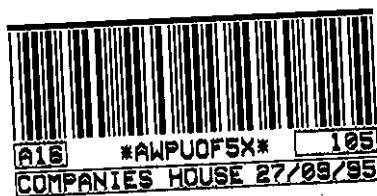


WOOLWICH UNIT TRUST MANAGERS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 1994



WOOLWICH UNIT TRUST MANAGERS LIMITED

MEMBER OF IMRO / PERSONAL INVESTMENT AUTHORITY

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

S C Sjuve BSc (Hons), 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 1994.

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 (PEP). As at 31 December 1994 there were 73,537 accounts held by investors and funds under management totalled £326 million. In January 1995 the Company intends launching the Woolwich International Managed Fund which will also have a PEP option. The existing Fund will be renamed the Woolwich UK Stockmarket Fund.

The level of business activity in the year has been 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 recommend an ordinary dividend for the year of £1,904,000.

DIRECTORS

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

H L Alderman	(resigned 31 December 1994)
J H Bushell	
D Holcroft	
S B S Homersham	
L M Peacock	
B D Rogles	(retired 31 December 1994)

On 1 January 1995 S C Sjuve was appointed as a Director.

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 9 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.

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.

During the year the Woolwich Building Society Group Directors have reviewed the Group audit arrangements and, after a competitive tendering process, selected KPMG Peat Marwick to be proposed auditors of the Group. Consequently, a resolution is to be proposed at a forthcoming General Meeting of the Company to change the auditors from Clark Whitehill to KPMG Peat Marwick.

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



S C Sjuve BSc (Hons), FCII
Company Secretary

13 January 1995

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 the year then ended. 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 19 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 1994 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

13 January 1995

WOOLWICH UNIT TRUST MANAGERS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 1994

		1994	1993
Continuing Operations	Notes	£	£
		-----	-----
TURNOVER	2	5,819,743	4,527,961
Administrative expenses		(3,125,118)	(2,909,480)
		-----	-----
OPERATING PROFIT	3	2,694,625	1,618,481
Interest receivable		300,206	220,825
		-----	-----
		2,994,831	1,839,306
Interest payable	4	(8,637)	(2,618)
		-----	-----
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,986,194	1,836,688
Taxation on profit on ordinary activities	7	(874,836)	(620,423)
		-----	-----
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		2,111,358	1,216,265
Dividend payable	8	(1,904,000)	-
		-----	-----
RETAINED PROFIT FOR THE YEAR	16	207,358	1,216,265
		=====	=====

The notes on pages 11 to 19 form part of these financial statements.

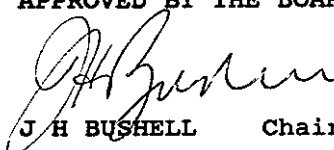
WOOLWICH UNIT TRUST MANAGERS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 1994

		1994		1993	
	Notes	£	£	£	£
<hr/>					
FIXED ASSETS					
Tangible assets	9		498,169		549,346
CURRENT ASSETS					
Stocks		90,872		262,938	
Debtors	10	398,040		325,809	
Cash at bank and in hand		5,985,825		3,833,993	
		<hr/>		<hr/>	
		6,474,737		4,422,740	
CREDITORS : amounts falling due within one year	11	(4,178,322)		(2,355,315)	
		<hr/>		<hr/>	
NET CURRENT ASSETS			2,296,415		2,067,425
			<hr/>		<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES			2,794,584		2,616,771
CREDITORS : amounts falling due after one year	12		(33,969)		(51,103)
PROVISIONS FOR LIABILITIES AND CHARGES	14		(41,910)		(54,321)
			<hr/>		<hr/>
			2,718,705		2,511,347
			<hr/>		<hr/>
CAPITAL AND RESERVES					
Called up share capital	15		1,700,000		1,700,000
Profit and loss account	16		1,018,705		811,347
			<hr/>		<hr/>
			2,718,705		2,511,347
			<hr/>		<hr/>

APPROVED BY THE BOARD ON 13 JANUARY 1995


J H BUSHELL Chairman

The notes on pages 11 to 19 form part of these financial statements.

WOOLWICH UNIT TRUST MANAGERS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 DECEMBER 1994

	1994	1993
	£	£
	-----	-----
Retained profit for the year	207,358	1,216,265
	-----	-----
TOTAL GAINS RECOGNISED SINCE LAST ANNUAL FINANCIAL STATEMENTS	207,358	1,216,265
	=====	=====

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

FOR THE YEAR ENDED 31 DECEMBER 1994

	1994	1993
	£	£
	-----	-----
Retained profit for the year	207,358	1,216,265
Opening shareholders' funds	2,511,347	1,295,082
	-----	-----
CLOSING SHAREHOLDERS' FUNDS	2,718,705	2,511,347
	=====	=====

The notes on pages 11 to 19 form part of these financial statements.

WOOLWICH UNIT TRUST MANAGERS LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 1994

	1994		1993	
	£	£	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES		2,485,639		2,573,528
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Interest received	298,726		222,797	
Interest element of finance leases paid	(8,637)		(2,618)	
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		290,089		220,179
TAXATION				
Corporation tax paid	(527,153)		(236,987)	
Tax paid on franked investment income	(18,128)		(28,464)	
Group relief received	125,971		-	
NET TAX PAID		(419,310)		(265,451)
INVESTING ACTIVITIES				
Purchase of fixed assets		(113,615)		(538,166)
NET CASH INFLOW BEFORE FINANCING		2,242,803		1,990,090
FINANCING				
Capital element of finance leases paid		(12,538)		(2,901)
INCREASE IN CASH AND CASH EQUIVALENTS		2,230,265		1,987,189

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 1994

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

	1994	1993
	-----	-----
	£	£
Operating profit	2,694,625	1,618,481
Depreciation charge	163,672	63,161
Decrease/(increase) in stocks	172,066	(197,991)
Increase in debtors	(70,751)	(17,018)
(Decrease)/increase in creditors	(482,973)	1,106,895
Increase in provisions	9,000	-
	-----	-----
Net cash inflow from operating activities	2,485,639	2,573,528
	-----	-----

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

	1994	1993
	-----	-----
	£	£
Balance at 1 January 1994	3,755,560	1,768,371
Net cash inflow	2,230,265	1,987,189
	-----	-----
Balance at 31 December 1994	5,985,825	3,755,560
	-----	-----

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

	1994	1993	Change in year
	-----	-----	-----
	£	£	£
Cash at bank and in hand	99,579	230	99,349
Bank overdraft	-	(78,433)	78,433
Cash deposits with parent Society	5,886,246	3,833,763	2,052,483
	-----	-----	-----
	5,985,825	3,755,560	2,230,265
	-----	-----	-----

WOOLWICH UNIT TRUST MANAGERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1994

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 1994 (continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued)

(f) Pension Costs

The cost of providing retirement pensions and other post-retirement benefits are 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 1994 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.

	1994	1993
	-----	-----
	£	£
Total sales	111,977,153	121,351,530
Cost of sales	(109,903,480)	(118,812,462)
	-----	-----
Net profit from trading in units	2,073,673	2,539,068
	-----	-----
Annual management fees	3,560,845	1,913,612
Registration fees	185,225	75,281
	-----	-----
Turnover	5,819,743	4,527,961
	-----	-----

WOOLWICH UNIT TRUST MANAGERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1994 (continued)

3. OPERATING PROFIT

The operating profit is arrived at after charging:

	<u>1994</u>	<u>1993</u>
	£	£
Auditors' remuneration	11,500	11,500
Auditors' non-audit remuneration	2,553	10,414
Depreciation of tangible fixed assets	148,983	58,431
Depreciation of assets held under finance leases	14,689	4,730
 Staff costs (see Note 5)	 722,432	 565,501
Directors' emoluments	91,842	85,333
 Included in the above:-		
Emoluments of Chairman	8,400	8,000
Emoluments of highest paid Director	79,242	70,333
 Table of Directors' emoluments:		
£ 0 to £5,000	4	6
£ 5,001 - £10,000	1	1
£70,001 - £75,000	-	1
£75,001 - £80,000	1	-

4. INTEREST PAYABLE

	<u>1994</u>	<u>1993</u>
	£	£
Finance charges payable under finance leases	8,637	2,618

WOOLWICH UNIT TRUST MANAGERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1994 (continued)

5. STAFF COSTS

The average number of persons employed during the year was 23 (1993 - 20). Aggregate remuneration amounted to:-

	1994	1993
	-----	-----
	£	£
Wages and salaries	616,181	498,050
Social security costs	54,639	38,977
Other pension costs (see Note 6)	51,612	28,474
	-----	-----
	722,432	565,501
	-----	-----

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 £42,612 (1993 - £28,474).

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 in December 1993 estimated the present value of the accumulated post-retirement benefit obligations at £36,000 based on calculations for the Group as a whole.

This amount is subject to material uncertainties inherent in assessing future health care costs and future utilisation of concessionary rate mortgage facilities. The principal assumption used in the review of these unfunded benefits was that health care costs would increase in line with average earnings. The next review date will be 31 March 1995. The obligations are provided for by an increased annual charge over the average remaining service lives of employees. This basis takes account of notional interest on the commitment. Prior year figures have not been restated.

WOOLWICH UNIT TRUST MANAGERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1994 (continued)

6. PENSIONS AND OTHER POST-RETIREMENT BENEFITS (continued)

The total Company cost for these benefits was £9,000 (1993 - Nil) and was assessed in accordance with the advice of a qualified actuary. The increased cost reflects the requirements of Urgent Issue Task Force Abstract 6, Accounting for Post-retirement Benefits other than Pensions, effective for accounting periods ending on or after 23 December 1994.

The movement on pension provisions and similar obligations is set out in Note 14 (b).

7. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

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

	<u>1994</u>	<u>1993</u>
	£	£
UK corporation tax @ 33% (1993 - 33%)	1,004,090	538,774
Tax charge on franked investment income	18,128	28,464
Deferred taxation	(21,411)	53,185
Group relief adjustment in respect of prior years	(125,971)	-
	<u>874,836</u>	<u>620,423</u>

8. DIVIDEND PAYABLE

	<u>1994</u>	<u>1993</u>
	£	£
Proposed final dividend of 112p (1993 - Nil) per ordinary share	<u>1,904,000</u>	<u>-</u>

WOOLWICH UNIT TRUST MANAGERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1994 (continued)

9. <u>TANGIBLE FIXED ASSETS</u>	Office & Computer Equipment	Motor Vehicles	Totals
	£	£	£
COST			
1 January 1994	551,128	66,574	617,702
Additions	113,615	-	113,615
Adjustment	-	(1,120)	(1,120)
	-----	-----	-----
31 December 1994	664,743	65,454	730,197
	-----	-----	-----
DEPRECIATION			
1 January 1994	63,626	4,730	68,356
Charge for the year	148,983	14,689	163,672
	-----	-----	-----
31 December 1994	212,609	19,419	232,028
	-----	-----	-----
NET BOOK VALUES			
31 December 1994	452,134	46,035	498,169
	=====	=====	=====
31 December 1993	487,502	61,844	549,346
	=====	=====	=====

Motor vehicles comprise assets held under finance leases.

10. <u>DEBTORS</u>	1994	1993
	£	£
Trade debtors	307,891	292,533
Amounts due from parent Society	58,115	8,159
Prepayments and accrued income	32,034	25,117
	-----	-----
	398,040	325,809
	-----	-----

WOOLWICH UNIT TRUST MANAGERS LIMITED

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

11. CREDITORS: amounts falling due
within one year

	<u>1994</u>	<u>1993</u>
	£	£
Bank overdraft	-	78,433
Trade creditors	234,614	911,192
Obligations under finance leases	16,046	12,570
Amounts due to parent Society	427,891	195,798
Corporation tax	1,015,711	538,774
VAT	11,664	3,822
Proposed dividend	1,904,000	-
Accruals	568,396	614,726
	<u>4,178,322</u>	<u>2,355,315</u>

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

	<u>1994</u>	<u>1993</u>
	£	£
Obligations under finance leases	<u>33,969</u>	<u>51,103</u>

13. OBLIGATIONS UNDER FINANCE LEASES

	<u>1994</u>	<u>1993</u>
	£	£
Amounts payable:		
- within 1 year	20,690	21,396
- within 2-5 years	35,897	57,448
- after 5 years	-	-
	<u>56,587</u>	<u>78,844</u>
Less finance charges allocated to future periods	<u>(6,572)</u>	<u>(15,171)</u>
	<u>50,015</u>	<u>63,673</u>

WOOLWICH UNIT TRUST MANAGERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1994 (continued)

14. PROVISIONS FOR LIABILITIES AND CHARGES

	1994	1993
	£	£
Provision for deferred taxation	32,910	54,321
Provision for pensions and similar obligations	9,000	-
	41,910	54,321

(a) Deferred Taxation

The movement on the provision for 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:-

	1994	1993
	£	£
31 December 1993	54,321	1,136
Accelerated capital allowances	(18,929)	53,836
Accrued interest	488	(651)
Pension costs	(2,970)	-
31 December 1994	32,910	54,321

(b) Provision for Pensions and Similar Obligations

The movement on the provision for pensions and similar obligations is set out below:-

	1994	1993
	£	£
31 December 1993	-	-
Profit and loss account charge for the year	9,000	-
31 December 1994	9,000	-
Payable within one year	-	-
Payable after more than one year	9,000	-

WOOLWICH UNIT TRUST MANAGERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1994 (continued)

15. CALLED UP SHARE CAPITAL

	<u>1994</u>	<u>1993</u>
	£	£
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

16. PROFIT AND LOSS ACCOUNT

	<u>1994</u>	<u>1993</u>
	£	£
1 January 1994	811,347	(404,918)
Retained profit for the year	207,358	1,216,265
31 December 1994	1,018,705	811,347

17. 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 1994, for which no provision has been made in the accounts, were as follows:-

	<u>1994</u>	<u>1993</u>
	£	£
Authorised but not contracted	207,000	100,000

18. ULTIMATE HOLDING BODY

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