

TSB UNIT TRUSTS LIMITED

REPORT AND ACCOUNTS

31 OCTOBER 1994

Registered Number: 1629925



TSB UNIT TRUSTS LIMITED REPORT AND ACCOUNTS 1994

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DIRECTORS' REPORT

The directors present their report and the accounts of the Company for the year ended 31 October 1994.

Principal activity

The Company is a wholly owned subsidiary undertaking ("subsidiary") of TSB Group plc. The principal activity of the Company is unit trust and personal equity plan management.

Results

The results for the year are shown in the profit and loss account on page 7.

Interim dividends of £465,000 and £240,000 were paid on 31 March and 31 October respectively. The directors propose a transfer to reserves of £5,981,000.

Directors

The directors of the Company during the year were:

J K Elbourne	(Chairman)
L H W March	
F J Randall	
B A Reilly	
P G E Ayliffe	(appointed 1 February 1994)
F O ' Boyle	(appointed 14 July 1994)
M R Poulding	(appointed 1 February 1994)
M K Pedelty	(resigned 30 June 1994)
A G Kane	(resigned 24 October 1994)

Since the year end R D Wood was appointed as a director on 17 November 1994.

Directors' interests in shares and loan notes

None of the directors had any interest in the share capital of the Company during the year. J K Elbourne is also a director of the Company's ultimate holding company, TSB Group plc. His interests in the share capital of TSB Group plc are shown in the accounts of that company.

Beneficial interests of the other directors and their immediate families in ordinary shares of 25p each in the Company's ultimate holding company, TSB Group plc, are shown below.

	At 31 October 1994		At 1 November 1993 (or date of appointment if later)	
	Shares	Shares under option	Shares	Shares under option
L H W March	14,077	109,893	7,706	56,857
F J Randall	43,945	155,232	8,193	303,872
B A Reilly	2,105	45,996	967	35,377
P G E Ayliffe	9,837	66,675	6,455	36,248
F O ' Boyle	1,114	34,981	1,114	32,185
M R Poulding	5,607	104,299	4,710	100,067

DIRECTORS' REPORT (Continued)

Directors' interests in shares and loan notes (continued)

The options to purchase shares were granted under the share option and sharesave schemes of TSB Group plc.

F J Randall, M R Poulding, L H W March and F O ' Boyle exercised options over 175,752; 3,750; 13,274 and 4,875 shares respectively during the year.

Any other net changes in options shown above arose as a result of the grant of options during the year.

Except as disclosed above, none of the directors held any interests in the shares or debentures of TSB Group plc or any of its subsidiaries at 1 November 1993 and 31 October 1994.

Directors' and Officers' liability insurance

The Company's ultimate holding company, TSB Group plc, maintains directors' and officers' liability insurance in respect of all its subsidiary companies.


Employment

The Company does not employ directly any staff.

Auditors

The auditors, KPMG Peat Marwick, continue in office.

By Order of the Board.



L. H. W. March
Director
11th January 1995

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts for each year which give a true and fair view of the state of the 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 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;
- . prepare the accounts 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 accounts 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.

REPORT OF THE AUDITORS, KPMG, TO THE MEMBERS OF TSB UNIT TRUSTS LIMITED

We have audited the accounts on pages 7 to 12.

Respective responsibilities of directors and auditors

As described on page 5, 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 as at 31 October 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


KPMG

Chartered Accountants
Registered Auditors

Southampton

23 February 1995

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

31 OCTOBER 1994

NOTE		1994 £000	1993 £000
2	Turnover	466,338	445,187
	Cost of sales	(429,283)	(418,355)
	Gross profit	37,055	26,832
	Distribution and selling costs	(21,025)	(23,041)
3	Administrative expenses	(8,436)	(7,103)
5	Other operating income	1,234	7,821
6	Profit on disposal of a fixed asset investment	-	13,574
7	Interest receivable	919	635
8	Interest payable	-	(17)
	Profit on ordinary activities before taxation	9,747	18,701
9	Tax on profit on ordinary activities	(3,061)	(1,009)
	Profit on ordinary activities after taxation	6,686	17,692
	Balance brought forward	4,314	1,467
	Dividends	(705)	(14,845)
	Balance carried forward	10,295	4,314

The notes on pages 9 to 12 form part of these accounts.

There are no recognised gains and losses other than the profit for the year reported above. There is also no difference between the profit on ordinary activities before taxation or the retained profit for the financial year stated above and their historical cost equivalents.

All turnover and profits are derived from continuing activities.

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BALANCE SHEET

31 OCTOBER 1994

NOTE		1994 £000	1993 £000
	Current assets		
	Stocks of units	805	738
10	Debtors	12,643	20,629
11	Cash at bank and in hand	14,410	17,792
		<u>27,858</u>	<u>39,159</u>
12	Creditors: amounts falling due within one year	(17,513)	(34,795)
	Net current assets	<u>10,345</u>	<u>4,364</u>
	Capital and reserves		
13	Called up share capital	50	50
	Profit and loss account	10,295	4,314
		<u>10,345</u>	<u>4,364</u>

The notes on pages 9 to 12 form part of these accounts.

The accounts were approved by the directors on 11 January 1995.



M R Poulding
Director

NOTES TO THE ACCOUNTS

31 OCTOBER 1994

NOTE 1**Accounting policies****Accounting convention**

The accounts have been prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards, and comprise the results of the activities described in the directors' report.

Turnover

Turnover which arose wholly in the UK represents the proceeds from the sale of units in TSB unit trusts and remuneration from the management of the trusts.

Two unit trusts invest wholly in other TSB unit trusts. Sales of units in such funds are eliminated from sales and cost of sales.

Investment income

Income distributions on unit trust holdings are accounted for at the date such distributions are declared. Income received under deduction of tax is brought into account after taking credit for such tax.

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).

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. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Cash flow statements

The ultimate parent undertaking TSB Group plc, has adopted Financial Reporting Standard number 1, thus exempting the Company from the requirement to prepare a cash flow statement.

NOTE 2**Turnover**

Turnover which all arises in the United Kingdom represents the following:

	1994 £000	1993 £000
Proceeds from the sale of units (after discounts)	451,064	433,592
Net remuneration from managing the trusts	15,274	11,595
	<u>466,338</u>	<u>445,187</u>

NOTES TO THE ACCOUNTS

31 OCTOBER 1994

NOTE 3**Administrative expenses**

Administrative expenses for the year ended 31 October 1994 include amounts recharged from the immediate holding company, TSB Trust Company Limited. These expenses include pension contributions paid to the TSB Group Pension Scheme. Details of the scheme are contained in the accounts of TSB Group plc. The Company does not directly employ any staff. Auditors' remuneration of £32,251 (1993 £30,000) is included in administrative expenses. Fees paid to the auditors for other work were £61,572 (1993 £13,000).

NOTE 4**Directors' emoluments**

Included in administrative expenses for the year ended 31 October 1994 were the following amounts for directors' emoluments:

	1994 £000	1993 £000
Emoluments in respect of services to the Company	31	1

The emoluments of the chairman and the highest paid director in respect of services to the Company, excluding pension contributions, were as follows:

	1994 £000	1993 £000
Chairman	-	-
Highest paid director	16	1

The number of directors whose aggregate emoluments, excluding pension contributions, in respect of their services to the Company fell within the following ranges:

	1994	1993
£ 0 - £ 5,000	7	9
£10,000 - £15,000	1	-
£15,000 - £20,000	1	-

NOTE 5**Other operating income**

	1994 £000	1993 £000
Franked investment income	1,234	7,821

NOTE 6**Exceptional profit**

On 30 April 1993, TSB Unit Trusts Limited acquired two fellow subsidiaries for £25,100 and subsequently sold them to another group company realising a gain of £13,573,601. No tax arises on this transaction.

NOTE 7**Interest receivable**

Interest receivable of £919,486 (1993 £635,418) is derived from group companies.

NOTE 8**Interest payable**

Interest payable of £Nil (1993 £16,575) is payable to group companies.

NOTES TO THE ACCOUNTS

31 OCTOBER 1994

NOTE 9

Taxation	1994 £000	1993 £000
Tax based on the profit for the year comprises:		
Tax credits on franked investment income	244	1,891
Group relief at 33% (1993 33%)	2,815	(882)
Adjustments relating to earlier years	2	-
	3,061	1,009

NOTE 10

Debtors	1994 £000	1993 £000
Amounts falling due within one year:		
Debtors for units sold	128	264
Amounts owed by trustees	11,971	10,149
Amounts owed by immediate holding company	50	-
Amounts owed by fellow subsidiaries	4	8,888
Group relief receivable	-	900
Prepayments and accrued income	490	428
	12,643	20,629

In accordance with FRS5, amounts due to and from trustees have been presented separately and the comparatives have been adjusted accordingly.

NOTE 11

Cash at bank and in hand	Cash at bank and in hand comprises amounts which are placed at commercial rates of interest with TSB Bank plc and TSB Bank Scotland plc, subsidiaries of TSB Group plc.
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NOTE 12

Creditors	1994 £000	1993 £000
Amounts falling due within one year:		
Creditors for units repurchased	1,736	1,031
Amounts owing to holding company	-	324
Amounts owing to fellow subsidiaries	1,028	2,223
Amounts owing to trustees	8,669	16,960
Amounts owing to Long Term Business Fund of a fellow subsidiary	1,808	3,511
Group relief payable	2,797	-
Dividends	-	9,323
Accruals and deferred income	1,475	1,423
	17,513	34,795

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NOTES TO THE ACCOUNTS

31 OCTOBER 1994

NOTE 13

Share capital	1994 £000	1993 £000
Authorised, allotted, called-up and fully paid Ordinary shares of £1 each	50	50

NOTE 14

Shareholders' funds	Share capital £000	Profit and loss account £000	Total £000
At 1 November 1993	50	4,314	4,364
Retained profit for year	-	5,981	5,981
At 31 October 1994	50	10,295	10,345

NOTE 15

Holding and ultimate holding company	The results of TSB Unit Trusts Limited are consolidated by TSB Group plc. The immediate holding company is TSB Trust Company Limited, registered in England and Wales, and the ultimate holding company is TSB Group plc which is registered in Scotland. Its accounts are available from The Secretary, 60 Lombard Street, London EC3V 9DN.
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