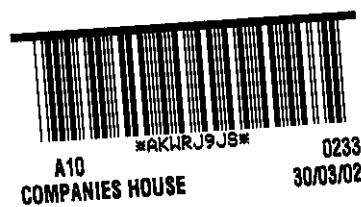


Registered number 2678531

HENDERSON INVESTMENT FUNDS LIMITED

**Report and accounts
for the year ended 31 December 2001**



Henderson Investment Funds Limited

Report and accounts for the year ended 31 December 2001

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Henderson Investment Funds Limited

Directors and principal advisors

Directors

R P Yates (Chairman)
M G Clare (Managing Director)
G I Buckley
R A Carnegie
A E Rein
J N B Darkins
N T Hiscock
J M Nestor

Secretary and registered office

Henderson Secretarial Services Limited
4 Broadgate
London EC2M 2DA

Registered in England No. 2678531

Auditors

Ernst & Young LLP
Rolls House
7 Rolls Buildings
Fetter Lane
London EC4A 1 NH

Henderson Investment Funds Limited

Directors' report

The directors present their report and accounts for the year ended 31 December 2001.

Review of the Company

The Company, which is regulated by the FSA, acts as Authorised Corporate Director to the Henderson open ended investment companies (OEICs). It also manages and markets the remaining Henderson unit trusts. No material change is anticipated to the Company's activities.

Results and dividends

The results of the Company are set out in the profit and loss account on page 6.

A first interim dividend of £5,000,000 and a second interim dividend of £2,000,000 were paid to the Company's sole shareholder on 18 June 2001 and 10 December 2001, respectively (year ended 31 December 2000 – £3,000,000). The directors do not propose the payment of a final dividend (year ended 31 December 2000 - £ nil).

Directors and their interests

The directors of the Company are set out on page 2, all of whom held office throughout the period except the following.

Name	Date of appointment	Date of resignation
J N B Darkins	24 August 2001	
J M Nestor	23 April 2001	
A Rein	15 March 2002	
P M Hodgett		23 February 2001
C R M Jago		17 October 2001
J L Partridge		21 September 2001
I C Clark		11 January 2002

During the year none of the directors had any interests in the shares or debentures of the Company or any other Group company, which require to be disclosed under the Companies Act 1985, except for the interests shown in the Henderson Administration Limited report.

Directors' report

Payment of suppliers

The Group's policy is to pay its suppliers by the due date specific to each transaction. The annualised average number of days credit, based on the aggregate of trade creditors at the end of the year and the aggregate amounts invoiced by trade creditors during the year ended 31 December 2001, was 32 days.

Auditors

On 28 June 2001, Ernst & Young, the Company's auditors, transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001. Ernst & Young LLP will be re-appointed as the Company's auditor at the annual general meeting of the Company.

Statement of directors' responsibilities

The directors are required by UK company law to prepare accounts for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that year.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the accounts for the year ended 31 December 2001. The directors also confirm that applicable accounting standards have been followed and that the accounts have been prepared on a going concern basis.

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 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.

By order of the Board



S J Whiteside
For and on behalf of Henderson Secretarial Services Limited, Secretary
21 March 2002

Henderson Investment Funds Limited

Independent Auditors' Report to the members of Henderson Investment Funds Limited

We have audited the company's financial statements for the year ended 31 December 2001 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 16. These financial statements have been prepared on the basis of the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 affairs of the company as at 31 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered auditor
London
21 March 2002

Henderson Investment Funds Limited

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2001

	Notes	Year ended 31 December 2001 £'000	Year ended 31 December 2000 £'000
REVENUE	2	41,912	50,530
Operating expenses	3	(30,528)	(39,178)
		<hr/>	<hr/>
		11,384	11,352
OPERATING PROFIT			
Interest receivable		868	1,135
Interest payable		(288)	(646)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		11,964	11,841
Tax charge on profit on ordinary activities	5	(3,626)	(3,554)
		<hr/>	<hr/>
PROFIT FOR THE YEAR	11	8,338	8,287
Dividends	6	(7,000)	(3,000)
		<hr/>	<hr/>
PROFIT RETAINED FOR THE YEAR		<hr/> 1,338 <hr/> <hr/>	<hr/> 5,287 <hr/> <hr/>

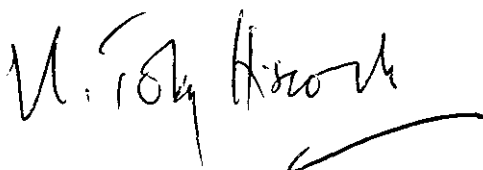
There were no recognised gains or losses during the year other than those identified in the profit and loss account.

Henderson Investment Funds Limited

BALANCE SHEET
at 31 December 2001

	Notes	Year ended 31 December 2001 £'000	Year ended 31 December 2000 £'000
CURRENT ASSETS			
Stocks of unit trust units and OEIC shares		323	1,044
Debtors	7	38,230	43,642
Cash at bank and in hand		21,097	7,257
		<u>59,650</u>	<u>51,943</u>
CREDITORS: Amounts falling due within one year	9	(38,539)	(32,170)
NET CURRENT ASSETS		<u>21,111</u>	<u>19,773</u>
NET ASSETS		<u>21,111</u> =====	<u>19,773</u> =====
CAPITAL AND RESERVES			
Called up share capital	10	1,000	1,000
Profit and loss account	11	20,111	18,773
		<u>21,111</u> =====	<u>19,773</u> =====
EQUITY SHAREHOLDERS' FUNDS		=====	=====

The accounts on pages 6 to 14 were approved by the Board of directors on 21 March 2002 and were signed on its behalf by:-



N T HISCOCK
Director



NOTES TO THE ACCOUNTS
at 31 December 2001

1. ACCOUNTING POLICIES

Basis of accounting

The accounts have been prepared on the historical cost basis of accounting and in accordance with applicable United Kingdom accounting standards.

Management fees

Management fees are accounted for on the accruals basis and the accounts include estimates of fees receivable where the actual amounts have not yet been determined.

Deferred taxation

Deferred taxation is accounted for at the estimated future tax rate on all timing differences only where there is a reasonable probability that the related asset or liability will crystallise.

Stocks

Stock is valued at the lower of cost or net realisable value.

Client bank balances

Amounts held for clients are accounted for through separately designated client bank accounts, which do not form part of the Company's funds.

NOTES TO THE ACCOUNTS
at 31 December 2001

2. REVENUE

Revenue, which is stated net of value added tax, arises from:

- (a) Initial charge on units and shares sold. This is calculated as a percentage of the value of units and shares sold and revenue from this source will therefore vary with the value of new units and shares sold.
- (b) Dealing in units and shares. Managers meet investors' requirements for the purchase or sale of units and shares not only by creation and liquidation of units and shares but also by dealing as principal.
- (c) Management fees from unit trusts and OEICs, which are based on the value of funds under management.

Revenue comprises the following:	2001 £'000	2000 £'000
Gross sales of units and shares	2,511,179	3,125,208
Management fees and charges	40,723	44,147
Commission and other income	1,200	120
	<u>2,553,102</u>	<u>3,169,475</u>
Less cost of sales:		
New units and shares created and repurchased less proceeds of units and shares liquidated	2,489,496	3,044,159
Discounts and commission	21,694	74,786
	<u>2,511,190</u>	<u>3,118,945</u>
Net Revenue	<u>41,912</u> =====	<u>50,530</u> =====

Henderson Investment Funds Limited

NOTES TO THE ACCOUNTS at 31 December 2001

3. OPERATING PROFIT

This is stated after charging:	2001	2000
	£'000	£'000
Management charges from fellow subsidiary	24,845	30,010
	=====	=====

Employees' contracts of employment are with Henderson Administration Limited, a fellow subsidiary, and their remuneration is included in that company's accounts. The management charge from the fellow subsidiary includes the cost of these employees, but it is not practicable to ascertain this element of the charge separately.

The auditors' remuneration in 2001 has been met in full by a fellow subsidiary as in the prior year. Operating lease rentals in 2001 have also been met in full by a fellow subsidiary undertaking.

4. DIRECTORS EMOLUMENTS

The directors mainly have employment contracts with Henderson Administration Limited, a fellow subsidiary and their remuneration is disclosed in that company's accounts or in Henderson Global Investors (Holdings) plc or Henderson Global Investors Limited.

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2001	2000
	£'000	£'000
Based on the profit for the year:		
UK Corporation tax at 30% (2000 - 30%)	3,663	3,553
Deferred taxation	5	1
Over provision in respect of prior years:		
Current	(42)	-
	<u>3,626</u>	<u>3,554</u>
	=====	=====

Henderson Investment Funds Limited

NOTES TO THE ACCOUNTS at 31 December 2001

6. DIVIDENDS

	2001 £'000	2000 £'000
Dividends on ordinary shares:		
Interim paid	7,000	3,000
	<u>7,000</u>	<u>3,000</u>
	=====	=====

7. DEBTORS

	2001 £'000	2000 £'000
Trade debtors:		
- unit trust/OEICs trustees for liquidated units/shares	3,058	2,555
- debtors for unit and shares sales	15,987	21,393
- management fees receivable from unit trusts and OEICs	4,595	3,599
Amounts owed by group companies	3,158	7,564
Other debtors	316	210
Deferred tax	-	5
Prepayments and accrued income	12,112	7,320
	<u>38,230</u>	<u>43,642</u>
	=====	=====

NOTES TO THE ACCOUNTS
at 31 December 2001

8. DEFERRED TAXATION

A deferred tax asset has been recognised in the accounts at the appropriate rates, as follows:

	2001 £'000	2000 £'000
Tax effect of timing differences due to:		
Depreciation on excess of capital allowances	-	5
	<u>-</u>	<u>5</u>
	=====	=====

The movement on the deferred tax asset is as follows:

As at 31 December 2000	5	6
Transfer to profit and loss account	(5)	(1)
	<u>-</u>	<u>5</u>
As at 31 December 2001	=====	=====

There are no unprovided amounts of deferred taxation.

9. CREDITORS: Amounts falling due within one year

	2001 £'000	2000 £'000
Trade creditors		
- unit trust/CEICs trustees for units/shares created	10,062	15,204
- creditors for units/shares repurchased	2,575	7,968
Amount owed to group companies	5,036	505
Corporation tax	3,633	3,011
Other creditors	764	446
Accruals and deferred income	6,086	5,036
	<u>38,539</u>	<u>32,170</u>
	=====	=====

NOTES TO THE ACCOUNTS
at 31 December 2001

10. SHARE CAPITAL

A deferred tax asset has been recognised in the accounts at the appropriate rates, as follows:

	2001 £'000	2000 £'000
Authorised:		
5,000,000 ordinary shares of £1 each	5,000	5,000
	=====	=====
Allotted, called up and fully paid		
1,000,000 ordinary shares of £1 each	1,000	1,000
	=====	=====

11. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share capital £'000	Profit and loss account £'000	Total share- holder funds £'000
At 1 January 2000	1,000	13,486	14,486
Profit for the year	-	8,287	8,287
Dividend	-	(3,000)	(3,000)
	-----	-----	-----
At 31 December 2000	1,000	18,773	19,773
Profit for the year	-	8,338	8,338
Dividend	-	(7,000)	(7,000)
	-----	-----	-----
At 31 December 2001	1,000	20,111	21,111
	=====	=====	=====

12. FINANCIAL COMMITMENTS

The Company, in conjunction with fellow subsidiaries, has jointly and severally guaranteed all obligations to its bankers by way of an unlimited inter-company composite guarantee. This agreement forms part of the Henderson Global Investors (Holdings) plc group's banking arrangements.

NOTES TO THE ACCOUNTS
at 31 December 2001

13. RELATED PARTY TRANSACTIONS

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.

Unit Trusts/OEICs

The Company is manager to 9 authorised unit trusts, 25 sub-funds of the OEICs and 2 unauthorised unit trusts (year ended 31 December 2000 – 34 authorised, 2 unauthorised unit trusts). The management arrangements are at arms length and in the normal course of business.

The aggregate fees receivable and amount outstanding for the year ended 31 December 2001 are given in note 2 and note 7 respectively.

14. PARENT UNDERTAKING

The company's immediate parent undertaking is Henderson Global Investors (Holdings) plc. The parent undertaking of the smallest group for which group accounts are prepared is AMP (UK) Plc and in accordance with Section 228(2) of the Companies Act 1985, group accounts have not been prepared.

The ultimate parent undertaking and controlling party is AMP Limited, a company incorporated in New South Wales, Australia. The address from which copies of the accounts of AMP Limited can be obtained is GPO Box 4134, Sydney Cove, New South Wales 2001, Sydney, Australia.

15. CASHFLOW STATEMENT

The Company has taken advantage of the exemption given by FRS1 (revised 1996) to subsidiary undertakings where 90% or more of the voting rights are controlled within the group, by not preparing a cash flow statement. Details of the ultimate holding company are given in note 14 to the accounts.

16. POST BALANCE SHEET EVENTS

There are no post balance sheet events requiring disclosure.