
Prior year adjustment	1,296	-
Overseas taxation	(1,149)	(1,273)
Share of joint venture tax payable	(1,101)	(740)
Current tax charge (see below)	(6,934)	(4,809)
Deferred tax:		
Origination and reversal of timing differences	(433)	1,425
Movement in discount	33	(96)
Tax on profit on ordinary activities	(7,334)	(3,480)

STANDARD LIFE INVESTMENTS LIMITED**NOTES TO THE CONSOLIDATED ACCOUNTS (Continued)****9. TAXATION (Continued)**

A reconciliation of the 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:

	16 Nov 03 - 31 Dec 04 £'000	16 Nov 02 - 15 Nov 03 £'000
Profit on ordinary activities before tax	20,170	4,848
Profit on ordinary activities multiplied by the UK standard rate of corporation tax 30%	(6,051)	(1,454)
Effects of:		
Expenses not deductible	(1,690)	(2,132)
Double tax relief	430	-
Future revenues not yet recognised	-	(1,125)
Prior year tax adjustments	1,296	-
Other	(208)	-
Effect of accounting prior year adjustment	-	311
Income not taxable	919	5
Group income - dividend from joint venture	(150)	(159)
Higher tax rates in overseas subsidiaries	(1,613)	(411)
Capital allowances	133	156
Current tax charge	<u>(6,934)</u>	<u>(4,809)</u>

10. INVESTMENT IN SUBSIDIARY UNDERTAKINGS

	Company £'000
Cost less amounts written down at 15 November 2003	23,618
Additional investment during period	14,018
Disposals during period	(8)
Preference Shares redeemed during the period	(11,298)
Amount written down during period	(1,500)
Cost less amounts written down at 31 December 2004	<u>24,830</u>

STANDARD LIFE INVESTMENTS LIMITED

NOTES TO THE CONSOLIDATED ACCOUNTS (Continued)

10. INVESTMENT IN SUBSIDIARY UNDERTAKINGS (Continued)

The following are particulars of the Company's subsidiary undertakings, all of which have a year end of 31 December:

Name	Country of Registration/ Incorporation	Share Class	% owned	Nature of business
Standard Life Investments (Mutual Funds) Limited	Scotland	Ordinary & Redeemable Preference	100	Collective Investment Products and ISA/PEP Management
SLTM Limited	Scotland	Ordinary	100	Unit Trust Management
Standard Life Investments (Corporate Funds) Limited	Scotland	Ordinary	100	Investment Management
Standard Life Investments (General Partner) Limited	Scotland	Ordinary	100	General Partner for Private Equity Fund
Standard Life Investments (General Partner II) Limited	Scotland	Ordinary	100	General Partner for Private Equity Fund
Standard Life Investments (General Partner USA) Limited	Scotland	Ordinary	100	General Partner for Private Equity Fund
Standard Life Investments (General Partner ESP 2004) Limited	Scotland	Ordinary	100	General Partner for Private Equity Fund
Standard Life Investments (General Partner A9) Limited	Scotland	Ordinary	100	General Partner for Private Equity Fund
Standard Life Investments (General Partner Edcastle) Limited	Scotland	Ordinary	100	General Partner for Private Equity Fund
Standard Life Investments (Private Equity) Limited	Scotland	Ordinary & Redeemable Preference	100	Investment Management
Standard Life Investments Inc.	Canada	Common	100	Investment Management
4217993 Canada Inc.	Canada	Common & Redeemable Preference	100	Holding Company
Standard Life Investments (Asia) Limited	Scotland	Ordinary	100	Investment Management
Standard Life Investments (USA) Limited	Scotland	Ordinary & Redeemable Preference	100	Investment Management
Standard Life Investments (Hong Kong) Limited	Hong Kong	Ordinary	100	Investment Management
Standard Life Investments (General Partner EPGF) Limited	Scotland	Ordinary	100	General Partner for European Property Growth Fund
Castlepoint (General Partner) Limited	England	Ordinary	75	General Partner for Castlepoint Limited Partnership

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

During the period the Company established the following wholly owned subsidiaries: Standard Life Investments (General Partner ESP 2004) Limited, Standard Life Investments (General Partner USA) Limited, Standard Life Investments (General Partner A9) Limited, Standard Life Investments (General Partner Edcastle) Limited and Standard Life Investments (Hong Kong) Limited.

During the period the Company acquired an additional 25% holding in Castlepoint (General Partner) Limited, for cash consideration of £Nil.

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 was 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 was established with the sole purpose of purchasing the preferred shares of a fellow subsidiary, Standard Life Investments Inc., that were held by a Trust. On 26 January 2004, the preference shares issued by 4217993 Canada Inc. were redeemed at par for cash consideration of CAD\$11,625,000.

On 28 January 2004, the Company restructured the issued share capital of Standard Life Investments (Asia) Limited ("SLI (Asia)") to replace all of the issued redeemable preference shares with ordinary shares. On 24 May 2004 the Company purchased a further 1,500,000 ordinary shares of £1 each in SLI(Asia) for cash consideration of £1,500,000.

On 8 October 2004, Standard Life Investments (Mauritius Fund Management) Limited was wound up.

11. 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% (2003 – 49.9%) interest in the equity share capital and a 49.9% (2003 – 49.9%) 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 these accounts incorporate the result for the year from 1 October 2003 to 30 September 2004. The accounts incorporated include 6 months of audited accounts to 31 March 2004 and 6 months of the unaudited management accounts from 1 April 2004 to 30 September 2004.

	31 Dec 04		15 Nov 03	
	Consolidated	Company	Consolidated	Company
	£'000	£'000	£'000	£'000
Cost	-	19,988	-	19,988
Proceeds from redemption of preference shares	-	(1,494)	-	-
Exchange difference on preference shares	-	(239)	-	-
Share of net assets	6,829	-	12,091	-
Unamortised goodwill	12,673	-	8,990	-
	<u>19,502</u>	<u>18,255</u>	<u>21,081</u>	<u>19,988</u>

STANDARD LIFE INVESTMENTS LIMITED

NOTES TO THE CONSOLIDATED ACCOUNTS (Continued)

11. INVESTMENT IN JOINT VENTURE (Continued)

On 19 June 2003 HDFC AMC acquired 100% of the share capital of Zurich Asset Management Company (India) Private Limited and Zurich Finance (Mauritius) Limited. The entire purchase consideration for these two companies was classified as a fixed asset investment in the unaudited accounts of HDFC AMC to 30 September 2003 which were incorporated into the consolidated results of the Group for the year ended 15 November 2003. On 4 March 2004 the High Court of Mumbai granted approval of a scheme of amalgamation whereby the gross assets and liabilities of the acquired companies were transferred to and vested in HDFC AMC and were adjusted against the purchase consideration.

As part of the scheme of amalgamation, consent was also given to HDFC AMC to reduce its share premium account by the amount of goodwill created on acquisition of the two investments. This change to the accounting treatment has the effect of reducing the net assets of the joint venture and has necessitated a reallocation of the Group's investment between goodwill and net assets. The scheme of amalgamation has therefore resulted in a change in the method of accounting for the acquisition, within the accounts of HDFC AMC, from that reported in the consolidated accounts of the Group for the year ended 15 November 2003. Because this change in accounting arose as a result of new information received during the current reporting period, the effect of this change is recognised within the current period with no restatement of comparative figures.

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

	31 Dec 04 £'000	15 Nov 03 £'000
Turnover	6,808	3,901
Profit before tax	3,222	2,157
Taxation	(1,101)	(740)
Profit after tax	2,121	1,417
Fixed assets	6,796	11,729
Current assets	2,832	1,933
Current liabilities	(2,799)	(1,571)
Net Assets	6,829	12,091

12. TANGIBLE FIXED ASSETS

CONSOLIDATED	Computers £'000	Furniture & Equipment £'000	Leasehold Improvements £'000	Total £'000
Cost:				
Beginning of period	518	981	298	1,797
Exchange differences	(12)	(21)	-	(33)
Additions	37	151	-	188
End of period	543	1,111	298	1,952

STANDARD LIFE INVESTMENTS LIMITED

NOTES TO THE CONSOLIDATED ACCOUNTS (Continued)

12. TANGIBLE FIXED ASSETS (Continued)

CONSOLIDATED	Computers £'000	Furniture & Equipment £'000	Leasehold Improvements £'000	Total £'000
Accumulated Depreciation:				
Beginning of period	(380)	(705)	(174)	(1,259)
Exchange differences	10	19	-	29
Depreciation for the period	(108)	(247)	(91)	(446)
End of period	(478)	(933)	(265)	(1,676)
Net Book Value:				
At 31 December 2004	65	178	33	276
At 15 November 2003	138	276	124	538

The Company has no tangible fixed assets (2003 - £Nil).

13. FIXED ASSET INVESTMENTS

UNLISTED	Consolidated £'000	Company £'000
Cost:		
Beginning of period	578	302
Additions	3	-
Disposals	(276)	-
End of period	305	302
Provision for impairment:		
Beginning of period	(422)	(146)
Increase in provision	(156)	(156)
Disposals	276	-
End of period	(302)	(302)
Net Book Value:		
At 31 December 2004	3	-
At 15 November 2003	156	156

The Group has no listed fixed asset investments (2003 - £nil).

14. CURRENT ASSET INVESTMENTS

Current asset investments are comprised of the following:

	31 Dec 04		15 Nov 03	
	Consolidated £'000	Company £'000	Consolidated £'000	Company £'000
Unlisted investments	25,196	20,223	17,150	10,189
Listed investments	1,975	-	1,864	-
	27,171	20,223	19,014	10,189

Listed investments comprise stocks of shares and units held for the purposes of OEIC and unit trust management. Unlisted investments comprise deposits with credit institutions, segregated fund and mutual fund holdings and an investment in North American Strategic Partners GP Limited Partnership.

STANDARD LIFE INVESTMENTS LIMITED**NOTES TO THE CONSOLIDATED ACCOUNTS (Continued)****15. DEBTORS**

	31 Dec 04		15 Nov 03	
	Consolidated	Company	Consolidated	Company
	£'000	£'000	£'000	£'000
Prepayments and accrued	8,462	2,018	6,374	957
Amounts due from investors in collective investment schemes	5,722	-	6,048	-
Other debtors	1,255	728	4,981	750
Net amounts due from SLAC group undertakings	-	1,994	1,854	3,014
Taxation recoverable	369	-	1,323	-
VAT recoverable	-	-	426	426
Amounts due from subsidiary undertakings	-	6,646	-	6,336
	15,808	11,386	21,006	11,483

Included within 'Net amounts due from SLAC group undertakings' is an amount of £Nil in respect of current period consolidated group relief (2003 - £5k) and £Nil in respect of current period Company group relief (2003 - £Nil).

16. DEFERRED TAX ASSET

	31 Dec 04		15 Nov 03	
	Consolidated	Company	Consolidated	Company
	£'000	£'000	£'000	£'000
Undiscounted deferred tax asset	3,343	1,999	3,776	2,887
Discount	(201)	(124)	(234)	(158)
Discounted deferred tax asset	3,142	1,875	3,542	2,729
Opening deferred tax asset	3,542	2,729	2,213	1,585
Movement in period	(400)	(854)	1,329	1,144
Closing deferred tax asset	3,142	1,875	3,542	2,729

The directors fully expect that there will be taxable profits within the Group in future periods against which the deferred tax asset can be recovered.

STANDARD LIFE INVESTMENTS LIMITED**NOTES TO THE CONSOLIDATED ACCOUNTS (Continued)****17. CREDITORS - Amounts falling due within one year**

	31 Dec 04		15 Nov 03	
	Consolidated	Company	Consolidated	Company
	£'000	£'000	£'000	£'000
Accruals and deferred income	(38,222)	(32,784)	(25,210)	(21,153)
Amounts due to investors in collective investment schemes	(4,556)	-	(9,674)	-
Other creditors	(2,737)	(365)	(4,850)	(1,021)
Net amounts due to SLAC group undertakings	(682)	-	-	-
UK Corporation tax	(655)	(655)	(1,801)	(1,801)
Bank overdrafts	(395)	(395)	-	-
Amounts due to subsidiary undertakings	-	(2,509)	-	(1,252)
VAT payable	-	-	(428)	(426)
Overseas tax	-	-	(162)	-
	(47,247)	(36,708)	(42,125)	(25,653)

Included within 'Net amounts due to SLAC group undertakings' is an amount of £5,793k in respect of current period consolidated group relief (2003 - £Nil) and £2,822k in respect of current period Company group relief (2003 - £170k).

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

	31 Dec 04		15 Nov 03	
	Consolidated	Company	Consolidated	Company
	£'000	£'000	£'000	£'000
Subordinated loans	(15,000)	(15,000)	(15,120)	(15,000)
Preference shares issued by subsidiary undertaking	-	-	(5,298)	(3,354)
	(15,000)	(15,000)	(20,418)	(18,354)

The maturity analysis is as follows:

	31 Dec 04		15 Nov 03	
	Consolidated	Company	Consolidated	Company
	£'000	£'000	£'000	£'000
Subordinated loans				
After five years	(15,000)	(15,000)	(15,120)	(15,000)
	(15,000)	(15,000)	(15,120)	(15,000)
Preference shares issued by subsidiary				
Between two and five years	-	-	(5,298)	(3,354)
	-	-	(5,298)	(3,354)

STANDARD LIFE INVESTMENTS LIMITED**NOTES TO THE CONSOLIDATED ACCOUNTS (Continued)****18. CREDITORS - Amounts falling due after more than one year (Continued)**

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. The subordinated loan of £120,000 held by that subsidiary was transferred as part of the sale.

The Group has a subordinated loan from the parent undertaking under an agreement that complies with the Financial Services Authority (FSA) regulations. The loan is repayable on 1 November 2013. The repayment of the subordinated loan is subject to the prior written agreement of FSA.

The average rate of interest paid on the loans during the period was 4.69% (2003 – 3.9%).

A subsidiary undertaking incorporated in Canada had issued 50,000 preference shares for the purposes of facilitating a profit sharing arrangement for certain of its employees. The total redemption value of the preferences shares as at 15 November 2003 was CAD\$11,625,000 (£5,298,058). On 20 January 2004 the subsidiary redeemed the preference shares for cash consideration of CAD\$11,625,000.

19. PROVISIONS FOR LIABILITIES AND CHARGES**Provisions:**

	Consolidated £'000	Company £'000
Pensions:		
At 15 November 2003	(725)	(725)
Provided during period	(176)	(176)
At 31 December 2004	<u>(901)</u>	<u>(901)</u>

The pension provision represents unfunded retirement benefit arrangements.

20. CALLED UP SHARE CAPITAL

	Authorised			
	31 Dec 04		15 Nov 03	
	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			
	31 Dec 04		15 Nov 03	
	No.	£'000	No.	£'000
Ordinary Shares of £1 each	32,440,000	32,440	32,440,000	32,440

21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	16 Nov 03 - 31 Dec 04		16 Nov 02 - 15 Nov 03	
	Consolidated £'000	Company £'000	Consolidated £'000	Company £'000
Opening shareholder's funds	60,400	63,860	42,222	46,247
Ordinary share capital issued during the period	-	-	16,440	16,440
Result for the period	12,836	7,451	1,368	1,173
Foreign currency translation	(298)	-	370	-
Closing shareholder's funds	<u>72,938</u>	<u>71,311</u>	<u>60,400</u>	<u>63,860</u>

STANDARD LIFE INVESTMENTS LIMITED**NOTES TO THE CONSOLIDATED ACCOUNTS (Continued)****22. FINANCIAL INSTRUMENTS**

The net foreign currency monetary assets or liabilities (including short-term debtors and creditors) held at the balance sheet date which could potentially give rise to exchange gains or losses in the Profit and Loss Account during the next financial year are as follows:

	Cad \$	HK \$	US \$	Indian Rupees	Total
	£'000	£'000	£'000	£'000	£'000
At 31 December 2004	4,227	(927)	54	46	3,400
At 15 November 2003	8,452	(474)	19	662	8,659

23. 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 ended 15 November 2003 was £2.9m.

24. CASHFLOW STATEMENT

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

25. COMPANY PROFIT AND LOSS ACCOUNT

As permitted by Section 230 of the Companies Act 1985, a Company profit and loss account has not been provided.

26. RELATED PARTY TRANSACTIONS

The Company and Group have taken advantage of the exemption 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 accounts which comprise the Consolidated Profit and Loss Account, Consolidated Statement of Total Recognised Gains and Losses, Consolidated Balance Sheet and Company Balance Sheet and the notes to the accounts.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the 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 accounts 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 report by the directors 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 and the Group as at 31 December 2004 and the profit of the Group for the period then ended; and
- the accounts have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Edinburgh, 28 February 2005