

Registered No: 2207140

**B & C E UNIT TRUST MANAGEMENT COMPANY LIMITED**

**ANNUAL REPORT**

**for the year ended 31 March 2005**



**B & C E Unit Trust Management Company Limited**

**Annual Report  
for the year ended 31 March 2005**

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## **B & C E Unit Trust Management Company Limited**

### **Directors and advisers**

#### **Non executive independent chairman**

The Rt. Hon. Sir John Chilcot, GCB, MA  
Chairman of Building and Civil Engineering Holidays Scheme Management Limited  
(BCEHSML)

#### **Non executive directors**

G B Brumwell, CBE  
Representing UCATT  
Director of BCEHSML

J M O'Callaghan, BE, MSc, C.Eng, FICE, FCIWEM, FIHT,  
Director - J. Murphy & Sons Limited  
Director of BCEHSML

R J Blackman, MIOSH  
Representing the Transport and General Workers' Union,  
Director of BCEHSML

G C Lean, FCIPD  
Representing the Construction Confederation  
Director of BCEHSML

#### **Executive directors**

B J Griffiths, FCA  
Chief Executive of BCEHSML

J M Jory  
Deputy Chief Executive of BCEHSML

R W Steer, DMS, FCIS, ACIB, CeFA  
Secretary of BCEHSML

#### **Secretary and registered office**

D B McManus, Dip DM, FIDM, MBCI, L.Inst.BA  
Manor Royal,  
Crawley,  
West Sussex, RH10 9QP

#### **Registered auditors**

PricewaterhouseCoopers LLP,  
First Point,  
Buckingham Gate,  
Gatwick, RH6 0PP

#### **Solicitors**

Field Fisher Waterhouse,  
35 Vine Street,  
London,  
EC3N 2AA

#### **Bankers**

HSBC Bank plc  
9, The Boulevard,  
Crawley,  
West Sussex, RH10 1UT

## **B & C E Unit Trust Management Company Limited**

### **Directors' report for the year ended 31 March 2005**

The Directors present their report and the audited financial statements for the year ended 31 March 2005.

#### **Principal activities**

The profit and loss account for the year is set out on page 6.

The Company manages the Building and Civil Engineering Contracted-Out Pension Scheme (BCECOPS), which is a tax exempt Unit Trust, for the provision of a minimum contribution only appropriate Personal Pension Scheme.

The Company also managed the B & C E "Foundation" Personal Pension Scheme (Foundation), which was a tax exempt Unit Trust and an appropriate Personal Pension Scheme until it was closed with effect from 1 June 2004.

#### **Review of business and future development**

There were 13,627 operatives in the Contracted-Out Pension Scheme as at 31 March 2005 (2004 – 13,699) ("Foundation" Scheme 2004 – 5,846).

Both the level of business and the year end financial position were satisfactory, and the directors expect that the present level of activity in the Contracted-Out Pension Scheme will be sustained during the next year.

#### **Closure of "Foundation"**

Following a review of the Group's product range which now includes a personal pension Stakeholder plan – EasyBuild, the Board agreed that the "Foundation" Scheme would be wound up at a point when it was practical to do so and that all costs associated with the wind-up would be borne by the Company. It was agreed to wind up the Scheme with effect from 1 June 2004.

The reasons for the decision were as follows:

The "Foundation" Scheme was originally introduced in 1991 for operatives who were ineligible for the construction industry's lump sum Retirement Benefit Scheme because they had other personal pension arrangements to which they contributed. Under the tax regime at that time, it was not possible to have concurrent active membership of an occupational scheme and a personal pension scheme.

In the time that the "Foundation" Scheme has been available, the main contributions into it have been the employers' contributions which would have been paid into the Retirement Benefit Scheme. Consequently the fund has been very small and it was not thought that it would grow significantly in the future. B&CE's insurance company set up the EasyBuild stakeholder pension scheme in April 2001. Since the introduction of stakeholder pensions in 2001, with the exception of two companies, all employers' contributions have been paid into EasyBuild.

The Board's view was that the "Foundation" Scheme was no longer needed within the Group's product range. In rationalising the Group's personal pension schemes, the Boards of the relevant Group companies carefully considered the options available. It was agreed that "Foundation" would be closed and EasyBuild would be the main personal pension product.

Formal notice of the proposed closure of "Foundation" was served on the parent company, BCEHSM, on 6 February 2004.

## **B & C E Unit Trust Management Company Limited**

In March 2004 formal approval for the wind up of the Scheme to commence on 1 June 2004 was obtained from the Financial Services Authority (FSA), the Inland Revenue and HSBC, the Scheme Trustee. Members were sent a written notification of the closure on 22 March 2004, which outlined the options available to them. In addition, as part of the closure process, the Board agreed that all unit holders would receive a bonus of 10% of their unit holdings as at the 16 March 2004 in the form of additional units in Foundation. These 'bonus' units were added to the members' entitlements on 18 March 2004 and were funded from the Unit Trust Company's reserves.

*The last contributions received on the normal basis were applied to "Foundation" on the last business day in May 2004. For administrative reasons, there was an additional final opportunity for dealings in units up to 10am on 1 June. Dealings in units were then suspended for the remainder of June and the Scheme closed on 30 June 2004.*

The directors do not recommend the payment of a dividend (2004 – NIL). The profit for the financial year of £531,901 (2004 - £77,542) has been transferred to reserves.

### **Directors**

The Directors at 17 June 2005 are listed on page 1.

The Directors receive no remuneration and have no beneficial shareholdings in the Company (2004 - NIL).

### **Management fees**

The Company pays a fee to its parent company, Building and Civil Engineering Holidays Scheme Management Limited (BCEHSML) in respect of management and specialist services, and a proportion of the Group marketing costs.

### **Employees**

*At the year end the Company had no employees (2004 – NIL), excluding the executive directors and secretary who are employed by BCEHSML.*

### **Fund manager and investment adviser**

BCECOPS is administered by Baring Fund Managers Limited on behalf of the Company. The investment adviser is Baring Asset Management Limited.

### **Regulator**

The Company is regulated by the FSA.

### **Supplier payments**

The Company's policy is to pay all creditors when they fall due for payment.

### **Economic Monetary Union**

The aim is for the company to be able to handle business in Euros when required. The position is being kept under review.

## **B & C E Unit Trust Management Company Limited**

### **Directors' responsibilities**

The Directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of the Company's affairs as at the end of the financial year and of the profit or loss of the Company for that period.

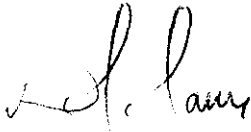
The Directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 March 2005. The Directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy, at any time, the financial position of the Company and 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 to prevent and detect fraud and other irregularities.

### **Auditors**

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

By Order of the Board,



D B McManus  
Secretary

17 June 2005

## **B & C E Unit Trust Management Company Limited**

### **Independent auditors' report to the members of B & C E Unit Trust Management Company Limited**

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

#### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

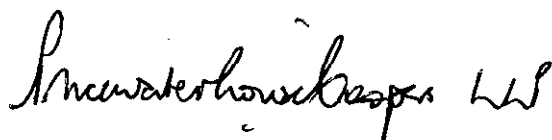
#### **Basis of audit opinion**

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 March 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
Gatwick

21 June 2005

**B & C E Unit Trust Management Company Limited**

**Profit and loss account  
for the year ended 31 March 2005**

	Note	2005 £	2004 £
Turnover	2	1,233,491	1,056,563
Cost of sales		461,748	625,157
Gross profit		<u>771,743</u>	<u>431,406</u>
Distribution costs		39,006	60,136
Administration expenses		294,360	418,718
Operating profit/(loss)	3	<u>438,377</u>	<u>(47,448)</u>
Income from other fixed asset investments		230,111	107,942
Other interest receivable and similar income		25,223	26,910
Profit on ordinary activities before taxation		<u>693,711</u>	<u>87,404</u>
Tax on profit on ordinary activities	5	161,810	9,862
Profit on ordinary activities after taxation	10	<u>531,901</u>	<u>77,542</u>

All of the Company's activities are classified as continuing.

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

The Company has no recognised gains or losses other than the profits above and therefore no separate statement of total recognised gains and losses has been presented.

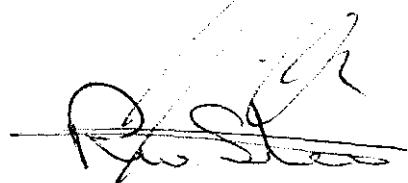


**B & C E Unit Trust Management Company Limited**

**Balance sheet  
at 31 March 2005**

	Note	2005 £	2004 £
<b>Fixed assets</b>			
Investments	6	<u>2,443,022</u>	<u>2,174,566</u>
<b>Current assets</b>			
Debtors	7	51,441	154,657
Cash at bank		977,297	466,784
		<u>1,028,738</u>	<u>621,441</u>
Creditors: amounts falling due within one year	8	669,470	525,618
<b>Net current assets</b>		359,268	95,823
<b>Net assets</b>		<u>2,802,290</u> =====	<u>2,270,389</u> =====
<b>Capital and reserves</b>			
Called-up share capital	9	50,000	50,000
Profit and loss account	10	2,752,290	2,220,389
<b>Equity shareholders' funds</b>	11	<u>2,802,290</u> =====	<u>2,270,389</u> =====

The financial statements on pages 6 to 11 were approved by the board of Directors on 17 June 2005 and were signed on its behalf by:-



)  
) Directors  
)

## **B & C E Unit Trust Management Company Limited**

### **Notes to the financial statements for the year ended 31 March 2005**

#### **1. Principal accounting policies**

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 are set out below.

##### **Basis of accounting**

The Company prepares its financial statements on the historical cost basis of accounting.

##### **Cash flow statements and related party transactions**

The Company has taken advantage of the exemption from preparing a cash flow statement conferred by Financial Reporting Standard No. 1 (Revised) and of the exemption from disclosing group related party transactions under Financial Reporting Standard No. 8 on the grounds that the Company is a wholly owned subsidiary of a parent undertaking registered in England and Wales whose consolidated financial statements are publicly available.

##### **Income**

The management service charges and interest are brought into account on an accruals basis.

##### **VAT**

Costs include VAT where appropriate because this is not recoverable.

##### **Tangible fixed assets**

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets on a straight-line basis of 20% over the expected useful economic lives of the assets concerned.

##### **Deferred taxation**

FRS19 "Deferred tax" requires deferred tax to be provided on all timing differences, arising from the different treatment for accounts and tax purposes of transactions and events recognised in the financial statements of the current and previous years. Deferred taxation is calculated at the rates at which it is estimated the tax will arise. Deferred tax assets and liabilities recognised have not been discounted.

##### **Investments**

Investments are shown at cost less any provisions for impairment.

## B & C E Unit Trust Management Company Limited

2. Turnover	2005 £	2004 £
Management service charge	1,228,718	1,078,363
Expropriation profit/(loss)	4,773	(21,800)
	<u>1,233,491</u>	<u>1,056,563</u>
	=====	=====

## 3. Operating profit/(loss)

Operating profit/(loss) is stated after charging:

Auditor's remuneration - audit	2,820	2,879
Auditor's remuneration - other services	5,464	5,523
	<u>=====</u>	<u>=====</u>

The cost of sales figure of £461,748 (2004 - £625,157) on page 6 includes £18,664 (2004 - £208,755) in respect of the closure of "Foundation".

## 4. Employees and directors

With effect from 1 April 2001, it was decided to employ the staff working on this business in the other Companies in the Group and recharge the costs under administration expenses. As a result the Company has no obligations or commitments in respect of the Staff Pension Scheme.

The Directors received no remuneration during the year (2004 - NIL). The Executive Directors are employed by BCEHSML and receive their remuneration from that company.

## 5. Taxation

### Current tax

UK corporation tax on profits for the year	161,810	9,862
Total current tax	<u>161,810</u>	<u>9,862</u>
	=====	=====

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

Profit on ordinary activities before tax	693,711	87,403
Profit on ordinary activities multiplied by standard rate in the UK 30% (2004- 30%)	208,113	26,221
Effect of:		
Expenses not deductible for tax purposes	225	237
Capital allowances in excess of depreciation	-	(127)
Increase/(decrease) in market value of investments	2,891	(10,760)
Equity OEIC disposal to BCEHSML	(49,419)	-
Smaller companies marginal relief	-	(5,709)
Current tax charge for the period	<u>161,810</u>	<u>9,862</u>
	=====	=====

### Deferred taxation

Potential deferred tax assets have not been recognised, as the recovery of the asset is not certain. The asset will only be realised in the event the investments are sold.

**B & C E Unit Trust Management Company Limited**

<b>5. Taxation - continued</b>	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
	<b>Amount unprovided</b>	
Timing difference on market value of investments	3,266	376
	=====	=====
<b>6. Fixed assets – investments</b>	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Gilts and Eurobonds	2,443,022	1,125,258
Listed equity open ended investment companies	-	1,049,308
	2,443,022	2,174,566
	=====	=====
Cost brought forward at start of year	2,174,566	1,835,930
Additions	3,297,861	1,049,308
Disposals	(3,029,405)	(710,672)
	2,443,022	2,174,566
	=====	=====
<b>Cost at year end</b>	<b>2,443,022</b>	<b>2,174,566</b>
	=====	=====
<b>Market value at year end</b>	<b>2,453,910</b>	<b>2,187,733</b>
	=====	=====
<b>7. Debtors</b>		
<b>Amounts falling due within one year:</b>		
Management service charge (Note 13)	-	100,823
Other debtors	2,320	3,260
Prepayments and accrued income	49,121	50,574
	51,441	154,657
	=====	=====
<b>8. Creditors</b>		
<b>Amount falling due within one year:</b>		
Client money	307,192	136,417
Due to Group undertakings	73,546	238,718
Corporation tax (Note 5)	161,810	9,862
Other creditors	-	17,200
Accruals	126,922	123,421
	669,470	525,618
	=====	=====
<b>9. Share capital</b>		
Authorised, issued and fully paid		
50,000 Ordinary shares of £1 each	50,000	50,000
	=====	=====
<b>10. Profit and loss account</b>		
At 1 April 2004	2,220,389	2,142,847
Profit for the year	531,901	77,542
	2,752,290	2,220,389
<b>At 31 March 2005</b>	<b>2,752,290</b>	<b>2,220,389</b>
	=====	=====

# **B & C E Unit Trust Management Company Limited**

	2005 £	2004 £
<b>11. Reconciliation of movements in shareholders' funds</b>		
Opening shareholders' funds	2,270,389	2,192,847
Profit for the year	531,901	77,542
Closing shareholders' funds	<u>2,802,290</u> =====	<u>2,270,389</u> =====

## **12. Pension commitments**

With effect from 1 April 2001, it was decided to employ the staff working on this business in the other Companies in the Group and recharge the costs under administration expenses. As a result the Company has no obligations or commitments in respect of the Staff Pension Scheme.

## **13. Related party transactions**

Fees receivable and outstanding in respect of the two schemes under management by the Company are as follows:-

Scheme	Fee for the Year		Debtor Balance (Note 7)	
	2005 £	2004 £	2005 £	2004 £
BCECOPS	1,224,909	1,058,744	-	99,047
Foundation	3,809	19,619	-	1,776
	<u>1,228,718</u> =====	<u>1,078,363</u> =====	<u>-</u> =====	<u>100,823</u> =====

There are no other related party transactions requiring disclosure in this year's financial statement in accordance with FRS8 (Related Party Disclosures).

## **14. Ultimate parent undertaking**

The immediate and ultimate parent undertaking and controlling party is Building and Civil Engineering Holidays Scheme Management Limited (BCEHSML); a company limited by guarantee and registered in England and Wales. Copies of this company's consolidated financial statements can be obtained from the company secretary at the address shown on page 1.