

2354894

Directors' Report and Accounts

THE MI INVESTMENT MANAGEMENT COMPANY LIMITED

31 December 1997



THE MI INVESTMENT MANAGEMENT COMPANY LIMITED

DIRECTORS

C Jones
C B Moore
M J Newnham
W R Treen

COMPANY SECRETARY

C J Kiddle Morris

AUDITORS

Ernst & Young
One Bridewell Street
Bristol
BS1 2AA

REGISTERED OFFICE

St Bartholomew's House
Lewins Mead
Bristol
BS1 2NH

REGISTERED NUMBER

2354894

THE MI INVESTMENT MANAGEMENT COMPANY LIMITED

DIRECTORS' REPORT

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.

DIRECTORS

The Directors during the year were:

C Jones
C B Moore
M J Newnham
W R Treen

DIRECTORS' INTERESTS

No Director has any interest in the shares of the Company. Options to purchase Ordinary "C" shares of 5p each in The MI Group Limited are as set out below:

	01/01/97	31/12/97
C B Moore	1,260	1,260
C Jones	824	824

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



Company Secretary

24 February 1998

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 5 to 8, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 6.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 3 the Company's Directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 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 1997 and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Chartered Accountants
Registered Auditor
Bristol

24 February 1998

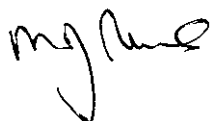
THE MI INVESTMENT MANAGEMENT COMPANY LIMITED

BALANCE SHEET - 31 DECEMBER 1997

	Note	1997 £	1996 £
CURRENT ASSETS			
Debtors	3	145,869	145,869
CREDITORS - amounts falling due within one year	4	(75,829)	(75,829)
NET ASSETS		<u>70,040</u>	<u>70,040</u>
CAPITAL AND RESERVES			
Called up share capital	5	70,000	70,000
Profit and loss account		<u>40</u>	<u>40</u>
		<u>70,040</u>	<u>70,040</u>
SHAREHOLDERS' FUNDS			
Equity		55,040	55,040
Non equity		<u>15,000</u>	<u>15,000</u>
Total		<u>70,040</u>	<u>70,040</u>

Approved by the Board 24 February 1998

Director



THE MI INVESTMENT MANAGEMENT COMPANY LIMITED

NOTES ON THE ACCOUNTS - 31 DECEMBER 1997

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. PROFIT AND LOSS ACCOUNT

The Company has not traded during the year and has made neither a profit or a loss. No profit and loss account has been prepared.

3. DEBTORS

	1997	1996
	£	£
Amount owed by parent and fellow subsidiary undertakings	145,869	145,869

4. CREDITORS - amounts falling due within one year

	1997	1996
	£	£
Accruals and deferred income	75,829	75,829

THE MI INVESTMENT MANAGEMENT COMPANY LIMITED

NOTES ON THE ACCOUNTS - 31 DECEMBER 1997 cont'd

5. SHARE CAPITAL

	1997 and 1996	
	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. CAPITAL COMMITMENTS

There were no capital commitments at 31 December 1997 (1996 - £Nil).

7. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 1997 (1996 - £Nil).

THE MI INVESTMENT MANAGEMENT COMPANY LIMITED

NOTES ON THE ACCOUNTS - 31 DECEMBER 1997 cont'd

8. 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.

9. SECURED ASSETS

At 31 December 1997, the immediate holding company, The MI Group Limited, had borrowings of £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.