

REPORT AND ACCOUNTS

Homeowners Investment Fund Managers Limited

31 DECEMBER 2001



HOMEOWNERS INVESTMENT FUND MANAGERS LIMITED

Registered No. 3224780

Contents	Page
Company information	1
Directors' report	2
Statement of Directors' responsibilities in respect of the accounts	3
Auditor's report	4 - 5
Profit and loss account	6
Balance sheet	7
Notes to the accounts	8 - 11

HOMEOWNERS INVESTMENT FUND MANAGERS LIMITED

Registered No. 3224780

DIRECTORS

R F Pierce (Chairman)
N J Brinn (resigned 21 March 2002)
K D Chidwick (appointed 26 July 2001)
A S Haigh (appointed 22 November 2001)
S Fox (resigned 28 March 2001)
P N Sparling

SECRETARY

A J Horsley

AUDITOR

Ernst & Young LLP
PO Box 61
Cloth Hall Court
14 King Street
Leeds LS1 2JN

BANKERS

The Bank of New York
One Canada Square
London
E14 5AL

DEPOSITORY

The Bank of New York Trust and Depository Company Limited
One Canada Square
London
E14 5AL

REGISTERED OFFICE

Hornbeam Park Avenue
Harrogate
HG2 8XE

ADMINISTRATION AND DEALING

International Fund Managers UK Limited
155 Bishopsgate
London
EC2M 3XY

Regulated by the Financial Services Authority (FSA). A member of the Association of Unit Trusts and Investment Funds (AUTIF).

HOMEOWNERS INVESTMENT FUND MANAGERS LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2001.

PRINCIPAL ACTIVITY

The Company's principal activity during the year was that of OEIC management.

REVIEW OF THE BUSINESS

The loss on ordinary activities after taxation amounted to £47,309.

DIVIDENDS

The Directors do not recommend the payment of a dividend for the year.

DIRECTORS

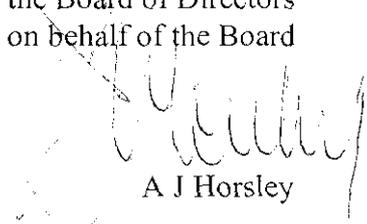
The present membership of the board is set out on page 1.

There are no directors' interests requiring disclosure under the Companies Act 1985.

AUDITOR

The directors will place a resolution before a General Meeting to re-appoint Ernst & Young as auditor for the coming year, at a remuneration to be agreed by the Directors.

Approved by the Board of Directors
and signed on behalf of the Board



A J Horsley

Secretary

21 March 2002

HOMEOWNERS INVESTMENT FUND MANAGERS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those accounts, 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 accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that the accounts comply with the above.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITOR'S REPORT

REPORT OF THE AUDITOR

to the members of Homeowners Investment Fund Managers Limited

We have audited the company's accounts for the year ended 31 December 2001 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 14. These accounts have been prepared on the basis of the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 Companies Act 1985. 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 Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it

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 directors in the preparation of the accounts, 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 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 company at 31 December 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Leeds

21 March 2002

HOMEOWNERS INVESTMENT FUND MANAGERS LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2001

	<i>Notes</i>	2001 £	2000 £
CONTINUING OPERATIONS			
Turnover	2	201,324	37,940
Cost of sales		202,251	38,087
		<hr/>	<hr/>
GROSS LOSS		(927)	(147)
Administrative expenses		(197,053)	(204,016)
Other operating income		138,333	156,813
		<hr/>	<hr/>
OPERATING LOSS	3	(59,647)	(47,350)
Interest receivable and similar income	6	12,338	14,318
		<hr/>	<hr/>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(47,309)	(33,032)
Tax on loss on ordinary activities	7	-	-
		<hr/>	<hr/>
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(47,309)	(33,032)
RETAINED LOSSES BROUGHT FORWARD		(423,683)	(390,651)
		<hr/>	<hr/>
RETAINED LOSSES CARRIED FORWARD		(470,992)	(423,683)
		<hr/> <hr/>	<hr/> <hr/>

There are no recognised gains or losses for 2001 other than the loss on ordinary activities shown above.

HOMEOWNERS INVESTMENT FUND MANAGERS LIMITED

BALANCE SHEET at 31 December 2001

	<i>Notes</i>	2001 £	2000 £
CURRENT ASSETS			
Investments	8	19,530	20,210
Debtors	9	11,896	27,843
Cash on deposit and current account		239,640	237,866
		<hr/>	<hr/>
		271,066	285,919
		<hr/>	<hr/>
CREDITORS:			
amounts falling due within one year	10	142,058	109,602
		<hr/>	<hr/>
NET CURRENT ASSETS		129,008	176,317
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		129,008	176,317
		<hr/> <hr/>	<hr/> <hr/>
CAPITAL AND RESERVES			
Called up share capital	11	600,000	600,000
Profit and loss account	12	(470,992)	(423,683)
		<hr/>	<hr/>
		129,008	176,317
		<hr/> <hr/>	<hr/> <hr/>

The financial statements were approved by the Board of Directors on 21 March 2002 and signed on its behalf by



R F Pierce, Chairman

HOMEOWNERS INVESTMENT FUND MANAGERS LIMITED

NOTES TO THE ACCOUNTS at 31 December 2001

1. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention.

Investments

OEICs held for resale at the balance sheet date have been valued at the published price.

Cash flow statement

The Company has taken advantage of the exemption given by FRS1 (revised 1996) to subsidiary undertakings where 90% or more of the voting rights are controlled within the group, by not preparing a cash flow statement. Details of the ultimate holding company are given in note 14 to the accounts.

Accounting standards

The accounts and notes have been prepared in accordance with applicable accounting standards.

2. TURNOVER

Turnover is derived from the sale of shares in the OEIC within the United Kingdom and is stated net of discounts given.

3. OPERATING LOSS	2001	2000
	£	£
This is after charging:		
Auditor's remuneration - audit services	14,805	14,406
Auditor's remuneration - non-audit services	7,220	9,306
Costs associated with the OEIC conversion	-	4,464
	<u> </u>	<u> </u>

Audit services include the statutory audit of Homeowners Investment Fund Managers Limited, the audit of the OEIC sub funds, the audit of the IMRO returns and the audit of the PEP 14.

4. DIRECTORS' EMOLUMENTS

No emoluments were paid to the directors during the year.

5. STAFF COSTS

The Company does not employ any staff but utilises the services provided by the parent undertaking.

HOMEOWNERS INVESTMENT FUND MANAGERS LIMITED

NOTES TO THE ACCOUNTS

at 31 December 2001

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2001	2000
	£	£
Bank deposit interest	11,636	13,424
Income from units held as current asset investments	702	894
	<u>12,338</u>	<u>14,318</u>

7. TAXATION

No corporation tax is due in respect of the activities of the company. Corporation tax losses amount to £262,160, which will be carried forward and offset against future years trading profits.

8. INVESTMENTS

	2001	2000
	£	£
Shares held for resale	<u>19,530</u>	<u>20,210</u>

9. DEBTORS

	2000	2000
	£	£
Expropriations	-	11,348
UK tax recoverable	296	296
Other debtors	11,600	16,199
	<u>11,896</u>	<u>27,843</u>

HOMEOWNERS INVESTMENT FUND MANAGERS LIMITED

NOTES TO THE ACCOUNTS at 31 December 2001

10. CREDITORS: amounts falling due within one year

	2001 £	2000 £
Trade creditors	17,873	18,222
Amounts owed to parent undertaking	90,944	48,770
Accruals	33,241	42,610
	<u>142,058</u>	<u>109,602</u>

11. SHARE CAPITAL

	2001 £	2000 £
Authorised		
Ordinary shares of £1 each	1,000,000	1,000,000
	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, issued and fully paid		
Ordinary shares of £1 each	600,000	600,000
	<u>600,000</u>	<u>600,000</u>

12. RECONCILIATION OF SHAREHOLDERS FUNDS' AND MOVEMENT ON RESERVES

	Share capital £	Profit and loss account £	Total £
At 1 January 2000	600,000	(390,651)	209,349
Loss for the year	-	(33,032)	(33,032)
	<u>600,000</u>	<u>(423,683)</u>	<u>176,317</u>
At 1 January 2001	600,000	(423,683)	176,317
Loss for the year	-	(47,309)	(47,309)
	<u>600,000</u>	<u>(470,992)</u>	<u>129,008</u>

NOTES TO THE ACCOUNTS

at 31 December 2001

13. RELATED PARTY DISCLOSURE

The Company has taken advantage of the exemption given by FRS8 to subsidiary undertakings, 90% or more of whose voting rights are controlled within the group, by not disclosing information on related party transactions with entities that are part of the group, or investees of the group qualifying as related parties.

14. PARENT COMPANY

Homeowners Investment Fund Managers Limited is a wholly owned subsidiary of Homeowners Friendly Society Limited, a Friendly Society registered under The Friendly Societies Act 1992.