

Ivory & Sime Asset Management Limited

1881101

**Report & Accounts
for the Year ended
31 December 1999**

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Friends Ivory & Sime plc
One Charlotte Square
Edinburgh EH2 4DZ
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Friends Ivory & Sime plc is a member of the
Friends Provident Group and is regulated by IMRO



IVORY & SIME ASSET MANAGEMENT LIMITED

DIRECTORS AND ADVISERS

DIRECTORS:

P D Jones
J Stubbs
J C Walton

SECRETARIES:

Friends Ivory & Sime plc

REGISTERED OFFICE:

2nd Floor
Princes Court
7 Princes Street
London EC2R 8AQ

SOLICITORS:

Shepherd & Wedderburn WS
Saltire Court
20 Castle Terrace
Edinburgh EH1 2ET

AUDITORS:

Ernst & Young
Registered Auditors
Ten George Street
Edinburgh EH2 2DZ

IVORY & SIME ASSET MANAGEMENT LIMITED

REPORT OF THE DIRECTORS

The directors submit their report and accounts for the year ended 31 December 1999.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the company is to manage investments under contract for its clients. The company is a member of the Investment Management Regulatory Organisation.

RESULTS AND DIVIDENDS

The accounts show a profit after tax of £1,628,672 (317 day period ending 31 December 1998: £1,055,121). The directors recommend the payment of an ordinary dividend of £1,250,000 (317 day period ending 31 December 1998 - £850,000) leaving a profit of £378,672 (317 day period ending 31 December 1998 - £205,121) to be transferred to reserves.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were as follows:

P D Jones
J Stubbs
J C Walton

No director has any beneficial interest in the shares of the company. The beneficial interests of the directors in the shares of Friends Ivory & Sime plc, the parent undertaking, are shown in the accounts of that company.

AUDITORS

Ernst & Young have expressed their willingness to continue in office as auditors and a resolution proposing their reappointment will be submitted at the Annual General Meeting.

BY THE ORDER OF THE BOARD



For Friends Ivory & Sime plc
Secretaries
One Charlotte Square
Edinburgh EH2 4DZ

25 April 2000

IVORY & SIME ASSET MANAGEMENT LIMITED

DIRECTORS' RESPONSIBILITY STATEMENT

The following statement, which should be read in conjunction with the Auditors' Report of respective responsibilities of directors and auditors set out on page 4, is made with a view to distinguishing for members the respective responsibilities of the directors and of the auditors in relation to the financial statements.

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss for the financial year.

The directors consider that in preparing the financial statements on pages 5 to 10, the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed (subject to any material departures disclosed and explained in the notes to the financial statements).

The directors have responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy at any time the financial position of the company at that time and which enable them to ensure that the financial statements comply with the Companies Act 1985. They also have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

IVORY & SIME ASSET MANAGEMENT LIMITED

REPORT OF THE AUDITORS

TO THE MEMBERS OF IVORY & SIME ASSET MANAGEMENT LIMITED

We have audited the financial statements on pages 5 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 3, the company's directors are responsible for the preparation of financial statements in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

BASIS OF 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 31st December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young

ERNST & YOUNG
Registered Auditors
EDINBURGH
25 April 2000

IVORY & SIME ASSET MANAGEMENT LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1999 (1998 – 317 day period ended 31 December 1998)

	Notes	Year ended 31 December 1999 £	317 day period to 31 December 1998 £
Turnover	2	2,880,360	2,040,541
Administrative expenses		<u>(699,951)</u>	<u>(596,555)</u>
OPERATING PROFIT	3, 4	2,180,409	1,443,986
Interest receivable		98,386	84,068
Interest payable		(81)	(15)
Exchange loss		<u>(1,904)</u>	<u>—</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,276,810	1,528,039
Tax on profit on ordinary activities	5	<u>(648,138)</u>	<u>(472,918)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,628,672	1,055,121
Dividends	6	<u>(1,250,000)</u>	<u>(850,000)</u>
RETAINED PROFIT FOR THE YEAR	10	<u><u>378,672</u></u>	<u><u>205,121</u></u>

The company has no recognised gains or losses other than the profit after taxation of £1,628,672 for the year ended 31 December 1999 (317 day period ended 31 December 1998 - £1,055,121)

Movements on reserves are set out at note 10 in these accounts.

The accounting policies on page 7 and the notes on pages 7 to 10 form part of these accounts.

IVORY & SIME ASSET MANAGEMENT LIMITED

BALANCE SHEET AS AT 31 DECEMBER 1999

	Notes	31 December 1999 £	31 December 1998 £
CURRENT ASSETS			
Debtors	7	1,134,355	1,357,956
Cash at bank and in hand		<u>2,562,674</u>	<u>1,549,157</u>
		3,697,029	2,907,113
CREDITORS			
Amounts falling due within one year	8	<u>(2,134,464)</u>	<u>(1,723,220)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,562,565</u>	<u>1,183,893</u>
CAPITAL AND RESERVES			
Called-up share capital	9	100,000	100,000
Share premium account	10	50,000	50,000
Profit & Loss Account	10	<u>1,412,565</u>	<u>1,033,893</u>
	11	<u>1,562,565</u>	<u>1,183,893</u>

J Walton
Director



25 April 2000

The accounting policies on page 7 and the notes on pages 7 to 10 form part of these accounts.

IVORY & SIME ASSET MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

Basis of preparation

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

Turnover

Turnover comprises investment management fees which are stated net of value added tax.

2. TURNOVER

Turnover comprises investment management fees from clients in:

	31 December 1999 £	31 December 1998 £
United Kingdom	2,269,698	1,436,089
Rest of Europe	201,146	165,581
North America	383,778	423,798
Other Income	<u>25,738</u>	<u>15,073</u>
	<u>2,880,360</u>	<u>2,040,541</u>

3. DIRECTORS' REMUNERATION

No director received any remuneration in respect of services to the company for the year to 31 December 1999 (317 day period to 31 December 1998 - £Nil).

The emoluments of PD Jones and J Stubbs are shown in the accounts of Friends Ivory & Sime plc.

4. OPERATING PROFIT

Operating profit is stated after charging:

	31 December 1999 £	31 December 1998 £
Auditors' remuneration - audit fees	3,200	2,600
Auditors' remuneration - non-audit services	<u>2,435</u>	<u>2,900</u>

IVORY & SIME ASSET MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS (Continued)

5. TAXATION

The taxation charge for the year is calculated as follows:

	31 December 1999 £	31 December 1998 £
Based on profit for period -		
UK corporation tax	687,823	472,918
Adjustments relating to prior periods - Corporation Tax	(39,685)	-
	<u>648,138</u>	<u>472,918</u>

6. DIVIDENDS

	31 December 1999 £	31 December 1998 £
Ordinary - final proposed	<u>1,250,000</u>	<u>850,000</u>

7. DEBTORS

	31 December 1999 £	31 December 1998 £
Amounts falling due within one year:		
Trade debtors	-	5,234
Amount owed by fellow subsidiary undertaking	500,734	500,000
Amount owed by parent undertaking	-	367,927
Other debtors	750	1,956
Prepayments and accrued income	<u>632,871</u>	<u>482,839</u>
	<u>1,134,355</u>	<u>1,357,956</u>

IVORY & SIME ASSET MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS (Continued)

8. CREDITORS

	31 December 1999 £	31 December 1998 £
Amounts falling due within one year:		
Amounts owed to parent undertaking	1,021,089	1,105,394
Corporation tax	561,552	409,838
Group relief payable	345,258	61,544
Other creditors	-	111,037
Other tax and social security	159,721	13,816
Accruals and deferred income	<u>46,844</u>	<u>21,591</u>
	<u>2,134,464</u>	<u>1,723,220</u>

9. SHARE CAPITAL

	31 December 1999 £	31 December 1998 £
Authorised 133,333 ordinary shares of £1 each	<u>133,333</u>	<u>133,333</u>
Allotted, issued and fully paid 100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

10. RESERVES

	Share premium account £	Profit and loss account £
At 31 December 1998	50,000	1,033,893
Profit retained for the year	<u>-</u>	<u>378,672</u>
At 31 December 1999	<u>50,000</u>	<u>1,412,565</u>

IVORY & SIME ASSET MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS (Continued)

11. RECONCILIATION OF SHAREHOLDERS' FUNDS

	31 December 1999 £	31 December 1998 £
Shareholders' funds at 31 December 1998	1,183,893	978,772
Profit for the year	1,628,672	1,055,121
Dividends	<u>(1,250,000)</u>	<u>(850,000)</u>
Shareholders' funds at 31 December 1999	<u>1,562,565</u>	<u>1,183,893</u>

12. RELATED PARTY TRANSACTIONS

The company has taken exemption from the requirement to disclose related party transactions on the basis that it is a wholly owned subsidiary.

13. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company's immediate parent undertaking is Friends Ivory & Sime plc. Friends Ivory & Sime plc has included Ivory & Sime Asset Management Limited in its group accounts, copies of which are available from its registered office: One Charlotte Square, Edinburgh, EH2 4DZ.

In the opinion of the directors, the company's ultimate parent undertaking and controlling party is Friends' Provident Life Office. Copies of the accounts for the Friends' Provident Life Office are available from Pixham End, Dorking, Surrey RH4 1QA.