

1796126

PRUDENTIAL UNIT TRUSTS LIMITED

Annual Report and Accounts 1994



PRUDENTIAL UNIT TRUSTS LIMITED

Incorporated and registered in England and Wales. Registered no. 1796126
Registered office: 142 Holborn Bars, London, EC1N 2NH

Annual report and accounts 1995

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PRUDENTIAL UNIT TRUSTS LIMITED

Directors

K L Bedell-Pearce
H R Jenkins

Secretary

R Walker

Auditors

Price Waterhouse, London

PRUDENTIAL UNIT TRUSTS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1994

Principal activity and business review

The principal activity of the Company is the sale and management of unit trusts. This will continue in 1995.

Accounts and dividend

The state of affairs of the Company at 31 December 1994 is shown in the balance sheet on page 5. The profit and loss account appears on page 3.

A dividend of £2,800,000 will be paid for the year (1993: £1,600,000). £87,000 has been transferred to reserves.

Directors

The present directors of the Company are shown on page 1. There were no changes during the year. Mr S D Elliot resigned on 28 February 1995.

Directors' interests

The interests of the directors who were also directors of the immediate parent company or of the ultimate parent company are shown in the annual reports and accounts of those companies.

Directors' and Officers' Liability Insurance

Prudential Corporation plc, the ultimate parent company of the Company, has arranged insurance cover for all directors and officers of the Corporation and its subsidiaries as permitted by section 310 of the Companies Act 1985.

Auditors

In accordance with Section 386 of the Companies Act 1985, an elective resolution has been passed by the Company dispensing with the need to appoint auditors annually. Accordingly, Price Waterhouse will be deemed to be re-appointed auditors of the Company for the current financial year.

On behalf of the board of directors.



R Walker
Secretary
20 March 1995

PRUDENTIAL UNIT TRUSTS LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1994**

	NOTE	1994 £000	1993 £000
Gross profit	2	12,668	9,860
Administrative expenses	3	(10,169)	(7,581)
Operating profit/(loss) from Continuing Activities		<u>2,499</u>	<u>2,279</u>
Investment and Sundry Income	5	1,260	1,378
Profit on ordinary activities before interest		<u>3,759</u>	<u>3,657</u>
Interest receivable		554	601
Interest payable	6	(40)	(15)
Profit on ordinary activities before taxation		<u>4,273</u>	<u>4,243</u>
Tax on profit on ordinary activities	7	(1,386)	(1,248)
Profit on ordinary activities after taxation		<u>2,887</u>	<u>2,995</u>
Dividend	8	(2,800)	(1,600)
Retained profit/(loss) for the year		<u>87</u>	<u>1,395</u>
Retained profit at the beginning of the year		<u>1,825</u>	<u>430</u>
Retained Profit at the end of the year		<u>1,912</u> =====	<u>1,825</u> =====

The Company has no recognised gains or losses other than the profit for the year as disclosed above.

PRUDENTIAL UNIT TRUSTS LIMITED

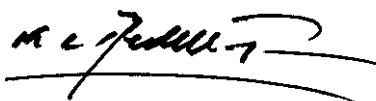
**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
FOR THE YEAR ENDED 31 DECEMBER 1994**

	1994 £000	1993 £000
Shareholders' funds at 1 January	5,825	4,430
Profits after tax	2,887	2,995
Dividend payable	(2 800)	(1,600)
Shareholders' funds at 31 December	<u>5,912</u> =====	<u>5,825</u> =====

PRUDENTIAL UNIT TRUSTS LIMITED**BALANCE SHEET AS AT 31 DECEMBER 1994**

	NOTE	1994 £000	1993 £000
Current assets			
Stock		1,953	1,966
Debtors	9	20,144	7,595
Cash at bank and in hand		4,272	6,947
		<hr/>	<hr/>
		26,369	16,508
Creditors			
Amounts falling due within one year	10	(10,457)	(10,683)
		<hr/>	<hr/>
Net current assets		15,912	5,825
		<hr/>	<hr/>
Total assets less current liabilities		15,912	5,825
Creditors			
Amounts falling due after one year	11	(10,000)	-
Provisions for liabilities and charges	12	-	-
		<hr/>	<hr/>
		5,912	5,825
		=====	=====
Capital and reserves			
Called up share capital	13	4,000	4,000
Profit and loss account		1,912	1,825
		<hr/>	<hr/>
Shareholders' Funds		5,912	5,825
		=====	=====

The accounts on pages 3 to 11 were approved on 20 March 1995 .



K L Bedell-Pearce
Director

PRUDENTIAL UNIT TRUSTS LIMITED

NOTES ON THE ACCOUNTS

I. Accounting policies

- a. **Accounting convention.** The accounts are prepared on the historical cost basis of accounting and in accordance with applicable accounting standards.
- b. **Deferred taxation.** Deferred taxation is provided on the liability method on all short term timing differences. Provision is also made for long term timing differences, except those which are not expected to reverse in the foreseeable future.
- c. **Stock.** The stock of units is valued at the lower of cost and net realisable value at the balance sheet date.

PRUDENTIAL UNIT TRUSTS LIMITED

NOTES ON THE ACCOUNTS (continued)

2. Gross profit

Gross profit arises principally from the sale of units and the management fees charged on the value of funds under management. Certain of the costs attributable to the earning of management fees are included under administrative expenses. Turnover comprises the gross revenue arising during the year from the above activities, all arising in the UK.

	1994 £000	1993 £000
Gross profit comprises the following:		
Sales of units (including initial charge):		
New units	238,452	282,028
Repurchased units	143,177	83,262
	<hr/>	<hr/>
	381,629	365,290
Management fees	12,532	10,176
	<hr/>	<hr/>
Total turnover from continuing activities	394,161	375,466
	<hr/>	<hr/>
Cost of sales of units (net of profit or loss on liquidations):		
New units created	(236,371)	(278,316)
Units repurchased	(135,903)	(83,792)
	<hr/>	<hr/>
	(372,274)	(362,108)
Commission and other costs	(9,219)	(3,498)
	<hr/>	<hr/>
Total cost of sales	(381,493)	(365,606)
	<hr/>	<hr/>
Gross profit	12,668	9,860
	=====	=====

PRUDENTIAL UNIT TRUSTS LIMITED

NOTES ON THE ACCOUNTS (continued)

3. Administrative expenses

	1994	1993
	£000	£000
Administrative expenses include:		
Auditors' remuneration - audit services	13	15
- non-audit services	103	51

The chairman and directors received no emoluments during the year (1993: nil)

4. Staff costs

All staff were employed during the year by the immediate parent company, Prudential Investment Products Limited, and as a consequence details of their remuneration are shown in the annual report and accounts of that company.

5. Other interest receivable and similar income

	1994	1993
	£000	£000
Franked investment income	1,230	1,378
Sundry income	30	-
	<hr/>	<hr/>
	1,260	1,378
	<hr/>	<hr/>

6. Interest payable

	1994	1993
	£000	£000
Interest payable to group undertakings	40	15
	<hr/>	<hr/>

PRUDENTIAL UNIT TRUSTS LIMITED

NOTES ON THE ACCOUNTS (continued)

7. Taxation

	1994	1993
	£000	£000
Corporation tax	(1,156)	(908)
Tax on franked investment income	(262)	(327)
Deferred taxation - current year	-	(60)
Adjustments in respect of prior years	32	47
	<hr/>	<hr/>
	(1,386)	(1,248)
	=====	=====

Group relief is obtained from other group undertakings at the average corporate tax rate of 33% (1993: 33%)

8. Dividend

	1994	1993
	£000	£000
Dividend	2,800	1,600
	=====	=====

NOTES ON THE ACCOUNTS (continued)

9. Debtors

	1994	1993
	£000	£000
Trade debtors	3,539	3,040
Amounts owed by group undertakings	3,568	217
Other debtors	13,033	4,243
Prepayments and accrued income	4	95
	<hr/>	<hr/>
	20,144	7,595
	<hr/>	<hr/>

10. Creditors: amounts falling due within one year

	1994	1993
	£000	£000
Trade creditors	2,312	3,872
Amounts owed to group undertakings	2,480	4,001
Dividend	4,400	1,600
Other creditors	99	241
Corporation tax	1,156	908
Accruals and deferred income	10	61
	<hr/>	<hr/>
	10,457	10,683
	<hr/>	<hr/>

11. Creditors: amounts falling due after one year

	1994	1993
	£000	£000
Amounts owed to group undertakings	10,000	-

The above is in respect of a subordinated loan agreement with Prudential Corporation at an annual interest rate of 1% above LIBOR repayable on or after 15th December 1996.

12. Deferred taxation

	Debtor		Potential Asset	
	1994	1993	1994	1993
	£000	£000	£000	£000
Depreciation in advance of capital allowances	-	-	35	-
Short term timing differences	-	-	10	-
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	45	-
	<hr/>	<hr/>	<hr/>	<hr/>

PRUDENTIAL UNIT TRUSTS LIMITED

NOTES ON THE ACCOUNTS (continued)

12. Called up share capital	1994	1993
	£000	£000
Authorised 10,000,000 ordinary shares of £1 each	10,000 =====	10,000 =====
Allotted, called up and fully paid 4,000,000 ordinary shares of £1 each	4,000 =====	4,000 =====

13. Ultimate parent company

The ultimate parent company is Prudential Corporation plc, registered in England and Wales, which is the only parent company which prepares group accounts, copies of which can be obtained from the Company Secretary, 142 Holborn Bars, London, EC1N 2NH.

14. Cash at bank

Under the terms of the Company's arrangements with the Prudential Group's main UK banker, the bank has a right of set-off between credit balances at the bank and all overdrawn balances of those group undertakings with similar arrangements.

PRUDENTIAL UNIT TRUSTS LIMITED

**AUDITORS REPORT TO THE SHAREHOLDERS OF
PRUDENTIAL UNIT TRUSTS LIMITED**

We have audited the financial statements on pages 3 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

Company law requires the directors to prepare financial statements for each financial year 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 financial statements, the directors are required to

- * select suitable accounting policies and then apply them consistently;
- * make judgements and estimates that are reasonable and prudent; and
- * state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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 financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking steps for the prevention and detection of fraud and other irregularities.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you.

PRUDENTIAL UNIT TRUSTS LIMITED

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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, 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 financial statements 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 financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31 December 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Price Waterhouse
Chartered Accountants
and Registered Auditors
Southwark Towers
32 London Bridge Street
London
SE1 9SY

20 March 1995