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B & C E UNIT TRUST MANAGEMENT COMPANY LIMITED

ANNUAL REPORT

for the year ended 31 March 2003



B & C E Unit Trust Management Company Limited

**Annual Report
for the year ended 31 March 2003**

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B & C E Unit Trust Management Company Limited

Directors and advisers

Non executive independent chairman

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

Non executive directors

G B Brumwell
General Secretary - Union of Construction, Allied Trades & Technicians,
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, M IDM, ABCI
Manor Royal,
Crawley,
West Sussex, RH10 9QP

Registered auditors

PricewaterhouseCoopers LLP,
Melrose House,
42, Dingwall Road,
Croydon, CR0 2NE

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 2003

The Directors present their report and the audited financial statements for the year ended 31 March 2003.

Principal activities

The profit and loss account for the year is set out on page 5.

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 manages the B & C E "Foundation" Personal Pension Scheme (Foundation), which is a tax exempt Unit Trust and an appropriate Personal Pension Scheme.

Review of business and future development

There were 13,795 operatives in the Contracted-Out Pension Scheme as at 31 March 2003 (2002 – 13,749) and 6,106 in the "Foundation" Scheme (2002 – 6,565).

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. It is proposed to close the "Foundation" Scheme when management resources are available.

The directors do not recommend the payment of a dividend (2002 – NIL). The profit for the financial year of £396,832 (2002 - £244,061) has been transferred to reserves.

Directors

The Directors at 20 June 2003 are listed on page 1.

The Directors receive no remuneration and have no beneficial shareholdings in the Company (2002 - 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 (2002 – 0), excluding the executive directors and group secretary who are employed by BCEHSML.

Fund manager and investment adviser

Both Schemes are 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.

B & C E Unit Trust Management Company Limited

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.

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.

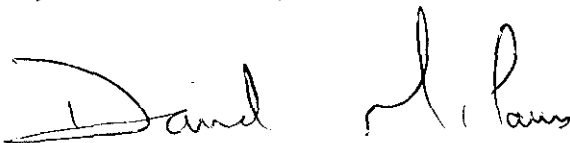
The Directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 March 2003. The Directors also confirm that applicable accounting standards 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

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 21 February 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as 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,

A handwritten signature in dark ink, appearing to read 'D B McManus', is written over a horizontal line.

D B McManus
Secretary

20 June 2003

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, the statement of total recognised gains and losses 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.

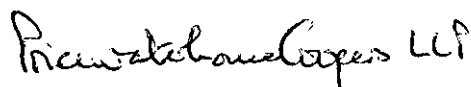
Basis of audit opinion

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 2003 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
Croydon

30 June 2003

B & C E Unit Trust Management Company Limited

**Profit and loss account
for the year ended 31 March 2003**

	Note	2003 £	2002 £
Turnover	3	954,435	1,044,763
Cost of sales		130,759	444,847
Gross profit		<u>823,676</u>	<u>599,916</u>
Distribution costs		132,220	129,361
Administration expenses		295,646	265,502
Operating profit	4	<u>395,810</u>	<u>205,053</u>
Income from other fixed asset investments		145,645	115,981
Other interest receivable and similar income		35,781	19,308
Profit on ordinary activities before taxation		<u>577,236</u>	<u>340,342</u>
Tax on profit on ordinary activities	6	180,404	96,281
Profit on ordinary activities after taxation	12	<u><u>396,832</u></u>	<u><u>244,061</u></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.

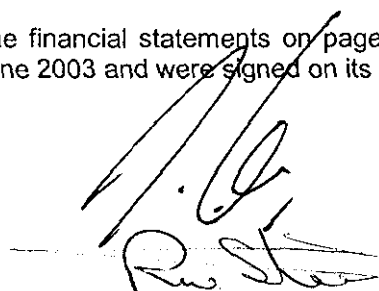
The Company has no recognised gains or losses other than the profits above and therefore no separate statement of total recognised gains and losses has been presented.

B & C E Unit Trust Management Company Limited

**Balance sheet
at 31 March 2003**

	Note	2003 £	2002 £
Fixed assets			
Investments	8	<u>1,835,930</u>	<u>1,696,302</u>
Current assets			
Debtors	9	167,103	142,746
Cash at bank		726,268	486,707
		<u>893,371</u>	<u>629,453</u>
Creditors: amounts falling due within one year	10	<u>536,454</u>	<u>529,740</u>
Net current assets		356,917	99,713
Net assets		<u><u>2,192,847</u></u>	<u><u>1,796,015</u></u>
Capital and reserves			
Called-up share capital	11	50,000	50,000
Profit and loss account	12	2,142,847	1,746,015
Equity shareholders' funds	13	<u><u>2,192,847</u></u>	<u><u>1,796,015</u></u>

The financial statements on pages 5 to 10 were approved by the board of Directors on 20 June 2003 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 2003

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.

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 a receivable 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.

Investments

Investments are shown at cost less any provisions for impairment.

2. 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.

B & C E Unit Trust Management Company Limited

3. Turnover	2003 £	2002 £
Management service charge	965,857	1,045,959
Expropriation loss	(11,422)	(1,196)
	<u>954,435</u>	<u>1,044,763</u>
	=====	=====

4. Operating profit

Operating profit is stated after charging:

Auditors remuneration - audit	2,761	2,468
Auditors remuneration - other services	5,405	3,701
	<u>=====</u>	<u>=====</u>

5. 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 (2001 - NIL). The Executive Directors are employed by BCEHSML and receive their remuneration from that company.

6. Taxation

Current tax

UK corporation tax on profits for the year	180,404	96,281
Total current tax	<u>180,404</u>	<u>96,281</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	<u>577,236</u>	<u>340,342</u>
Profit on ordinary activities multiplied by standard rate in the UK 30% (2002- 30%)	173,171	102,103
Effect of:		
Expenses not deductible for tax purposes	372	380
Capital allowances in excess of depreciation	(42)	(56)
Increase/(decrease) in market value of investments	6,903	(2,013)
Smaller companies marginal relief	-	(4,132)
Current tax charge for the period	<u>180,404</u>	<u>96,281</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.

	Amount unprovided	
Excess of depreciation over capital allowances	127	169
Timing difference on market value of investments	11,136	4,233
	<u>11,263</u>	<u>4,402</u>
	=====	=====

B & C E Unit Trust Management Company Limited

7. Fixed assets – tangible

	2003 Equipment and total £
Cost	
At 1 April 2002 and 31 March 2003	9,394
Depreciation	
At 1 April 2002 and 31 March 2003	9,394
Net book value	
At 31 March 2002 and 31 March 2003	NIL
	===

8. Fixed assets – investments

	2003 £	2002 £
Cost brought forward at start of year	1,696,302	1,205,880
Additions	1,267,880	3,118,195
Disposals	(1,128,252)	(2,627,773)
Cost at year end	<u>1,835,930</u>	<u>1,696,302</u>
	=====	=====
Market value at year end	<u>1,873,050</u>	<u>1,710,411</u>
	=====	=====

9. Debtors

Amounts falling due within one year:

Management service charge (Note 15)	77,895	88,382
Other debtors	2,302	5,876
Prepayments and accrued income	86,906	48,488
	<u>167,103</u>	<u>142,746</u>
	=====	=====

10. Creditors

Amount falling due within one year:

Client money	151,932	205,269
Due to Group undertakings	87,500	86,000
Corporation tax (Note 6)	180,404	96,281
Other creditors	1,836	1,253
Accruals	114,782	140,937
	<u>536,454</u>	<u>529,740</u>
	=====	=====

11. Share capital

Authorised, issued and fully paid 50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>
	=====	=====

B & C E Unit Trust Management Company Limited

12. Profit and loss account

	2003	2002
	£	£
At 1 April 2002	1,746,015	
Profit for the year	396,832	
At 31 March 2003	<u>2,142,847</u>	

13. Reconciliation of movements in shareholders' funds

Opening shareholders' funds	1,796,015	1,551,954
Profit for the year	396,832	244,061
Closing shareholders' funds	<u>2,192,847</u>	<u>1,796,015</u>

14. 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.

The total pension cost for the Company was £ NIL (2002 - £ NIL).

15. 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 9)	
	2003	2002	2003	2002
	£	£	£	£
BCECOPS	955,150	1,020,485	76,444	86,316
Foundation	10,707	25,474	1,451	2,066
	<u>965,857</u>	<u>1,045,959</u>	<u>77,895</u>	<u>88,382</u>

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