

GERRARD GROUP PLC

REPORT AND FINANCIAL STATEMENTS
31 December 2001



GERRARD GROUP PLC

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2001

The directors present their report and audited financial statements for the year ended 31 December 2001.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The principal activity of the Company is that of a holding company, and central service provider. Gerrard Group plc has continued to trade satisfactorily in the year to 31 December 2001 and the directors anticipate that this will continue in the foreseeable future.

DIVIDENDS AND SHAREHOLDERS' FUNDS

The results of the Company for the period are set out in the profit and loss account on page 5.

The directors do not recommend the payment of an ordinary dividend (Nine months ended 31 December 2000: £nil).

DIRECTORS AND DIRECTORS' INTERESTS IN SHARES OF THE COMPANY

The directors of the Company who served during the period were:

M E T Davies (resigned 7 April 2001)
R J Elkington (resigned 7 April 2001)
A S R Jones (resigned 7 September 2001)
I R B Perkins (resigned 7 September 2001)
J Thornton (appointed 7 September 2001)
N Wallis (appointed 7 September 2001)
E Warner (appointed 7 September 2001)

None of the directors had any interest in the shares of the company during the year ended 31 December 2001.

DIRECTORS' INTERESTS IN SHARES CAPITAL AND SECURITIES OF OLD MUTUAL PLC

The interests of Mr Thornton and Mr Warner in the ordinary shares and securities of Old Mutual Plc are set out in the accounts of Old Mutual Financial Services (UK) plc. The interests of Mr Wallis are set out in the accounts of GNI Holdings Limited. These companies are fellow group undertakings.

CREDITOR PAYMENT POLICY

The Company's current policy concerning the payment of its creditors is to:

- settle the terms of payment with suppliers when negotiating the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with its contractual and legal obligations.

The payment policy applies to all payments to creditors for revenue and capital supplies of goods and services without exception.

AUDITORS

A resolution to reappoint the auditors, KPMG Audit Plc and to authorise the directors to approve their remuneration, will be proposed at the Annual General Meeting.

GERRARD GROUP PLC

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2001 (CONTINUED)

DIRECTORS' STATEMENT OF RESPONSIBILITY IN RELATION TO THE ACCOUNTS

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the 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;
- 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 enable them to ensure that the financial statements comply with the Companies Act 1985. They 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.

BY ORDER OF THE BOARD:

A handwritten signature in dark ink, appearing to be 'M L Telfer', with a long horizontal flourish extending to the right.

M L Telfer
Company Secretary
31st July 2002

GERRARD GROUP PLC

REPORT OF THE AUDITORS TO THE MEMBERS OF GERRARD GROUP PLC

We have audited the financial statements on pages 5 to 17

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 as at 31 December 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc
Chartered Accountants
Registered Auditors

London
31st July 2002

GERRARD GROUP PLC

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2001

| | <u>Note</u> | <u>Year</u> <u>31 December</u> <u>2001</u> | <u>Nine month</u> <u>period to</u> <u>31 December</u> <u>2000</u> |
|--|-------------|--|--|
| | | <u>£000</u> | <u>As restated (see</u> <u>note 3)</u> <u>£000</u> |
| Turnover | 1 | 19,520 | 68 |
| Administrative expenses | | (32,693) | (3,528) |
| Exceptional administrative expenses | | (7,634) | (1,734) |
| Total administrative expenses | | (40,327) | (5,262) |
| Operating loss | 2,3 | (20,807) | (5,194) |
| Other interest receivable and similar income | | 2,086 | 1,104 |
| Income from shares in group undertakings | | 16,722 | 372,406 |
| Loss on disposal of subsidiary | | - | (49,166) |
| Impairment of fixed asset investment | 8 | (165,000) | - |
| Income from other fixed asset investments | | 50 | - |
| (Loss) / Profit on ordinary activities before taxation | | <u>(166,949)</u> | <u>319,150</u> |
| Tax credit on (loss) / profit on ordinary activities | 5 | 1,806 | 1,191 |
| (Loss) / Profit on ordinary activities after taxation and profit for the period | | <u>(165,143)</u> | <u>320,341</u> |

The profit and loss account for the nine months ended 31 December 2000 has been restated for the adoption of UITF 32 (refer to note 4).

All profits and losses are generated from continuing operations.

The reconciliation in movements in equity shareholders' funds is set out in note 16.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31ST DECEMBER 2001

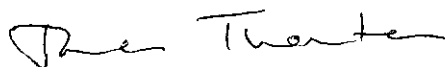
| | <u>Note</u> | <u>Year</u> <u>31 December</u> <u>2001</u> <u>£000</u> | <u>Nine month</u> <u>period to 31</u> <u>December 2000</u> <u>£000</u> <u>As Restated</u> |
|--|--------------------|---|--|
| (Loss) / Profit for the Financial Year | | (165,143) | 326,375 |
| Prior Year Adjustment | 4 | 6,034 | - |
| Total gains and losses recognised since last annual report | | <u>(159,109)</u> | <u>326,375</u> |

GERRARD GROUP PLC**BALANCE SHEET****AS AT 31 DECEMBER 2001**

| | Note | <u>31 December 2001</u> | <u>31 December 2000</u> As restated (see note 3) |
|--|------|-------------------------|--|
| | | £000 | £000 |
| FIXED ASSETS | | | |
| Tangible fixed assets | 6 | 206 | 5 |
| Fixed asset investments | 7 | 2,664 | - |
| Shares in group undertakings | 8 | <u>356,357</u> | <u>521,357</u> |
| | | 359,227 | 521,362 |
| CURRENT ASSETS | | | |
| Debtors: amounts falling due after one year | 9 | 11,000 | 9,250 |
| Debtors: amounts falling due within one year | 10 | 48,775 | 14,649 |
| Investments | 11 | 6,885 | 6,532 |
| Cash at bank and in hand | | 172 | 11,165 |
| | | <u>66,832</u> | <u>41,596</u> |
| CURRENT LIABILITIES | | | |
| Creditors: amounts falling due within one year | 12 | (82,626) | (61,054) |
| NET CURRENT LIABILITIES | | | |
| | | <u>(15,794)</u> | <u>(19,458)</u> |
| Provision for liabilities and charges | 13 | (8,406) | (1,734) |
| NET ASSETS | | | |
| | | <u>335,027</u> | <u>500,170</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 14 | 19,916 | 19,916 |
| Share premium account | 15 | 58,659 | 58,659 |
| Merger Reserve | 15 | 57,817 | 57,817 |
| Profit and loss account | 15 | 198,635 | 363,778 |
| EQUITY SHAREHOLDERS' FUNDS | | | |
| | 16 | <u>335,027</u> | <u>500,170</u> |

These financial statements were approved by the Board of Directors on 31st July 2002.
Signed on behalf of the Board of Directors:

J Thornton
Director



GERRARD GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2001

1 PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention in accordance with applicable UK Accounting Standards. The principal accounting policies which the directors' have adopted within this convention are set out below.

Income and expense recognition

Income and expenses are included in the profit and loss account on an accruals basis.

Consolidated Financial Statements

The financial statements contain information about Gerrard Group plc as an individual company and do not contain financial information as the parent of a group. The Company is exempt under Section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it and its subsidiaries are included by full consolidation in the consolidated financial statements of its parent, Old Mutual plc, a company registered in England and Wales.

Cash Flow Statement

The cash flows of the Company are included in the group cash flow statement of Old Mutual plc. Consequently, the Company is exempt under the terms of Financial Reporting Standard 1 (Revised) from the requirement to publish a cash flow statement.

Segmental reporting

In the opinion of the directors the profits and losses of the Company are derived substantially from UK operations, the assets and liabilities of the Company reside substantially within the UK and the business of the company is substantially that of an investment company. No other geographical or business categories are material in terms of disclosure in these accounts.

Tangible fixed assets

These are depreciated on a straight line basis (20%-33%).

Investments

Unlisted equity investments are individually valued at the directors' valuation. Investments in subsidiary undertakings are stated at cost less any provision for impairment of value.

Intermediate Payment Arrangements

In accordance with UITF 32, the asset and liabilities of the Gerrard Group Employee Trust, held for the benefit of ex Gerrard Group employees, are recognised on the balance sheet as a current asset investment held at market value. Finance income and administration costs are credited and charged respectively to the profit and loss account on an accruals basis.

Pensions and other post-retirement benefits

The Group has contributed to defined contribution schemes in respect of the majority of its employees. The pension costs for these funds are charged directly to the profit and loss account in the accounting period in which they are incurred. The defined contribution schemes have assets which are held separately from those of the companies involved, and are independently administered.

GERRARD GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2001

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

The Group has also contributed to defined benefit schemes for certain employees of the Company and certain former employees of King & Shaxson Limited, Allied Provincial Securities Limited and Gerrard & King Limited now employed within GNI Holdings Limited and Greig Middleton Holdings Limited and its subsidiaries respectively.

For the defined benefit schemes actuarial valuations are undertaken on a regular basis. The contributions paid into the schemes, at rates recommended by qualified actuaries, are charged directly to the profit and loss account. Variations from the regular costs, where applicable, are spread over the remaining service lives of current employees in the schemes.

The future costs of providing other post-retirement benefits are determined by actuarial valuation.

Deferred taxation

Provision is made for taxation deferred as a result of differences in the timing of the recognition of income and expenditure for accounting and taxation purposes, unless the asset or liability is unlikely to crystallise.

Provision for unoccupied property

Provision is made for the expected future rent expenses and related costs of leasehold property (net of estimated rental income) where the space is permanently surplus to the future requirements of the Group.

Turnover

Turnover represents amounts receivable (excluding value added tax) for the provision of services to companies in the Old Mutual group.

GERRARD GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2001 (CONTINUED)

2 PROFIT ON ORDINARY ACTIVITIES

Profit on ordinary activities before tax is stated after charging:

| | <u>Year ended</u> <u>31 December 2001</u> £000 | <u>Nine months ended</u> <u>31 December 2000</u> £000 |
|--------------|--|---|
| Depreciation | 10 | 3 |
| | ===== | ===== |

The auditors remuneration for the year relating to the Company was paid by another group subsidiary and totalled £10,000 (2000: £15,000).

The exceptional administrative expenses relate to amounts written off in respect of a terminated new business project.

3 DIRECTORS EMOLUMENTS AND EMPLOYEE INFORMATION

a. Directors emoluments

| | <u>Year ended</u> <u>31 December 2001</u> £000 | <u>Nine months ended</u> <u>31 December 2000</u> £000 |
|---|--|---|
| Emoluments of the highest paid director paid by the Company are as follows: | | |
| Aggregate emoluments, excluding pension contributions | 173 | 324 |
| | ===== | ===== |
| Total emoluments paid to directors by the Company were as follows: | | |
| Aggregate emoluments | 376 | 635 |
| Pension contributions to a money purchase scheme | 18 | 27 |
| | ===== | ===== |

A number of directors are paid for by other group companies and their emoluments are disclosed in the accounts of these subsidiaries.

b. Employees and staff costs

The average number of persons employed by the Company (including directors) during the period is analysed below:

| | <u>Year ended</u> <u>31 December 2001</u> | <u>Nine months ended</u> <u>31 December 2000</u> |
|----------------|--|---|
| Administration | 94 | 11 |
| | ===== | ===== |

There were 186 persons employed by the Company at 31 December 2001.

GERRARD GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2001 (CONTINUED)

3 DIRECTORS EMOLUMENTS AND EMPLOYEE INFORMATION (CONTINUED)

b. Employees and staff costs (continued)

Costs for the period in respect of those employees were:

| | £000 | £000 |
|-----------------------|---------------|--------------|
| Wages and salaries | 9,708 | 1,197 |
| Social security costs | 1,165 | 236 |
| Other pension costs | 66 | 72 |
| | <u>10,939</u> | <u>1,505</u> |

c. Pension scheme information

Old Mutual Financial Services (UK) plc Group, the parent company of Gerrard Group plc operates a number of pension schemes in the UK. These schemes have been designed and administered in accordance with UK practices and include both defined contribution and defined benefit schemes. The assets of these schemes are held in separate trustee administered funds. Not all employees are members of a pension scheme.

Pension costs and contributions relating to defined benefit schemes are assessed in accordance with the advice of qualified actuaries. Actuarial advice confirms that the current level of contributions payable to each pension scheme, together with existing assets, are adequate to secure members benefits over the remaining service lives of participating employees – see below. The schemes are reviewed at least on a triennial basis. In the intervening years the actuary reviews the continuing appropriateness of the assumptions applied.

A number of the Gerrard Group employees are members of a defined benefit scheme, the Gerrard & National Retirement Benefit Scheme (“G&N RBS”). In accordance with the transitional arrangements of FRS 17 (Retirement Benefits) the last actuarial valuation was performed on 1 April 2000 using the attained age method of valuation and has been updated by the actuaries on an FRS 17 basis at 31 December 2001. At the date of the latest actuarial valuation the scheme’s assets were £63 million which were sufficient to cover 124% of the benefits that had accrued to members, allowing for future increases in salaries. The major assumptions made in the valuation are highlighted below.

The pension charge for the period in respect of these defined benefit arrangements was £98,000 (2000: £35,000), which allows for the amortisation of the scheme surplus over the working lifetime of the members. This charge was paid by Gerrard Group plc and another group company.

The major assumptions made in the valuation were:

| | G&N RBS |
|--|--------------------|
| Key assumptions at 31 December 2001 | % |
| Inflation assumption | 2.5 |
| Rate of increase in salaries | 4.5 |
| Rate of increase in pensions in payment | 3.0 |
| Discount rate | 5.75 |

GERRARD GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2001 (CONTINUED)

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

The fair value of the schemes' assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and at the present value of the schemes' liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain were:

| | Expected long term rate of return G&N RBS | Value of assets G&N RBS |
|---|--|--|
| The assets in the scheme and the expected return on assets at 31 December 2001 were: | % | £m |
| Equities | 7.5 | 17.2 |
| Bonds | 5.0 | 21.8 |
| Insurance policies and annuities | 5.75 | 18.3 |
| Total market value of assets | | 57.3 |
| Present value of scheme liabilities | | (54.4) |
| Surplus/(deficit) in scheme | | 2.9 |
| Associated deferred tax liability | | (0.9) |
| Net pension surplus/ (deficit) | | 2.0 |

When FRS 17 is fully adopted the net pension surplus/liability will be included in the company's profit and loss reserve.

4 RESTATEMENT OF COMPARATIVES

The adoption of Urgent Issues Task Force abstract 32 'Employee benefit trusts and other intermediate payment arrangements' (UITF 32) has required changes in the method of accounting for the assets and liabilities held by an intermediate payment arrangement.

The change arises from the recognition of the assets and liabilities of the Gerrard Group Employee Trust at market value.

The impact of adopting UITF 32 on the 2001 results amounted to income of £353,000, which represents interest income earned in the year.

GERRARD GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2001 (*CONTINUED*)

5 TAX CREDIT ON ORDINARY PROFIT ON ACTIVITIES

| | <u>Year ended</u> <u>31 December 2001</u> £000 | <u>Nine months ended</u> <u>31 December 2000</u> £000 |
|---|--|---|
| Taxation is based on the profit for the period and comprises: | | |
| Corporation tax at 30% (2000: 30%) | (1,900) | (1,223) |
| Deferred Tax | - | (1) |
| Adjustment to provisions for corporation tax in earlier periods | 94 | 33 |
| | <u>(1,806)</u> | <u>(1,191)</u> |

6 FIXED ASSETS

| | Equipment, fixtures and fittings £000 |
|---|---|
| Cost | |
| At 1 January 2001 | 16 |
| Additions | 211 |
| At 31 December 2001 | <u>227</u> |
| Depreciation | |
| At 1 January 2001 | 11 |
| Charge for period | 10 |
| At 31 December 2001 | <u>21</u> |
| Net book value at 31 December 2001 | <u>206</u> |
| Net book value at 31 December 2000 | <u>5</u> |

GERRARD GROUP PLC**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2001 (CONTINUED)****7 FIXED ASSET INVESTMENTS**

| | |
|--|--------------|
| Cost and net book value | £000 |
| At 1 January 2001 | - |
| Addition | 2,664 |
| Cost and net book value at 31 December 2001 | 2,664 |
| | ===== |
| Cost and net book value at 31 December 2000 | - |
| | ===== |

The Company acquired a 20% holding in Thornhill Acquisitions Limited in April 2001. The Company does not exercise any control and hence the investment has been accounted for as a fixed asset investment.

8 SHARES IN GROUP UNDERTAKINGS

| | |
|-------------------------------|--------------------------------|
| | <u>31 December 2001</u> |
| | £000 |
| As at 1 January 2001 | 521,357 |
| Fixed asset impairment | (165,000) |
| As at 31 December 2001 | 356,357 |
| | ===== |

The impairment relates to the investment in Gerrard Limited. Due to the decline of stock markets during 2001 and stock market activity, an impairment review was carried out to determine the recoverability of the carrying value of the goodwill held in the balance sheet. The impairment review was based on calculating a value in use, using a post tax discount rate of 12%.

The Group's principal operating subsidiaries are as follows:

| | <u>Percentage owned at 31st December 2001</u> | <u>Description of shares</u> | <u>Principal country of operation</u> |
|---|--|----------------------------------|---|
| Gerrard Limited and its subsidiary and related undertakings | 100 | £1 ordinary | UK |
| GNI Holdings Limited and its subsidiary undertakings | 100 | 10p deferred | UK |
| | 100 | £1 preference | |
| | 100 | US\$0.01 warrants | |
| King & Shaxson Bond Brokers Limited | 100 | £1 ordinary | UK |

GERRARD GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2001(CONTINUED)

The preference shares held in GNI Holdings Limited are convertible redeemable preference shares. They have no voting rights and are redeemable at par on 26 April 2010, but may be redeemed between 26 April 2000 and 26 April 2010 at the request of the Preference Shareholders.

The remaining subsidiary investments have not been disclosed separately as in the directors' opinion, this would lead to disclosure of excessive length.

9 DEBTORS FALLING DUE AFTER ONE YEAR

| | <u>31 December 2001</u> | <u>31 December 2000</u> |
|--|--------------------------------|--------------------------------|
| | £000 | £000 |
| Amounts due from subsidiary undertakings | 11,000 | 9,250 |

The amounts noted above are subordinated loans granted to subsidiary undertakings, which are for a period in excess of one year.

10 DEBTORS FALLING DUE WITHING ONE YEAR

| | <u>31 December 2001</u> | <u>31 December 2000</u> |
|-------------------------------------|--------------------------------|--------------------------------|
| | £000 | £000 |
| Amounts due from group undertakings | 40,423 | 13,295 |
| Taxation recoverable | 3,066 | 1,108 |
| Other debtors | 5,013 | 232 |
| Prepayments and accrued income | 273 | 14 |
| | <u>48,775</u> | <u>14,649</u> |

11 INVESTMENTS

| | <u>Investment in Old</u> | <u>Unlisted</u> | <u>Total</u> |
|------------------------------------|---------------------------------|------------------------|---------------------|
| | <u>Mutual loan notes</u> | | |
| | £000 | £000 | £000 |
| As at 1 January 2001 | - | 498 | 498 |
| Prior Year Adjustment | <u>6,034</u> | - | <u>6,034</u> |
| As at 1 January 2001 as restated | 6,034 | 498 | 6,532 |
| Add: Income earned from investment | 353 | - | 353 |
| As at 31 December 2001 | <u>6,387</u> | <u>498</u> | <u>6,885</u> |

The investment in Old Mutual loan notes are held at market value by the Employee Benefit Trust for the benefit of ex Gerrard Group plc employees.

GERRARD GROUP PLC**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2001(CONTINUED)****12 CREDITORS FALLING DUE WITHIN ONE YEAR**

| | <u>31 December 2001</u> | <u>31 December 2000</u> |
|-----------------------------------|-------------------------|-------------------------|
| | <u>£000</u> | <u>£000</u> |
| Amounts due to group undertakings | 73,788 | 60,033 |
| Accruals and deferred income | 8,838 | 1,021 |
| | <u>82,626</u> | <u>61,054</u> |

13 PROVISION FOR LIABILITIES AND CHARGES

| | <u>Healthcare</u> | <u>Property</u> | <u>Total</u> |
|---|-------------------|-----------------|--------------|
| | <u>£000</u> | <u>£000</u> | <u>£000</u> |
| Brought forward at 1 January 2001 | 1,734 | - | 1,734 |
| Additions | - | 6,672 | 6,672 |
| Balance carried forward at 31 December 2001 | <u>1,734</u> | <u>6,672</u> | <u>8,406</u> |

At 31 December 2001 full provision continues to be made for liabilities in respect of post-retirement healthcare in accordance with the advice from a qualified actuary. Additional provisions of £6,672,000 were made in respect of future rental liabilities of certain Company properties.

14 CALLED UP SHARE CAPITAL

| | <u>Authorised</u> | | <u>Allotted and fully paid</u> | |
|-----------------------------|--------------------|--------------------|--------------------------------|--------------------|
| | <u>31 December</u> | <u>31 December</u> | <u>31 December</u> | <u>31 December</u> |
| | <u>2001</u> | <u>2000</u> | <u>2001</u> | <u>2000</u> |
| | <u>£000</u> | <u>£000</u> | <u>£000</u> | <u>£000</u> |
| Ordinary shares of 25p each | 30,000 | 30,000 | 19,916 | 19,916 |

15 RESERVES

| | <u>Share Premium</u> | <u>Merger</u> | <u>Profit & Loss</u> | <u>Total</u> |
|-------------------------------|----------------------|----------------|--------------------------|----------------|
| | <u>Account</u> | <u>Reserve</u> | <u>Account</u> | <u>£000</u> |
| | <u>£000</u> | <u>£000</u> | <u>£000</u> | |
| At 1 January 2001 | 58,659 | 57,817 | 357,744 | 474,220 |
| Prior Year Adjustment | | | 6,034 | 6,034 |
| At 1 January 2001 as restated | 58,659 | 57,817 | 363,778 | 480,254 |
| Loss for the year | - | - | (165,143) | (165,143) |
| At 31 December 2001 | <u>58,659</u> | <u>57,817</u> | <u>198,635</u> | <u>315,111</u> |

GERRARD GROUP PLC**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2001(CONTINUED)****16 RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS**

| | 31 December 2001 | 31 December 2000 |
|---|-------------------------|-------------------------|
| | £000 | £000 |
| Opening shareholders' funds | 500,170 | 171,326 |
| Prior Year Adjustment | - | 6,034 |
| Opening shareholders' funds as restated | 500,170 | 177,360 |
| (Loss) / profit for the financial year | (165,143) | 320,341 |
| | <u>335,027</u> | <u>497,701</u> |
| Share capital allotted for cash | - | 2,469 |
| Closing shareholders' funds | <u><u>335,027</u></u> | <u><u>500,170</u></u> |

17 ULTIMATE PARENT UNDERTAKING AND RELATED PARTY TRANSACTIONS

The ultimate parent company at 31 December 2001 was Old Mutual plc, a company incorporated in England & Wales.

The largest and smallest groups in which the results of the Company are consolidated are Old Mutual plc and Old Mutual Financial Services (UK) plc, the immediate parent undertaking. Copies of the ultimate parent company's accounts may be obtained from: The Company Secretary, 3rd Floor, Lansdowne House, 57 Berkeley Square, London W1X 5DH. Copies of the accounts of Old Mutual Financial Services (UK) plc may be obtained from: The Company Secretary, Old Mutual Place, 2 Lambeth Hill, London, EC4V 4GG.

Advantage is taken in these financial statements of the exemptions available in FRS8 for disclosure of transactions with related parties that are at least 90% owned within the same group.