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HAMBROS BANK UNIT TRUST MANAGERS LIMITED

DIRECTORS' REPORT AND ACCOUNTS

31ST MARCH, 1986



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PEAT, MARWICK, MITCHELL & CO.
1 Puddle Dock, Blackfriars, London, EC4V 3PD

HAMBROS BANK UNIT TRUST MANAGERS LIMITEDDIRECTORS' REPORT

The directors present their annual report and the audited accounts for the year ended 31st March, 1986.

PRINCIPAL ACTIVITIES

The company acts as manager of authorised unit trusts.

BUSINESS REVIEW

The company manages nine authorised unit trusts two of which were launched during the year. The total value of funds under management at the year end amounted to £57.8m.

The company's related company, Hambro Generali Fund Managers Limited commenced trading in November, 1985.

The directors intend to develop the level of business activity during the remainder of 1986 and beyond.

RESULTS

The results for the year are set out on page 4. The directors do not propose the payment of a dividend.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were:

P. D. Hill-Wood	(Chairman)
J. W. D. Olivier	(Managing Director)
D. F. Carnegie	
J. R. G. Comyn	
J. S. Cumming	
D. P. Gibbs	
R. A. Hambro	(resigned on 31st July, 1985)

In accordance with the Articles of Association, J. W. D. Olivier and D. F. Carnegie will retire by rotation and will be offering themselves for re-election.

No director had any beneficial interest in the shares of the company during the year.

The beneficial interests of the directors in shares of other group companies were as follows:

(a)	Hambros PLC			
	As at		As at	
	31st March 1986		1st April 1985	
	Limited voting shares of 5p each			
	Fully Paid	0.5p paid	Fully paid	0.5p paid
P. D. Hill-Wood	4,942	87,500	3,956	87,500
J. W. D. Olivier	4,442	10,000	3,956	12,500
D. F. Carnegie	3,218	-	2,468	-
J. R. G. Comyn	3,248	-	2,414	-
J. S. Cumming	4,942	5,000	3,956	5,000
D. P. Gibbs	4,942	-	3,956	-

HAMBROS BANK UNIT TRUST MANAGERS LIMITEDDIRECTORS' REPORTDIRECTORS AND THEIR INTERESTS (continued)

- (b) Interests in respect of options granted under the "Hambros Bank Senior Executive Share Scheme 1984", to subscribe for ordinary shares of 5p each, in Hambros PLC (exercisable between 1st August, 1987 and 31st July, 1994 at a subscription price of 123p).

	<u>As at 31st March 1986</u>	<u>As at 1st April, 1985</u>
P. D. Hill-Wood	110,000	110,000
J. W. D. Olivier	50,000	50,000
J. S. Cumming	50,000	50,000
D. P. Gibbs	75,000	75,000

- (c) Interests in respect of options granted under the Hambros Bank "Save As You Earn" Share Option Scheme 1983 to subscribe for limited voting shares of 5p each in Hambros PLC.

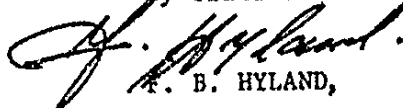
Options were granted on 14th October, 1983 at a price of 112.5p and are exercisable between 1988 and 1990.

	<u>Number of shares</u>
P. D. Hill-Wood	4,266
J. S. Cumming	3,466
D. P. Gibbs	4,266
J. W. D. Olivier	2,936

AUDITORS

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of Peat, Marwick, Mitchell & Co., as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board,


F. B. HYLAND,

Secretary.

51 Bishopsgate,
London,
EC2P 2AA.

23rd June, 1986.

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

We have audited the accounts on pages 4 to 7 in accordance with approved Auditing Standards.

In our opinion the accounts, which have been prepared on the basis of the accounting policies set out in note 1 on page 7, give a true and fair view of the state of the company's affairs at 31st March, 1986 and of its profit and source and application of funds for the year to that date and comply with the Companies Act 1985.

Paul, Harwith, Mitchell

LONDON

23/6/86

Chartered Accountants

HAMBROS BANK UNIT TRUST MANAGERS LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1986

	<u>NOTE</u>	<u>1986</u>	<u>1985</u>
		<u>£</u>	<u>£</u>
TURNOVER	2	25,030,886	16,474,015
Cost of sales		<u>(23,979,758)</u>	<u>(15,797,338)</u>
GROSS PROFIT		1,051,128	676,677
Distribution and selling costs		(418,771)	(354,492)
Administrative expenses		(489,188)	(314,941)
Other operating income		78,389	40,778
Provision against loss incurred by related company	7	(30,270)	-
Other interest receivable		<u>23,150</u>	<u>23,663</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	214,438	71,685
Tax on profit on ordinary activities	6	<u>(95,746)</u>	<u>(38,711)</u>
PROFIT FOR THE FINANCIAL YEAR		118,692	32,974
Retained profit brought forward		<u>168,215</u>	<u>135,241</u>
RETAINED PROFIT CARRIED FORWARD		286,907	168,215
		*****	*****

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

HAMBROS BANK UNIT TRUST MANAGERS LIMITEDBALANCE SHEET AT 31ST MARCH, 1986

	<u>NOTE</u>	<u>1986</u>	<u>1985</u>
		<u>£</u>	<u>£</u>
INTEREST IN RELATED COMPANY	7	19,730	-
CURRENT ASSETS			
Stocks of units		390,422	305,161
Debtors	8	2,311,781	698,578
Cash at bank with group company as bankers		88,421	-
		2,790,624	1,003,739
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	9	(2,473,447)	(785,524)
NET CURRENT ASSETS		317,177	218,215
NET ASSETS		336,907	218,215
CAPITAL AND RESERVES			
Called up share capital	10	50,000	50,000
Profit and loss account		286,907	168,215
		336,907	218,215

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

These accounts were approved by the
board of directors on 23 JUN 1986

P. A. Smith-Wood)
) Directors
J. M. O'Brien)

HAMBROS BANK UNIT TRUST MANAGERS LIMITED
STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 31ST MARCH, 1986

	<u>1986</u>	<u>1985</u>
	<u>£</u>	<u>£</u>
FUNDS GENERATED FROM OPERATIONS		
Profit on ordinary activities before taxation	214,438	71,685
Adjustment for item not involving movement of funds:		
Provision against loss incurred by related company	<u>30,270</u>	<u>-</u>
	244,708	71,685
APPLICATION OF FUNDS		
Group relief payment	(36,510)	(16,180)
Tax Paid	(9,894)	(1,853)
Investment in related company	<u>(50,000)</u>	<u>-</u>
	<u>(96,404)</u>	<u>(18,033)</u>
INCREASE IN WORKING CAPITAL	148,304	53,652
	=====	=====
COMPONENTS OF INCREASE IN WORKING CAPITAL		
Stock of units	85,261	266,435
Debtors	1,613,203	247,638
Creditors: Amounts falling due within one year	(1,654,135)	(388,217)
Movement in net liquid funds:	<u>103,975</u>	<u>(72,204)</u>
Increase/(decrease) in cash at bank	<u>148,304</u>	<u>53,652</u>
	=====	=====

HAMBROS BANK UNIT TRUST MANAGERS LIMITEDNOTES TO THE ACCOUNTS1. PRINCIPAL ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's accounts:

(a) Basis of accounting

The accounts have been prepared under the historical cost accounting rules.

(b) Stocks of units

Stocks of units are held for sale or liquidation and are stated at the lower of cost and market value (bid price).

(c) Income recognition

Income is accounted for on the accruals basis except for investment income which is accounted for on receipt.

2. TURNOVER

Turnover represents the proceeds from the sale of units, net of discounts, and remuneration from managing the trusts.

3. STAFF NUMBERS AND COSTS

The company does not employ any staff other than directors. The company does not have any payroll costs as all the administrative work of the company is carried out by an independent unit trust administration company in return for an administration fee.

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after crediting or (charging) the following:

	<u>1986</u>	<u>1985</u>
	<u>£</u>	<u>£</u>
Auditors' remuneration and expenses	(5,000)	(4,000)
Franked investment income	32,982	6,175
Interest received from another group company (net)	23,150	23,663
	=====	=====

5. EMOLUMENTS OF DIRECTORS

None of the directors received any remuneration during the year (1985: ENIL).

HAMBROS BANK UNIT TRUST MANAGERS LIMITEDNOTES TO THE ACCOUNTS(continued)6. TAXATION

	<u>1986</u>	<u>1985</u>
	<u>£</u>	<u>£</u>
Corporation tax payable at 40% (1985: 45%) based on the profit for the year:		
Group Relief	86,200	31,540
Tax credit on franked investment income	9,894	1,853
(Over)/under provision for previous year	(348)	5,318
	<u>95,746</u>	<u>38,711</u>

7. INTEREST IN RELATED COMPANY

	<u>1986</u>	<u>1985</u>
	<u>£</u>	<u>£</u>
Investment in shares in related company at cost	50,000	-
Less: provision against loss incurred during period	<u>30,270</u>	<u>-</u>
	<u>19,730</u>	<u>-</u>

Details of the related company are as follows:

<u>Name of related company</u>	<u>Country of incorporation</u>	<u>Percentage of Shareholding held direct</u>	<u>Principal activity</u>
Hambro Generali Fund Managers Limited	United Kingdom	50%	Manager of authorised unit trusts

8. DEBTORS

	<u>1986</u>	<u>1985</u>
	<u>£</u>	<u>£</u>
Debtors for units sold	1,923,680	622,338
Amount due by trustees	205,141	-
Amounts owed by group companies	1,163	5,829
Other debtors	<u>181,797</u>	<u>70,411</u>
	<u>2,311,781</u>	<u>698,578</u>

HAMBROS BANK UNIT TRUST MANAGERS LIMITEDNOTES TO THE ACCOUNTS(continued)9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1986</u>	<u>1985</u>
	<u>£</u>	<u>£</u>
Bank overdraft with group company as bankers	-	15,554
Creditors for units repurchased	1,123,774	195,740
Amount due to trustees	922,161	263,778
Amounts owed to group companies	386,200	253,038
Other creditors	14,634	39,492
Accruals and deferred income	26,678	17,922
	<u>2,473,447</u>	<u>785,524</u>
	*****	*****

10. SHARE CAPITAL

	<u>1986</u>	<u>1985</u>
	<u>£</u>	<u>£</u>
Authorised, allotted, called up and fully paid		
50,000 ordinary shares of £1 each	50,000	50,000
	*****	*****

11. ULTIMATE HOLDING COMPANY

The company's ultimate holding company is Hambros PLC a company incorporated in Great Britain.