

HAMBROS UNIT TRUST MANAGERS LIMITED

REPORT AND ACCOUNTS
FOR THE 9 MONTH PERIOD TO 31 DECEMBER 1997

Registered Number: 890308



REPORT OF THE DIRECTORS
for the period ended 31 December 1997

The Directors present their Report and Accounts for the period ended 31 December 1997.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

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

SALE OF PARENT COMPANY

On 1 May 1997, the Company's immediate parent undertaking, Guinness Flight Hambro Investment Management Limited (formerly Hambros Fund Management PLC) ("GFHIM") was sold by Hambros PLC to Guinness Flight Hambro Asset Management Limited (formerly Guinness Flight Global Asset Management Limited) ("GFHAM").

RESULTS

The Company made a loss for the period on ordinary activities after tax of £7,000 (1997: £45,000). No interim dividends were declared or paid in respect of the nine month period under review (year to 31 March 1997:£nil). The Directors do not recommend the payment of a dividend in respect of the period under review (year to 31 March 1997:£nil).

DIRECTORS

The Directors of the Company on 31 December 1997 who, unless stated, held office throughout the period under review, were:-

*A E Martin Smith
J R Chillingworth
M S Langdon (appointed 18 September 1997)
J E Moseley (resigned 20 August 1997)
G M Nobes
P G S Saunders (appointed 18 September 1997)

No other person was a Director at any time during the period under review.

* Also a director of GFHAM the Company's ultimate parent undertaking.

REPORT OF THE DIRECTORS

for the period ended 31 December 1997

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 during the period.

The interests in other GFHAM group companies of the director who was also a director of GFHAM, at 31 December 1997, are disclosed in the accounts of that company and are not required to be disclosed hereunder.

Of the remaining Directors, the following held shares of GFHAM at 31 December 1997:

	"A" Ordinary share of 1p each		"B" Preference shares of 1p each	
	at 31 December 1997	at date of appointment	at 31 December 1997	at date of appointment
M S Langdon	1,000	nil	nil	nil
P G S Saunders	647,200	647,200	408,300	408,300

The following options to subscribe for "A" Ordinary shares of 1p each of GFHAM were granted during the period to Directors of the Company holding office at 31 December 1997 while such office was held. Such options were granted under the GFHAM 1997 (Non-Approved) Share Option Scheme.

	No. of shares <u>under option</u>
J R Chillingworth	60,000
M S Langdon	30,000
G M Nobes	4,000

Save as disclosed above, none of such directors holding office at 31 December 1997 had an interest in shares of GFHAM or its subsidiaries at that date, nor did any such directors have any options granted over, or exercise options over, shares of GFHAM or its subsidiaries in the period under review while they held such office.

REPORT OF THE DIRECTORS

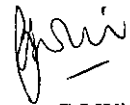
for the period ended 31 December 1997

AUDITORS

KPMG Audit plc resigned as the Company's auditors on 3 December 1997. The Company appointed Deloitte & Touche as replacement auditors on 3 December 1997 by Special Resolution.

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

By Order of the Board of Directors



C J Wise
Secretary

Registered Office:
Lighterman's Court
5 Gainsford Street
London SE1 2NE

30 April 1998

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE PREPARATION OF ACCOUNTS

The Directors are required by UK company law to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss 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 and prepare the accounts on a going concern basis unless it is inappropriate to presume that the Company will continue in business. The Directors are responsible for maintaining adequate accounting records, for safeguarding the assets of the Company, and preventing and detecting fraud and other irregularities.

REPORT OF THE AUDITORS TO THE MEMBERS OF HAMBROS UNIT
TRUST MANAGERS LIMITED

We have audited the accounts on pages 5 to 11 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of Directors and Auditors

As described above, the Company's Directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of 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 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 the Company's affairs at 31 December 1997 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Chartered Accountants and Registered Auditors
Stonecutter Court, 1 Stonecutter Street, London EC4A 4TR



30 April 1998

HAMBROS UNIT TRUST MANAGERS LIMITED

REPORT OF THE DIRECTORS
for the period ended 31 December 1997

	Note	9 months to 31 December 1997 £000	12 months to 31 March 1997 £000
Revenue	1 (b), 3	221	499
Net operating expenses		<u>(238)</u>	<u>(487)</u>
Operating (loss)/profit		(17)	12
Interest receivable		14	58
(Loss)/profit on ordinary activities before tax	4	<u>(3)</u>	<u>70</u>
Tax charge on (loss)/profit on ordinary activities	5	<u>(4)</u>	<u>(25)</u>
(Loss)/profit on ordinary activities after tax		(7)	45
Dividends paid		-	(595)
Retained loss for the year		<u>(7)</u>	<u>(550)</u>
Retained earnings brought forward		<u>85</u>	<u>635</u>
Retained earnings carried forward		<u>78</u>	<u>85</u>

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

The notes on pages 7 to 11 form part of these accounts.

HAMBROS UNIT TRUST MANAGERS LIMITED

BALANCE SHEET
at 31 December 1997

	Note	31 December 1997 £000	31 March 1997 £000
CURRENT ASSETS			
Debtors	7	803	188
Investments	8	-	20
Cash at bank and in hand		170	185
		<u>973</u>	<u>393</u>
CREDITORS: amounts falling due within one year	9	<u>(845)</u>	<u>(258)</u>
NET CURRENT ASSETS		<u>128</u>	<u>135</u>
CAPITAL AND RESERVES			
Called up share capital	10	50	50
Profit and loss account		<u>78</u>	<u>85</u>
TOTAL EQUITY SHAREHOLDERS' FUNDS		<u>128</u>	<u>135</u>

The accounts were approved by the Board of Directors on 30 April 1998 and were signed on its behalf by:-


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 } Director
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The notes on pages 7 to 11 form part of these accounts.

REPORT OF THE DIRECTORS

for the period ended 31 December 1997

1 Accounting Policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the principal accounting policies, which have been consistently applied, is set out below:-

(a) Basis of Accounting

The accounts are prepared on the historical cost basis of accounting.

(b) Revenue

Revenue comprises initial charges, commissions and management charges levied. All amounts are stated exclusive of VAT and are accrued over the period to which they relate.

(c) Subscription accounts

As Manager of unit trusts the Company is responsible for the collection and payment of monies arising on application and redemption of units. Such amounts are shown in the accounts as subscription account debtors and subscription account creditors respectively.

(d) Investments

Units held in collective investment schemes are valued at the bid price of the units at the balance sheet date.

2 Parent Company

The Company's immediate parent undertaking is Guinness Flight Hambro Investment Management Limited. The Company's ultimate parent undertaking is Guinness Flight Hambro Asset Management Limited, a company registered in England and Wales. Copies of the consolidated financial statements of this company are available from the Company's registered office.

HAMBROS UNIT TRUST MANAGERS LIMITED

REPORT OF THE DIRECTORS

for the period ended 31 December 1997

3 <u>Revenue</u>	9 months to 31 December 1997 £000	12 months to 31 March 1997 £000
Management charges	306	478
Initial charges	37	4,963
	<u>343</u>	<u>5,441</u>
Commissions and discounts	(122)	(4,942)
Revenue	<u>221</u>	<u>499</u>

Revenue is derived solely from activities within the United Kingdom.
Management charges are solely derived from related parties.

4 (Loss)/profit on ordinary activities before tax

(Loss) /profit on ordinary activities before tax is
stated after charging:-

	9 months to 31 December 1997 £000	12 months to 31 March 1997 £000
Auditors' remuneration for audit services	<u>-</u>	<u>15</u>

Auditors' remuneration for the provision of non audit services is £nil (1997: £nil).

5 Tax charge on (loss)/profit on ordinary activities

	9 months to 31 December 1997 £000	12 months to 31 March 1997 £000
Group relief at 31% (1997: 33%)	4	6
Tax attributable to franked investment income	-	10
Overseas taxation	<u>-</u>	<u>9</u>
	<u>4</u>	<u>25</u>

REPORT OF THE DIRECTORS

for the period ended 31 December 1997

6 Directors' Emoluments

Those Directors who were also Directors of Guinness Flight Hambro Asset Management Limited ("GFHAM") during the period were employed and remunerated as such by that company. Appropriate details of their remuneration are disclosed in the accounts of GFHAM. Those Directors who were not also Directors of GFHAM 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 GFHAM, are considered to offer their services to the group as a whole, and the management charge levied by GFHAM explained in note 1(d) above therefore includes an amount in respect of the management services provided by those persons to the Company.

7 Debtors

	31 December 1997	31 March 1997
	£000	£000
Amounts falling due within one year:		
Trade debtors	62	184
Prepayments and accrued income	27	4
Subscription account debtors	714	-
	<u>803</u>	<u>188</u>

All trade debtors are due from related parties.

8 Investments

Units in collective investment schemes are all managed by Guinness Flight Hambro Asset Management Limited group of companies.

REPORT OF THE DIRECTORS

for the period ended 31 December 1997

9 Creditors

	31 December 1997	31 March 1997
	£000	£000
Amounts falling due within one period:		
Trade Creditors	-	166
Subscription account creditors	707	-
Amounts owed to parent company	6	-
Tax Creditor	4	-
Accruals	128	92
	<u>845</u>	<u>258</u>

10 Called Up Share Capital

	31 December 1997 No.	31 March 1997 No.	31 December 1997 £000	31 March 1997 £000
Authorised :				
Ordinary shares of £1 each	<u>50</u>	<u>50</u>	<u>50</u>	<u>50</u>
Allotted, called up and fully paid :				
Ordinary shares of £1 each	<u>50</u>	<u>50</u>	<u>50</u>	<u>50</u>

11 Reconciliation of movements in Shareholders' funds for the year

	31 December 1997	31 March 1997
	£000	£000
(Loss)/profit for the financial year	(7)	45
Interim dividend paid	-	(595)
Net additions to shareholders' funds	<u>(7)</u>	<u>(550)</u>
Opening shareholders' funds	<u>135</u>	<u>685</u>
Closing shareholders' funds	<u>128</u>	<u>135</u>

REPORT OF THE DIRECTORS

for the period ended 31 December 1997

12 Cash Flow Statement

The Company is a wholly owned subsidiary of Guinness Flight Hambro Asset Management Limited and the cash flows of the Company are included in the consolidated group cash flow statements of that company. Consequently the Company is exempt under the terms of Financial Reporting Standard No. 1(revised) from publishing a cash flow statement.

13 Related party transactions

The Company's controlling undertaking is Guinness Flight Hambro Asset Management Limited. The Company has taken advantage of the disclosure exemption, permitted by FRS8, of transactions with the Guinness Flight Hambro Asset Management Limited group of companies.

Transactions with unit trusts have been treated as related party transactions under FRS8 by virtue of the management contracts that exist between the Guinness Flight Hambro Asset Management Limited group of companies and these entities.

The Company has no other transaction with related parties.