

**Aberdeen Asset Managers Limited**

**Directors' report and financial  
statements**

**Registered number 108419**

**30 September 2001**

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## Contents

Directors' report	1
Statement of Directors' responsibilities	6
Independent auditor's report to the members of Aberdeen Asset Managers Limited	7
Profit and loss account	8
Balance sheet	9
Notes	10

## **Directors' report**

The Directors present their annual report and the audited financial statements for the year ended 30 September 2001.

### **Principal activity**

The principal activity of the Company is the provision of investment management services to a range of unit trusts operated by a related Company, a number of investment trusts, and other institutional and private clients.

### **Business review**

During the year the Company continued to provide investment management services to an expanding base of clients.

### **Proposed dividend**

The Directors recommend that a final dividend of £10,500,000/85.71 pence per share be paid.

## Directors' report *(continued)*

### Directors and Directors' interests

The Directors who held office during the year were as follows:

J Adams	(appointed 25 October 2000)	N Macfadyen	(appointed 24 January 2001)
R Ajmera		CD Macrae	
S Atherton		AC Mathers	
P Atkinson	(appointed 25 October 2000)	NJ McChesney	
R Beattie	(appointed 2 May 2001)	CJ McDermid	(appointed 2 May 2001)
ARC Brunner	(resigned 7 September 2001)	AD MacLellan	(appointed 24 January 2001, resigned 31 May 2001)
DM Briggs	(appointed 24 January 2001)		
DJM Burchill	(appointed 25 October 2000)	AM McLean	
GDC Burns	(appointed 24 January 2001)	D Michael	
N Campling		KD Milne	(appointed 2 May 2001)
GWNH Clark	(appointed 24 January 2001)	M Mitchell	
J Cocks		VM Mudford	(appointed 24 January 2001)
JB Clunie	(appointed 24 January 2001)	SE Mullin	(appointed 24 January 2001)
DL Connon	(appointed 2 May 2001)	PM Newton	(appointed 24 January 2001)
NP Coombes		WR Nixon	
PE Coupe		J Owens	(resigned 28 September 2001)
CAB Crosby		SJ Overend	(appointed 2 May 2001)
N Cumming		N Parsons	
APC Currie		J Plumptre	
AM Daniels		J Polin	
RNG Davidson	(appointed 24 January 2001)	AV Preston	(appointed 24 January 2001)
RJ Della-Porta	(appointed 24 January 2001)	SE Pullan	(appointed 24 January 2001)
AJ Dickin	(appointed 2 May 2001)	J Pullar-Strecker	
JB Diggins	(appointed 24 January 2001)	E Protheroe	(appointed 25 October 2000)
A Elder		PCR Reed	
E Fazakerley	(appointed 2 May 2001)	P Roantree	
CD Fishwick		C Robertson	(appointed 25 October 2000)
SJ Folland		B Rogoff	
AG Forbes		MK Sanders	
ANF Fowler		G Sharpe	(appointed 24 January 2001, resigned 7 September 2001)
K Fry			
MJ Gilbert	Chairman	MJ Shelley	
S Gerrard		AJ Simpson	(appointed 15 January 2001)
WT Greenhalgh		GA Sinclair	(appointed 24 January 2001)
AM Haddow	(appointed 24 January 2001)	N Storer	(appointed 25 October 2000)
JH Jeavons-Fellows	(appointed 24 January 2001)	DA Thomson	(appointed 24 January 2001)
WJC Hemmings		JR Thornton	
S Kirton		GW Tipper	(appointed 24 January 2001)
J Gardiner	(appointed 25 October 2000)	KH Tierney	(appointed 2 May 2001)
K Garrett-Cox	(appointed 25 October 2000)	R Wahhab	
G Good	(appointed 25 October 2000)	JR Watson	(appointed 25 October 2000)
AA Laing		G White	(appointed 2 May 2001)
PW Lane	(appointed 2 May 2001)	D Wilde	(appointed 25 October 2000)
G Leon	(appointed 25 October 2000)	SI Yellop	
PJN Linthwaite	(appointed 24 January 2001, resigned 30 September 2001)		
HWM Little			

After the year end the following changes occurred:

P Aggett (appointed 24 October 2001)

M Karagianis (appointed 24 October 2001)

## Directors' report *(continued)*

### Directors and Directors' interests *(continued)*

The Directors who held office at the end of the financial year had no interests in the shares of the Company but had the following interests in the share capital of Aberdeen Asset Management PLC, the Company's ultimate parent company, as recorded in the register of Directors' interests:

	Ordinary shares		Options		Performance Shares	
	2001	2000	2001	2000	2001	2000
J Adams	-	-	20,000	-	-	-
R Ajmera	43,259	44,375	132,500	132,500	26,000	26,000
S Atherton	9,334	2,825	98,500	83,500	6,000	6,000
P Atkinson	217	-	37,500	-	-	-
R Beattie	6,976	-	-	-	-	-
DJM Burchill	-	-	105,000	-	-	-
N Campling	1,893	-	92,500	77,500	-	-
JB Clunie	-	-	17,500	-	-	-
J Cocks	643	426	-	-	1,500	1,500
DL Connon	217	-	35,000	-	-	-
NP Coombes	2,976	2,759	-	-	-	-
PE Coupe	1,643	1,426	50,000	50,000	10,000	10,000
CAB Crosby	125,701	123,243	105,000	75,000	18,000	18,000
N Cumming	3,643	3,426	98,500	83,500	12,000	12,000
APC Currie	2,976	2,759	67,500	42,500	9,000	9,000
AM Daniels	128,476	128,259	60,000	42,500	4,000	4,000
RNG Davidson	-	-	5,000	-	-	-
RJ Della-Porta	-	-	105,000	-	-	-
JB Diggins	2,000	-	30,000	-	-	-
A Elder	5,976	5,759	72,500	42,500	4,000	4,000
S Folland	1,643	1,426	47,500	32,500	-	-
AG Forbes	49,001	48,784	47,500	37,500	3,000	3,000
ANF Fowler	1,643	1,426	300,500	300,500	16,000	16,000
K Fry	217	-	130,000	100,000	-	-
JA Gardiner	2,243	-	17,500	-	-	-
KL Garret-Cox	-	-	235,000	-	-	-
S Gerrard	643	426	125,000	102,500	4,000	4,000
G Good	10,000	-	105,000	-	-	-
WT Greenhalgh	6,643	6,426	40,000	30,000	3,000	3,000
AM Haddow	-	-	-	-	-	-
WJC Hemmings	32,533	32,316	193,500	163,500	6,500	6,500
JH Jeavons-Fellows	-	-	-	-	-	-
S Kirton	4,213	3,996	92,150	57,500	-	-
G Leon	2,543	-	20,000	-	-	-
HWM Little	79,855	79,038	177,500	147,500	26,000	26,000
CD Macrae	5,255	5,038	47,500	32,500	4,500	4,500
AC Mathers	5,393	2,926	40,000	30,000	3,000	3,000
NJ McChesney	1,643	1,426	70,000	60,000	10,000	10,000
CJ McDermid	233	-	-	-	-	-
AM McLean	11,051	15,464	77,500	67,500	3,000	3,000
D Michael	5,255	5,038	125,000	107,500	5,000	5,000

## Directors' report (continued)

### Directors and Directors' interests (continued)

	Ordinary shares		Options		Performance Shares	
	2001	2000	2001	2000	2001	2000
KD Milne	643	-	-	-	-	-
M Mitchell	5,255	5,038	42,500	32,500	1,500	1,500
VM Mudford	600	-	-	-	-	-
SE Mullin	600	-	10,000	-	-	-
WR Nixon	1,000	-	27,500	10,000	-	-
SJ Overend	300	-	-	-	-	-
N Parsons	-	-	10,000	10,000	-	-
JC Polin	3,976	2,759	90,000	60,000	4,000	4,000
AV Preston	-	-	17,500	-	-	-
E Protheroe	1,643	-	105,000	-	-	-
J Pullar-Strecker	1,643	1,426	267,500	247,500	8,000	8,000
PCR Reed	133,001	132,784	-	-	20,000	20,000
P Roantree	1,643	1,426	50,000	40,000	6,000	6,000
B Rogoff	1,217	-	92,500	77,500	-	-
C Robertson	1,217	-	-	-	-	-
MK Sanders	2,976	2,759	30,000	12,500	1,500	1,500
MJ Shelley	5,476	2,759	45,000	35,000	20,000	20,000
AJ Simpson	2,100	-	-	-	-	-
GA Sinclair	-	-	10,000	-	-	-
N Storer	643	-	20,000	-	-	-
DA Thomson	-	-	17,500	-	-	-
JR Thornton	273,313	273,096	337,500	312,500	20,000	20,000
R Wahhab	643	1,000	57,500	40,000	-	-
JR Watson	-	-	92,500	-	-	-
G White	600	-	-	-	-	-
D Wilde	2,500	-	167,500	-	-	-
SI Yellop	5,255	3,705	-	-	1,500	1,500
	<b>1,002,181</b>	<b>945,739</b>	<b>4,513,150</b>	<b>2,776,000</b>	<b>257,000</b>	<b>257,000</b>

The interests of Messrs MJ Gilbert, AA Laing, CD Fishwick and J Plumpton in the share capital of Aberdeen Asset Management PLC, the ultimate parent company, are disclosed in the Directors' report of that company.

None of the other Directors who held office at the end of the financial year had any disclosable interest in the shares of the Company or other group companies.

### Employees

The Company participates in an Employee Share Ownership Trust established by the ultimate parent company pursuant to sections 66-74 and Schedule 5 to the Finance Act 1989. The beneficiaries include all full-time employees, including Directors, who have been employed by a group company for 2 years.

The Company also participates in an approved profit sharing scheme established by the parent company in accordance with section 186 and Schedules 9 and 10 of the Income & Corporation Taxes Act 1988. This scheme allows the Company to contribute up to 5% of profit for any year for investment in the shares of Aberdeen Asset Management PLC. A provision of £231,000 has been made for proposed profit sharing contributions (2000: £145,500).

**Directors' report** *(continued)*

**Policy and practice on payment of creditors**

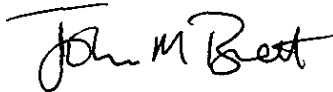
Unless otherwise agreed, payments to trade creditors are made within thirty days.

At the year end, the Company had an average of 17 days purchases outstanding in respect of trade creditors.

**Auditors**

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board



**For Aberdeen Asset Management PLC**  
*Secretaries*

One Albyn Place  
Aberdeen  
AB10 1YG

29 January 2002

## **Statement of Directors' responsibilities**

Company law requires the Directors to prepare financial statements 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 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 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.





**KPMG Audit Plc**

37 Albyn Place  
Aberdeen  
AB10 1JB  
United Kingdom

**Independent auditors' report to the members of Aberdeen Asset Managers Limited**

We have audited the financial statements on pages 8 to 15.

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the directors' report and, as described on page 4, 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 affairs of the Company as at 30 September 2001 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

**KPMG Audit Plc**  
Chartered Accountants  
Registered Auditor

29 January 2002

**Profit and loss account**  
*for the year ended 30 September 2001*

	<i>Note</i>	<b>2001 £000</b>	<b>2000 £000</b>
<b>Turnover</b>	<i>1</i>	<b>58,020</b>	42,402
Cost of sales (including exceptional costs of £558,000 (2000: £nil))	<i>4</i>	<b>(51,718)</b>	(37,863)
<b>Operating profit</b>		<b>6,302</b>	4,539
Interest receivable and similar income	<i>6</i>	<b>1,325</b>	740
<b>Profit on ordinary activities before taxation</b>	<i>2-5</i>	<b>7,627</b>	5,279
Tax on profit on ordinary activities	<i>7</i>	<b>(2,376)</b>	(1,597)
<b>Profit for the financial year</b>		<b>5,251</b>	3,682
Dividends on ordinary shares	<i>8</i>	<b>(10,500)</b>	(2,000)
<b>Retained (loss) profit for the year</b>		<b>(5,249)</b>	1,682

A statement of movements on reserves is given in note 13.

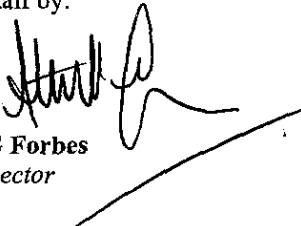
Turnover and operating profit arise wholly from continuing operations in the UK.

There are no recognised gains or losses other than the profit for the financial year.

**Balance sheet**  
 at 30 September 2001

	<i>Note</i>	<b>2001</b> <b>£000</b>	<b>2000</b> <b>£000</b>
<b>Current assets</b>			
Debtors	9	7,880	10,015
Cash at bank and in hand		42,944	15,770
		<hr/>	<hr/>
		50,824	25,785
<b>Creditors: amounts due within one year</b>	10	(37,953)	(17,665)
		<hr/>	<hr/>
<b>Net assets</b>		12,871	8,120
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	11	1,225	225
Share premium account	13	11,025	2,025
Profit and loss account	13	621	5,870
		<hr/>	<hr/>
<b>Equity shareholders' funds</b>	12	12,871	8,120
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 29 January 2002 and were signed on its behalf by:

  
**AG Forbes**  
 Director

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable Accounting Standards and under the historic cost accounting rules.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As the Company is a wholly owned subsidiary of Aberdeen Asset Management PLC, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Aberdeen Asset Management PLC, within which this Company is included, can be obtained from One Albyn Place, Aberdeen, AB10 1YG.

#### *Foreign currencies*

Transactions denominated in foreign currencies are converted at the rates of exchange ruling at the dates of the transactions. Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Exchange differences are dealt with in the profit and loss account.

#### *Leases*

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

#### *Pension costs*

The main pension scheme operated by the parent Company is a self-administered money purchase scheme. Benefits from the scheme are based on contributions made. Payments made to the scheme represent current service contributions and are charged to the profit and loss account.

The parent Company also operates a pension scheme which provides benefits based on average pensionable pay and which is now closed to new service contributions. Contributions to the scheme, which are paid according to the advice of an actuary, are charged to the profit and loss account so as to spread the cost over the expected working lives of active members.

#### *Turnover*

Turnover represents amounts receivable in respect of the Company's activities in providing investment management services, exclusive of Value Added Tax.

#### *Taxation*

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

**Notes** *(continued)*

**2 Profit on ordinary activities before taxation**

	<b>2001</b>	2000
	<b>£000</b>	£000
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration		
Audit fees	14	14
Fees for non-audit services	10	10
Hire of other assets - operating leases	209	95
	<hr/>	<hr/>

**3 Staff numbers and costs**

The average number of persons employed by the Company (including directors), during the year, analysed by category, was as follows:

	<b>2001</b>	2000
	<b>Number</b>	Number
Fund management	253	110
Administration	31	18
	<hr/>	<hr/>
	284	128
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	<b>2001</b>	2000
	<b>£000</b>	£000
Salaries	12,576	8,714
Contribution to Discretionary Employee Benefits Trust	10,735	10,035
Social security costs	1,348	823
Other pension costs	1,856	1,128
	<hr/>	<hr/>
	26,515	20,700
	<hr/>	<hr/>

**4 Exceptional costs**

Recognised within operating profit

*Arising from acquisitions made by group companies:*

	<b>2001</b>	2000
	<b>£000</b>	£000
Redundancy, relocation and duplicate costs	538	-
Other costs	20	-
	<hr/>	<hr/>
	558	-
	<hr/>	<hr/>

**Notes (continued)**

**5 Remuneration of directors**

	2001 £000	2000 £000
Directors' emoluments	14,793	9,463
Company contributions to money purchase pension schemes	1,069	415
Compensation for loss of office	42	21
	<u>15,904</u>	<u>9,899</u>

Directors' emoluments includes the value of anticipated benefits from the Discretionary Employee Benefits Trust set up by the company for the purpose of providing benefits to staff.

Deferred benefits are expected to be payable to Mr Fishwick (£1,400,000) and Mr Laing (£275,000), conditional on each individual continuing in the group's employment until 30 September 2002.

The emoluments of the directors who are also directors of, and paid by, Aberdeen Asset Management PLC, the parent company, are disclosed in the accounts of that company.

The emoluments of the directors who are paid by Aberdeen Unit Trust Managers Limited, another subsidiary company, are disclosed in the accounts of that company.

The aggregate emoluments of the highest paid director was £1,752,980 (2000: £1,702,793), and company pension contributions of £52,652 (2000: £31,391) were made to a money purchase scheme on his behalf.

	Number of directors	
	2001	2000
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	82	43
Defined benefit schemes	1	1

**6 Interest receivable and similar income**

	2001 £000	2000 £000
Bank interest receivable	1,325	740

**7 Taxation**

	2001 £000	2000 £000
UK Corporation tax at 30% (2000: 30%)	2,376	1,597

**Notes** *(continued)*

**8 Dividends**

	2001 £000	2000 £000
Ordinary shares: Final proposed	10,500	2,000

**9 Debtors**

	2001 £000	2000 £000
Trade debtors	2,581	1,765
Other debtors	122	32
Prepayments and accrued income	5,097	5,689
Amount due by group undertakings	80	2,529
	<u>7,880</u>	<u>10,015</u>

All debtors are considered recoverable within one year.

**10 Creditors: amounts due within one year**

	2001 £000	2000 £000
Amounts owed to group undertakings	27,717	4,141
Taxes and social security	1,025	663
Other creditors	9,211	12,861
	<u>37,953</u>	<u>17,665</u>

**11 Called up share capital**

	2001 £000	2000 £000
<i>Authorised:</i>		
Ordinary shares of 10p each	10,300	300
<i>Allotted, called up and fully paid:</i>		
Ordinary shares of 10p each	1,225	225

During the year the company issued 10,000,000 ordinary shares of 10p each at a premium of 90p per share.

**Notes** (continued)

**12 Reconciliation of movements in shareholders' funds**

	2001 £000	2000 £000
Profit for the financial year	5,251	3,682
Dividends	(10,500)	(2,000)
Issue of share capital	10,000	750
Net movement in shareholders' funds	4,751	2,432
Opening shareholders' funds	8,120	5,688
Shareholders' funds at end of year	12,871	8,120

**13 Reserves**

	Share premium account £000	Profit and loss account £000
At beginning of year	2,025	5,870
Retained loss for the year	-	(5,249)
Arising on the issue of shares	9,000	-
At end of year	11,025	621

**14 Commitments**

Annual commitments under non-cancellable operating leases are as follows:

	2001		2000	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire:				
Within one year	-	42	-	-
In the second to fifth years inclusive	83	36	12	6
Over five years	118	-	140	-
	201	78	152	6



**Notes** *(continued)*

**15 Pension scheme**

	<b>2001</b>	<b>2000</b>
	<b>£000</b>	<b>£000</b>
<b>(a) In respect of the money purchase scheme operated by the parent company</b>		
Pension cost charged to profit on ordinary activities	<b>1,707</b>	<b>857</b>
<b>(b) In respect of the defined benefit scheme operated by the parent company</b>		
Pension cost charged to profit on ordinary activities	<b>149</b>	<b>271</b>

Further details of the defined benefit scheme operated by the parent company are given in the accounts of that company.

**16 Contingent liabilities**

The Company's bank balance is part of a group facility which is secured by cross guarantees between the parent company and certain fellow subsidiary undertakings. At 30 September 2001 the net amount guaranteed under this arrangement was £245,140,120 (2000: £13,059,000).

**17 Ultimate parent company**

The Company's ultimate parent company is Aberdeen Asset Management PLC, which is incorporated in the United Kingdom and registered in Scotland.

The results of the Company are consolidated in the group accounts of Aberdeen Asset Management PLC which are available to the public and may be obtained from One Albyn Place, Aberdeen, AB10 1YG.

No other group accounts include the results of the Company.