

**BRITANNIC INVESTMENT MANAGERS LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2001**

**COMPANY REGISTRATION NUMBER 101825**

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**BRITANNIC INVESTMENT MANAGERS LIMITED  
REPORT BY THE DIRECTORS  
FOR THE YEAR ENDED 31 DECEMBER 2001**

**PRINCIPAL ACTIVITY AND BUSINESS REVIEW**

The principal activity of the Company is the provision of investment management services and investment advice.

Despite the difficult market conditions which existed pre and particularly post the tragic events of 11 September 2001, the Directors are satisfied with the performance of the business during the year.

**FINANCIAL STATEMENTS**

The audited financial statements together with relevant notes and report of the auditors are shown on pages 4 to 18.

The profit for the year, after taxation, was £13,507,000 (2000 - £14,217,000) and the funds under management amounted to £17,498m at 31 December 2001 (31 December 2000 - £19,197m).

No interim dividends were paid during the year (2000 - £Nil). The Directors recommend the payment of a final dividend of £7,048,000 (2000 - £7,942,000). There is a surplus of £19,945,000 (2000 - surplus £13,486,000) carried forward in reserves.

**SIGNIFICANT EVENTS**

On 3 December 2001, the company acquired the general partnership interest in Blairlogie Capital Management, a limited liability partnership through its subsidiary Britannic GP Limited.

L McIntosh took over as Chief Executive Officer from D O'Neil on 1 July 2001.

**DIRECTORS AND THEIR INTERESTS**

Directors :	H Cottam	FCA - Chairman
	L McIntosh	MSI - Chief Executive Officer (from 1 July 2001)
	P Reid	MA AIIMR - Chief Investment Officer
	D O'Neil	BSc FFA, Chief Executive Officer (until 30 June 2001)
	B Quinn	CBE
	Andrew Dewar-Durie	CBE (Appointed 14 February 2001)
	R Fortin	(Appointed 23 January 2001)
	Sir G H Laird	CBE (Resigned 14 February 2001)
	F Ghiloni	BSc FFA (Appointed 16 May 2001)
	I C Adam	CA (Resigned 14 March 2001)
	D Ferrans	BSc FFA (Resigned 31 May 2001)

**BRITANNIC INVESTMENT MANAGERS LIMITED  
REPORT BY THE DIRECTORS  
FOR THE YEAR ENDED 31 DECEMBER 2001 (CONT'D)**

**DIRECTORS AND THEIR INTERESTS (CONT'D)**

H Cottam and R Fortin are Directors of Britannic plc, and details of their interests are disclosed in the accounts of Britannic plc. No other Director held any beneficial interest in the share capital of the Company or any group Company.


**FUTURE DEVELOPMENTS**

The Company is pursuing expansion through both development and acquisition and is actively seeking further segregated funds to manage.

**AUDITORS**

A resolution for the reappointment of KPMG Audit Plc as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

**BY ORDER OF THE BOARD**

  
**D A WAGNER**  
Secretary

12 February 2001

Registered Office :  
Britannic Court  
50 Bothwell Street  
Glasgow G2 6HR

## **BRITANNIC INVESTMENT MANAGERS LIMITED CORPORATE GOVERNANCE**

The Company strives to comply as far as possible, given its position as a subsidiary, with corporate governance best practice. Following a group wide review of the Corporate Governance structure, a full committee structure in accordance with Combined Code requirements was adopted by the Company in May 2000 and is now in operation. In keeping with governance best practice an annual review is carried out by the Corporate Governance Audit and Compliance Review Committee.

A detailed risk management framework in line with Turnbull Guidance is in place and operates effectively.

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to :-

- select suitable accounting policies and then apply them consistently ;
- make judgements and estimates that are reasonable and prudent ;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements ;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for ensuring appropriate accounting records are kept which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
BRITANNIC INVESTMENT MANAGERS LIMITED  
FOR THE YEAR ENDED 31 DECEMBER 2001**

We have audited the financial statements on pages 5 to 18.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are 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 financial statements, 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 with the company is not disclosed.

**BASIS OF AUDIT OPINION**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, 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 financial statements 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 financial statements.

**OPINION**

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

**KPMG Audit Plc**  
Registered Auditor  
Chartered accountants

*1 March 2002*

24 Blythswood Square  
Glasgow  
G2 4QS

**BRITANNIC INVESTMENT MANAGERS LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2001**

5.

	<u>Note</u>	<u>2001</u> £000	<u>2000</u> £000
Turnover	1	40,787	38,202
Administrative expenses		<u>(22,105)</u>	<u>(19,200)</u>
Operating profit	2	18,682	19,002
Interest receivable		1,184	786
Profit on ordinary activities before taxation		<u>19,866</u>	<u>19,788</u>
Taxation	5	<u>(6,359)</u>	<u>(5,571)</u>
Profit for the financial year after tax		13,507	14,217
Final dividend		<u>(7,048)</u>	<u>(7,942)</u>
Transfer to reserves	16	<u><u>6,459</u></u>	<u><u>6,275</u></u>

**Recognised Gains and Losses**

The Company has no recognised gains or losses for the current or prior year other than those detailed above.

*The notes on pages 8 to 18 are an integral part of these financial statements.*

**BRITANNIC INVESTMENT MANAGERS LIMITED**  
**BALANCE SHEET**  
**AS AT 31 DECEMBER 2001**

6.

	<u>Note</u>	<u>2001</u> £000	<u>2000</u> £000
<b>FIXED ASSETS</b>			
Intangible assets	6	316	616
Tangible assets	7	<u>4,886</u>	<u>3,074</u>
		<u>5,202</u>	<u>3,690</u>
<b>CURRENT ASSETS</b>			
Other prepayments	8	5,131	-
Debtors	9	9,815	6,402
Deferred Taxation	10	2,278	1,373
Cash at bank	20	<u>25,482</u>	<u>23,401</u>
		<u>42,706</u>	<u>31,176</u>
<b>CREDITORS:</b>			
Amounts falling due within one year	11	<u>(15,787)</u>	<u>(15,202)</u>
<b>NET CURRENT ASSETS</b>			
		<u>26,919</u>	<u>15,974</u>
<b>CREDITORS:</b>			
Amounts falling due after more than one year:			
Bank Loan	12	(3,000)	-
Provisions for liabilities and charges	14	<u>(7,726)</u>	<u>(4,728)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<u>21,395</u>	<u>14,936</u>
<b>CAPITAL AND RESERVES:</b>			
Called up share capital	15	580	580
Share premium account	17	870	870
Profit and loss account	16	<u>19,945</u>	<u>13,486</u>
<b>TOTAL SHAREHOLDERS' FUNDS - EQUITY</b>			
	18	<u>21,395</u>	<u>14,936</u>

*The financial statements were approved by the Directors on*

*The notes on pages 8 to 18 are an integral part of these financial statements.*



**L McINTOSH**

**Director**

**BRITANNIC INVESTMENT MANAGERS LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2001**

7.

	<u>Note</u>	<u>2001</u> £000	<u>2000</u> £000
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	19	<u>22,528</u>	<u>20,163</u>
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Interest received		<u>1,184</u>	<u>786</u>
<b>TAXATION</b>			
Corporation tax paid		<u>(7,582)</u>	<u>(4,655)</u>
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>			
Payments to acquire tangible fixed assets		(3,511)	(1,697)
Proceeds from sale of tangible fixed assets		2	43
Purchase of prepaid put option		<u>(5,598)</u>	<u>-</u>
		<u>(9,107)</u>	<u>(1,654)</u>
<b>EQUITY DIVIDENDS PAID</b>		(7,942)	(1,623)
<b>FINANCING</b>			
Bank Loan		<u>3,000</u>	<u>-</u>
<b>INCREASE IN CASH</b>	20	<u><u>2,081</u></u>	<u><u>13,017</u></u>

*The notes on pages 8 to 18 are an integral part of these financial statements.*



**BRITANNIC INVESTMENT MANAGERS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2001**

8.

**1. ACCOUNTING POLICIES**

**1.1 Accounting convention**

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

**1.2 Turnover**

Turnover represents income on continuing activities from management agreements for investment management services in the United Kingdom.

**1.3 Pensions**

The Company operates a contributory defined benefit scheme providing benefits on a final pensionable salary basis. Assets of the scheme are held in an independent trustee administered fund. Contributions are charged in the profit and loss account so as to spread the cost of pensions over the employees' working lives. The regular cost is attributed to individual years using the attained age method. Variations in pension cost, which are identified as a result of actuarial valuations, are amortised over the expected remaining working lives of employees in proportion to their expected payroll costs. Differences between the amounts funded and the amounts charged in the profit and loss account are treated as either provisions or prepayments in the balance sheet.

**1.4 Goodwill**

Goodwill is the difference between the amounts paid on the acquisition of a business and the aggregate fair value of its separable net assets. It is capitalised and is written off in equal annual instalments over its estimated economic life.

**1.5 Depreciation of tangible fixed assets**

Tangible fixed assets are capitalised and stated at cost less depreciation which is calculated to write down the cost of the assets to residual value over their expected useful lives as follows:-

Computer equipment	3 years straight-line
Equipment and fittings	10 years straight line
Motor Vehicles	25% Reducing balance

**1.6 Operating lease payments**

Operating lease payments are charged in the profit and loss account in the year in which they are due.

**BRITANNIC INVESTMENT MANAGERS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2001**

9.

**1. ACCOUNTING POLICIES (CONT'D)**

**1.7 Deferred Taxation**

Deferred taxation is calculated using the liability method and is provided only where a liability is expected to arise in the future.

**2. OPERATING PROFIT**

Operating profit is stated after charging:

	<u>Note</u>	<u>2001</u> £000	<u>2000</u> £000
Auditors' Remuneration:      Audit		15	15
Non Audit		74	-
Depreciation of fixed assets		1,697	1,039
Prepaid put option charge		467	-
Amortisation of goodwill		300	300
Operating lease rentals - land and buildings		1,821	683
- motor vehicles		163	147
Staff Costs	3	<u>10,792</u>	<u>9,017</u>

The Company incurred costs of £10,191,328 (2000 - £6,914,000) for Britannic Fund Managers Limited, a fellow group undertaking. These costs are recharged in full to Britannic Fund Managers Limited.

**3. STAFF COSTS**

	<u>2001</u> £000	<u>2000</u> £000
Wages and salaries	12,323	9,990
Pension costs	1,474	1,286
Social security costs	1,094	943
	<u>14,891</u>	<u>12,219</u>

Employees also perform duties for Britannic Fund Managers Limited. Part of the above staff costs are recharged to that Company as follows :

	<u>2001</u> £000	<u>2000</u> £000
Staff costs recharged to Britannic Fund Managers Limited	<u>4,099</u>	<u>3,202</u>
Net staff costs	<u>10,792</u>	<u>9,017</u>

The average number of employees was 307 (2000 - 257) of which 86 (2000 - 82) were allocated to Britannic Fund Managers Limited.

**BRITANNIC INVESTMENT MANAGERS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2001**

10.

**4. DIRECTORS' REMUNERATION**

H Cottam, B Quinn, R Fortin, A Dewar-Durie, I C Adam and Sir G H Laird CBE were not members of the defined benefit pension scheme.

The aggregate emoluments of the other Directors are detailed in full below.

	<u>2001</u> £000	<u>2000</u> £000
Emoluments	<u>705</u>	<u>806</u>
	<u>2001</u> No.	<u>2000</u> No.
Members of defined benefit pension scheme	<u>5</u>	<u>7</u>

The amounts in respect of the highest paid director, who is P Reid (2000 - D O'Neil) are as follows:

	<u>2001</u> £000	<u>2000</u> £000
Emoluments	<u>220</u>	<u>210</u>
Accumulated total accrued pension at 31 December	<u>52</u>	<u>79</u>

**5. TAXATION**

The taxation charge for the year comprises:

	<u>2001</u> £000	<u>2000</u> £000
Corporation tax	7,264	6,944
Deferred taxation : current year	(905)	(857)
Deferred Taxation : prior year adjustment	-	(516)
	<u>6,359</u>	<u>5,571</u>

**BRITANNIC INVESTMENT MANAGERS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2001**

11.

**6. INTANGIBLE FIXED ASSETS**

	Goodwill £000
<b>Cost:</b>	
At 1 January 2001	1,520
Acquired during the year	<u>-</u>
At 31 December 2001	<u>1,520</u>
<b>Amortisation:</b>	
At 1 January 2001	904
Provided during the year	<u>300</u>
At 31 December 2001	<u>1,204</u>
<b>Net book value:</b>	
At 31 December 2001	<u><u>316</u></u>
At 1 January 2001	<u><u>616</u></u>

Goodwill is being written off in equal annual instalments over its estimated economic life of 5 years. Goodwill relates to the transaction to acquire third party funds from Prudential Portfolio Managers Limited in 1997 and 1998.

These funds had been previously managed by Scottish Amicable Investment Managers Limited. No assets were acquired as part of this transaction.

**BRITANNIC INVESTMENT MANAGERS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2001**

12.

**7. TANGIBLE FIXED ASSETS**

	Computer equipment £000	Equipment and fittings £000	Motor vehicles £000	Total £000
<b>Cost :</b>				
At 1 January 2001	3,212	1,948	20	5,180
Additions	1,685	1,826	-	3,511
Disposals	-	-	(11)	(11)
At 31 December 2001	<u>4,897</u>	<u>3,774</u>	<u>9</u>	<u>8,680</u>
<b>Depreciation :</b>				
At 1 January 2001	1,506	591	9	2,106
Charge for the year	1,139	549	9	1,697
Disposals	-	-	(9)	(9)
At 31 December 2001	<u>2,645</u>	<u>1,140</u>	<u>9</u>	<u>3,794</u>
<b>Net Book Value :</b>				
At 31 December 2001	<u>2,252</u>	<u>2,634</u>	<u>0</u>	<u>4,886</u>
At 1 January 2001	<u>1,706</u>	<u>1,357</u>	<u>11</u>	<u>3,074</u>

**8. OTHER PREPAYMENTS**

	<u>2001</u> £000	<u>2000</u> £000
Due within one year	1,120	-
Due greater than one year	<u>4,011</u>	<u>-</u>
	<u>5,131</u>	<u>-</u>

The other prepayment relates to a FTSE 100 Index Put Option that was purchased on 10 August 2001. This has an expiry date of 10 August 2006. The cost of the Put Option is being charged over 5 years. The Put Option has been purchased to provide the Company with financial guarantees against potential liability of the Britannic UK Income Trust plc, an investment trust with which Britannic Investment Managers Limited has guaranteed the return of capital for 75,000,000 100p Guaranteed Income Shares. Britannic Investment Managers Limited guarantees to repay the Guaranteed Income Shareholders 100p per Share on 10 August 2006. The Put Option will provide cover for 90% of the liability arising out of the guarantee. The market value of the Put Option at 31 December 2001 was £6,579,000.

**BRITANNIC INVESTMENT MANAGERS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2001**

13.

**9. DEBTORS**

	<u>2001</u>	<u>2000</u>
	£000	£000
<b>Amounts falling due within one year :</b>		
Trade debtors	200	575
Accrued income and prepayments	3,366	1,805
Amount due from fellow group undertakings	6,235	4,006
Amount due from immediate parent undertaking	14	16
	<u>9,815</u>	<u>6,402</u>

**10. DEFERRED TAXATION**

**Amounts falling due outwith one year :**

	Pension	Long term	Other	Total
	£000	incentive plan	Timing	£000
		£000	Differences	
			£000	
At 1 January 2001	990	429	(46)	1,373
Movement during the year	442	457	6	905
At 31 December 2001	<u>1,432</u>	<u>886</u>	<u>(40)</u>	<u>2,278</u>

The provision of deferred taxation has been made at 30%.

**11. CREDITORS**

**Amounts falling due within one year:**

	<u>2001</u>	<u>2000</u>
	£000	£000
Corporation tax	3,948	4,508
Accruals	3,221	2,256
Other taxes and social security costs	1,046	221
Other creditors	524	275
Proposed dividend	7,048	7,942
	<u>15,787</u>	<u>15,202</u>

**BRITANNIC INVESTMENT MANAGERS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2001**

14.

**12. BANK LOAN**

On 31 August 2000 the Company entered into a subordinated loan agreement for £6,000,000 with the Royal Bank of Scotland. £3,000,000 of the loan was drawn down on 27 December 2001, repayable on 27 December 2003. To facilitate the draw down of the loan the Company has entered into an interest rate swap which means that interest on the floating rate term loan is fixed and paid half yearly at an effective rate of 5.893125%.

**13. RISK MANAGEMENT**

A major risk associated with the company is interest rate risk. The interest rate risk associated with the bank loan, repayable on 27 December 2003, is managed through the interest rate swap agreement.

**14. PROVISIONS FOR LIABILITIES AND CHARGES**

	Pension provision £000	Long term incentive plan provision £000	Total £000
At 1 January 2001	3,299	1,429	4,728
Provided during the year	1,474	1,524	2,998
At 31 December 2001	<u>4,773</u>	<u>2,953</u>	<u>7,726</u>

The long term incentive plan ('plan') provision represents estimated benefits accruing to the members of the plan as at the end of 2001. The scheme membership is made up of senior employees of the Company and the first payment from the scheme is due in 2003 with further payments available in each of the next four years.

**15. CALLED UP SHARE CAPITAL**

The authorised and issued share capital of the company at 31 December 2001 and 31 December 2000 consists of :-

	<u>Authorised</u> <u>Number</u>	<u>Issued and fully paid</u> <u>Number</u>	<u>£000</u>
Ordinary shares of 10p each	<u>10,000,000</u>	<u>5,801,000</u>	<u>580</u>

**BRITANNIC INVESTMENT MANAGERS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2001**

15.

**16. PROFIT AND LOSS ACCOUNT**

	<u>2001</u> £000	<u>2000</u> £000
Balance at 1 January	13,486	7,211
Profit retained for year	<u>6,459</u>	<u>6,275</u>
Balance at 31 December	<u><u>19,945</u></u>	<u><u>13,486</u></u>

**17. SHARE PREMIUM**

	<u>2001</u> £000	<u>2000</u> £000
Balance as at 31 December	<u><u>870</u></u>	<u><u>870</u></u>

**18. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	<u>2001</u> £000	<u>2000</u> £000
Profit for the financial year	13,507	14,217
Dividend	<u>(7,048)</u>	<u>(7,942)</u>
Net addition to shareholders' funds	6,459	6,275
Shareholders' funds at 1 January	<u>14,936</u>	<u>8,661</u>
Shareholders' funds at 31 December	<u><u>21,395</u></u>	<u><u>14,936</u></u>



**BRITANNIC INVESTMENT MANAGERS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2001**

16.

**19. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW  
FROM OPERATING ACTIVITIES**

	<u>2001</u> £000	<u>2000</u> £000
Operating profit	18,682	19,002
Amortisation of goodwill	300	300
Depreciation	1,697	1,039
Prepaid put option charge	466	0
Increase in debtors	(3,656)	(2,452)
Increase in creditors and provisions	5,039	2,274
Net cash inflow from operating activities	<u>22,528</u>	<u>20,163</u>

**20. ANALYSIS OF CHANGES IN CASH**

	<u>2001</u> £000	<u>2000</u> £000
Cash at bank movement :		
At end of year	25,482	23,401
Less : At start of year	<u>23,401</u>	<u>10,384</u>
Net cash inflow	<u>2,081</u>	<u>13,017</u>

**21. ANALYSIS OF THE BALANCES OF CASH**

	<u>2001</u> £000	<u>2000</u> £000	Movement £000
Cash at bank	<u>25,482</u>	<u>23,401</u>	<u>2,081</u>

All cash deposits are held on call.

**22. CAPITAL COMMITMENTS**

Amounts contracted for but not provided in the accounts amounted to £487,427 (2000 - £278,000).

**BRITANNIC INVESTMENT MANAGERS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2001**

17.

**23. CONTINGENT LIABILITIES**

The Company has contingent liabilities of £7.5 million. This is in respect of its guarantee over the Guaranteed Income Shares of Britannic UK Income Trust plc. (Refer to Note 8).

**24. PENSION COMMITMENTS**

The employees of Britannic Investment Managers Limited are members of the Britannic Group Pension Scheme. FRS17 on Retirement Benefits will replace the current accounting standard SSAP24 in the Financial Statements for the year ended 31 December 2003. Under FRS17 the Company will account for contributions to the scheme as if it were a defined contribution scheme as it is unable to identify its share of the assets and liabilities on a consistent and reasonable basis. As at 31 December 2001 the scheme has a surplus of £297.4m which is currently being used to support a suspension of Group and employee contributions.

**25. OTHER FINANCIAL COMMITMENTS**

*Annual commitments under operating leases are as follows*

	Land and Buildings		Other	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
	£000	£000	£000	£000
Operating leases which expire :				
Within one year	18	47	3	48
In two to five years	-	-	147	132
In over five years	846	846	-	-
	<u>864</u>	<u>893</u>	<u>150</u>	<u>180</u>

**BRITANNIC INVESTMENT MANAGERS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2001**

18.

**26. TRANSACTIONS WITH DIRECTORS AND THEIR RELATED PARTIES**

The details in respect of H Cottam and R Fortin are disclosed in the accounts of Britannic plc.

	<u>2001</u> £000	<u>2000</u> £000
Investments and life products held by five (2000 - six) Directors at 31 December	<u>362</u>	<u>197</u>
Contributions paid by five (2000 - seven) Directors towards investments and life products during the year	<u>95</u>	<u>55</u>

All investments are made on an arms length basis.

**27. OTHER RELATED PARTY TRANSACTIONS**

Under Financial Reporting Standard 8, companies which are wholly owned subsidiaries of a parent whose consolidated financial statements in which the subsidiaries' results are included are publicly available, are granted exemption from disclosing inter-group transactions. The company is such a subsidiary undertaking and accordingly has not disclosed such transactions.

**28. ULTIMATE PARENT UNDERTAKING**

The Company's immediate parent undertaking is Britannic Asset Management Limited, which is a body incorporated in Scotland. The Company's ultimate parent undertaking is Britannic plc, which is a body registered in England. These financial statements have been included in the consolidated financial statements of Britannic plc.

A copy of the financial statements of Britannic plc is available from :-  
1 Wythall Green Way  
Wythall, Birmingham  
B47 6WG