

TSB UNIT TRUSTS LIMITED

REPORT AND ACCOUNTS

31 OCTOBER 1995

Registered Number: 1629925



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DIRECTORS' REPORT

Directors: J K Elbourne - Chairman
P G E Ayliffe
L H W March
F O'Boyle
M R Poulding
F J Randall
B A Reilly
R D Wood

Secretary: R Q Phillips

Registered Office: Charlton Place
Andover
Hants SP10 1RE

The directors present their report and the accounts of the Company for the year ended 31 October 1995.

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, which are shown in the profit and loss account on page 7, reflect the general decline in sales volumes experienced by the unit trust industry as a whole.

The directors do not recommend the payment of a dividend for the year (1994 £705,000).

Directors

R D Wood was appointed as a director on 17 November 1994. The other directors listed above were directors of the Company throughout the year.

Directors' interests in shares and loan notes

None of the directors had any interest in the share capital of the Company. J K Elbourne is also a director of the Company's ultimate parent undertaking, 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 parent undertaking, TSB Group plc, are shown below.

	At 31 October 1995		At 1 November 1994 (or date of appointment if later)	
	Shares	Shares under option	Shares	Shares under option
P G E Ayliffe	11,523	82,633	9,837	66,675
L H W March	14,172	143,398	14,077	109,893
F O ' Boyle	0	49,164	1,114	34,981
M R Poulding	5,607	61,121	5,607	104,299
F J Randall	26,025	179,529	43,945	155,232
B A Reilly	3,791	63,521	2,105	45,996
R D Wood	0	54,886	0	3,320

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 and M J Poulding exercised options over 5,320 and 55,368 shares respectively during the year. None of the other directors listed above exercised options over shares during the year and 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 1994 and 31 October 1995.

Directors' and Officers' liability insurance

TSB Group plc maintains directors' and officers' liability insurance in respect of all its subsidiary undertakings.

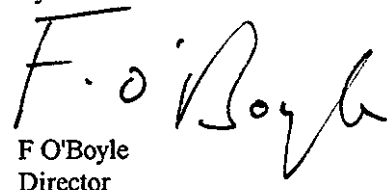
Employment

The Company does not employ directly any staff.

Auditors

On 6 February 1995 the Company's auditors changed the name under which they practise to KPMG. The auditors, KPMG, continue in office.

By Order of the Board.


F O'Boyle
Director

21 December 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; and
- 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 1995 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG
Chartered Accountants
Registered Auditors
Southampton

21 December 1995

TSB UNIT TRUSTS LIMITED REPORT AND ACCOUNTS 1995

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

31 OCTOBER 1995

NOTE		1995 £000	1994 £000
2	Turnover	219,619	466,338
	Cost of sales	(196,467)	(429,283)
	Gross profit	23,152	37,055
	Distribution and selling costs	(18,810)	(21,025)
3	Administrative expenses	(12,749)	(8,436)
5	Other operating income	2,845	1,234
6	Interest receivable	1,581	919
	(Loss)/Profit on ordinary activities before taxation	(3,981)	9,747
7	Tax on (loss)/profit on ordinary activities	1,689	(3,061)
	(Loss)/Profit on ordinary activities after taxation	(2,292)	6,686
	Balance brought forward	10,295	4,314
	Dividends	-	(705)
	Balance carried forward	8,003	10,295

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

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

All turnover and results are derived from continuing activities.

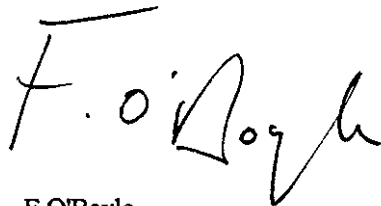
BALANCE SHEET

31 OCTOBER 1995

NOTE		1995 £000	1994 £000
	Current assets		
	Stocks of units	986	805
8	Debtors	15,049	12,643
9	Cash at bank	-	14,410
		<u>16,035</u>	<u>27,858</u>
10	Creditors: amounts falling due within one year	(7,982)	(17,513)
	Net assets	<u>8,053</u>	<u>10,345</u>
	Capital and reserves		
11	Called up share capital	50	50
	Profit and loss account	8,003	10,295
12	Equity shareholder's funds	<u>8,053</u>	<u>10,345</u>

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

These accounts were approved by the board of directors on 21 December 1995 and signed on its behalf by



F O'Boyle
Director

NOTES TO THE ACCOUNTS

31 OCTOBER 1995

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.

Allocation of expenditure

Administrative expenses includes amounts recharged from other TSB Group companies on a basis to reasonably reflect the costs applicable to the Company. These expenses include pension contributions payable to the TSB Group Pension Scheme. Details of the scheme are contained in the accounts of TSB Group plc.

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.

NOTES TO THE ACCOUNTS

31 OCTOBER 1995

NOTE 2

Turnover	Turnover which all arises in the United Kingdom represents the following:	1995	1994
		£000	£000
	Proceeds from the sale of units (after discounts)	202,761	451,064
	Net remuneration from managing the trusts	16,858	15,274
		<u>219,619</u>	<u>466,338</u>

NOTE 3

Administrative expenses	The Company does not directly employ any staff. Auditors' remuneration of £33,672 (1994 £32,251) is included in administrative expenses. Fees paid to the auditors for other work were £24,500 (1994 £61,572).
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NOTE 4

Directors' emoluments	Included in administrative expenses for the year ended 31 October 1995 were the following amounts for directors' emoluments:	1995	1994
		£000	£000
	Emoluments in respect of services to the Company	40	31
	The emoluments of the chairman and the highest paid director in respect of services to the Company, excluding pension contributions, were as follows:		
		1995	1994
		£000	£000
	Chairman	-	-
	Highest paid director	31	16
	The number of directors whose aggregate emoluments, excluding pension contributions, in respect of their services to the Company fell within the following ranges:		
		1995	1994
	£ 0 - £ 5,000	6	7
	£ 5,000 - £10,000	1	-
	£10,000 - £15,000	-	1
	£15,000 - £20,000	-	1
	£30,000 - £35,000	1	-

NOTE 5

Other operating income		1995	1994
		£000	£000
	Franked investment income	2,845	1,234

NOTE 6

Interest receivable	Interest receivable comprises £1,263,000 (1994 £919,000) derived from group companies and £318,000 (1994 £Nil) from trusts which make interest distributions.
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NOTES TO THE ACCOUNTS

31 OCTOBER 1995

NOTE 7**Taxation**

1995	1994
£000	£000

Tax based on the (loss)/profit for the year comprises:

Tax credits on franked investment income	645	244
Group relief at 33% (1994 33%)	(2,352)	2,815
Adjustments relating to earlier years	18	2
	(1,689)	3,061

NOTE 8**Debtors**

1995	1994
£000	£000

Amounts falling due within one year:

Debtors for units sold	7,243	128
Amounts owed by the Trustee	4,656	11,971
Amounts owed by immediate holding company	286	50
Amounts owed by fellow subsidiaries	5	4
Group relief receivable	2,352	-
Prepayments and accrued income	507	490
	15,049	12,643

NOTE 9**Cash at bank**

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

NOTE 10**Creditors**

1995	1994
£000	£000

Amounts falling due within one year:

Bank overdraft	1,206	-
Creditors for units repurchased	1,940	1,736
Amounts owing to fellow subsidiaries	290	1,028
Amounts owing to the Trustee	3,048	8,669
Amounts owing to Long Term Business Fund of a fellow subsidiary	433	1,808
Group relief payable	-	2,797
Accruals and deferred income	1,065	1,475
	7,982	17,513

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NOTES TO THE ACCOUNTS

31 OCTOBER 1995

NOTE 11

Share capital

	1995 £000	1994 £000
Authorised, allotted, called-up and fully paid ordinary shares of £1 each	50	50

NOTE 12

Shareholder's funds

	Share capital £000	Profit and loss account £000	Total £000
At 1 November 1994	50	10,295	10,345
Retained loss for year	-	(2,292)	(2,292)
At 31 October 1995	50	8,003	8,053

NOTE 13

Parent and ultimate parent company

The results of the Company are only consolidated in the accounts of the ultimate parent company, TSB Group plc. The immediate parent company is TSB Trust Company Limited, registered in England and Wales, and the ultimate parent company, TSB Group plc, is registered in Scotland. The accounts of TSB Group plc are available from The Secretary, 60 Lombard Street, London EC3V 9DN.