

# OLD MUTUAL ASSET MANAGERS (UK) LIMITED

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## FINANCIAL STATEMENTS - 30 JUNE 1997

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### BOARD OF DIRECTORS

K J Carter BSc (Hons) MBA PhD CFA (Chairman)  
T J R Gordon BA FIA  
C A Judd BSc (Hons)  
B A Marquard CA (SA) FIA

### COMPANY SECRETARY

R D Law BSc FCA

### REGISTERED OFFICE

Providence House  
2 Bartley Way  
Hook  
Hampshire RG27 9XA

### REGISTERED NUMBER

England: 2949554



# OLD MUTUAL ASSET MANAGERS (UK) LIMITED

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## REPORT OF THE DIRECTORS

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The Directors present their report and audited financial statements for the year ended 30 June 1997.

### CHANGE OF NAME

The name of the Company was changed by special resolution on 20 March 1997 from Old Mutual International Asset Managers (UK) Limited to Old Mutual Asset Managers (UK) Limited.

### ACTIVITIES

The Company's principal activity is the provision of investment services.

### RESULTS FOR THE YEAR

The results for the year are shown in the profit and loss account on page 5. The Directors do not recommend the payment of a dividend (1996: Nil).

### DIRECTORS

The Directors of the Company are shown on page 1. All of the Directors held office throughout the year.

None of the Directors had any disclosable interest in the share capital of any group undertaking during the year.

### DIRECTORS' AND OFFICERS' LIABILITY INSURANCE


The Company has arranged insurance cover for certain Directors and officers as permitted by Section 310 of the Companies Act 1985.

### AUDITORS

During the year the auditors, KPMG indicated to the Directors that a limited liability company was to undertake part of their audit business.

On 12 June 1997 KPMG resigned as auditors of our Company and the Directors appointed KPMG Audit Plc to fill the vacancy.

By order of the Board



R D Law  
Secretary

28 August 1997

## **OLD MUTUAL ASSET MANAGERS (UK) LIMITED**

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### **DIRECTORS' AND AUDITORS' RESPONSIBILITIES**

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#### **DIRECTORS' RESPONSIBILITIES**

Company law requires the Directors to prepare, for each financial period, financial statements 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 these financial statements, the Directors are required to ensure that:-

- suitable accounting policies are selected and consistently applied,
- reasonable and prudent judgements and estimates are made,
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- the financial statements are prepared 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 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.

#### **AUDITORS' RESPONSIBILITIES**

It is the responsibility of the Auditors to form an independent opinion, based on their audit of the financial statements, and to report that opinion to the members of the Company. A copy of the Auditors' Report is included on page 4.

# OLD MUTUAL ASSET MANAGERS (UK) LIMITED

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## AUDITORS' REPORT TO THE MEMBERS OF OLD MUTUAL ASSET MANAGERS (UK) LIMITED

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We have audited the financial statements on pages 5 to 11.

### RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 3, 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 of those statements and to report our opinion to you.

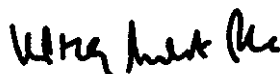
### BASIS OF OPINION

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 Company's affairs as at 30 June 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc  
Chartered Accountants  
Registered Auditor  
LONDON

28 August 1997

# OLD MUTUAL ASSET MANAGERS (UK) LIMITED

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## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 1997

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	Notes	Year ended 30 June 1997 £'000	Year ended 30 June 1996 £'000
Turnover	2	3,575	1,817
Administrative expenses		<u>(2,673)</u>	<u>(1,091)</u>
Operating profit	3	902	726
Other interest receivable and similar income		69	26
Interest payable and similar charges		<u>(13)</u>	<u>-</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		958	752
Taxation	6	<u>(448)</u>	<u>(251)</u>
PROFIT FOR THE FINANCIAL YEAR		510	501
RETAINED PROFIT BROUGHT FORWARD		<u>528</u>	<u>27</u>
RETAINED PROFIT CARRIED FORWARD		<u><u>1,038</u></u>	<u><u>528</u></u>

All of the amounts above are in respect of continuing operations.

The Company had no recognised gains or losses other than the profit for the year, and accordingly a separate statement of recognised gains and losses is not presented.

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The notes on pages 7 to 11 form part of these financial statements

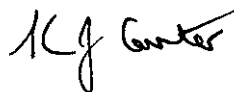
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# OLD MUTUAL ASSET MANAGERS (UK) LIMITED

## BALANCE SHEET AS AT 30 JUNE 1997

	Notes	1997 £'000	1996 £'000
FIXED ASSETS	7	82	46
CURRENT ASSETS			
Debtors	8	497	202
Cash at bank and in hand		4,852	911
		5,349	1,113
Creditors: amounts falling due within one year	9	(1,091)	(331)
NET CURRENT ASSETS		4,258	782
TOTAL ASSETS LESS CURRENT LIABILITIES		4,340	828
Provision for liabilities and charges		(302)	-
		4,038	828
CAPITAL AND RESERVES			
Shareholders' funds:			
Share capital	10	3,000	300
Profit and loss account		1,038	528
	11	4,038	828

Approved by the Board on 28 August 1997



K J Carter

The notes on pages 7 to 11 form part of these financial statements

# OLD MUTUAL ASSET MANAGERS (UK) LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

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### 1 ACCOUNTING POLICIES

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#### a) Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

#### b) Taxation

Taxation is provided on all realised profits and income earned to date. Deferred taxation is provided using the liability method in respect of timing differences to the extent that it is probable that liabilities will crystallise in the foreseeable future.

#### c) Depreciation

Depreciation is charged in the financial statements so as to write off the cost of the computer equipment over three years.

#### d) Cash Flow Statement

The Company's ultimate parent company prepares consolidated financial statements which are publicly available. Accordingly the Company has taken advantage of an exemption in Financial Reporting Standard 1 (Revised 1996) - 'Cash Flow Statements', and has dispensed with the requirement to prepare a cash flow statement.

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### 2 TURNOVER

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Turnover comprises the value of investment services provided by the Company.

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### 3 OPERATING PROFIT

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This is stated after charging the following:

	Year ended 30 June 1997 £'000	Year ended 30 June 1996 £'000
Auditors' remuneration:		
Statutory audit	2	2
Other regulatory audit work (IMRO)	2	2
	<u>4</u>	<u>4</u>

# OLD MUTUAL ASSET MANAGERS (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 4 DIRECTORS' EMOLUMENTS

Two (1996: Two) of the Directors of the Company performed most of their duties in respect of another group undertaking, Old Mutual Life Assurance Company Limited, and their emoluments are disclosed in the financial statements of that company. The total emoluments of the remaining Directors for the year ended 30 June 1997 amounted to £180,821 (1996: £Nil), none of which were in respect of fees (1996: Nil).

The emoluments of the chairman and highest paid Director for the year ended 30 June 1997 amounted to £120,633 (1996: £Nil).

### 5 STAFF COSTS

The average number of persons (including Directors) employed by the Company during the year was 30 (1996: 24). Some of the staff were seconded to another group undertaking, Old Mutual Portfolio Managers Limited, and the charges for their services are disclosed in the financial statements of that company. The aggregate payroll costs borne by this Company were as follows:

	Year ended 30 June 1997 £'000	Year ended 30 June 1996 £'000
Wages and salaries	1,295	564
Social security costs	132	56
Other pension costs	71	42
	<u>1,498</u>	<u>662</u>

The above payroll costs include other pension costs in respect of contributions made to the Old Mutual Staff Pension Fund, to which the Company is a participating employer. Old Mutual Life Assurance Company Limited is the principal employer with regard to that scheme and details of the scheme are disclosed in the notes to the financial statements of that company. The scheme is a funded, defined benefit scheme. Contributions are based on average pension costs across all members of the scheme.

### 6 TAXATION

	Year ended 30 June 1997 £'000	Year ended 30 June 1996 £'000
UK corporation tax at 32.5% (1996: 33%)	453	251
Prior year adjustment	(5)	-
	<u>448</u>	<u>251</u>



# OLD MUTUAL ASSET MANAGERS (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 7 FIXED ASSETS

	Computer Equipment £'000	Furniture & Fixtures £'000	Motor Vehicles £'000	Total £'000
COST				
At 1 July 1996	51			51
Transfers	(9)	5	4	-
Additions	72			72
Disposals	-	-	(4)	(4)
At 30 June 1997	<u>114</u>	<u>5</u>	<u>-</u>	<u>119</u>
ACCUMULATED DEPRECIATION				
At 1 July 1996	5	-	-	5
Charge for the year	<u>31</u>	<u>1</u>	<u>-</u>	<u>32</u>
At 30 June 1997	<u>36</u>	<u>1</u>	<u>-</u>	<u>37</u>
NET BOOK VALUE				
30 June 1997	<u>78</u>	<u>4</u>	<u>-</u>	<u>82</u>
30 June 1996	<u>46</u>	<u>-</u>	<u>-</u>	<u>46</u>

### 8 DEBTORS

	1997 £'000	1996 £'000
Amounts owed by group undertakings	218	129
Other debtors	<u>279</u>	<u>73</u>
	<u>497</u>	<u>202</u>

# OLD MUTUAL ASSET MANAGERS (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 9 CREDITORS: amounts falling due within one year

	1997 £'000	1996 £'000
Amounts owed to group undertakings	325	28
Accruals and deferred income	313	52
Other creditors including taxation	453	251
	<u>1,091</u>	<u>331</u>

### 10 SHARE CAPITAL

	1997 £'000	1996 £'000
AUTHORISED:		
3,000,000 ordinary shares of £1 each (1996: 500,000)	<u>3,000</u>	<u>500</u>
ISSUED AND FULLY PAID:		
3,000,000 ordinary shares of £1 each (1996: 300,000)	<u>3,000</u>	<u>300</u>

On 26 June 1997 the Company issued 2,700,000 ordinary shares of £1 each at par to Old Mutual Asset Managers Holdings (Bermuda) Limited, the company's immediate parent company

### 11 MOVEMENTS IN SHAREHOLDERS' FUNDS

	Year ended 30 June 1997 £'000	Year ended 30 June 1996 £'000
Shareholders' funds at 1 July 1996	828	327
Share capital issued	2,700	-
Profit for the year	510	501
Shareholders' funds at 30 June 1997	<u>4,038</u>	<u>828</u>

### 12 DEFERRED TAXATION

No provision has been made for deferred taxation as there is no liability.

## OLD MUTUAL ASSET MANAGERS (UK) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS (continued)

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#### 13 SEGMENT INFORMATION

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The Directors consider there is only one business segment, - the provision of investment services in the United Kingdom.

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#### 14 RELATED PARTY TRANSACTIONS

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The Company's ultimate parent undertaking prepares consolidated financial statements which are publicly available. Accordingly the Company has taken advantage of an exemption in transactions with other entities in the Old Mutual Group.

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#### 15 PARENT UNDERTAKING

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##### ULTIMATE PARENT UNDERTAKING

South African Mutual Life Assurance Society, incorporated in the Republic of South Africa, is the ultimate parent undertaking. Its financial statements are available from:

The Secretary, South African Mutual Life Assurance Society, Mutualpark, Pinelands  
Cape Town, Republic of South Africa.

##### IMMEDIATE PARENT UNDERTAKING

Old Mutual Asset Managers Holdings (Bermuda) Limited, incorporated in Bermuda is the immediate parent undertaking. Its financial statements are available from:

The Secretary, Old Mutual Asset Managers Holdings (Bermuda) Limited, 61 Front Street,  
Hamilton HM11, Bermuda.