

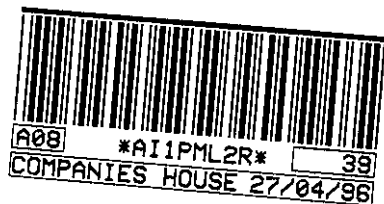
**UNION FUND MANAGEMENT LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 DECEMBER 1995**

Registered No: 1963229



## **UNION FUND MANAGEMENT LIMITED**

### **DIRECTORS' REPORT**

The Directors present their report and the financial statements for the year ended 31 December 1995 which were approved at a meeting of the Board of Directors on 12th April 1996.

#### **Activities**

There was no significant change in the principal activity of the Company during the year which consisted of providing discretionary asset management in respect of clients' liquid funds.

During the year, the principal activity of the Company consisted of providing discretionary asset management in respect of client liquid funds. However, significant developments with potential for the future were undertaken during 1995. These were mainly in connection with marketing and expanding the Company's operational abilities.

To accommodate this investment, the share capital was increased during the year by £235,000 to £885,000.

The Directors do not expect any development in 1996 significantly different from its present activity.

#### **Results**

The profit and loss account for the year is set out on page 6. The loss for the year after taxation amounting to £357,587 (1994: £494,228) has been transferred to reserves.

#### **Dividend**

The Directors do not recommend the payment of a dividend.

#### **Fixed Assets**

Details of changes in fixed assets are shown in note 5 to the financial statements.

#### **Directors**

The Directors who held office during the year were:

G.P. Blunden *	(Chairman)
T.M. Easun	(Managing Director - Resigned 31st January, 1996)
J.R. Thursfield	
T.C. Meade	
C.J. Chudley	

The Director marked (\*) is also a Director of the holding company, Union PLC and his interests in the share capital of Group companies are disclosed in that company's accounts.

The Directors have been informed that Union PLC (The Holding Company) will give full support in meeting UFM's liabilities as they fall due.

## **UNION FUND MANAGEMENT LIMITED**

### **DIRECTORS' REPORT - continued**

Mr. S.T. Clews resigned as Company Secretary on 2nd February 1996 and Mr. R.J. Vardy was appointed on the same day. Mr R J Vardy also resigned as Company Secretary on 4th April 1996 and Mr D R Wood was appointed on the same day.

According to the Register of Directors' Interests, the interests of the remaining Directors in office in the share capital of Union PLC were as follows:

	<b>At 31 December 1995</b>		<b>At 1 January 1995 or date of appointment if later</b>	
	Beneficially held	Under Option	Beneficially held	Under Option
J.R. Thursfield	1,356	12,432	1,356	12,432
T.C. Meade	1,267	12,950	1,267	12,950
C.J. Chudley	2,181	17,022	2,181	17,022
T.M. Easun	--	25,000	--	25,000

No Director has a beneficial shareholding in the Company or any other Company with the same holding company. No contract or arrangement entered into by the Company in which any Director is interested has existed during the year.

### **Statement of Directors responsibilities**

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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

**UNION FUND MANAGEMENT LIMITED**

**DIRECTORS' REPORT - continued**

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 reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that the financial statements comply with the above requirements.

**BY ORDER OF THE BOARD**



**D. R. Wood**  
**Secretary**

*12 April 1996*

**Registered Office:**

**39 Cornhill,  
London,  
EC3V 3NU.**

**UNION FUND MANAGEMENT LIMITED**

**REPORT OF THE AUDITORS**

**TO THE MEMBERS OF UNION FUND MANAGEMENT LIMITED**

We have audited the financial statements on pages 6 to 13.

**Respective responsibilities of directors and auditors**

As described on pages 3 to 4 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 those statements 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 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 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.

*Coopers & Lybrand*

**Coopers & Lybrand  
Chartered Accountants and Registered Auditors  
London**

*18 April 1996*

**UNION FUND MANAGEMENT LIMITED**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1995**

	Notes	1995 £	1994 £
<b>Continuing Operations</b>			
Turnover		501,541	473,052
Administrative expenses		1,177,421	1,233,353
		-----	-----
Operating loss		(675,880)	(760,301)
Interest receivable		12,989	28,078
		-----	-----
Loss on ordinary activities	2	(662,891)	(732,223)
Taxation credit	4	305,304	237,995
		-----	-----
Retained loss for the year		(357,587)	(494,228)
Retained (loss)/profit brought forward		(429,124)	65,104
		-----	-----
Retained (loss) carried forward		(786,711)	(429,124)
		=====	=====

The notes on page 8 to 13 form an integral part of the financial statements.

The Company has no recognised gains and losses other than those included in the gains and losses above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the loss on ordinary activities before taxation and the retained profit and loss for the year stated above, and their historical cost equivalents.

**UNION FUND MANAGEMENT LIMITED**

**BALANCE SHEET AS AT 31 DECEMBER 1995**

	Notes	1995 £	1994 £
<b>Fixed Assets</b>	5	28,591	71,553
		-----	-----
<b>Current Assets</b>			
Debtors	6	200,768	310,587
Other Investments		-	-
Bank balance with fellow subsidiary		-	248,029
Bank Balances		293,245	-
		-----	-----
		494,013	558,616
		-----	-----
<b>Current Liabilities</b>			
Creditors: Amounts falling due within one year	7	431,687	407,209
		-----	-----
Net current assets		62,326	151,407
		-----	-----
Total assets less current liabilities		90,917	222,960
Provisions for liabilities and charges	8	(7,372)	2,084
		-----	-----
		98,289	220,876
		=====	=====
<b>Capital and Reserves</b>			
Share capital	9	885,000	650,000
Profit and Loss Reserves		(786,711)	(429,124)
		-----	-----
Shareholders' Funds-Equity	10	98,289	220,876
		=====	=====

The notes on pages 8 to 13 form an integral part of the financial statements.

Approved by the Board of Directors on 12th April 1996.

T.C. Meade



**UNION FUND MANAGEMENT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 1995**

**1. Principal Accounting policies**

**Basis of Accounting**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

**Turnover**

Turnover represents the gross fees receivable from managing cash assets and the provision of advisory services to clients and excludes VAT.

**Cashflow Statement**

The Company is a wholly owned subsidiary of a parent undertaking registered in England and Wales which prepares consolidated financial statements including a consolidated cashflow statement dealing with the cashflows of the group which include the company, and therefore no cashflow statement is presented in the financial statements.

**Fixed Assets**

Fixed Assets are stated at cost less accumulated depreciation. Depreciation is provided on a straight line basis at 33% per annum so as to write off the cost of the assets over their expected useful life.

**Deferred Taxation**

Deferred taxation is provided, under the liability method, on all timing differences to the extent that it is probable that a liability will crystallise in the foreseeable future.

**UNION FUND MANAGEMENT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 1995 (continued)**

**2. Loss on Ordinary Activities**

	1995 £	1994 £
Loss before taxation is stated after charging:		
- Audit Fees - Current Year	9,660	6,000
- Audit Fees - Prior Year	2,500	-
- Other Fees	4,660	4,000
Depreciation of fixed assets	46,560	27,306
Interest on bank overdrafts that are wholly repayable not by instalments within 5 years		
Management charge from fellow subsidiaries and after crediting:	1,202,725	1,143,451
Interest receivable - from a fellow subsidiary	5,197	15,226
Advisory fees from a fellow subsidiary	69,000	40,000

**3. Directors and Employees**

- i) The employees have contracts of service with the Company. A separate management charge from Union Discount Company Limited, a fellow subsidiary of Union PLC, is made to include the cost of these services during the year and other related costs.

This amounted to £547,945 (1994: £674,617).

- ii) Remuneration of Directors specifically assigned to the Company

	1995 £	1994 £
Fees	-	-
Other emoluments	254,085	332,157
Pension scheme contributions	37,634	44,597
Compensation for loss of office to a former Director	-	-
	<hr/>	<hr/>
	291,719	376,754
	<hr/> <hr/>	<hr/> <hr/>

**UNION FUND MANAGEMENT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 1995 (continued)**

**3. Directors and Employees (continued)**

G.P. Blunden received no emoluments for the year in respect of his services to the Company. Details of his emoluments for his services to the Union Group are shown in the accounts of the Company's ultimate parent company, Union PLC.

The emoluments excluding pension contributions of Directors were as follows:

	<b>1995</b>	<b>1994</b>
	<b>£</b>	<b>£</b>
Chairman	-	-
Highest paid	102,565	146,516
Exceeded £25,000 but not £30,000	1	-
Exceeded £55,000 but not £60,000	-	2
Exceeded £60,000 but not £65,000	2	-
Exceeded £65,000 but not £70,000	-	1
Exceeded £100,000 but not £105,000	1	-
Exceeded £145,000 but not £150,000	-	1

**4. Taxation**

Taxation based on the results for the year has been calculated at 33% (1994: 33%)

	<b>1995</b>	<b>1994</b>
	<b>£</b>	<b>£</b>
Amount payable in respect of group relief:		
Current year	295,848	237,211
Prior year	-	(1,906)
Deferred Taxation (note 8):		
Current year	9,355	2,344
Prior year	101	293
Tax credits:		
Prior Year	-	53
	305,304	237,995

**UNION FUND MANAGEMENT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 1995 (continued)**

**5. Fixed Assets**

	<b>Equipment</b>	<b>Computer</b>	<b>Total</b>
	<b>£</b>	<b>Software</b>	<b>£</b>
		<b>£</b>	
Cost			
At 1st January 1995	41,164	79,834	120,998
Additions	3,598	-	3,598
	-----	-----	-----
At 31st December 1995	44,762	79,834	124,596
	-----	-----	-----
Accumulated depreciation			
At 1st January 1995	23,952	25,493	49,445
Charge for the year	8,610	37,950	46,560
	-----	-----	-----
At 31st December 1995	32,562	63,443	96,005
	-----	-----	-----
Net Book value			
At 31st December 1995	12,200	16,391	28,591
	=====	=====	=====
At 1st January 1995	17,212	54,341	71,553
	=====	=====	=====

**6. Debtors - Amount falling due within one year**

	<b>1995</b>	<b>1994</b>
	<b>£</b>	<b>£</b>
Trade debtors receivable	65,775	43,246
Amounts receivable from holding company	2	2
Amounts due from fellow subsidiaries	108,732	48,033
Prepayments	7,902	3,349
Group relief	-	170,275
VAT	18,357	45,682
	-----	-----
	200,768	310,587
	=====	=====

**UNION FUND MANAGEMENT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 1995 (continued)**

**7. Creditors: Amounts Falling Due Within One Year**

	1995 £	1994 £
Subordinated loan from holding company	305,000	250,000
Other amounts due to fellow subsidiaries	105,219	140,720
Accruals	21,468	16,489
	<hr/>	<hr/>
	431,687	407,209
	<hr/> <hr/>	<hr/> <hr/>

The subordinated loan is interest free and repayable on demand subject to the prior approval of IMRO.

**8. Provisions for Liabilities and Charges**

	1995 £
Opening Balance	2,084
Deferred Taxation (note 4)	
- Current year	(9,355)
- Prior year	(101)
	<hr/>
	(7,372)
	<hr/>

**9. Share Capital**

	1995 £	1994 £
Authorised ordinary shares of £1.00 each	1,000,000	1,000,000
	<hr/> <hr/>	<hr/> <hr/>
Allotted, called up and fully paid ordinary shares of £1.00 each	885,000	650,000
	<hr/> <hr/>	<hr/> <hr/>

**UNION FUND MANAGEMENT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 1995 (continued)**

**9. Share Capital (continued)**

During the year a further 235,000 £1 ordinary shares were allotted, at par to Union PLC its Holding Company.

**10. Reconciliation of Movements in Shareholders' Funds**

	<b>1995</b>	<b>1994</b>
	<b>£</b>	<b>£</b>
Loss for the financial year	(357,587)	(494,228)
Shares issued during the year	235,000	300,000
Opening shareholders' funds	220,876	415,104
	<hr/>	<hr/>
Closing shareholders' funds	98,289	220,876
	<hr/>	<hr/>

**11. Holding Company**

Union PLC which is incorporated in England and Wales is the Company's holding company. The consolidated financial statements of Union PLC are available from the Company Secretary, 39 Cornhill, London, EC3V 3NU.