

Directors' Report and Accounts

**THE MI INVESTMENT MANAGEMENT  
COMPANY LIMITED**

31 December 1999



# **THE MI INVESTMENT MANAGEMENT COMPANY LIMITED**

## **DIRECTORS**

C Jones  
M J Newnham  
G R Stratford (Appointed 01/01/2000)  
W R Treen

## **COMPANY SECRETARY**

C J Kiddle Morris

## **AUDITORS**

Ernst & Young  
One Bridewell Street  
Bristol  
BS1 2AA

## **REGISTERED OFFICE**

32 Cornhill  
London  
EC3V 3LJ

## **REGISTERED NUMBER**

2354894

# **THE MI INVESTMENT MANAGEMENT COMPANY LIMITED**

## **DIRECTORS' REPORT**

The Directors have pleasure in submitting their Annual Report and audited Accounts for the year ended 31 December 1999.

## **PRINCIPAL ACTIVITY**

The principal activity of the Company was the management of investment funds. During 1994 the Board decided to cease this activity and the Company has not pursued any other business venture since. The Board does not anticipate any change in this strategy in the future and the Company intends to reduce the issued share capital of the Company to two Ordinary shares of £1 each by the end of 2000.

## **RESULTS AND DIVIDENDS**

The profit for the financial year is £Nil (1998 – profit £75,454) as set out in the profit and loss account on page 6.

The Directors recommend the payment of a dividend of £75,460 (1998 - £Nil) at the rate of £1.078 per share.

## **DIRECTORS**

The Directors during the year were:

C Jones  
C B Moore (Resigned 31/12/1999)  
M J Newnham  
W R Treen

## **YEAR 2000**

Prior to 31 December 1999, steps were taken to review computer and date dependent systems critical to the Company's ongoing operations and preparation of financial information to establish the impact, if any, which the Year 2000 might have on the accuracy of calculations, processing and reporting. Although it is not possible to guarantee that no Year 2000 problems remain, the Company believes that its internal systems are Year 2000 compliant.

The Company continues to address the business risk from third parties with whom it deals on business or financial matters, including key customers and suppliers. Contingency plans have been developed to minimise the risk of disruption. No significant disruptions have occurred to date.

Although the millennium date change has passed and no significant problems have been encountered, the Directors recognise that there is still a risk of Year 2000 impacting the business but do not expect this to be significant and are committed to rectifying any problems which do arise.

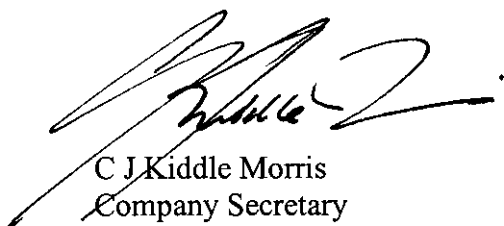
# **THE MI INVESTMENT MANAGEMENT COMPANY LIMITED**

## **DIRECTORS' REPORT continued**

### **ELECTIVE REGIME**

In accordance with Section 379A of the Companies Act 1985 the Company passed a resolution on 12 March 1993 to dispense with the obligation to appoint auditors annually. The auditors, Ernst & Young, will continue in office.

By Order of the Board

A handwritten signature in black ink, appearing to read 'C J Kiddle Morris', is written over the printed name and title.

C J Kiddle Morris  
Company Secretary

2 March 2000

## **THE MI INVESTMENT MANAGEMENT COMPANY LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS**

Company law requires the Directors to prepare accounts 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 accounts, 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 accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that the accounts comply with the above requirements.

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 accounts 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.

## **REPORT OF THE AUDITORS TO THE MEMBERS OF THE MI INVESTMENT MANAGEMENT COMPANY LIMITED**

We have audited the accounts on pages 6 to 10, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 8.

### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

As described on page 4 the Company's Directors are responsible for the preparation of accounts 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 accounts 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.

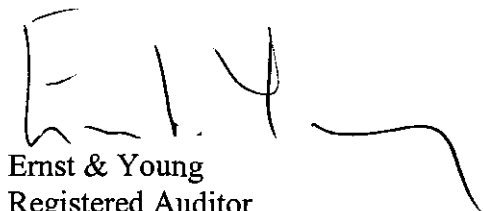
### **BASIS OF OPINION**

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 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 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 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 the Company's affairs as at 31 December 1999 and its loss for the year then ended have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to be 'E.Y.' followed by a long horizontal stroke.

Ernst & Young  
Registered Auditor  
Bristol

2 March 2000

**THE MI INVESTMENT MANAGEMENT COMPANY LIMITED**

**PROFIT AND LOSS ACCOUNT**  
**for the year ended 31 December 1999**

	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>
<b>OPERATING PROFIT</b>	-	75,454
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<u>-</u>	<u>75,454</u>
Taxation	<u>-</u>	<u>-</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>	-	75,454
Dividend	<u>(75,460)</u>	<u>-</u>
<b>RETAINED (LOSS)/PROFIT FOR THE YEAR</b>	(75,460)	75,454
<b>RETAINED PROFIT BROUGHT FORWARD</b>	75,494	40
<b>RETAINED PROFIT CARRIED FORWARD</b>	<u><u>34</u></u>	<u><u>75,494</u></u>

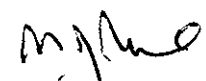
There are no recognised gains and losses other than the loss for the year.

**THE MI INVESTMENT MANAGEMENT COMPANY LIMITED**

**BALANCE SHEET**  
**at 31 December 1999**

	Note	1999 £	1998 £
<b>DEBTORS</b> - amounts falling due within one year	4	70,034	145,494
<b>NET CURRENT ASSETS</b>		<u>70,034</u>	<u>145,494</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	5	70,000	70,000
Profit and loss account		34	75,494
	6	<u>70,034</u>	<u>145,494</u>
<b>SHAREHOLDERS' FUNDS</b>			
Equity		55,034	130,494
Non equity		15,000	15,000
Total		<u>70,034</u>	<u>145,494</u>

Approved by the Board 2 March 2000

  
M J Newnham  
Director

# THE MI INVESTMENT MANAGEMENT COMPANY LIMITED

## NOTES TO THE ACCOUNTS

at 31 December 1999

### 1. ACCOUNTING POLICIES

#### (a) Accounting convention

These accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

#### (b) Deferred taxation

Provision is made for deferred taxation, using the liability method, on all timing differences to the extent that it is probable that the liability will crystallise in the foreseeable future.

### 2. PARTICULARS OF STAFF

The Company had no employees during the year (1998- Nil).

### 3. DIRECTORS' INTERESTS

Directors' Interests in shares as shown by the register kept in accordance with Section 325 of the Companies Act 1985, together with details of their options to purchase shares under Share Option Schemes are as follows:

C Jones had 824 options and C B Moore had 1,260 options to purchase 5p ordinary "C" shares in The MI Group Limited on 1 January 1999 and 31 December 1999.

W R Treen and M J Newnham had interests in shares of Cornhill Insurance Plc as disclosed in the group accounts. One Director exercised share options in Cornhill Insurance Plc during the year.

### 4. DEBTORS

	1999	1998
	£	£
Amounts owed by parent and fellow subsidiary undertakings	70,034	145,494

# THE MI INVESTMENT MANAGEMENT COMPANY LIMITED

## NOTES TO THE ACCOUNTS

at 31 December 1999 continued

### 5. SHARE CAPITAL

	1999 and 1998	
	Authorised	Allotted, called up and fully paid
	£	£
Ordinary shares of £1 each	55,000	55,000
0.001% Cumulative Redeemable Preference shares of £1 each	15,000	15,000
	<u>70,000</u>	<u>70,000</u>

The Cumulative Redeemable Preference shares were issued at par on 10 November 1989 and may be redeemed in full but not in part by the Company, at any time on giving three months prior written notice, at £1.00 per share. These shares carry a fixed cumulative preferential dividend of 0.001% per annum on the capital, payable annually in arrears and do not carry the right to vote at general meetings of the Company unless the business of the meeting includes a resolution involving the variation in any of the rights attached to the shares, in which event each holder attending the meeting shall have one vote on a show of hands or on a poll one vote for each share of which he is a holder. On a winding up of the Company, the Cumulative Redeemable Preference shares rank in priority to the Ordinary shares of the Company on distribution of capital.

### 6. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1999	1998
	£	£
Opening shareholders' funds	145,494	70,040
(Loss)/Profit for the financial year	(75,460)	75,454
Closing shareholders' funds	<u>70,034</u>	<u>145,494</u>

### 7. CAPITAL COMMITMENTS

There were no capital commitments at 31 December 1999 (1998 - £Nil).

## **THE MI INVESTMENT MANAGEMENT COMPANY LIMITED**

### **NOTES TO THE ACCOUNTS**

**at 31 December 1999 continued**

#### **8. RELATED PARTY DISCLOSURE**

The Company has taken advantage of the exemption given by FRS8 to subsidiary undertakings, 90% or more of whose voting rights are controlled within the group, by not disclosing information on related party transactions with entities that are part of the group, or investees of the group qualifying as related parties.

#### **9. PARENT UNDERTAKING**

The ultimate parent undertaking, Allianz Aktiengesellschaft, is incorporated in Germany and is the parent of the largest group of undertakings for which group accounts are drawn up and of which the Company is a member.

Copies of its group accounts are available on request from Allianz Aktiengesellschaft, Koniginstrasse 28, 80802 Munchen, Germany.

#### **10. SECURED ASSETS**

At 31 December 1999, the immediate holding company, The MI Group Limited, had borrowings of £40.92 million (1998 - £23.52 million) which are secured by fixed and floating charges over the assets and/or the shares of all its subsidiaries, including this company.