

INVESTEC FUND MANAGERS LIMITED

REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2004

Registered Number: 2392609



INVESTEC FUND MANAGERS LIMITED

REPORT OF THE DIRECTORS

For the year ended 31 March 2004

The Directors present their report and the audited financial statements for the year ended 31 March 2004.

Principal activity and business review

The principal activity of the Company is the management of Unit Trusts and Open Ended Investment Companies. Both the level of business and the period end financial position are satisfactory, and the Company is expected to continue to pursue its current activities for the foreseeable future. The Company is regulated by the Financial Services Authority.

Results

The Company made a profit for the year on ordinary activities after tax of £520,382 (31 March 2003: £205,999 loss).

The Company paid a dividend of £500,000 on 31 March 2004 to its immediate parent undertaking, Investec Asset Management Limited (year ended 31 March 2003: £nil).

Share capital

During the year, the Company's authorised share capital was increased from 1,000,000 ordinary shares of £1 each to 5,000,000 ordinary shares of £1 each. 3,000,000 ordinary shares of £1 each were issued during the year.

Directors

The Directors of the Company on 31 March 2004, who unless otherwise stated, held office throughout the year under review, were:

P J Ainsworth
D J Aird *
H J du Toit *
K M Evins
S Y Foster-Slater
A Gallagher
M S Langdon
K McFarland *
P G S Saunders *
A Sowerby *

* Also directors of Investec Asset Management Limited, the immediate parent undertaking

Mr GHF Brits resigned as a director on 17 March 2004.

No other person was a director during the year under review.

INVESTEC FUND MANAGERS LIMITED

REPORT OF THE DIRECTORS

For the year ended 31 March 2004 (continued)

Directors' interests

The current directors of the Company are listed above. According to the register of directors' interests, no director holding office at 31 March 2004 had any beneficial interest in the shares of the Company during the year.

The beneficial interests in shares, debentures and options in the ultimate parent company, Investec Plc, of the directors who are also directors of Investec Asset Management Limited (being the parent company of Investec Fund Managers Limited) are disclosed in the financial statements of Investec Asset Management Limited.

Following the implementation of the Dual Listed Company structure of Investec Limited (a company incorporated in the Republic of South Africa and listed on the Johannesburg Stock Exchange) and Investec Plc, it is the Group's policy to award the directors and staff with share options in both Investec Limited and Investec Plc. Consequently, options in both companies have been disclosed.

	Holding in Investec Plc share options - at 1 April 2003	Holding in Investec Limited share options - at 1 April 2003	Options granted during the year - Investec Plc shares	Options granted during the year - Investec Limited shares	Exercised during the year	Lapsed during the year	Holding in Investec Plc share options - at 31 March 2004	Holding in Investec Limited share options - at 31 March 2004
Peter Ainsworth	3,686	2,165	-	-	-	325	3,481	2,045
Keith Evins	4,410	2,590	-	-	-	-	4,410	2,590
Sonya Foster- Slater	1,953	1,147	-	-	-	453	1,668	979
Anne Gallagher	2,268	1,332	-	-	-	350	2,049	1,201
Mike Langdon	7,889	2,211	-	-	-	450	7,604	2,046

The above options are held in terms of the Investec plc share option plan 2002 (approved and unapproved), the Investec plc share appreciation option plan 2002 and the Investec Limited security purchase and option scheme trust 2002. The options are exercisable at prices ranging from £7.93 to £21.08 per share between 1 April 2004 and 20 September 2012.

INVESTEC FUND MANAGERS LIMITED

REPORT OF THE DIRECTORS

For the year ended 31 March 2004 (continued)

Auditors

In accordance with Section 386 of the Companies Act 1985, the Company elected to dispense with the obligation to appoint auditors annually. KPMG Audit Plc are therefore deemed to be re-appointed as the Company's auditors for each succeeding year.

By Order of the Board of Directors



H J Williams
Secretary

23 June 2004

Registered Office:
2 Gresham Street
London EC2V 7QP

INVESTEC FUND MANAGERS LIMITED

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE PREPARATION OF ACCOUNTS

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:

- 1) Select suitable accounting policies and then apply them consistently;
- 2) Make judgments and estimates that are reasonable and prudent;
- 3) State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 4) 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.

INVESTEC FUND MANAGERS LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
INVESTEC FUND MANAGERS LIMITED**

We have audited the financial statements on pages 6 to 13.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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 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 judgments 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 31 March 2004 and of its 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
23 June 2004

8 Salisbury Square
London EC4Y 8BB

INVESTEC FUND MANAGERS LIMITED**PROFIT AND LOSS ACCOUNT**

For the year ended 31 March 2004

		Year ended 31 March 2004	Year ended 31 March 2003
	Notes	£	£
Turnover	2	11,341,175	8,400,883
Commissions payable		<u>(6,855,664)</u>	<u>(5,362,505)</u>
Net turnover		4,485,511	3,038,378
Administrative expenses		<u>(3,961,591)</u>	<u>(4,436,113)</u>
Operating profit/(loss)		523,920	(1,397,735)
Interest receivable and similar income	3	172,581	99,676
Interest payable and similar charges	4	<u>(60,000)</u>	<u>(52,940)</u>
Profit/(loss) on ordinary activities before taxation	5	636,501	(1,350,999)
Tax on (loss)/profit on ordinary activities	6	<u>(116,119)</u>	<u>1,145,000</u>
Profit/(loss) on ordinary activities after taxation		520,382	(205,999)
Dividends paid	7	<u>(500,000)</u>	<u>-</u>
Profit/(loss) for the financial year		20,382	(205,999)
Retained profit brought forward		<u>4,733</u>	<u>210,732</u>
Retained profit carried forward		<u><u>25,115</u></u>	<u><u>4,733</u></u>

All activities derive from continuing operations. There have been no recognised gains or losses in the year under review or prior year other than the profit for the year.

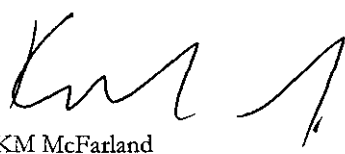
The notes on pages 8 to 13 form part of these accounts.

INVESTEC FUND MANAGERS LIMITED**BALANCE SHEET**

As at 31 March 2004

		31 March 2004	31 March 2003
	Notes	£	£
CURRENT ASSETS			
Debtors	9	17,495,113	7,148,971
Investments	10	64,668	48,305
Cash at bank and in hand		<u>7,009,772</u>	<u>1,567,033</u>
		24,569,553	8,764,309
CREDITORS:			
Amounts falling due within one year	11	<u>20,544,438</u>	<u>6,759,576</u>
NET CURRENT ASSETS		<u>4,025,115</u>	<u>2,004,733</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,025,115</u>	<u>2,004,733</u>
CREDITORS:			
Amounts falling due after more than one year	11	<u>-</u>	<u>1,000,000</u>
NET ASSETS		<u><u>4,025,115</u></u>	<u><u>1,004,733</u></u>
CAPITAL AND RESERVES			
Called up share capital	12	4,000,000	1,000,000
Profit and loss account		<u>25,115</u>	<u>4,733</u>
TOTAL EQUITY SHAREHOLDERS' FUNDS	13	<u><u>4,025,115</u></u>	<u><u>1,004,733</u></u>

The accounts were approved by the Board of Directors on 23 June 2004 and were signed on its behalf by:



KM McFarland

The notes on pages 8 to 13 form part of these accounts.

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 accounts have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules and on a going concern basis.

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

As the Company is a wholly owned subsidiary of Investec Plc, registered in England and Wales, 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.

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.

Turnover

Turnover comprises investment management fees, initial charges and profit and loss on the sale of units. Turnover is stated exclusive of VAT and is accrued over the period to which income relates.

Investments

Shares in collective investment schemes are all managed by the Investec Asset Management Limited group of companies. Investments are valued at mid price.

Pension schemes

Directors and employees of the Company are members of group schemes operated by Investec Asset Management Limited, details of which are disclosed in the financial statements of that Company. Because the Company is unable to identify its share of the group's defined benefit schemes' on a consistent and reasonable basis, as permitted by FRS 17 'Retirement benefits', the scheme has been treated in these financial statements as if the scheme was a defined contribution scheme. Full disclosure of any information about the existence of a surplus or deficit in the scheme is shown in the Financial Statements of Investec Asset Management Limited.

INVESTEC FUND MANAGERS LIMITED**NOTES TO THE ACCOUNTS**

For the year ended 31 March 2004 (continued)

2 Turnover

	Year ended 31 March 2004 £	Year ended 31 March 2003 £
Investment management fees	10,635,256	7,800,155
Initial charges	705,585	601,163
Profit/(loss) on sale of units	334	(435)
	<u>11,341,175</u>	<u>8,400,883</u>

Turnover is derived solely from activities within the United Kingdom.

Investment management fees are derived solely from related parties, being the Unit Trusts and Open Ended Investment Companies managed by the Company.

3 Interest receivable and similar income

	Year ended 31 March 2004 £	Year ended 31 March 2003 £
Interest earned on bank balances	<u>172,581</u>	<u>99,676</u>

4 Interest payable and similar charges

	Year ended 31 March 2004 £	Year ended 31 March 2003 £
Interest paid on subordinated loan	<u>60,000</u>	<u>52,940</u>

5 Profit/(loss) on ordinary activities before taxation

	Year ended 31 March 2004 £	Year ended 31 March 2003 £
Profit/(loss) on ordinary activities before taxation is stated after charging:		
Auditors' remuneration for audit services	25,600	24,000
Operating lease rentals	-	7,146

INVESTEC FUND MANAGERS LIMITED
NOTES TO THE ACCOUNTS

For the year ended 31 March 2004 (continued)

6 Tax on profit/(loss) on ordinary activities

	Year ended 31 March 2004 £	Year ended 31 March 2003 £
UK Corporation tax for the year at 30% (31 March 2003: 30%)	<u>(116,119)</u>	<u>1,145,000</u>

A reconciliation between the expected tax charge at 30% of profit on ordinary activities before taxation and the current tax charge is detailed below:

Profit/(loss) on ordinary activities before taxation	636,501	(1,350,999)
Tax at 30%	(190,950)	405,300
Effects of:		
Group relief received for nil consideration	74,831	-
Payments received for group relief in excess of the standard rate	-	739,700
Tax (charge)/credit for the year	<u>(116,119)</u>	<u>1,145,000</u>

7 Dividends paid

	Year ended 31 March 2004 £'000	Year ended 31 March 2003 £'000
Dividends paid to parent company	<u>500,000</u>	<u>-</u>

8 Information regarding directors and employees

	Year ended 31 March 2004 £	Year ended 31 March 2003 £
Directors' remuneration:		
Emoluments (including benefits in kind)	1,035,777	939,581
Pension contributions	61,568	55,708
	<u>1,097,345</u>	<u>995,289</u>
Highest paid Director:		
Emoluments (including benefits in kind)	133,637	154,493
Pension contributions	17,306	-
	<u>150,943</u>	<u>154,493</u>

The above directors' remuneration reflects an allocation of the total emoluments for directors who were accounted for and paid by Investec Asset Management Limited. The emoluments have been allocated on a time apportionment basis across the companies for which each was a director.

INVESTEC FUND MANAGERS LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 March 2004 (continued)

8 Information regarding directors and employees (continued)

	Number of Directors	
	Year ended 31 March 2004	Year ended 31 March 2003
Retirement benefits are accruing to the following number of directors under defined benefit schemes	4	4

	Year ended 31 March 2004 £	Year ended 31 March 2003 £
Employee costs, excluding directors, during the year		
Gross salaries	966,030	1,364,278
Social security costs	113,451	185,396
Other pension costs	144,603	146,736
	<u>1,224,084</u>	<u>1,696,410</u>

The average number of persons employed by the Company, including Directors, during the year was 60 (2003: 47).

The Company's parent acts as an agent in the employment of staff and the payment of related costs for the Company. The disclosure for the current year relates to costs incurred by the Company's parent on the Company's behalf.

9 Debtors

	31 March 2004 £	31 March 2003 £
Amounts falling due within one year:		
Trade debtors	1,145,673	619,701
Prepayments and accrued income	67,925	5,761
Subscription account debtors	14,668,225	5,019,673
Other debtors	468,290	297,595
Amounts owed by parent and subsidiary undertakings	1,145,000	1,206,241
	<u>17,495,113</u>	<u>7,148,971</u>

10 Investments

Investments comprise the manager's box of units and are stated at mid-market price.

INVESTEC FUND MANAGERS LIMITED
NOTES TO THE ACCOUNTS

For the year ended 31 March 2004 (continued)

11 Creditors

	31 March 2004 £	31 March 2003 £
Amounts falling due within one year:		
Subscription account creditors	13,582,483	5,342,278
Amounts owed to parent and subsidiary undertakings	4,255,394	596,304
Subordinated loan	1,000,000	-
Other creditors	1,543,609	695,833
Accruals	162,952	125,161
	<u>20,544,438</u>	<u>6,759,576</u>
	31 March 2004 £	31 March 2003 £
Amounts falling due after more than one year:		
Subordinated loan	<u>-</u>	<u>1,000,000</u>

The Subordinated Loan is repayable after the expiry of two months' written notice given by the Lender, providing the notice does not expire before 29th April 2004 and permission is granted by the FSA. The Loan is due to a group company.

12 Share capital

Authorised :	<u>5,000,000</u>	<u>1,000,000</u>
5,000,000 Ordinary shares of £1 each (31 March 2003: 1,000,000)		
Allotted, called up and fully paid :	<u>4,000,000</u>	<u>1,000,000</u>
4,000,000 Ordinary shares of £1 each (31 March 2003: 1,000,000)		

13 Reconciliation of movements in shareholders' funds

	Year ended 31 March 2004 £	Year ended 31 March 2003 £
Profit/(loss) for the financial year	520,382	(205,999)
Ordinary dividends	<u>(500,000)</u>	<u>-</u>
	20,382	(205,999)
Issue of ordinary shares	<u>3,000,000</u>	<u>-</u>
Net increase/(decrease) to shareholders' funds	<u>3,020,382</u>	<u>(205,999)</u>
Opening shareholders' funds	<u>1,004,733</u>	<u>1,210,732</u>
Closing shareholders' funds	<u>4,025,115</u>	<u>1,004,733</u>

INVESTEC FUND MANAGERS LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 March 2004 (continued)

14 Parent Company

The Company's ultimate parent company is Investec Plc, a company registered in England and Wales. This is the group into which accounts of the Company are consolidated. Copies of the accounts can be obtained from 2 Gresham Street, London, EC2V 7QP.

15 Related party transactions

Transactions with Unit Trusts and Open Ended Investment Companies have been treated as related parties under FRS8 by virtue of the management contracts which exist between Investec Fund Managers Limited and these entities. Details of such transactions are set out in Note 2 to the accounts.