



STANDARD LIFE INVESTMENTS

STANDARD LIFE INVESTMENTS
(CORPORATE FUNDS) LIMITED

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



REPORT AND ACCOUNTS**STANDARD LIFE INVESTMENTS (CORPORATE FUNDS) LIMITED**

Directors : A M Crombie, FFA (Chairman)

A C Burton, ACII

W R Littleboy, BA(Hons) MA

N R Parnaby, MA MSI

N K Skeoch, BA (Hons) MA MSI

A P Watt, FRICS

Secretary : P A Stubbs, FFA MSI

STANDARD LIFE INVESTMENTS (CORPORATE FUNDS) 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 loss for the year ended 15 November 2002 of £170 (2001 – profit of £14,023).

The directors do not recommend the payment of a dividend for the year. The loss for the year has been set against reserves.

Principal activities and business review

The principal activity of the Company is to act as an investment fund manager.

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

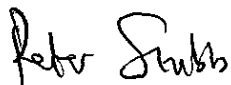
The names of the current directors of the Company are shown on page 1. Mr W R Littleboy was appointed as a director of the Company on 24 June 2002.

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 Standard Life Investments Limited.

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 (CORPORATE FUNDS) 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 (CORPORATE FUNDS) LIMITED**PROFIT AND LOSS ACCOUNT****for the year ended 15 November 2002**

	Note	2002 £	2001 £
Turnover	2	1,012,986	255,799
Administrative expenses	3	(1,042,866)	(268,619)
Operating loss		(29,880)	(12,820)
Interest receivable and similar income		29,637	32,853
(Loss)/profit on ordinary activities before taxation		(243)	20,033
Tax on (loss)/profit on ordinary activities	6	73	(6,010)
(Loss)/profit on ordinary activities after taxation		(170)	14,023
Balance brought forward		101,330	87,307
Balance carried forward		101,160	101,330

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

The result for the year relates wholly to continuing activities.

STANDARD LIFE INVESTMENTS (CORPORATE FUNDS) LIMITED

BALANCE SHEET

as at 15 November 2002

	Note	2002 £	2001 £
CURRENT ASSETS			
Debtors	7	173,861	77,822
Cash at bank and in hand		1,110,644	495,027
		<u>1,284,505</u>	<u>572,849</u>
CURRENT LIABILITIES			
Creditors - <i>Amounts falling due within one year</i>	8	(283,345)	(71,519)
NET CURRENT ASSETS		<u>1,001,160</u>	<u>501,330</u>
CAPITAL AND RESERVES			
Called up share capital	9	900,000	400,000
Profit and loss account		101,160	101,330
TOTAL SHAREHOLDER'S FUNDS	10	<u>1,001,160</u>	<u>501,330</u>

On behalf of the Board of Directors



A M Crombie Chairman

Edinburgh, 24 February 2003

STANDARD LIFE INVESTMENTS (CORPORATE FUNDS) LIMITED

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

(a) Accounting convention

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

(b) Foreign currencies

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

2. TURNOVER

Turnover, which is stated net of VAT, consists of management remuneration derived from the funds under management.

3. ADMINISTRATIVE EXPENSES

The Company has no employees (2001 - nil) and is managed by the parent undertaking. Expenses met by the parent and ultimate parent undertakings are recovered from the Company through administrative and management charges.

4. AUDITORS' REMUNERATION

Auditors' remuneration amounting to £2,500 (2001 - £1,000) is payable by the parent undertaking and recovered in the management charge. Auditors' remuneration in respect of non-audit services during the year amounted to £1,625 (2001 - £1,500).

5. DIRECTORS' REMUNERATION

No amounts are payable to the directors in respect of their services to the Company.

6. TAXATION

	2002 £	2001 £
Current tax:		
Group relief in respect of current year	73	(6,010)

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

(Loss)/profit on ordinary activities before tax	(243)	20,033
(Loss)/profit on ordinary activities multiplied by UK standard rate of corporation tax (30%)	73	(6,010)

There are no deferred tax assets or liabilities.

STANDARD LIFE INVESTMENTS (CORPORATE FUNDS) LIMITED

NOTES TO THE ACCOUNTS (Continued)

7. DEBTORS

	2002 £	2001 £
Amounts due from group undertakings	125,819	33,712
Accrued income	48,042	44,110
	<u>173,861</u>	<u>77,822</u>

Included within the amounts due from group undertakings is an amount of £73 in respect of current year group relief (2001 –group relief owed to group undertaking, £6,010).

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

	2002 £	2001 £
Amounts owed to group undertakings	157,740	67,370
Other creditors	121,626	-
Accruals and deferred income	3,979	4,149
	<u>283,345</u>	<u>71,519</u>

9. CALLED UP SHARE CAPITAL

	Authorised 2002 & 2001		Allotted, Called Up and Fully Paid			
	No.	£'000	No.	£'000	No.	£'000
Ordinary Shares of £1 each	<u>1,000,000</u>	<u>1,000</u>	<u>900,000</u>	<u>900</u>	<u>400,000</u>	<u>400</u>

On 13 May 2002, 500,000 ordinary shares of £1 each were issued at par to the parent undertaking for cash consideration of £500,000.

10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2002 £	2001 £
Opening shareholder's funds	501,330	487,307
Share capital issued during the year	500,000	-
(Loss)/profit for the year	(170)	14,023
Closing shareholder's funds	<u>1,001,160</u>	<u>501,330</u>

11. CASHFLOW STATEMENT

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

STANDARD LIFE INVESTMENTS (CORPORATE FUNDS) LIMITED**NOTES TO THE ACCOUNTS (Continued)****12. 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.

13. PARENT UNDERTAKINGS

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

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

STANDARD LIFE INVESTMENTS (CORPORATE FUNDS) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STANDARD LIFE INVESTMENTS (CORPORATE FUNDS) LIMITED

We have audited the accounts which comprise the profit and loss account and balance sheet 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

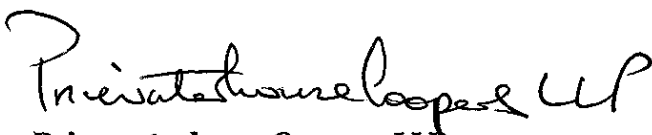
We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the circumstances of the Company, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion:

- the accounts give a true and fair view of the state of affairs of the Company as at 15 November 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