

SCHRODER UNIT TRUSTS LIMITED

Registered Number 2015527

ACCOUNTS – 31ST DECEMBER 1994



SCHRODER UNIT TRUSTS LIMITED

REPORT OF THE DIRECTORS

Principal Activity

Schroder Unit Trusts Limited is a manager of unit trusts and is regulated by the Investment Management Regulatory Organisation Limited ("IMRO") and the Personal Investment Authority Limited ("PIA").

Investment Manager

Investment management services are provided to the Company by Schroder Investment Management Limited, the immediate parent company, and by certain other Schroder group offices overseas.

Results and Business Review

The results for the year are shown on page 4. The Directors consider these results and the Company's financial position at 31st December 1994 to be satisfactory and they expect the Company to carry on business profitably during the present year.

Two new unit trusts, the Schroder Institutional Growth Fund and the Schroder Institutional Canadian Fund, were formed in 1994. In addition the Schroder World Fund was renamed Schroder Portfolio Fund. This took the number of unit trusts managed at 31st December 1994 to thirty two (1993 : thirty). Total funds under management at 31st December 1994 were £6,547m (1993 : £5,460m.).

Dividends

The following interim dividends were paid during the year:

29th April 1994	£1,500,000
27th July 1994	£2,000,000
3rd November 1994	£2,500,000

The Directors recommend a final dividend of £2,500,000.

Directors and Directors' Interests

The Directors of the Company at 31st December 1994 are shown below. Mr D.J.Mumford retired as a Director with effect from 30th June 1994 and Mr.R.C.Mundie was appointed a Director with effect from 18th July 1994.

On 20th January 1995, Mr J.R.Lambert and Mr.I.P.Sedgwick resigned as Directors and Mr.H.W.Bolland was appointed a Director.

At 31st December 1994 and 1st January 1994 (or date of appointment, if later) the Directors had the beneficial interests shown below in the shares of Schroders Public Limited Company, and in options over non-voting ordinary shares.

REPORT OF THE DIRECTORS (CONTINUED)

Directors and Directors' Interests (continued)

	<u>31st December 1994</u>			<u>1st January 1994*</u>		
	<u>Ordinary shares</u>	<u>Non-voting ordinary shares</u>	<u>Options over non- voting ordinary shares</u>	<u>Ordinary shares</u>	<u>Non-voting ordinary shares</u>	<u>Options over non- voting ordinary shares</u>
K.M.Niven (Chairman)	—	13,114	24,000	—	12,682	64,000
C.N.Boothman (Managing Director)	—	4,984	—	—	4,552	—
R.K.Duncan (Deputy Managing Director)	—	—	—	—	—	—
J.P.Bainbridge	2,002	3,626	—	2,156	4,241	—
C.J.Govett LVO	9,048	15,452	50,000	9,048	15,020	50,000
R.E.Hills	—	6,047	26,000	—	6,244	16,000
J.R.Lambert	5,560	10,085	—	5,560	9,647	—
R.C.Mundie	—	—	—	—	—	—
B.C.O'Sullivan	—	—	—	—	—	—
I.P.Sedgwick	—	5,448	30,000	—	10,260	30,000

* or date of appointment, if later.

During the year Mr.K.M.Niven exercised options over 40,000 non-voting ordinary shares and Mr.R.E.Hills was granted an option over 10,000 non-voting ordinary shares.

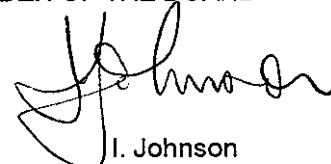
At 1st January 1994 Mr.R.E.Hills was treated for the purposes of the Companies Act 1985 as having a further interest in 1,724 non-voting ordinary shares (31st December 1994 - Nil).

No Director held any other interest in shares or debentures of either Schroders Public Limited Company or any of its subsidiary companies.

Auditors

Resolutions will be proposed at the Annual General Meeting to reappoint the Auditors, Coopers & Lybrand, and to authorise the Directors to fix their remuneration.

BY ORDER OF THE BOARD


I. Johnson
Secretary

Date: 17th March 1995

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors have responsibility for ensuring that the Company keeps adequate accounting records. They are required by law to prepare financial statements which give a true and fair view of the state of affairs of the Company at the end of the financial year and of the results for the year. They are also responsible for taking reasonable steps to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are satisfied that the Company has adequate resources to continue in business and accordingly that the accounts should be drawn up on a going concern basis. Further, appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates have been used in the preparation of these financial statements and applicable accounting standards have been followed. These policies and standards, for which the Directors accept responsibility, have been discussed with the Auditors.

REPORT OF THE AUDITORS TO THE MEMBERS OF SCHRODER UNIT TRUSTS LIMITED

We have audited the financial statements on pages 4 to 9.

Respective responsibilities of Directors and Auditors

As described above, the Directors are responsible for the preparation of the 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 of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

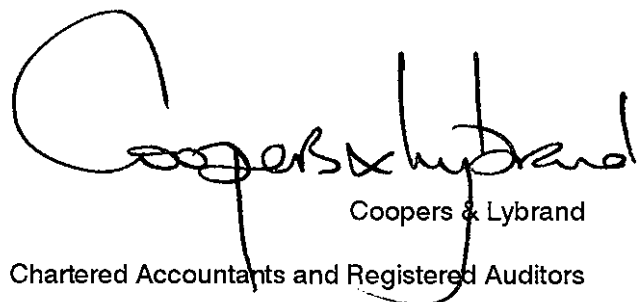
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 31st December 1994 and of the profit and total recognised gains of the Company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

London

17 March 1995


Coopers & Lybrand
Chartered Accountants and Registered Auditors

SCHRODER UNIT TRUSTS LIMITED

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PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 1994

	Notes	1994 £	1993 £
TURNOVER	2	51,489,986	34,042,766
OPERATING EXPENSES	3	(39,631,013)	(28,359,724)
OPERATING PROFIT		11,858,973	5,683,042
INTEREST RECEIVABLE:			
Immediate parent undertaking		333,481	117,799
Other		—	7,100
		333,481	124,899
OTHER OPERATING INCOME		529,718	323,416
		863,199	448,315
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX		12,722,172	6,131,357
TAX ON PROFIT ON ORDINARY ACTIVITIES	6	(3,873,557)	(1,915,458)
PROFIT ON ORDINARY ACTIVITIES AFTER TAX		8,848,615	4,215,899
DIVIDENDS			
Interims—paid		(6,000,000)	(1,550,000)
Final—proposed		(2,500,000)	(387,500)
		(8,500,000)	(1,937,500)
RETAINED PROFIT FOR THE FINANCIAL YEAR		348,615	2,278,399
RETAINED PROFIT(LOSS) BROUGHT FORWARD		176,303	(2,102,096)
RETAINED PROFIT CARRIED FORWARD		£524,918	£176,303

The results above are all in respect of continuing operations of the Company.

There is no difference between the profit on ordinary activities before tax and the profit retained by the Company for the financial year stated above and their historical cost equivalents.



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

Notes to the accounts — pages 6 to 9.
Report of the Auditors — page 3.

SCHRODER UNIT TRUSTS LIMITED
BALANCE SHEET AT 31ST DECEMBER 1994

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	<u>Notes</u>	<u>1994</u> £	<u>1993</u> £
TANGIBLE FIXED ASSETS	7	725,696	598,950
CURRENT ASSETS			
Stock of units		494,168	3,280,337
Debtors	8	37,728,285	43,855,802
Cash at bank		91,301	866,103
		38,313,754	48,002,242
CREDITORS DUE WITHIN ONE YEAR	10	(34,664,532)	(44,574,889)
NET CURRENT ASSETS		3,649,222	3,427,353
TOTAL NET ASSETS		<u>£4,374,918</u>	<u>£4,026,303</u>
CAPITAL AND RESERVES			
Called up share capital	11	3,850,000	3,850,000
Profit and loss account		524,918	176,303
EQUITY SHAREHOLDERS' FUNDS		<u>£4,374,918</u>	<u>£4,026,303</u>



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) DIRECTORS
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 DATE

NOTES TO THE ACCOUNTS

Accounting Policies

1. (a) These accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.
- (b) Fee income is recognised on an accruals basis over the period to which it relates. In calculating the profit or loss on sales of units, the cost of units is arrived at using a first in first out basis.
- (c) Depreciation is provided on a straight line method over the estimated useful life of the assets. A rate of 20% to 25% has been applied to the cost of motor vehicles, and rates varying between 20% and 33% to the cost of office equipment and computers.
- (d) Stocks of units are stated at the lower of cost and net realisable value.
- (e) Deferred tax is provided to take account of timing differences in the tax and accounting treatment of certain items, which are expected to reverse in the foreseeable future. The amounts provided represent the full liability in respect of these differences.
- (f) The principal pension scheme established for eligible employees of U.K. subsidiaries of Schroders Public Limited Company is the Schroder Wagg Retirement Benefits Scheme. The Company is a member, but not the principal member, of this defined benefits pension scheme, the assets of which are held in separate trustee administered funds. The pension cost and contributions to the Scheme are assessed across the Scheme membership as a whole in accordance with the advice of qualified actuaries. The cost of providing pensions is charged to the profit and loss account over the service lives of the Schroder group employees who are members of this Scheme. Particulars of the actuarial valuations of the scheme are shown in the audited accounts of J.Henry Schroder Wagg & Co.Limited.
- (g) As permitted by Financial Reporting Standard 1, the Company has not produced a cash flow statement as the consolidated statement of its ultimate parent company, Schroders Public Limited Company, includes its cash flows.

Turnover

2. Turnover was as follows:

	<u>1994</u> £	<u>1993</u> £
Fees for management services	41,559,557	26,015,417
Realised net profits on net sales of units	9,090,135	7,516,710
Other income	<u>840,294</u>	<u>510,639</u>
	<u>£51,489,986</u>	<u>£34,042,766</u>

The Directors are of the opinion that the income of the business is derived from a single source, based in the UK and contained within the single business of unit trust management.

NOTES TO THE ACCOUNTS (CONTINUED)

Operating Expenses

3. Operating expenses comprised:	<u>1994</u>	<u>1993</u>
	£	£
Depreciation of tangible fixed assets	322,567	255,750
Auditors' remuneration for audit	42,000	35,000
Auditors' remuneration for non-audit	42,841	99,827
Net management fees payable to immediate parent undertaking	24,864,269	16,955,564
Net management fees payable to fellow subsidiary undertakings	1,553,977	1,095,701
Other operating expenses	<u>12,805,359</u>	<u>9,917,882</u>
	<u>£39,631,013</u>	<u>£28,359,724</u>

Employee Information

4. Employment costs of employees and executive directors during the year amounted to:	<u>1994</u>	<u>1993</u>
	£	£
Wages and salaries	4,008,606	3,692,729
Social security costs	235,853	259,865
Other pension costs (see below)	<u>208,331</u>	<u>181,301</u>
	<u>£4,452,790</u>	<u>£4,133,895</u>

The cost to the Company of contributions to the Schroder Wagg Retirement Benefits Scheme was £208,331. (1993 : £181,301)

Average number of persons employed by the Company during the year	<u>114</u>	<u>83</u>
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Directors' Emoluments

5. All directors and other staff of the Company are employed by and receive their emoluments from another group company which makes a management charge to cover, inter alia, the services of those directors who are substantially engaged in the Company's business. During 1994 there were 6 (1993 : 6) such directors and their total emoluments, in respect of this Company, paid by the other group company were £930,545 (1993 : £701,169). The emoluments of the Chairman (excluding pension contributions) were £68,679 (1993 : £66,398) and the emoluments of the highest paid director were £269,068 (1993 : £184,944). Provision is made for long term incentives which may become payable at some future date; such payments will be reported in the accounts of the year in which they become due. The emoluments of the directors fell within the bands shown below.

	<u>1994</u>	<u>1993</u>
£0 – £5,000	5	5
£65,001 – £70,000	1	1
£70,001 – £75,000	1	1
£75,001 – £80,000	–	1
£85,001 – £90,000	1	1
£120,001 – £125,000	1	–
£150,001 – £155,000	–	1
£180,001 – £185,000	–	1
£250,001 – £255,000	1	–
£265,001 – £270,000	1	–

SCHRODER UNIT TRUSTS LIMITED
NOTES TO THE ACCOUNTS (CONTINUED)

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Tax on Ordinary Activities

	<u>1994</u> £	<u>1993</u> £
6. Tax on ordinary activities comprised:		
Corporation tax	3,919,989	1,609,496
Amount receivable in respect of group relief	(115,009)	(5,205)
Tax on franked investment income	520,958	314,862
Deferred tax	(452,381)	(3,695)
	<u>£3,873,557</u>	<u>£1,915,458</u>

Corporation tax, group relief and deferred tax have been calculated by reference to corporation tax at 33% (1993 : 33%).

Tangible Fixed Assets

	<u>Motor Vehicles</u> £	<u>Office Equipment</u> £	<u>Computers</u> £	<u>Total</u> £
7. <u>Cost</u>				
At 1 January 1994	302,602	159,947	596,832	1,059,381
Additions	161,770	10,000	350,341	522,111
Disposals	(149,558)	—	(44,379)	(193,937)
At 31 December 1994	<u>314,814</u>	<u>169,947</u>	<u>902,794</u>	<u>1,387,555</u>
<u>Depreciation</u>				
At 1 January 1994	(142,758)	(53,216)	(264,457)	(460,431)
Charge for the year	(67,724)	(28,155)	(226,688)	(322,567)
Disposals	76,829	—	44,310	121,139
At 31 December 1994	<u>(133,653)</u>	<u>(81,371)</u>	<u>(446,835)</u>	<u>(661,859)</u>
Net book value at 31 December 1994	<u>£181,161</u>	<u>£88,576</u>	<u>£455,959</u>	<u>£725,696</u>
Net book value at 1 January 1994	<u>£159,844</u>	<u>£106,731</u>	<u>£332,375</u>	<u>£598,950</u>

Debtors

	<u>1994</u> £	<u>1993</u> £
8. Amounts falling due within one year:		
Amounts owed by group undertakings:		
Immediate parent undertaking	17,149,881	25,905,167
Fellow subsidiary undertaking	20,561	114,908
Amounts due from unitholders	14,846,650	14,517,701
Managers fees due from trustees	4,152,819	2,639,261
Deferred tax (Note 9)	644,943	192,562
Other debtors	835,001	467,999
Prepayments and accrued income	78,430	18,204
	<u>£37,728,285</u>	<u>£43,855,802</u>

Deferred Tax Asset

	<u>1994</u> £	<u>1993</u> £
9. The movement on deferred tax comprised:		
At 1 January 1994	192,562	188,867
Transfer from profit and loss account	452,381	3,695
At 31 December 1994	<u>£644,943</u>	<u>£192,562</u>

SCHRODER UNIT TRUSTS LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

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Creditors

	<u>1994</u> £	<u>1993</u> £
10. Amounts falling due within one year:		
Amounts owed to group undertakings:		
Fellow subsidiary undertaking	4,890,720	3,844,415
Amounts due to unitholders	3,209,307	4,834,704
Net amounts due to trustees on creations of units	17,853,029	31,727,438
Corporation tax	3,919,989	1,609,496
Other creditors	128,219	77,609
Accruals and deferred income	2,163,268	2,093,727
Proposed dividend	2,500,000	387,500
	<u>£34,664,532</u>	<u>£44,574,889</u>

Share Capital

	<u>1994</u>	<u>1993</u>
11. Authorised:		
Ordinary shares of £1 each	<u>£4,350,000</u>	<u>£4,350,000</u>
Allotted, called up and fully paid:		
Ordinary shares of £1 each	<u>£3,850,000</u>	<u>£3,850,000</u>

Ultimate Parent Company

12. The Company's immediate parent undertaking is Schroder Investment Management Limited, whose parent company is Schroders Public Limited Company, both of which are registered in England.

The results of the Company are consolidated in the group accounts of Schroders Public Limited Company, copies of which will be available on publication from Schroders Public Limited Company, 120 Cheapside, London, EC2V 6DS.