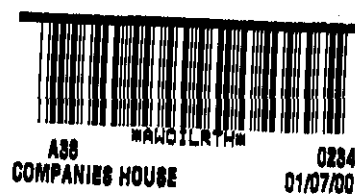


INVESTEC GUINNESS FLIGHT FUND MANAGERS LIMITED

REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2000

Registered Number: 2392609



REPORT OF THE DIRECTORS

for the year ended 31 March 2000

The Directors present their report and the audited financial statements of the Company for the year ended 31 March 2000.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the Company is the management of unit trusts. 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 Investment Management Regulatory Organisation Limited ("IMRO").

RESULTS

The Company made a profit for the period on ordinary activities after tax of £287,208 (Fifteen months to 31 March 1999: £130,609). An interim dividend of £150,000 was paid on 31 March 2000 in respect of the year under review (Fifteen months to 31 March 1999: £273,000).

SHARE CAPITAL

At 31 March 2000, the Company's authorised share capital amounted to £1,000,000, comprising 1,000,000 ordinary shares of £1 each, of which 475,000 shares had been issued. No shares were issued in the year under review.

DIRECTORS

The Directors of the Company on 31 March 2000 who, unless stated, held office throughout the year under review, were:

P J Ainsworth	- appointed 12 October 1999
A D Couch	- resigned 31 May 2000
H J du Toit +*	- appointed 4 January 2000
S Y Foster-Slater	
A Gallagher	
T W N Guinness *	
M S Langdon	
D L Liddell *	
J MacLeod	- appointed 17 January 2000
K McFarland +	- appointed 15 September 1999
P G S Saunders	
N C M Smith	

* also directors of Investec Guinness Flight Limited, the immediate parent undertaking

+ South African

P R Brain resigned as a director on 10 December 1999.

REPORT OF THE DIRECTORS

for the year ended 31 March 2000 (continued)

DIRECTORS' INTERESTS

According to the register kept pursuant to Section 324 of the Companies Act 1985, no Director had any beneficial interest in the shares of the Company or other group companies during the year, except as follows:

At 31 March 2000, the following directors were beneficially interested in loan notes issued by Investec 1 Limited:

<u>Director</u>	<u>31 March 2000</u>	<u>31 March 1999</u>
	£	£
P G S Saunders	19,000	19,000
N C M Smith	17,300	17,300

At 31 March 2000, the following directors were beneficially interested in loan notes issued by Guinness Mahon Group Services Limited:

<u>Director</u>	<u>31 March 2000</u>	<u>31 March 1999</u>
	£	£
A D Couch	127,864	-
A Gallagher	12,266	-
P G S Saunders	1,099,715	1,113,716
N C M Smith	25,810	25,810

At 31 March 2000, the following directors' options over 1p 'A' Ordinary shares of Investec Guinness Flight Limited were outstanding:

<u>Director</u>	<u>Option Exercise Price</u>	<u>31 March 2000</u>	<u>31 March 1999</u>
M S Langdon	20p	15,000	15,000
P G S Saunders	38p	500,000	500,000
N C M Smith	38p	50,000	50,000
N C M Smith	40p	23,700	23,700

The above options are subject to an agreement with Guinness Mahon Group Services Limited under which they are exercisable on specified dates, and the shares arising therefrom will be subject to put and call options with that company at 144.31p per share. The options held by Mr Langdon are exercisable on 12 December 2000 and those held by Mr Saunders and Mr Smith became exercisable on 12 June 2000.

The interests in group companies of those directors who are also directors of Investec Guinness Flight Limited at 31 March 2000 are disclosed in the accounts of that company and are not required to be disclosed hereunder.

YEAR 2000

The Company's operations and financial results were not adversely affected by Year 2000 compliance failures and the Company is not aware of any problems arising through the inability of third parties to successfully manage their Year 2000 process.

Costs relating to this project were substantially borne by a parent undertaking of the Company.

REPORT OF THE DIRECTORS

for the year ended 31 March 2000 (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



M K Slade
Secretary

Registered Office:
2 Gresham Street
London
EC2V 7QP
16 June 2000

INVESTEC GUINNESS FLIGHT 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 judgements 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 GUINNESS FLIGHT FUND MANAGERS LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS OF INVESTEC GUINNESS FLIGHT FUND MANAGERS LIMITED

We have audited the financial statements on pages 5 to 9.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described above, 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. 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 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 judgements made by the directors in 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 2000 and of its result 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
16 June 2000

8 Salisbury Square
London
EC4Y 8BB

INVESTEC GUINNESS FLIGHT FUND MANAGERS LIMITED
PROFIT AND LOSS ACCOUNT

for the year ended 31 March 2000

	Note	12 months to 31 March 2000 £	15 months to 31 March 1999 £
Turnover	1, 2	3,837,449	3,433,500
Administrative expenses		<u>(3,522,639)</u>	<u>(3,396,294)</u>
Operating profit		314,810	37,206
Interest receivable		108,172	151,942
Profit on ordinary activities before tax	3	<u>422,982</u>	<u>189,148</u>
Tax charge on ordinary activities	4	<u>(135,774)</u>	<u>(58,539)</u>
Profit on ordinary activities after tax		287,208	130,609
Dividends		<u>(150,000)</u>	<u>(273,000)</u>
Retained profit/(loss) for the financial year/period		137,208	(142,391)
Retained earnings brought forward		<u>54,213</u>	<u>196,604</u>
Retained earnings carried forward		<u><u>191,421</u></u>	<u><u>54,213</u></u>

All activities derive from continuing operations. There have been no recognised gains or losses in the year under review or prior period other than the profit for the year. The results disclosed in the profit and loss account are on an unmodified historical cost basis.

The notes on pages 7 to 9 form part of these accounts.

INVESTEC GUINNESS FLIGHT FUND MANAGERS LIMITED

BALANCE SHEET

as at 31 March 2000

	Note	At 31 March 2000 £	At 31 March 1999 £
CURRENT ASSETS			
Debtors	6	4,442,157	4,436,361
Investments	7	25,189	13,618
Cash at bank and in hand		<u>1,270,332</u>	<u>421,835</u>
		5,737,678	4,871,814
CREDITORS: amounts falling due within one year	8	<u>(5,071,257)</u>	<u>(4,342,601)</u>
NET CURRENT ASSETS		<u>666,421</u>	<u>529,213</u>
CAPITAL AND RESERVES			
Called up share capital	9	475,000	475,000
Profit and loss account		<u>191,421</u>	<u>54,213</u>
TOTAL EQUITY SHAREHOLDERS' FUNDS		<u>666,421</u>	<u>529,213</u>

The accounts were approved by the Board of Directors on 16 June 2000 and were signed on its behalf by:-



}
} Director
}

The notes on pages 7 to 9 form part of these accounts.

NOTES TO THE ACCOUNTS

for the year ended 31 March 2000

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 historical cost accounting rules and on a going concern basis.

The company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

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 Investec Holdings Limited, registered in South Africa, 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.

Turnover

Management fees and services are stated exclusive of VAT and are accrued over the period to which the income relates.

2 Turnover

	12 months to 31 March 2000 £	15 months to 31 March 1999 £
Management charges	3,955,671	4,099,680
Initial charges	3,416,261	2,865,845
	<u>7,371,932</u>	<u>6,965,525</u>
Commissions and discounts	(3,534,483)	(3,532,025)
Turnover	<u>3,837,449</u>	<u>3,433,500</u>

Turnover is derived solely from activities within the United Kingdom.

Management charges are derived solely from related parties, being the unit trusts managed by the company.

NOTES TO THE ACCOUNTS

for the year ended 31 March 2000

3 Profit on ordinary activities before tax

	12 months to 31 March 2000 £	15 months to 31 March 1999 £
Profit on ordinary activities before tax is stated after charging:-		
Auditors' remuneration for audit services	<u>6,000</u>	<u>3,750</u>
Auditors' remuneration for the provision of non audit services is £nil (Fifteen months to 31 March 1999: £nil).		

4 Tax on profit on ordinary activities

	12 months to 31 March 2000 £	15 months to 31 March 1999 £
UK Corporation tax for the year at 30% (period to 31 March 1999: 31%)	135,774	58,636
Prior year over provision	-	(97)
	<u>135,774</u>	<u>58,539</u>

5 Directors' Emoluments

Those Directors who were also Directors of Investec Guinness Flight Limited ("IGF") during the period were employed and remunerated as such by that company. Appropriate details of their remuneration are disclosed in the accounts of IGF. Those Directors who were not also Directors of IGF were employed as officers of that company and its subsidiaries, and any emoluments received by those Directors were in respect of such employment as officers. No emoluments were paid to any Directors as a Director of the Company.

All of the Directors of the Company, in their capacity as Directors and officers of IGF, are considered to offer their services to the group as a whole, and the management charge levied by IGF explained in note 1 above therefore includes an amount of £40,000 in respect of the management services provided by those persons to the Company.

6 Debtors

	31 March 2000 £	31 March 1999 £
Amounts falling due within one year:		
Trade debtors	380,070	336,972
Prepayments and accrued income	28,789	14,170
Subscription account debtors	3,980,238	3,890,825
Other debtors	10,844	10,858
Amounts owed by parent and fellow subsidiary undertakings	42,216	183,536
	<u>4,442,157</u>	<u>4,436,361</u>

NOTES TO THE ACCOUNTS

for the year ended 31 March 2000

7 Investments

Units in collective investment schemes are all managed by the Investec Guinness Flight Limited group of companies. Investments are valued at the lower of cost or cancellation price.

8 Creditors	31 March 2000 £	31 March 1999 £
Amounts falling due within one year:		
Subscription account creditors	4,207,593	4,233,774
Amounts owed to parent and fellow subsidiary undertakings	519,075	-
Other creditors	7,700	-
Provision for taxation	140,674	58,636
Accruals	196,215	50,191
	<u>5,071,257</u>	<u>4,342,601</u>

9 Share Capital

	31 March 2000 £	31 March 1999 £
Authorised:		
1,000,000 Ordinary shares of £1 each (31 March 1999: 1,000,000)	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, called up and fully paid:		
475,000 Ordinary shares of £1 each (31 March 1999: 475,000)	<u>475,000</u>	<u>475,000</u>

10 Reconciliation of movements in Shareholders' funds for the year/period

	12 months to 31 March 2000 £	15 months to 31 March 1999 £
Profit for the financial year/period	287,208	130,609
Dividends	(150,000)	(273,000)
New share capital allotted	-	50,000
Net additions to shareholders' funds	<u>137,208</u>	<u>(92,391)</u>
Opening shareholders' funds	<u>529,213</u>	<u>621,604</u>
Closing shareholders' funds	<u>666,421</u>	<u>529,213</u>

11 Parent Company

The Company's ultimate UK parent company is Investec Holdings (UK) Limited, a company registered in England and Wales. The Company's ultimate parent company is Investec Holdings Limited, a company registered in South Africa. These are respectively the smallest and largest groups into which accounts of the Company is consolidated. Copies of the accounts of both groups can be obtained from 2 Gresham Street, London, EC2V 7QP.

12 Related Party transactions

Transactions with unit trusts have been treated as related parties under FRS8 by virtue of the management contracts exist between Investec Guinness Flight Fund Managers Limited and these entities. Details of such transactions are detailed in Note 2 to the accounts.