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WOOLWICH UNIT TRUST MANAGERS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 1993

WOOLWICH UNIT TRUST MANAGERS LIMITED

MEMBERS OF IMRO / LAURO

DIRECTORS, OFFICERS AND REGISTERED OFFICE

DIRECTORS

J H Bushell FCA (Chairman)
H L Alderman BSc (Hons), FCIB
D Holcroft FCCA (Managing)
S B S Homersham
L M Peacock BA (Hons)
B D Rogles FCA

SECRETARY

R Warrington LLB, FCII

REGISTERED OFFICE

Corporate Headquarters, Watling Street, Bexleyheath, Kent DA6 7RR
Registered in England No. 2364834

AUDITORS

Clark Whitehill
25 New Street Square, London EC4A 3LN

BANKERS

National Westminster Bank PLC
1-7 Powis Street, Woolwich, London SE18 6LE

WOOLWICH UNIT TRUST MANAGERS LIMITED

DIRECTORS' REPORT

The Directors are pleased to present their Annual Report and audited Financial Statements for the year ended 31 December 1993.

PRINCIPAL ACTIVITIES

The principal activity of the Company continues to be unit trust management.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The Company continues to market the Woolwich Stockmarket Fund and an associated Personal Equity Plan. As at 31 December 1993 there were 52,643 accounts held by investors and funds under management totalled £248 million.

The level of business activity in the year has been highly satisfactory and the Directors are confident that this trend will continue.

RESULTS AND DIVIDEND

The results for the year are set out in the Profit and Loss Account on page 6. The Directors do not recommend the payment of a dividend and the profit for the year has been transferred to reserves.

DIRECTORS

The Directors of the Company who served during the year were as follows:-

H L Alderman	
J H Bushell	
C J Crowe	(resigned 1 October 1993)
B C Hines	(resigned 1 October 1993)
D Holcroft	
S B S Homersham	(appointed 1 October 1993)
L M Peacock	
B D Rogles	

C J Crowe resigned as Chairman with effect from 1 October 1993 and J H Bushell was appointed as the new Chairman on the same date.

No Director had any beneficial interest in the shares of the Company at any time during the year.

FIXED ASSETS

Details of the fixed assets acquired during the year are shown in note 8 to the financial statements.

CLOSE COMPANY PROVISIONS

The Company is not a close company under the provisions of the Income and Corporation Taxes Act 1988. There has been no change in this respect since 31 December 1992.

WOOLWICH UNIT TRUST MANAGERS LIMITED

DIRECTORS' REPORT (continued)

POLITICAL AND CHARITABLE CONTRIBUTIONS

No political or charitable contributions were made during the year.

AUDITORS

At the Annual General Meeting of the Company held on 4 April 1991, Clark Whitehill were reappointed as auditors. In accordance with Section 386 of the Companies Act 1985, the Company has elected to dispense with the obligation to reappoint its auditors annually.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors acknowledge their responsibilities in respect of the financial statements as set out on page 4.

By order of the Board



R Warrington LLB, FCII
Company Secretary
Bexleyheath

14 January 1994

WOOLWICH UNIT TRUST MANAGERS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES
IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the Company's state of affairs at the end of the year and of its profit or loss 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.

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.

REPORT OF THE AUDITORS

TO THE MEMBERS OF WOOLWICH UNIT TRUST MANAGERS LIMITED

We have audited the financial statements on pages 6 to 18 which have been prepared under the accounting policies set out on pages 11 to 12.

Respective responsibilities of directors and auditors

As described on page 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 financial 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 the information in the financial statements.

Unqualified opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 1993 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Clark Whitehill

Clark Whitehill
Chartered Accountants and
Registered Auditor
London

14 January 1994

WOOLWICH UNIT TRUST MANAGERS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 1993

		1993	1992
	Notes	£	£
TURNOVER	2	4,527,961	1,988,078
Administrative expenses		(2,909,480)	(1,420,290)
OPERATING PROFIT	3	1,618,481	567,788
Interest receivable		220,825	143,906
		1,839,306	711,694
Interest payable	4	(2,618)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,836,688	711,694
Taxation on profit on ordinary activities	7	(620,423)	(237,777)
RETAINED PROFIT FOR THE YEAR	15	1,216,265	473,917

The notes on pages 11 to 18 form part of these financial statements.

WOOLWICH UNIT TRUST MANAGERS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 DECEMBER 1993

	1993	1992
	£	£
	-----	-----
Retained profit for the year	1,216,265	473,917
	-----	-----
TOTAL GAINS RECOGNISED SINCE LAST ANNUAL FINANCIAL STATEMENTS	1,216,265	473,917
	=====	=====

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

FOR THE YEAR ENDED 31 DECEMBER 1993

	1993	1992
	£	£
	-----	-----
Retained profit for the year	1,216,265	473,917
Opening shareholders' funds	1,295,082	821,165
	-----	-----
CLOSING SHAREHOLDERS' FUNDS	2,511,347	1,295,082
	=====	=====

The notes on pages 11 to 18 form part of these financial statements.

WOOLWICH UNIT TRUST MANAGERS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 1993

		1993		1992	
	Notes	£	£	£	£
<hr/>					
FIXED ASSETS					
Tangible assets	8		549,346		7,767
CURRENT ASSETS					
Stocks		262,938		64,947	
Debtors	9	4,159,572		2,017,457	
Cash at bank and in hand		230		61,677	
		<hr/>		<hr/>	
		4,422,740		2,144,081	
CREDITORS : amounts falling due within one year	10	(2,355,315)		(855,630)	
		<hr/>		<hr/>	
NET CURRENT ASSETS			2,067,425		1,288,451
			<hr/>		<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES			2,616,771		1,296,218
CREDITORS : amounts falling due after one year	11		(51,103)		-
PROVISIONS FOR LIABILITIES AND CHARGES	13		(54,321)		(1,136)
			<hr/>		<hr/>
			2,511,347		1,295,082
			<hr/>		<hr/>
CAPITAL AND RESERVES					
Called up share capital	14		1,700,000		1,700,000
Profit and loss account	15		811,347		(404,918)
			<hr/>		<hr/>
			2,511,347		1,295,082
			<hr/>		<hr/>

APPROVED BY THE BOARD ON 14 JANUARY 1994



J H BUSHELL Chairman

The notes on pages 11 to 18 form part of these financial statements.

WOOLWICH UNIT TRUST MANAGERS LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 1993

	1993	1992
	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	2,573,528	822,854
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	222,797	141,465
Interest element of finance leases paid	(2,618)	-
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	220,179	141,465
TAXATION		
Corporation tax paid	(236,987)	(5,255)
Tax paid on UK dividends	(28,464)	-
Group relief received	-	242,401
NET TAX (PAID) / RECEIVED	(265,451)	237,146
INVESTING ACTIVITIES		
Purchase of fixed assets	(538,166)	(1,859)
NET CASH INFLOW BEFORE FINANCING	1,990,090	1,199,606
FINANCING		
Capital element of finance leases paid	(2,901)	-
INCREASE IN CASH AND CASH EQUIVALENTS	1,987,189	1,199,606

The notes on page 10 form part of this cash flow statement.

WOOLWICH UNIT TRUST MANAGERS LIMITED

NOTES TO THE CASH FLOW STATEMENT - 31 DECEMBER 1993

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	1993	1992
	-----	-----
	£	£
Operating profit	1,618,481	567,788
Depreciation charge	63,161	2,751
(Increase) / decrease in stocks	(197,991)	91,526
Increase in debtors	(17,018)	(173,422)
Increase in creditors	1,106,895	334,211
	-----	-----
Net cash inflow from operating activities	2,573,528	822,854
	-----	-----

2. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR

	1993	1992
	-----	-----
	£	£
Balance at 1 January 1993	1,768,371	568,765
Net cash inflow	1,987,189	1,199,606
	-----	-----
Balance at 31 December 1993	3,755,560	1,768,371
	-----	-----

3. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

	1993	1992	Change in year
	-----	-----	-----
	£	£	£
Cash at bank and in hand	230	61,677	(61,447)
Bank overdraft	(78,433)	-	(78,433)
Cash deposits with parent Society	3,833,763	1,706,694	2,127,069
	-----	-----	-----
	3,755,560	1,768,371	1,987,189
	-----	-----	-----

WOOLWICH UNIT TRUST MANAGERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1993

1. PRINCIPAL ACCOUNTING POLICIES

(a) Accounting Convention

The accounts have been prepared under the historical cost convention and in accordance with applicable Accounting Standards.

(b) Fixed Assets and Depreciation

With the exception of some lower value items of equipment, the cost of additions to fixed assets is capitalised.

The cost of fixed assets is depreciated on a straight line basis over their estimated useful lives which are taken to be:-

Office equipment	- 7 years
Computer equipment and software	- 4 years
Motor vehicles	- 3 years

(c) Corporation Tax

Corporation tax is charged in the accounts on profits as adjusted for taxation purposes at the appropriate rate of tax.

(d) Deferred Taxation

Provision is made, using the liability method, for taxation which is deferred as a result of items included in these accounts being dealt with in a different period for taxation purposes to the extent that it is likely that such taxation will become payable or receivable in the foreseeable future.

(e) Finance Lease Commitments

Assets acquired under finance leases are capitalised in the balance sheet at fair value and are depreciated over the shorter of the period of the lease or useful life of the asset, after taking account of estimated residual values. The finance charge element of the rental obligations is charged to profit and loss account over the period of the lease.

WOOLWICH UNIT TRUST MANAGERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1993 (continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued)

(f) Pension Costs

The cost of providing retirement pensions and related benefits is charged to the profit and loss account over the periods benefiting from the employees' services. Any difference between the charge to the profit and loss account and the contributions paid to the scheme is shown as an asset or liability in the balance sheet.

(g) Stocks

Stocks comprise units held by the Company at 31 December 1993 valued at the lower of cost and cancellation price on that date.

2. TURNOVER

Turnover represents gross income from issuing and dealing in units and annual management fees charged against the fund, less the cost of creations, repurchases, stock movements, discounts and commissions.

	1993	1992
	-----	-----
	£	£
Total sales	121,351,530	55,018,848
Cost of sales	(118,812,462)	(53,703,704)
	-----	-----
Net profit from trading in units	2,539,068	1,315,144
Annual management fees	1,913,612	672,934
Registration fees	75,281	-
	-----	-----
Turnover	4,527,961	1,988,078
	-----	-----

WOOLWICH UNIT TRUST MANAGERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1993 (continued)

3. OPERATING PROFIT

The operating profit is arrived at after charging:

	1993	1992
	£	£
Auditors' remuneration	11,500	10,575
Auditors' non-audit remuneration	10,414	4,901
Depreciation of tangible fixed assets	58,431	2,751
Depreciation of assets held under finance leases	4,730	-
Staff costs (see Note 5)	565,501	286,719
Directors' emoluments	85,333	79,272
Included in the above:-		
Emoluments of Chairmen		
- C J Crowe (9 months)	6,000	8,000
- J H Bushell (3 months)	2,000	-
	8,000	8,000
Emoluments of highest paid Director	70,333	63,272
Table of Directors' emoluments:		
£ 0 to £5,000	6	7
£ 5,001 - £10,000	1	1
£60,001 - £65,000	-	1
£70,001 - £75,000	1	-

4. INTEREST PAYABLE

	1993	1992
	£	£
Finance charges payable under finance leases	2,618	-
	2,618	-

WOOLWICH UNIT TRUST MANAGERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1993 (continued)

5. STAFF COSTS

Staff contracts of service are with the Woolwich Building Society, therefore remuneration and numbers would normally be recorded within the parent society's Annual Report and Accounts. However, since staff costs are paid by Woolwich Unit Trust Managers Limited and the employees are working full time for the Company, disclosure is made below as required by the Companies Act 1985.

The average number of persons employed during the year was 20 (1992 - 10). Aggregate remuneration amounted to:-

	1993	1992
	£	£
Wages and salaries	498,050	246,964
Social security costs	38,977	20,595
Pension costs	28,474	19,160
	565,501	286,719

6. PENSIONS AND OTHER POST-RETIREMENT BENEFITS

The employees of the Company are eligible to participate in the scheme operated by Woolwich Building Society, the contributions to which are based on pension costs across the Group as a whole.

The scheme is a contributory defined benefit pension scheme based on final pensionable earnings, with the assets of the scheme being held in a separate trustee administered fund. The Company's pension cost for the year amounted to £28,474 (1992 - £19,160).

The pension cost is assessed in accordance with the advice of a qualified actuary using the projected unit method. The latest full actuarial valuation for the scheme is as at 31 March 1992, particulars of which are contained in the Annual Report and Accounts of Woolwich Building Society.

The Company is also committed to providing post-retirement health care benefits and concessionary rate mortgages for certain employees and dependent spouses. An independent actuarial valuation estimated the present value of the accumulated post-retirement benefit obligations at £25,459 based on calculations for the Group as a whole. The amount is subject to material uncertainties inherent in assessing future health care costs and future utilisation of concessionary rate mortgage facilities. It is expected that tax relief will be available to the Company for post-retirement health care benefits when the benefits are actually paid.

WOOLWICH UNIT TRUST MANAGERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1993 (continued)

7. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

The tax charge is based on the profit on ordinary activities for the year and comprises:

	1993	1992
	-----	-----
	£	£
UK corporation tax @ 33% (1992 - 33%)	538,774	236,989
Tax credit on UK dividends received	28,464	-
Deferred taxation	53,185	788
	-----	-----
	620,423	237,777
	-----	-----

8. TANGIBLE FIXED ASSETS

	Office & Computer Equipment	Motor Vehicles	Totals
	-----	-----	-----
	£	£	£
COST			
1 January 1993	12,962	-	12,962
Additions	538,166	66,574	604,740
	-----	-----	-----
31 December 1993	551,128	66,574	617,702
	-----	-----	-----
DEPRECIATION			
1 January 1993	5,195	-	5,195
Charge for the year	58,431	4,730	63,161
	-----	-----	-----
31 December 1993	63,626	4,730	68,356
	-----	-----	-----
NET BOOK VALUES			
31 December 1993	487,502	61,844	549,346
	=====	=====	=====
31 December 1992	7,767	-	7,767
	=====	=====	=====

WOOLWICH UNIT TRUST MANAGERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1993 (continued)

9. DEBTORS

	<u>1993</u>	<u>1992</u>
	£	£
Trade debtors for units sold	292,533	295,051
Amount due from parent Society	3,841,922	1,715,201
Prepayments and accrued income	25,117	7,205
	<u>4,159,572</u>	<u>2,017,457</u>

10. CREDITORS: amounts falling due within one year

	<u>1993</u>	<u>1992</u>
	£	£
Bank overdraft	78,433	-
Trade creditors for units repurchased and units created	533,817	146,448
Obligation under finance leases	12,570	-
Other trade creditors	377,375	2,100
Amount due to parent Society	195,798	107,050
Corporation tax	538,774	236,987
VAT	3,822	-
Accruals	614,726	363,045
	<u>2,355,315</u>	<u>855,630</u>

11. CREDITORS: amounts falling due after more than one year

	<u>1993</u>	<u>1992</u>
	£	£
Obligations under finance leases	51,103	-
	<u>51,103</u>	<u>-</u>

WOOLWICH UNIT TRUST MANAGERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1993 (continued)

12. OBLIGATIONS UNDER FINANCE LEASES

	1993	1992
	£	£
Amounts payable:		
- within 1 year	21,396	-
- within 2-5 years	57,448	-
- after 5 years	-	-
	78,844	-
Less finance charges allocated to future periods	(15,171)	-
	63,673	-

13. PROVISIONS FOR LIABILITIES AND CHARGES

The total potential liability to deferred taxation, which has been provided for in the accounts in accordance with the Company's accounting policy described in 1(d) is set out below:-

	1993	1992
	£	£
31 December 1992	1,136	348
Accelerated capital allowances	53,836	(18)
Accrued interest	(651)	806
31 December 1993	54,321	1,136

14. CALLED UP SHARE CAPITAL

	1993	1992
	£	£
Authorised:		
Ordinary shares of £1 each	2,000,000	2,000,000
Issued and fully paid:		
Ordinary shares of £1 each	1,700,000	1,700,000

WOOLWICH UNIT TRUST MANAGERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1993 (continued)

15. PROFIT AND LOSS ACCOUNT

	1993	1992
	-----	-----
	£	£
1 January 1993	(404,918)	(878,835)
Retained profit for the year	1,216,265	473,917
	-----	-----
31 December 1993	811,347	(404,918)
	-----	-----

16. GUARANTEES AND FINANCIAL COMMITMENTS

- (a) Under the Building Societies Act 1986 Woolwich Building Society has an obligation to discharge the liabilities of its subsidiary companies in so far as they are unable to discharge them out of their own assets.
- (b) Capital commitments at 31 December 1993, for which no provision has been made in the accounts, were as follows:-

	1993	1992
	-----	-----
	£	£
Authorised but not contracted	100,000	350,000
	-----	-----

17. ULTIMATE HOLDING BODY

The Company is a wholly owned subsidiary of Woolwich Building Society, registered in England and Wales.