THE STANDARD LIFE ASSURANCE COMPANY

REPORT AND ACCOUNTS
FOR THE YEAR ENDED
15 NOVEMBER 2000

IAM

Registered in Scotland Number SZ4

REPORT BY THE DIRECTORS

Principal activities and business review
The Group transacts life assurance, pensions, health insurance, investment management and banking business. The Company's principal operating subsidiaries are set out in note 21. The operations of the Group are described in the Chairman's Statement and the Group Managing Director's Review.

Actuarial investigation
The assumptions underlying the calculation of the long term business provision are described in note 16 to the accounts.

Directors
The names of the current directors are listed on page 23. In addition to these directors, Mr Ball retired at the conclusion of the Annual General Meeting on 25 April 2000. Messrs Garcia and Crombie were appointed as directors of the Company on 25 January 2000. The directors who retire by rotation are Sir Nicholas Monck and Messrs Beamish, Bell and Delorme. Their re-election will be proposed.

Employees
The Group is committed to an equal opportunities policy. The sole criterion for selection or promotion is the suitability of any applicant for the job regardless of ethnic origin, religion, sex, marital status or disablement. The Group will continue to employ, arrange for retraining, or retire on disability pension any member of staff who becomes disabled, as may be appropriate.

Employee involvement
It is the Group's policy to have effective communication and consultation with staff. Staff involvement is achieved through meetings, briefings and newsletters which help to ensure that staff are fully aware of the organisation's goals and results. In addition, staff representatives are elected to a number of Area LINK Committees and to the National LINK Committee which meets formally with management twice a year to discuss matters of general staff interest or concern. Minutes of these meetings are made available to staff. Since the Company is mutual, there is no employees' share scheme but appropriate bonus schemes are in place.

Use of voting rights
As an institutional investor the Group has a policy of always voting on resolutions at General Meetings of UK companies. If the Group intends to vote against such resolutions this will be made known to the company concerned beforehand.

Derivative instruments
It is the Group's policy to permit the use of derivatives to hedge risks and to facilitate efficient portfolio management. Derivatives are not used for speculative purposes.

Economic and Monetary Union
The Group's operations in the Republic of Ireland, Germany and Spain are progressing according to plan with arrangements for final conversion to the euro. The Group is also preparing for the possibility of UK entry to EMU. The expected total cost of the introduction of the euro is estimated at between £40m and £60m, assuming UK entry to EMU. Total costs incurred to date amount to £8m, of which £6m (£2m) has been included in the results for the year.

Supplier payment policy
It is the Group's policy to negotiate payment terms with principal suppliers and to pay in accordance with the terms agreed. For other suppliers, where goods and services have been supplied to specification, payment is made in accordance with the terms offered by the supplier. The average duration of amounts owing to suppliers at 15 November 2000 was 14 days (14 days).

Charitable and other donations
The Group supports charitable and other appropriate bodies through its Community Involvement Programme. To celebrate the Company's 175th anniversary, the Group conducted an Appeal for charities in the UK and the Republic of Ireland. The final sum raised by staff in the UK and the Republic of Ireland has been matched by a donation from the Group. The Appeal concluded in September 2000 and the total contributed during the year was £804,144 (£254,358). Other cash donations to charities in the UK amounted to £64,489 (£44,860). No contributions were made for political purposes.

Environmental policy
The Group accepts its responsibility towards the environment and concentrates on six main areas: energy use, purchasing, waste disposal, pollutants, transport and design.

Auditors
Under the provisions of the Standard Life Assurance Company Act 1991, the re-appointment of the retiring auditors, PricewaterhouseCoopers, will be proposed at the Annual General Meeting. Authority will be sought for the directors to fix the remuneration of the auditors for the year to 15 November 2001.

On behalf of the Board of Directors

Marcia Campbell *Secretary*
Edinburgh, 27 February 2001

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts for each financial year which comply with the Companies Act 1985 and give a true and fair view of the state of affairs of the Group and the Company and of the results of the Group and the Company for that period. In addition, the directors should take all reasonable steps to ensure that adequate accounting records are maintained, that the assets of the Group are safeguarded and that fraud and other irregularities are prevented or detected.

The directors confirm that suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of the accounts of the Group and the Company for the year ended 15 November 2000. The directors also confirm that the accounts have been appropriately prepared on a going concern basis and that applicable accounting standards have been followed as described in the Accounting Policies.

CORPORATE GOVERNANCE

Principles of Good Governance and Code of Best Practice

The directors consider that the Group complies with all recommendations contained in the Principles of Good Governance and Code of Best Practice ('the Combined Code') prepared by the Committee on Corporate Governance and with its subsequent interpretation in Internal Control: Guidance for Directors on the Combined Code (the Turnbull report).

Organisational structure

The organisational structure of the Group is clearly defined by reference to subsidiaries, branches and divisions. The Board meets on a monthly basis to consider key business issues. The Board also has a formal schedule of specific matters which are referred to it for decision. A majority of directors is independent and non-executive.

Authority for managing the Group is delegated to the executive directors. For each subsidiary, the relevant senior managers have been appointed as directors. The Boards of key subsidiary companies also include an appropriate number of non-executive directors. The management of each subsidiary, branch or division is the responsibility of the relevant directors and senior management.

Audit Committee

The Audit Committee is composed entirely of non-executive directors. The Committee's remit is to consider at its discretion any matters relating to the Group's financial affairs, internal controls, internal and external audit arrangements or regulatory compliance arrangements. The Committee normally meets four times a year. At least once a year the Committee meets with the external auditors without management being present.

Internal control framework

The directors acknowledge their overall responsibility for, and place a high degree of importance on, the Group's system of internal control. The key procedures designed to provide effective internal control are set out in a Group Internal Control Policy which:

(a) identifies the main business risks and the procedures to be followed in controlling and monitoring those risks;

(b) defines the Group's investment and lending policies;

(c) requires regular monitoring and reporting of actual performance compared with the annual operating plan; and

(d) defines management responsibilities, authorities and certification requirements.

The effectiveness of internal controls is reviewed regularly by Group Audit and Compliance and reported to the Audit Committee and to the Board.

Risk identification and assessment

The Group Risk Management Committee (GRMC) comprises senior managers from different parts of the Group and ensures that the main business risks are identified, evaluated and managed appropriately. The GRMC meets regularly and prepares a quarterly report for the Board. Each business area performs a process of control self assessment through which management is required to identify the key risks in its business area and confirm compliance with the related control objectives. The process is supervised by Group Audit and Compliance.

Review of internal controls

The Board has reviewed the effectiveness of the system of internal control in accordance with the Combined Code and the further guidance in the Turnbull report. The review covered all internal controls, including financial, operational, compliance controls and risk management. Any system can, however, provide only reasonable and not absolute assurance against material misstatement or loss.

Going concern

The directors consider that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the accounts.

THE STANDARD LIFE ASSURANCE COMPANY

DIRECTORS' REMUNERATION

Remuneration and Appointments Committee

The Remuneration and Appointments Committee is a formal committee of the Board. Its members, who are all non-executive directors, are listed on page 23.

Executive directors' remuneration

The remuneration of each executive director is determined by the Board after taking advice from the Remuneration and Appointments Committee and taking into account the remuneration paid by comparable companies within the insurance and other sectors.

The remuneration includes a salary with pension entitlement and a non-pensionable annual bonus of up to a maximum, varying between 35% and 40% of salary set individually for each UK executive director and of 68% of salary for the Canadian executive director, based on the Board's assessment of the attainment of corporate objectives.

Executive directors are also entitled to bonuses under long term bonus plans. Bonus awards are payable after three years if the Group's performance, assessed against peer groups on a range of criteria, is above average over the three year period. The main criteria are investment performance, unit costs and growth in business, and have been chosen to reflect the best interests of customers. The maximum bonus is again set individually for each executive director, varying between 50% and 100% of salary, and is payable only for upper quartile performance or better on all criteria. Proportional bonuses are payable on retirement during the three year period. Three plans have been established, under which payments will be determined in 2001, 2002 and 2003, and it is expected that similar plans will be introduced, maturing in later years.

Non-executive directors' remuneration

The remuneration of non-executive directors is determined by the Board after taking advice from the Group Managing Director and taking into account the remuneration paid by comparable companies within the insurance and other sectors. No bonuses are payable to non-executive directors including the Chairman and Deputy Chairman.

Directors' pensions

Executive directors are members of staff pension schemes which provide pensions on a final salary basis. Certain of the UK non-executive directors are members of the Retirement Benefits Scheme for Directors which provides pensions based on final remuneration. A similar pension entitlement is provided to certain of the Canadian non-executive directors on an unfunded basis. Non-executive directors appointed after 16 November 1995 are not entitled to pension benefits.

Service contracts and external appointments

There are no directors' service contracts with a notice period in excess of one year or with provisions for pre-determined compensation on termination. Executive directors cannot take up any material outside appointment without the prior approval of the Board.

The details of the remuneration, including accrued pension entitlements, for each director are shown in note 7 to the accounts.

THE STANDARD LIFE ASSURANCE COMPANY

AUDITORS' REPORT
TO THE MEMBERS OF THE STANDARD LIFE ASSURANCE COMPANY

We have audited the accounts on pages 29 to 47.

Respective responsibilities of directors and auditors
The directors are responsible for preparing the Annual Report. As described on page 25, this includes responsibility for preparing the accounts in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom primarily by statute, the Auditing Practices Board, and by our profession's ethical guidance.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the accounts, 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 other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts.

We also, at the request of the directors (because the Company applies the Financial Services Authority Listing Rules as if it is a listed company), review whether the statement on page 26 reflects the Company's compliance with the seven provisions of the Combined Code specified by the Financial Services Authority Listing Rules for review by auditors of listed companies and we report if it does not. We are not required to consider whether the directors' statements on internal control cover all risks and controls, or to form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

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 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 circumstances of the Group and the Company, 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 affairs of the Group and the Company as at 15 November 2000 and the results of the Group and the Company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants
and Registered Auditors
Edinburgh
27 February 2001

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THE STANDARD LIFE ASSURANCE COMPANY

PROFIT AND LOSS ACCOUNT
for the year ended 15 November 2000

TECHNICAL ACCOUNT - LONG TERM BUSINESS

	Notes	GROUP 2000 £m	GROUP Restated 1999 £m	COMPANY 2000 £m	COMPANY Restated 1999 £m
Earned premiums, net of reinsurance					
Gross premiums written	1	6,515	5,623	5,839	5,142
Outward reinsurance premiums		(41)	(36)	(2,299)	(2,142)
		6,474	5,587	3,540	3,000
Investment income	2	5,127	5,072	4,037	4,094
Unrealised gains on investments	2	23	4,833	117	3,684
Other technical income, net of reinsurance	3	412	312	351	287
		12,036	15,804	8,045	11,065
Claims incurred, net of reinsurance					
Claims paid - gross amount		5,233	4,614	5,090	4,543
- reinsurers' share		(25)	(20)	(998)	(913)
		5,208	4,594	4,092	3,630
Change in provision for claims		7	16	6	16
	4	5,215	4,610	4,098	3,646
Changes in other technical provisions, net of reinsurance					
Long term business provision					
- gross amount		3,583	4,332	3,575	4,325
- reinsurers' share		16	36	17	37
		3,599	4,368	3,592	4,362
Technical provisions for linked liabilities					
- gross amount		2,804	3,706	2,103	3,241
- reinsurers' share		-	-	(1,713)	(2,800)
		2,804	3,706	390	441
Technical provisions for general business		13	41	(2)	14
		6,416	8,115	3,980	4,817
Net operating expenses	5	843	650	732	548
Investment expenses and charges	2	93	86	59	54
Other technical charges, net of reinsurance	3	400	310	104	79
Tax attributable to the long term business	9	151	419	154	307
Transfer (from)/to the fund for future appropriations	15	(1,082)	1,614	(1,082)	1,614
		405	3,079	(33)	2,602
		12,036	15,804	8,045	11,065
Balance on the technical account - long term business		-	-	-	-

All recognised gains and losses are dealt with in the Profit and loss account.
All of the amounts above are in respect of continuing operations.

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THE STANDARD LIFE ASSURANCE COMPANY

BALANCE SHEET
as at 15 November 2000

		GROUP		COMPANY	
			Restated		Restated
	Notes	2000	1999	2000	1999
		£m	£m	£m	£m
ASSETS					
Investments					
Land and buildings	10	4,838	4,671	4,224	4,172
Investments in group undertakings and participating interests	11	278	340	1,743	1,440
Other financial investments	10	55,082	50,975	48,071	45,420
		60,198	55,986	54,038	51,032
Assets held to cover linked liabilities	12	20,905	18,013	4,177	3,783
Reinsurers' share of technical provisions					
Long term business		397	413	402	419
Linked liabilities		-	-	14,752	13,039
		397	413	15,154	13,458
Debtors					
Direct insurance operations		116	113	59	62
Other debtors	13	605	702	509	680
		721	815	568	742
Other assets					
Tangible assets	14	72	77	66	66
Cash at bank and in hand		78	64	25	27
		150	141	91	93
Prepayments and accrued income					
Accrued interest and rent		469	435	433	418
Deferred acquisition costs		914	952	904	942
		1,383	1,387	1,337	1,360
Total assets		83,754	76,755	75,365	70,468

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THE STANDARD LIFE ASSURANCE COMPANY

BALANCE SHEET
as at 15 November 2000

	Notes	GROUP 2000 £m	GROUP Restated 1999 £m	COMPANY 2000 £m	COMPANY Restated 1999 £m
LIABILITIES					
Fund for future appropriations	15	11,280	12,354	11,280	12,354
Technical provisions	15				
Long term business	16	43,842	39,985	43,770	39,920
Claims outstanding		121	114	120	114
Linked liabilities		20,905	18,013	18,929	16,822
General business		243	221	125	119
		65,111	58,333	62,944	56,975
Provisions for other risks and charges	17	158	209	158	209
Deposits received from reinsurers		39	35	39	35
Creditors	18				
Direct insurance operations		174	150	173	149
Amounts owed to credit institutions	19	189	447	47	48
Bank customer accounts		4,314	3,842	-	-
Other creditors including taxation and social security	18	2,378	1,295	691	666
		7,055	5,734	911	863
Accruals and deferred income		111	90	33	32
Total liabilities		83,754	76,755	75,365	70,468

On behalf of the Board of Directors

John Trott Chairman

Iain Lumsden Group Finance Director

Edinburgh, 27 February 2001

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ACCOUNTING POLICIES

(a) *Basis of presentation*
Except as detailed below, the accounts have been prepared in accordance with the provisions of Section 255A and Schedule 9A to the Companies Act 1985, which cover the disclosures applicable to insurance companies.

The accounts have been prepared in accordance with applicable accounting standards and with the Association of British Insurers' Statement of Recommended Practice on Accounting for Insurance Business issued in December 1998. However, there is a conflict between the requirements of Statement of Standard Accounting Practice (SSAP)19 - Accounting for Investment Properties and the requirements of Schedule 9A in respect of the depreciation of investment properties. An explanation of the departures of the Group's accounting policy from the requirements of the Companies Act 1985 is given in accounting policy (e).

During the year the Group changed its accounting policy in respect of the valuation of non-linked redeemable fixed income securities, which were previously stated at mid-market value. The Group now uses the amortised cost basis of valuation for these securities as this basis is considered more appropriate. The effect of this change in accounting policy is shown in note 15. The comparative amounts have been restated accordingly.

(b) *Basis of consolidation*
The Group accounts consolidate the profit and loss accounts and balance sheets of The Standard Life Assurance Company and its principal subsidiary undertakings. The profit and loss accounts of general insurance subsidiaries and non-insurance subsidiaries are consolidated into other technical income and other technical charges in the Group technical account for long term business.

(c) *Premiums*
Premiums are accounted for when due for payment. For unit-linked business the due date for payment is taken as the date when the liability is established.

(d) *Claims*
Maturity claims and annuities are accounted for when due for payment. Surrenders are accounted for when paid or, if earlier, on the date when the policy ceases to be included within the calculation of the long term business provision and/or the technical provision for linked liabilities. Death claims and all other claims are accounted for when notified.

Claims payable include the direct costs of settlement. Reinsurance recoveries are accounted for in the same period as the related claim.

(e) *Investments*
(i) Investment valuations
Listed investments are included in the balance sheet at mid-market value with the exception of non-linked redeemable fixed income securities, which are included at amortised cost. Unlisted investments, mortgages and loans are included at directors' valuation. Units in authorised unit trusts are included at market value. Shares in group undertakings are included on a net assets basis. Land and buildings, other than those occupied by the Group, are included at open market value as determined by qualified valuers employed by the Company. Land and buildings occupied by the Group are included at market value based on vacant possession.

Under the Companies Act 1985 land and buildings are required to be depreciated over their expected useful economic lives. In respect of investment properties, this requirement conflicts with the generally accepted accounting principle set out in SSAP 19, that no depreciation should be provided in respect of such investments. The directors consider that to depreciate the investment properties would not give a true and fair view and accordingly the provisions of SSAP 19 have been adopted. Depreciation is only one of the factors reflected in the annual valuations, and the amounts which might otherwise have been shown cannot reasonably be separately identified or quantified. In respect of the freehold properties occupied by the Group, it is the Group's practice to maintain them in a continuous state of sound repair. Accordingly the directors consider that the lives of these assets and their residual values (based on prices prevailing at the time of acquisition or subsequent valuation) are such that their depreciation is insignificant and is thus not provided.

(ii) Investment income and expenses
Investment income includes dividends, interest, rents, gains and losses on the realisation of investments and related expenses, together with the impact of the amortisation of non-linked redeemable fixed income securities. Dividends are recorded on the date on which the shares are quoted ex-dividend. Interest, rents and expenses are accounted for on an accruals basis.

(e) *Investments (continued)*

(iii) Investment gains and losses

Realised gains and losses on investments are calculated as the difference between net sales proceeds and their original cost. For investments which are valued on the amortised cost basis, the realised gains and losses are calculated as the difference between net sales proceeds and amortised cost. Unrealised gains and losses are calculated as the difference between the current valuation of investments and their valuation at the last balance sheet date or subsequent acquisition. Realised and unrealised gains and losses are recognised in the technical account.

(f) *Long term business provision*

The long term business provision is determined by the Company's Appointed Actuary following his annual investigation of the long term business. The calculation uses the net premium valuation method and, as such, includes explicit provision for vested bonuses (including those vesting following the current valuation). Implicit provision is made for future reversionary bonuses by means of reductions in the valuation rate of interest.

(g) *Fund for future appropriations*

The fund for future appropriations incorporates amounts which have yet to be allocated to participating policyholders. Transfers to and from the fund reflect the excess or deficiency of income (including premiums and investment gains and losses) over expenses (including claims) and amounts required to be allocated to policyholders in each accounting period.

(h) *Deferred acquisition costs*

The costs of acquiring new insurance contracts and the renewal of existing insurance contracts which are incurred during a financial year but which relate to a subsequent financial year, are deferred to the extent that they are recoverable out of future margins. Such costs are determined for non-unitised business by means of a Zillmer adjustment applied to the net premium valuation of the long term business provision. Deferred acquisition costs for unitised business are determined explicitly.

The rate of amortisation of the deferred acquisition cost asset is consistent with a prudent assessment of the expected pattern of receipt of the future margins over the period the relevant contracts are expected to remain in force.

(i) *Tangible assets*

Tangible assets in note 14 are capitalised and depreciated by equal annual instalments over their estimated useful lives which range from two to ten years.

(j) *Taxation*

Deferred taxation is provided on all material timing differences unless the liability is unlikely to become payable in the foreseeable future. In addition, deferred taxation is provided on unrealised capital gains in the valuation of linked business and where, for taxation purposes, a realisation is deemed to occur.

(k) *Pension costs*

Charges in respect of employer's contributions are calculated on a basis which spreads the cost over the service lives of scheme members.

(l) *Foreign currencies*

Assets and liabilities in currencies other than sterling are translated at the rates of exchange ruling on the balance sheet date. Transactions of foreign branches and subsidiary undertakings are translated at the rates of exchange ruling on the balance sheet date. Other foreign currency transactions are translated at the rate of exchange ruling on the date on which the transaction occurred. Exchange differences arising from the retranslation of the opening net investment in foreign branches and subsidiary undertakings are taken directly to the fund for future appropriations.

THE STANDARD LIFE ASSURANCE COMPANY

NOTES ON THE ACCOUNTS

1. SEGMENTAL ANALYSIS

(a) Gross premiums written

	GROUP		COMPANY	
	2000 Gross £m	1999 Gross £m	2000 Gross £m	1999 Gross £m
Long term business				
Individual premiums	4,879	4,132	4,859	4,115
Premiums under group contracts	1,636	1,491	980	1,027
Total	6,515	5,623	5,839	5,142
Regular premiums	2,769	2,502	2,595	2,399
Single premiums	3,746	3,121	3,244	2,743
Total	6,515	5,623	5,839	5,142
Participating contracts	2,145	1,847	2,137	1,841
Non-participating contracts	947	915	947	915
Linked contracts	3,423	2,861	2,755	2,386
Total	6,515	5,623	5,839	5,142
Life and annuity business	3,425	2,795	2,749	2,314
Pension business	3,080	2,818	3,080	2,818
Permanent health insurance	10	10	10	10
Total	6,515	5,623	5,839	5,142
UK business	4,915	4,406	4,915	4,406
Other European business	321	221	300	204
Canadian business	1,279	996	624	532
Total	6,515	5,623	5,839	5,142

THE STANDARD LIFE ASSURANCE COMPANY

NOTES ON THE ACCOUNTS (CONTINUED)

1. SEGMENTAL ANALYSIS (CONTINUED)

(b) New business

	GROUP		COMPANY	
	2000 Gross £m	1999 Gross £m	2000 Gross £m	1999 Gross £m
Long term business				
Individual premiums	2,971	2,403	2,950	2,388
Premiums under group contracts	1,245	1,188	715	778
Total	4,216	3,591	3,665	3,166
Regular premiums	470	470	421	423
Single premiums	3,746	3,121	3,244	2,743
Total	4,216	3,591	3,665	3,166
Participating contracts	907	541	899	536
Non-participating contracts	744	757	744	757
Linked contracts	2,565	2,293	2,022	1,873
Total	4,216	3,591	3,665	3,166
Life and annuity business	1,926	1,498	1,375	1,073
Pension business	2,288	2,088	2,288	2,088
Permanent health insurance	2	5	2	5
Total	4,216	3,591	3,665	3,166
UK business	2,983	2,605	2,983	2,605
Other European business	213	152	192	137
Canadian business	1,020	834	490	424
Total	4,216	3,591	3,665	3,166
Total new business				
Long term business	4,216	3,591	3,665	3,166
Unit trusts, OEICs and mutual funds	278	295	-	-
Investment management contracts	624	202	-	-
General business	44	41	24	22
	5,162	4,129	3,689	3,188

The Company new business figures are shown gross of reinsurance to subsidiary undertakings of £1,575m (£1,562m).

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1. SEGMENTAL ANALYSIS (CONTINUED)

In classifying new business premiums the following basis of recognition is adopted:

(i) new recurrent single premium contracts are included in regular new business premiums to the extent that they are deemed likely to renew;

(ii) DSS rebates on certain pensions products are included as single premiums;

(iii) pensions vested into annuity contracts under existing group defined benefit pension schemes are not included as new business; and

(iv) products substituted due to the exercise of standard contract terms are not included in the new business statistics.

Regular new business premiums are included on an annualised basis where they are received other than annually.

It is considered inappropriate to analyse net assets and profits between different business segments.

2. INVESTMENT RETURN - LONG TERM BUSINESS

	GROUP		COMPANY	
		Restated		Restated
	2000	1999	2000	1999
	£m	£m	£m	£m
(a) Investment income and gains				
Investment income				
Participating interests	9	21	9	21
Group undertakings	-	-	24	22
Other investments				
- land and buildings	313	304	267	264
- other	2,287	2,213	1,841	1,832
	2,609	2,538	2,141	2,139
Gains on realisation of investments	2,518	2,534	1,896	1,955
	5,127	5,072	4,037	4,094
Movement in unrealised gains	23	4,833	117	3,684
	5,150	9,905	4,154	7,778
(b) Investment expenses and charges				
Interest payable on bank loans and overdrafts	(1)	(2)	-	(2)
Interest payable on other loans	(14)	(10)	(14)	(10)
	(15)	(12)	(14)	(12)
Investment management expenses	(78)	(74)	(45)	(42)
	(93)	(86)	(59)	(54)
Total investment return	5,057	9,819	4,095	7,724

3. OTHER TECHNICAL INCOME AND CHARGES

Other technical income comprises general business income, management charges received and non-insurance subsidiary income, including banking business net operating income. Other technical charges comprise general business payments to policyholders and overheads, along with non-insurance subsidiary expenses and taxation, including banking business expenses.

Included within other technical income are general business premiums of £245m (£186m) for the Group and £100m (£72m) for the Company. Included within other technical charges are general business claims of £192m (£157m) for the Group and £83m (£60m) for the Company.

The banking business figures included within these headings are shown in note 20.

4. CLAIMS INCURRED

	GROUP		COMPANY	
	2000	1999	2000	1999
	£m	£m	£m	£m
Claims by death	300	268	227	202
Claims by maturity	1,473	1,258	1,314	1,110
Surrenders	2,333	2,038	1,448	1,288
Annuities	1,070	1,012	1,070	1,012
	5,176	4,576	4,059	3,612
Claims handling expenses	39	34	39	34
	5,215	4,610	4,098	3,646

5. NET OPERATING EXPENSES

	GROUP		COMPANY	
	2000	1999	2000	1999
	£m	£m	£m	£m
Acquisition costs	523	522	517	518
Change in deferred acquisition costs	38	(97)	38	(97)
Administrative expenses	284	227	272	218
	845	652	827	639
Reinsurance commissions	(2)	(2)	(95)	(91)
	843	650	732	548

Included within administrative expenses are amounts of £17m (£12m) for the administrative costs of the pensions sales review, £11m (£2m) of levies to the Investors Compensation Scheme, £11m (£nil) relating to the costs incurred in defending the Company's mutual status, EMU conversion costs of £6m (£2m) and overseas development costs of £5m (£2m).

The total commission accounted for during the year in respect of direct insurance, excluding payments to employees, was £310m (£314m) for the Group and £217m (£223m) for the Company.

Auditors' remuneration in relation to audit services was £668,576 (£622,877) for the Group and £345,596 (£313,221) for the Company. Remuneration to the auditors of the Company in respect of non-audit services to the Company was £648,590 (£604,898) and in respect of non-audit services to UK subsidiaries was £348,037 (£78,504).

6. STAFF COSTS

The average number of persons employed by the Group during the year was:

	2000	1999
United Kingdom	9,725	9,440
Canada	1,738	1,991
Other	653	549
	12,116	11,980
Insurance	10,370	10,451
Investment	692	641
Banking	1,054	888
	12,116	11,980

The aggregate remuneration payable in respect of those employees was:

	2000 £m	1999 £m
Wages and salaries	329	293
Social security costs	30	26
Other pension costs	32	28
	391	347

7. DIRECTORS' REMUNERATION

	2000 £000	1999 £000
Salaries and benefits	1,615	1,165
Performance related bonuses	524	369
	2,139	1,534
Unfunded pensions paid to former non-executive directors	4	4
Fees to non-executive directors	330	319
	2,473	1,857

The remuneration, excluding pension contributions, of the executive directors was as follows:

	Basic salary	Benefits	Performance related bonuses	Total	
	2000 £000	2000 £000	2000 £000	2000 £000	1999 £000
Scott Bell	495	17	177	689	603
Jim Stretton	365	16	115	496	437
Iain Lumsden	315	16	99	430	360
Sandy Crombie	217	11	69	297	-
Claude Garcia	154	9	64	227	-
Tom King	-	-	-	-	134
	1,546	69	524	2,139	1,534

Sandy Crombie and Claude Garcia were appointed as directors on 25 January 2000.

7. DIRECTORS' REMUNERATION (CONTINUED)

In addition, estimated bonus awards not yet payable under the long term bonus plans were as follows:

	Estimated awards relating to the year ended 15 November 1998 £000	Estimated awards relating to the year ended 15 November 1999 £000	Estimated awards relating to the year ended 15 November 2000 £000	Estimated awards at 15 November 2000 £000
Scott Bell	65	138	387	590
Jim Stretton	48	102	236	386
Iain Lumsden	34	72	204	310
Sandy Crombie	-	-	93	93
Claude Garcia	-	-	68	68
	147	312	988	1,447

Executive directors are members of staff pension schemes which provide pensions on a final salary basis (see note 8 for additional details). Certain of the UK non-executive directors are members of the Retirement Benefits Scheme for Directors which provides pensions based on final remuneration. Each scheme is non-contributory for members. A similar pension entitlement is provided to certain of the Canadian non-executive directors on an unfunded basis.

For new entrants the normal retirement age is 60 for the UK scheme and 65 for the Canadian scheme. Members may achieve a maximum pension of up to two-thirds of their salary at normal retirement age after 40 years' service. No additional lump sum is payable at retirement. For death during pensionable service, a lump sum of up to four times salary is payable together with a spouse's pension of up to one-third of the member's pensionable salary. For death in retirement, a spouse's pension of up to two-thirds of the member's pension is payable.

The normal retirement age under the Retirement Benefits Scheme for Directors is 65. Members are able to achieve the maximum pension of one-half of their pensionable earnings at normal retirement age after 25 years' service. Pensionable earnings are equal to the annual fees payable to an ordinary non-executive director, adjusted where appropriate to take into account the higher fees earned during periods served as Chairman or Deputy Chairman. At retirement a lump sum equal to three times the member's annual pension is payable. For death during pensionable service, a lump sum equal to three times pensionable earnings is payable together with a spouse's pension of one-third of the member's pensionable salary. For death in retirement, a spouse's pension of 8/9ths of the member's pension is payable.

In each scheme children's allowances are payable, usually up to the age of 18, and protection is offered in the event of disablement. Post-retirement pension increases are discretionary, but the practice has been generally to award annual increases in line with inflation.

	Age at 15 Nov 00	Years of pensionable service at 15 Nov 00	Additional pension earned during year ended 15 Nov 00 £000	Accrued entitlement 15 Nov 00 £000	Accrued entitlement 15 Nov 99 £000
Scott Bell	58	38	43	321	278
Jim Stretton	56	35	27	222	195
Iain Lumsden	54	33	30	179	149
Sandy Crombie	51	31	20	143	123
Claude Garcia	60	26	19	109	90
John Trott	62	8	2	9	7
Geoff Ball *	57	13	1	7	6
Norman Lessels	62	20	1	23	22
Brian Stewart	55	7	1	4	3

* At retirement on 25 April 2000.

7. DIRECTORS' REMUNERATION (CONTINUED)

The pension entitlement shown is that which would be paid annually on retirement based on service to 15 November 2000.

Members of the schemes have the option to pay additional voluntary contributions to secure additional pension. These are not included in the above table.

The fees and expenses, excluding pension contributions, paid to non-executive directors by Group companies were as follows:

	2000 £000	1999 £000
John Trott	95	85
Jean-Claude Delorme	47	47
Geoff Ball (retired 25 April 2000)	9	20
Bob Beamish	20	20
Nick Kuenssberg (retired 27 April 1999)	-	9
Norman Lessels	33	33
Sir Nicholas Monck	33	28
David Newlands (appointed 16 June 1999)	31	11
Fred Shedden (retired 14 December 1999)	-	25
Hugh Stevenson (appointed 16 June 1999)	42	12
Brian Stewart	20	20
Donald Sutherland (retired 27 April 1999)	-	9
	330	319

As at 15 November 2000, Sandy Crombie had an outstanding mortgage loan of £113,545 (25 January 2000 £140,333) from Standard Life Bank Limited, on the same terms as those available to staff. The amount as at 25 January 2000 was the maximum amount outstanding during the period.

All transactions between directors and the Group are on commercial terms which are equivalent to those available to employees. During the year to 15 November 2000 the directors contributed £0.3m (£0.9m) to products sold by the Group.

8. PENSION COSTS

The Group operates pension schemes for its employees providing benefits based on final pensionable pay. The two main schemes operate for employees in the UK and Canada. The contributions to the schemes are determined by qualified actuaries using the projected unit credit method. With effect from 1 March 1998, employees in Canada have the option to have their current year of service credited on a defined contribution basis. The contributions for that option are equivalent to the amount that the Company would have otherwise determined under the defined benefit option, using the projected unit credit method. The valuations on which the 2000 charge was based were as at 15 November 1997 for the UK scheme and as at 15 November 1999 for the Canadian scheme. The Group's total pension cost for the year was £32m (£28m) of which £31m (£27m) related to the UK scheme and £1m (£1m) related to the Canadian scheme. In addition a provision of £17m (£15m) is included in creditors in respect of benefits not funded within the Canadian scheme.

The main schemes operate as follows:

United Kingdom
The scheme is valued on a triennial basis with the most recent valuation performed by an independent firm of actuaries as at 15 November 2000. On that date, the market value of the assets held in a separate trustee administered fund was £668m. For the purpose of the valuation it was assumed that the investment return would exceed the rate of increase in salaries by 1.5% per annum and would exceed the rate of increase in present and future pensions by 4.0% per annum. The actuarial value of the scheme's assets represented 106% of the benefits which had accrued to members, after allowing for expected future increases in earnings and pensions. The actuary recommended future contributions be reduced from 16.4% to 16.0% of total pensionable pay.

Canada
The scheme is valued on a triennial basis with the most recent valuation performed by an employee of the Company as at 15 November 1999. On that date, the market value of the assets held in a separate trustee administered fund was £68m. For the purpose of the valuation it was assumed that the investment return would exceed the rate of increase in salaries by 2% per annum and would exceed the rate of increase in present and future pensions by 4.75% per annum. The actuarial value of the scheme's assets represented 142% of the benefits which had accrued to members, after allowing for expected future increases in earnings and pensions. The actuary recommended future contributions be increased from 8.6% to 9.9% of total pensionable pay.

9. TAX CHARGE

	GROUP 2000 £m	GROUP Restated 1999 £m	COMPANY 2000 £m	COMPANY Restated 1999 £m
UK corporation tax	251	263	210	215
Double tax relief	(1)	(2)	(1)	(2)
Overseas tax	40	42	32	39
Deferred tax	(89)	127	(51)	66
Over provision in respect of prior years	(50)	(11)	(36)	(11)
	151	419	154	307

10. INVESTMENTS

(a) LAND AND BUILDINGS

	GROUP 2000 £m	GROUP 1999 £m	COMPANY 2000 £m	COMPANY 1999 £m
The current value of land and buildings comprises:				
Freehold	3,703	3,528	3,089	3,030
Long leasehold	1,047	1,061	1,047	1,061
Short leasehold	88	82	88	81
	4,838	4,671	4,224	4,172

The cost of land and buildings above was £3,435m (£3,455m) for the Group and £2,898m (£3,010m) for the Company.

The current value of land and buildings occupied by the Group amounted to £346m (£305m), and by the Company £341m (£300m).

Land and buildings are valued by the Company's own qualified valuers. Independent professional valuers carried out valuations of 20% in value of the Group's properties and 21% in value of the Company's properties at 15 November 2000. Their valuations did not differ materially from the value placed on these properties by the Company's own qualified valuers. The independent valuations were carried out by Montagu Evans (Chartered Surveyors) in the UK, Knight Frank (Chartered Surveyors) in Spain and Belgium and appropriately qualified valuers in Canada.

(b) OTHER FINANCIAL INVESTMENTS

	GROUP 2000 £m	GROUP Restated 1999 £m	COMPANY 2000 £m	COMPANY Restated 1999 £m
Shares and other variable yield securities and units in unit trusts	31,211	29,869	30,949	29,702
Debt securities and other fixed income securities:				
At amortised cost	13,469	12,931	13,024	12,632
At current value	1,884	2,065	1,098	644
Loans secured by mortgages	7,299	5,139	2,138	1,796
Loans secured on policies	147	133	147	133
Other loans	28	20	26	19
Deposits with credit institutions	1,044	818	689	494
	55,082	50,975	48,071	45,420

All investments above are shown at current value unless otherwise stated. The cost of financial investments above was £39,809m (£35,634m) for the Group and £32,880m (£30,126m) for the Company.

Included in the figures above are listed investments valued at £38,075m (£37,415m) for the Group and £36,594m (£36,856m) for the Company.

10. INVESTMENTS (CONTINUED)

The debt and other fixed income securities which are shown at amortised cost are analysed below:

	GROUP		COMPANY	
	2000	*1999*	*2000*	*1999*
	£m	£m	£m	£m
Cost	13,634	13,027	13,187	12,722
Cumulative amortisation	(165)	(96)	(163)	(90)
Amortised cost	13,469	12,931	13,024	12,632
Redemption value	12,593	12,121	12,145	11,819
Market value	14,351	14,182	13,898	13,876

11. INVESTMENTS IN GROUP UNDERTAKINGS AND PARTICIPATING INTERESTS

	GROUP		COMPANY	
	2000	1999	2000	1999
	£m	£m	£m	£m
Shares in group undertakings	-	-	697	472
Debt securities issued by, and loans to, group undertakings	-	-	768	628
Participating interests	266	312	266	312
Debt securities issued by, and loans to, undertakings in which the Company has a participating interest	12	28	12	28
	278	340	1,743	1,440

The cost of investments in group undertakings and participating interests above was £175m (£192m) for the Group and £1,629m (£1,366m) for the Company.

Included in the Group and Company figures above are listed investments valued at £250m (£313m).

12. ASSETS HELD TO COVER LINKED LIABILITIES

The cost of assets held to cover linked liabilities was £16,771 m (£13,718m) for the Group and £3,486m (£3,069m) for the Company.

13. OTHER DEBTORS

	GROUP		COMPANY	
	2000	1999	2000	1999
	£m	£m	£m	£m
Outstanding sales of investments	328	464	328	464
Group undertakings	-	-	48	111
Taxation recoverable	3	3	-	-
Other debtors	274	235	133	105
	605	702	509	680

14. TANGIBLE ASSETS

Fixtures, fittings and equipment (primarily computer equipment)

	GROUP		COMPANY	
	2000	1999	2000	1999
	£m	£m	£m	£m
Cost				
Balance at beginning of year	271	248	251	232
Exchange revaluation	3	3	3	3
Additions	43	47	39	39
Disposals	(42)	(27)	(34)	(23)
Balance at end of year	275	271	259	251
Depreciation				
Balance at beginning of year	194	174	185	168
Exchange revaluation	2	1	2	1
Disposals	(38)	(25)	(34)	(23)
Charge for year	45	44	40	39
Balance at end of year	203	194	193	185
Net book value at end of year	72	77	66	66
Net book value at beginning of year	77	74	66	64

15. POLICYHOLDER LIABILITIES AND FUND FOR FUTURE APPROPRIATIONS

GROUP

	Long term business provision £m	Claims outstanding £m	Technical provision for linked liabilities £m	Technical provision for general business £m	Fund for future appropriations £m
At 16 November 1999, as previously stated	41,344	114	18,013	221	12,152
Prior year adjustment	(1,359)	-	-	-	202
At 16 November 1999, as restated	39,985	114	18,013	221	12,354
Exchange rate adjustment	274	-	88	9	8
Movement in technical provisions for the year	3,583	7	2,804	13	-
Transfer from the fund for future appropriations	-	-	-	-	(1,082)
At 15 November 2000	43,842	121	20,905	243	11,280

COMPANY

	Long term business provision £m	Claims outstanding £m	Technical provision for linked liabilities £m	Technical provision for general business £m	Fund for future appropriations £m
At 16 November 1999, as previously stated	41,274	114	16,822	119	12,152
Prior year adjustment	(1,354)	-	-	-	202
At 16 November 1999, as restated	39,920	114	16,822	119	12,354
Exchange rate adjustment	275	-	4	8	8
Movement in technical provisions for the year	3,575	6	2,103	(2)	-
Transfer from the fund for future appropriations	-	-	-	-	(1,082)
At 15 November 2000	43,770	120	18,929	125	11,280

The prior year adjustment represents the cumulative adjustment net of taxation arising from the change in accounting policy for the valuation of non-linked redeemable fixed income securities. The effect of this change in accounting policy on the comparative profit and loss account is as follows:

	GROUP 1999 £m	COMPANY 1999 £m
Transfer to the fund for future appropriations, as previously stated	1,713	1,713
Change in valuation of fixed income securities	689	687
Change in tax attributable to the long term business	(50)	(50)
Change in movement on long term business provision	(738)	(736)
Transfer to the fund for future appropriations, as restated	1,614	1,614

The effect of the change in accounting policy for the current year is an increase of £151m in the transfer from the fund for future appropriations.

The cost of bonuses for the year ended 15 November 2000 is included in the movement in the long term business provision and amounts to £1,748m (£1,349m) for both the Group and the Company.

16. LONG TERM BUSINESS PROVISION

The long term business provision was calculated by the Appointed Actuary using the net premium method. The rates of interest assumed ranged from 2.0% to 2.5% for UK with-profit contracts and from 4.1% to 5.1% for UK without-profit contracts. The mortality rates used were based on published tables suitably adjusted to reflect actual experience and assumed future improvement.

The long term business provision for overseas business was calculated on a basis consistent with the UK approach but using appropriate mortality and interest rates.

17. PROVISIONS FOR OTHER RISKS AND CHARGES

	GROUP		COMPANY	
		Restated		Restated
	2000	1999	2000	1999
	£m	£m	£m	£m
Provision for deferred taxation				
Opening provision, as restated	209	143	209	143
Exchange rate adjustment	(1)	(2)	(1)	(2)
Deferred tax (release)/ charge for period	(89)	127	(51)	66
Release/(charge) in respect of linked liabilities	39	(59)	1	2
Closing provision	158	209	158	209
Liability provided in the balance sheet				
Unrealised gains on investments	83	103	83	103
Deferred acquisition costs	74	83	74	83
Short term timing differences	1	23	1	23
	158	209	158	209
Potential deferred tax liability not provided for in the balance sheet				
Unrealised gains on investments	469	505	458	494

In addition, the potential deferred tax liability not provided in respect of linked assets was £10m (£11m) for the Group and £Nil (£Nil) for the Company.

18. CREDITORS

Except as indicated in note 19, all creditors are payable within a period of five years.

	GROUP		COMPANY	
	2000	1999	2000	1999
	£m	£m	£m	£m
Other creditors including taxation and social security				
Outstanding purchases of investments	346	310	346	309
Certificates of deposit	385	259	-	-
Commercial paper	709	274	-	-
Medium term notes	458	-	-	-
Provision for current taxation	136	172	133	171
Guaranteed deposits	36	38	-	-
Mortgages secured on investments	17	15	5	4
Other creditors	291	227	207	182
	2,378	1,295	691	666

19. BORROWINGS

	GROUP		COMPANY	
	2000	1999	2000	1999
	£m	£m	£m	£m
Amounts owed to credit institutions	189	447	47	48
Certificates of deposit	385	259	-	-
Commercial paper	709	274	-	-
Medium term notes	458	-	-	-
Mortgages secured on investments	17	15	5	4
Total borrowings	1,758	995	52	52
Borrowings are repayable as follows:				
Within one year or on demand	1,173	982	48	48
Between one and two years	169	1	-	-
Between two and five years	408	5	4	2
After five years	8	7	-	2
	1,758	995	52	52

20. SUMMARY OF STANDARD LIFE BANK LIMITED CONSOLIDATED PROFIT & LOSS ACCOUNT AND BALANCE SHEET

	2000	1999
	£m	£m
PROFIT & LOSS ACCOUNT		
Interest receivable	383	193
Interest payable	(329)	(171)
Net interest income	54	22
Other operating expenses	-	(7)
Net operating income	54	15
Administrative expenses, including depreciation and amortisation	(120)	(72)
Loss on ordinary activities before tax	(66)	(57)
Tax on loss on ordinary activities	19	-
Loss for the year	(47)	(57)
BALANCE SHEET		
Assets		
Treasury bills and other eligible bills	140	-
Loans and advances to banks	289	260
Loans and advances to customers	5,136	3,311
Debt securities	919	1,578
Other assets	138	54
	6,622	5,203
Liabilities		
Deposits by banks	142	397
Customer accounts	4,314	3,842
Debt securities in issue	1,552	533
Subordinated liabilities	230	140
Other liabilities	135	65
	6,373	4,977
Total shareholder's funds	249	226
Commitments to lend	2,590	1,956

20. SUMMARY OF STANDARD LIFE BANK LIMITED CONSOLIDATED PROFIT & LOSS ACCOUNT AND BALANCE SHEET (CONTINUED)

Standard Life Bank Limited has guaranteed the liabilities of its subsidiary undertaking, Standard Life Funding B.V., in connection with the subsidiary undertaking's issuance of commercial paper. The guarantee is for a maximum of US$2 billion and Euro 2 billion in relation to the US commercial paper and Euro commercial paper programmes respectively.

Standard Life Bank Limited has also guaranteed the liabilities of Standard Life Funding B.V. in connection with that company's issuance of medium term notes. The guarantee in respect of the medium term notes is for a maximum of Euro 4 billion.

Of the above maximum guarantees, £3,843m (£2,233m) had not been drawn as at the year end.

21. SUBSIDIARY UNDERTAKINGS

The following are particulars of the Company's main subsidiaries which are wholly owned, unless otherwise stated:

Name	Country of registration or incorporation	Share class	Year end	Nature of business
Standard Life Investment Funds Limited	Scotland	Ordinary Shares	15 Nov	Life assurance
Standard Life Pension Funds Limited	Scotland	Limited by guarantee	15 Nov	Life assurance
Standard Life Investments Limited	Scotland	Ordinary Shares	15 Nov	Investment management
Standard Life Investments (Private Equity) Limited*	Scotland	Ordinary Shares	15 Nov	Investment management
Standard Life Investments (Mutual Funds) Limited*	Scotland	Ordinary Shares	15 Nov	OEIC and PEP management
SLTM Limited* (formerly Standard Life Trust Management Limited)	Scotland	Ordinary Shares	15 Nov	Unit trust management
Standard Life Bank Limited	Scotland	Ordinary Shares	15 Nov	Banking
Standard Life Healthcare Limited (formerly Prime Health Limited)	England	Ordinary Shares	15 Nov	General insurance
The Standard Life Assurance Company of Canada	Canada	Class 'A' Shares	31 Oct	Life assurance
Standard Life Portfolio Management Limited*	Canada	Common Shares	31 Dec	Investment management
Standard Life Trust Company	Canada	Class 'A' Shares	31 Oct	Financial services
Standard Life Mutual Funds Limited	Canada	Common Shares	15 Nov	Mutual fund management
Performa Financial Group Limited	Canada	Common Shares	15 Nov	Financial services
Prosperity SA de Vida y Pensiones*	Spain	Ordinary Shares	31 Dec	Life assurance
Prosperity SA de Seguros Generales*	Spain	Ordinary Shares	31 Dec	General insurance
Standard Life (Asia) Limited**	Hong Kong	Ordinary Shares	15 Nov	Life assurance

* owned by a subsidiary undertaking of the Company
** the Company holds 51% of the share capital of Standard Life (Asia) Limited

To meet local conditions certain overseas subsidiaries have different financial year ends. For those subsidiary undertakings with 31 December year ends, management accounts to dates within two months of 15 November are used for consolidation purposes.

22. (a) JOINT VENTURES AND ASSOCIATED UNDERTAKINGS

The Group has investments in joint ventures and associated undertakings as follows:

Name	Country of registration or incorporation	Share class and proportion held		Year end	Nature of business
Hannover Standard Life Limited	Scotland	Ordinary shares	50%	31 Dec	Life assurance
HDFC Standard Life Insurance Company Limited	India	Ordinary shares	26%	31 Dec	Life assurance

The current operations of these companies are not significant in relation to the financial statements of the Group.

(b) PARTICIPATING INTERESTS AND SIGNIFICANT SHAREHOLDINGS

The Company has certain investments where its holding exceeds 20% of the equity share capital. Details of these investments have not been provided and they have not been treated as associated undertakings as either the Company does not exercise any significant influence over them, or their operations are not significant in relation to the financial statements of the Company.

23. CAPITAL COMMITMENTS

	GROUP		COMPANY	
	2000 £m	1999 £m	2000 £m	1999 £m
Capital expenditure contracted for but no provision made in the accounts	9	26	7	26

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