

REGISTERED No 1796126

PRUDENTIAL UNIT TRUSTS LIMITED

Annual Report and Accounts 1995



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
M L Cassoni

Secretary

R Walker

Auditors

Price Waterhouse, London

PRUDENTIAL UNIT TRUSTS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1995

Principal activity and business review

The principal activity of the Company is the sale and management of unit trusts. This will continue in 1996.

Accounts and dividend

The state of affairs of the Company at 31 December 1995 is shown in the balance sheet on page 5. The profit and loss account appears on page 3.

No dividend will be paid for the year (1994: £2,800,000). £809,000 has been transferred from reserves.

Directors

The present directors of the Company are shown on page 1. Mr S D Elliot and Mr H R Jenkins ceased to be directors on 28 February 1995 and 31 December 1995 respectively. There were no other changes during the year.

Ms M L Cassoni was appointed a director on 3 January 1996.

Directors' interests

The interests of the directors in office at the end of the year who were also directors of the ultimate parent company are shown in the annual report and accounts of that company.

Directors' and Officers' Liability Insurance

During the year Prudential Corporation plc, the ultimate parent company of the Company, has maintained 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 shall 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
18 March 1996

PRUDENTIAL UNIT TRUSTS LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1995**

	NOTE	1995 £000	1994 £000
Gross profit	2	7,310	12,668
Administrative expenses	3	(10,081)	(10,169)
Operating (loss)/profit from continuing activities		<u>(2,771)</u>	<u>2,499</u>
Investment and sundry income	5	1,539	1,260
(Loss)/profit on ordinary activities before interest		<u>(1,232)</u>	<u>3,759</u>
Interest receivable		572	554
Interest payable	6	(761)	(40)
(Loss)/profit on ordinary activities before taxation		<u>(1,421)</u>	<u>4,273</u>
Tax on (loss)/profit on ordinary activities	7	612	(1,386)
(Loss)/profit on ordinary activities after taxation		<u>(809)</u>	<u>2,887</u>
Dividend	8	-	(2,800)
Retained (loss)/profit for the year		<u>(809)</u>	<u>87</u>
Retained profit at the beginning of the year		1,912	1,825
Retained profit at the end of the year		<u>1,103</u> =====	<u>1,912</u> =====

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

PRUDENTIAL UNIT TRUSTS LIMITED

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
FOR THE YEAR ENDED 31 DECEMBER 1995**


	1995	1994
	£000	£000
Shareholders' funds at 1 January	5,912	5,825
New share capital issued	5,000	-
(Losses)/Profits after tax	(809)	2,887
Dividend payable	-	(2,800)
	<hr/>	<hr/>
Shareholders' funds at 31 December	10,103	5,912
	=====	=====

PRUDENTIAL UNIT TRUSTS LIMITED

BALANCE SHEET AS AT 31 DECEMBER 1995

	NOTE	1995 £000	1994 £000
Current assets			
Stock		2,076	1,953
Debtors	9	15,118	20,144
Cash at bank and in hand	15	3,095	4,272
		<hr/>	<hr/>
		20,289	26,369
Creditors			
Amounts falling due within one year	10	(5,186)	(10,457)
		<hr/>	<hr/>
Net current assets		15,103	15,912
		<hr/>	<hr/>
Total assets less current liabilities		15,103	15,912
Creditors			
Amounts falling due after one year	11	(5,000)	(10,000)
		<hr/>	<hr/>
		10,103	5,912
		=====	=====
Capital and reserves			
Called up share capital	13	9,000	4,000
Profit and loss account		1,103	1,912
		<hr/>	<hr/>
Shareholders' Funds		10,103	5,912
		=====	=====

The accounts on pages 3 to 11 were approved on 18 March 1996.


K L Bedell-Pearce
Director

PRUDENTIAL UNIT TRUSTS LIMITED

NOTES TO 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 TO 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.

	1995 £000	1994 £000
Gross profit comprises the following:		
Sales of units (including initial charge):		
New units	220,369	238,452
Repurchased units	28,319	143,177
	<hr/>	<hr/>
	248,688	381,629
Management fees	14,981	12,532
	<hr/>	<hr/>
Total turnover from continuing activities	263,669	394,161
	<hr/>	<hr/>
Cost of sales of units (net of profit or loss on liquidations):		
New units created	(205,630)	(236,371)
Units repurchased	(37,085)	(135,903)
	<hr/>	<hr/>
	(242,715)	(372,274)
Commission and other costs	(13,644)	(9,219)
	<hr/>	<hr/>
Total cost of sales	(256,359)	(381,493)
	<hr/>	<hr/>
Gross profit	7,310	12,668
	=====	=====

PRUDENTIAL UNIT TRUSTS LIMITED

NOTES TO THE ACCOUNTS (continued)

3. Administrative expenses

	1995	1994
	£000	£000
Administrative expenses include:		
Auditors' remuneration - audit services	17	13
- non-audit services	63	103

The directors received no emoluments during the year. (1994: £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. Investment and sundry income

	1995	1994
	£000	£000
Franked investment income	1,535	1,230
Sundry income	4	30
	<hr/>	<hr/>
	1,539	1,260
	=====	=====

6. Interest payable

	1995	1994
	£000	£000
Interest payable to group undertakings	760	40
Bank interest payable	1	0
	<hr/>	<hr/>
	761	40
	=====	=====

PRUDENTIAL UNIT TRUSTS LIMITED**NOTES TO THE ACCOUNTS (continued)****7. Taxation**

	1995	1994
	£000	£000
Corporation tax	964	(1,156)
Tax on franked investment income	(323)	(262)
Adjustments in respect of prior years	(29)	32
	<hr/>	<hr/>
	612	(1,386)
	=====	=====

Group relief is obtained from other group undertakings at the corporate tax rate of 33%. (1994: 33%)

8. Dividend

	1995	1994
	£000	£000
Dividend	-	2,800
	=====	=====

9. Debtors

	1995	1994
	£000	£000
Trade debtors	3,913	3,539
Amounts owed by group undertakings	289	3,568
Corporation tax recoverable	964	-
Other debtors	9,938	13,033
Prepayments and accrued income	14	4
	<hr/>	<hr/>
	15,118	20,144
	=====	=====

PRUDENTIAL UNIT TRUSTS LIMITED

NOTES TO THE ACCOUNTS (continued)

10. Creditors: amounts falling due within one year

	1995	1994
	£000	£000
Trade creditors	1,877	2,312
Amounts owed to group undertakings	3,160	2,480
Dividend	-	4,400
Other creditors	149	99
Corporation tax	-	1,156
Accruals and deferred income	-	10
	<hr/>	<hr/>
	5,186	10,457
	=====	=====

11. Creditors: amounts falling due after one year

	1995	1994
	£000	£000
Amounts owed to group undertakings	5,000	10,000
	=====	=====

The above is in respect of a subordinated loan agreement with Prudential Corporation plc at an annual interest rate of 1% above LIBOR repayable on or after 22 December 2000.

12. Deferred taxation

	Debtor		Potential Asset	
	1995	1994	1995	1994
	£000	£000	£000	£000
Depreciation in advance of capital allowances	-	-	38	35
Short term timing differences	-	-	(13)	10
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	25	45
	===	===	===	===

PRUDENTIAL UNIT TRUSTS LIMITED

NOTES TO THE ACCOUNTS (continued)

13. Called up share capital	1995 £000	1994 £000
Authorised		
At 1 January		
10,000,000 ordinary shares of £1 each	10,000	10,000
Additional share capital authorised on 22 December 1995		
10,000,000 ordinary shares of £1 each	10,000	-
	<hr/>	<hr/>
At 31 December		
20,000,000 (1994: 10,000,000) ordinary shares of £1 each	20,000	10,000
	<hr/>	<hr/>
Allotted, called up and fully paid		
At 1 January		
4,000,000 ordinary shares of £1 each	4,000	4,000
Allotted on 22 December 1995 for cash at par		
5,000,000 ordinary shares of £1 each	5,000	-
	<hr/>	<hr/>
At 31 December		
9,000,000 (1994: 4,000,000) ordinary shares of £1 each	9,000	4,000
	<hr/>	<hr/>

The increase in share capital was considered necessary by the directors in order to support the continued expansion of the business.

14. 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.

15. Cash at bank

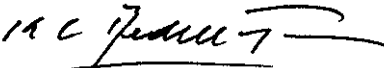
Under the terms of the Company's arrangements with the Prudential Group's main UK banker, the bank has a right of set-off between credit balances at the bank and all overdrawn balances of those group undertakings with similar arrangements.

PRUDENTIAL UNIT TRUSTS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for the Company which comply with the relevant provisions of the Companies Act 1985. In preparing those statements, the directors ensure that suitable accounting policies are selected and applied consistently, that reasonable and prudent judgements and estimates are made and that applicable accounting standards are followed. They also ensure that appropriate accounting records are maintained for the preparation of those statements and that reasonable steps are taken to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

After making appropriate enquiries, the directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future. They therefore continue to use the going concern basis in preparing the financial statements.


K L Bedell-Pearce
Director
18 March 1996

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 in accordance with the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 12 the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on the statements and 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 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 1995 and of its loss 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

18 March 1996