

Registered No. 1915516

FAMILY INVESTMENT MANAGEMENT LIMITED

FINANCIAL STATEMENTS

1997



DIRECTORS' REPORT

The Directors present their Annual Report and the audited financial statements for the year ended 31st December 1997.

Review of business

The Company's principal activity during the year was unit trust management. The Directors believe that the present level of activity will be sustained for the foreseeable future.

The Company is a member of AUTIF and is regulated by the Personal Investment Authority and Investment Management Regulatory Organisation Limited.

Results and dividends

The profit for the year was £95,274 (1996: £51,102). The Directors do not recommend the payment of a dividend in 1997 (1996: £nil).

Directors

The Directors of the Company for the financial year ended 31st December 1997 are listed below:

J R Reeve	Chairman
J W Adams	Chief Executive
K Meeres	Company Secretary

No Director had any interest in the shares of the Company at 31st December 1997.

Elective resolutions

On 25th February 1998 the Company passed the following elective resolutions :-

- a) pursuant to and in accordance with section 16 of The Companies Act 1989, to dispense with the laying of accounts and reports before the Company in general meeting,
- b) pursuant to and in accordance with section 366A of The Companies Act 1985, as inserted by section 115(2) of The Companies Act 1989, to dispense with the holding of Annual General Meetings, and
- c) pursuant to and in accordance with section 386 of The Companies Act 1985, as inserted by section 119(1) of The Companies Act 1989, to dispense with the obligation to appoint auditors annually.

DIRECTORS' REPORT
(Continued)

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 those 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; and
- * 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 keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that 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.

Auditors

Coopers & Lybrand have indicated their willingness to continue in office as auditors.

By order of the Board.

K Meeres
Secretary



Date: 24th March 1998

16 West Street
Brighton
East Sussex
BN1 2RL

REPORT OF THE AUDITORS TO THE MEMBERS OF FAMILY INVESTMENT MANAGEMENT LIMITED

We have audited the financial statements on pages 4 to 9.

Respective Responsibilities of Directors and Auditors

As described on page 2 the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

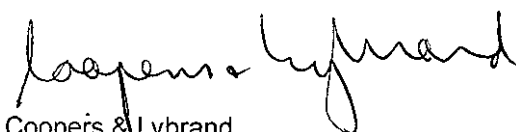
Basis of Opinion

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 affairs of the Company at 31st December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand
Chartered Accountants and Registered Auditors
1 Embankment Place
LONDON
WC2N 6NN

Date: 24th March 1998

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 1997

	Notes	1997 £	1996 £
Continuing operations			
Turnover	2	15,980,736	32,798,576
Cost of sales		(15,105,380)	(32,104,882)
Gross profit		875,356	693,694
Administrative expenses		(771,826)	(648,501)
Profit on ordinary activities before interest and taxation		103,530	45,193
Interest receivable		29,089	25,400
Profit on ordinary activities before taxation	3	132,619	70,593
Tax on profit on ordinary activities	4	(37,345)	(19,491)
Retained profit for the year	10,11	95,274	51,102

The Company has no recognised gains and losses other than those included in the movements on the Profit and Loss account above, and therefore no separate statement of total recognised gains and losses has been prepared.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

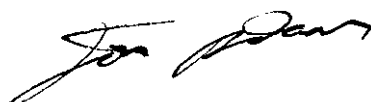
BALANCE SHEET

AS AT 31ST DECEMBER 1997

	Notes	1997 £	1996 £
CURRENT ASSETS			
Debtors	7	118,048	101,095
Cash at bank		368,831	370,460
		<hr/>	<hr/>
		486,879	471,555
CREDITORS:			
Amounts falling due within one year	8	(147,568)	(227,518)
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		339,311	244,037
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	9	70,000	70,000
Profit and loss account	10	269,311	174,037
		<hr/>	<hr/>
Equity shareholders' funds	11	339,311	244,037
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The financial statements on pages 4 to 9 were approved by the Board of Directors on 24th March 1998.

J W Adams
Chief Executive



K Meeres
Secretary



NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards issued in the United Kingdom. The financial statements have been prepared under the historical cost convention.

The Company has taken advantage of the exemption permitted by the FRS 1 'Cash Flow Statements' and has elected not to prepare the cash flow statement.

2. TURNOVER

All turnover is derived in the United Kingdom from the sale of units in unit trusts and fees relating to investment management, and is stated exclusive of VAT.

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:	1997 £	1996 £
Auditors' remuneration for :		
Audit services	3,496	3,331
Non audit services	2,468	6,313
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4. TAXATION

	1997 £	1996 £
Over provision in respect of prior years	(2,485)	(2,438)
Corporation tax	24,812	21,929
Group relief	15,018	-
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	37,345	19,491
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Provision for corporation tax has been made at 31.5% less marginal relief.

5. DIRECTORS' EMOLUMENTS

The current Directors received no emoluments during the year in respect of their services since they are remunerated as members of the Committee of Management of the Company's parent (1996:£nil).

6. EMPLOYEES

There are no employees directly employed by the Company (1996:nil). A service charge payable by the Company to its parent includes a portion for salary and staff related costs.

NOTES TO THE ACCOUNTS
(Continued)

7. DEBTORS

	1997	1996
	£	£
Amounts falling due within one year:		
Trade debtors	<u>118,048</u>	<u>101,095</u>

8. CREDITORS

	1997	1996
	£	£
Amounts falling due within one year:		
Amounts owed to group undertakings:		
Parent	82,216	176,733
Fellow subsidiary undertakings	21,343	-
Trade creditors	11,347	22,142
Corporation tax payable	24,812	21,929
Other creditors	1,298	1,033
Accruals and deferred income	6,552	5,681
	<u>147,568</u>	<u>227,518</u>

9. SHARE CAPITAL

	1997	1996
	£	£
Authorised:		
500,000, £1 ordinary shares	<u>500,000</u>	<u>500,000</u>
Allotted, called up and fully paid:		
70,000, £1 ordinary shares	<u>70,000</u>	<u>70,000</u>

10 PROFIT AND LOSS ACCOUNT

	1997	1996
	£	£
Balance at 1st January	174,037	122,935
Profit for the year	95,274	51,102
	<u>269,311</u>	<u>174,037</u>

NOTES TO THE ACCOUNTS **(Continued)**

11 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	1997 £	1996 £
Opening shareholders' funds	244,037	192,935
Profit for the financial year	95,274	51,102
Closing shareholders' funds (equity interests)	<u>339,311</u>	<u>244,037</u>

12 RELATED PARTY TRANSACTIONS

The company has taken advantage of an exemption from FRS8 not to disclose transactions with Family Assurance Friendly Society Limited's group undertakings. Balances with Family Assurance Friendly Society Limited's group undertakings are shown in note 8.

The Directors of Family Investment Management Limited and its key management had no material transactions with the Company during 1997 or 1996.

The following transactions with the trustees, Bankers Trust Company Limited, occurred during the year:

	£'000
Unit creations	11,899
Unit liquidations	2,246
Management fee	1,297

As at 31st December 1997, the trade debtors balance (see note 7) includes a management fee due from the trustees of £115,797, (1996 : £98,862).

During the year, the Society invested the following in unit trusts managed by the Company. The purchases were made at arms length.

Name of unit trust	Value £
Family Asset Trust	104,353
United Charities Ethical Trust	<u>1,660,737</u>
	<u>1,765,090</u>

NOTES TO THE ACCOUNTS
(Continued)

14 ULTIMATE PARENT

The ultimate parent is Family Assurance Friendly Society Limited, a Friendly Society incorporated in England and Wales in accordance with the Friendly Societies Act 1992. Copies of the ultimate parent's consolidated financial statements may be obtained from:

The Secretary
Family Assurance Friendly Society Limited
16-17 West Street
Brighton
East Sussex
BN1 2RL