

WOOLWICH UNIT TRUST MANAGERS LIMITED

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

REGISTERED NUMBER: 2364834

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WOOLWICH UNIT TRUST MANAGERS LIMITED

YEAR ENDED 31 DECEMBER 2006

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

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WOOLWICH UNIT TRUST MANAGERS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2006

The Directors present their report together with the audited financial statements for the year ended 31 December 2006.

Principal activity and review of business

The principal activity of Woolwich Unit Trust Managers Limited (the "Company") was unit trust management and acting as an Authorised Corporate Director ("ACD") for Open Ended Investment Companies ("OEICs")

The Company transitioned its position as Manager of the Woolwich Unit Trusts to a multi-manager product at the end of May 2006. The transfer to a fellow Barclays Group company involved approximately £1 1bn worth of managed Unit Trust assets

The Company also transitioned its position of ACD for Barclays Global Investors OEICs in November 2006. The transfer to Legal and General involved approximately £1 2bn worth of OEIC assets.

During 2006 the Company was authorised and regulated by the Financial Services Authority. The Company was de-regulated and de-authorised with the Financial Services Authority on 20 February 2007.

The financial statements have been completed on a break up basis as it is expected that the Company will be placed into liquidation in 2007 and is thus not considered a going concern.

Principle risks and uncertainties

The main financial risks that the Company is exposed to and management's policy to control these are outlined in note 14.

Results and dividends

During the year the Company made a profit after taxation of £1,252,000 (2005: £2,770,000). An interim dividend of £3,500,000 was paid on the 27 April 2006 and a further interim dividend of £3,500,000 was paid on the 22 December 2006 (2005: £8,000,000). The Directors do not recommend the payment of a further dividend (2005: £nil).

Directors

The Directors of the Company, who served during the year, together with their dates of appointment and resignation, where appropriate, are as shown below.

| | |
|--------------|---------------------------|
| A H Mullan | (appointed 30 March 2006) |
| L Murphy | |
| T D O'Connor | (appointed 28 July 2006) |
| M W Payne | (resigned 16 June 2006) |
| M A Smith | |

WOOLWICH UNIT TRUST MANAGERS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)

Directors' interests in shares (as defined by section 325 of the Companies Act 1985)

The Directors have no interests in the shares of the Company. The Directors' interests in the ordinary shares of Barclays PLC, the ultimate holding company, and in the "A" ordinary shares of Barclays Global Investors UK Holdings Limited, the direct holding company, are shown below:

Directors' interests in Barclays PLC ordinary shares of 25p each

| | <u>At 1 January 2006 (a)</u> | <u>At 31 December 2006</u> |
|--------------|------------------------------|----------------------------|
| A H Mullan | 364 | 8,790 |
| L Murphy | 680 | 953 |
| T D O'Connor | 2,621 | 2,621 |
| M A Smith | 2,136 | 4,099 |

(a) or date appointed to the Board if later

Beneficial interests in the table above represent shares held by Directors, either directly or through a nominee, their spouses and children under eighteen. They include any interests held through the Barclays PLC Sharepurchase Plan, details of which can be found in the financial statements of Barclays PLC.

In addition, at 31 December 2006, Directors, together with senior executives of the Barclays Group, were potential beneficiaries in respect of a total of 165,645,889 Barclays PLC ordinary shares of 25p each (1 January 2006: 147,145,847 ordinary shares of 25p each in Barclays PLC) held by the trustees of the Barclays Group Employees' Benefit Trusts.

Directors' interests in ordinary shares in Barclays PLC under option under open incentive schemes

| <u>Sharesave</u> | <u>Number held at</u> <u>1 January 2006 (a)</u> | <u>During the year</u> | | | <u>Number held at</u> <u>31 December 2006</u> |
|------------------|--|------------------------|------------------|---------------|--|
| | | <u>Granted</u> | <u>Exercised</u> | <u>Lapsed</u> | |
| A H Mullan | 2,134 | - | - | - | 2,134 |
| L Murphy | 4,728 | - | - | - | 4,728 |
| M A Smith | 3,516 | 733 | 1,636 | - | 2,613 |

(a) or date appointed to the Board if later.

More information on Sharesave can be found in the financial statements of Barclays PLC.

Directors' interests in "A" ordinary shares in Barclays Global Investors UK Holdings Limited

| | <u>At 1 January 2006</u> | <u>At 31 December 2006</u> |
|-----------|--------------------------|----------------------------|
| L Murphy | - | 5,000 |
| M A Smith | 50,000 | 50,000 |

WOOLWICH UNIT TRUST MANAGERS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)

Directors' interests in shares in Barclays Global Investors UK Holdings Limited under option under Equity Ownership Plan

| | <u>Number held at</u> <u>1 January 2006 (a)</u> | <u>During the year</u> | | | <u>Number held at</u> <u>31 December 2006</u> |
|--------------|--|------------------------|------------------|---------------|--|
| | | <u>Granted</u> | <u>Exercised</u> | <u>Lapsed</u> | |
| T D O'Connor | 10,000 | - | - | - | 10,000 |
| L Murphy | 25,000 | 10,000 | 5,000 | - | 30,000 |

(a) or date appointed to the Board if later

The above share options were granted under Barclays Global Investors UK Holdings Limited's Equity Ownership Plan, further details of which can be found in that company's financial statements

Statement of Directors' responsibilities

The following statement, which should be read in conjunction with the Auditors' Report set out on pages 5 and 6, is made with a view to distinguishing for shareholders the respective responsibilities of the Directors and of the Auditors in relation to the financial statements

The Directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for the financial year

The Directors consider that in preparing the financial statements on pages 7 to 20:

- the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and
- that all the accounting standards including International Financial Reporting Standards (IFRSs) as adopted by the European Union which they consider to be applicable have been followed, and
- that the financial statements have been completed on a break up basis as it is expected that the Company will be put into liquidation in 2007 and is thus not considered a going concern.

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure the financial statements comply with the Companies Act 1985.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Creditors' payment policy

A related service company, Barclays Global Investors Services Limited ("BGIS"), settles the expenses incurred by the Company on its behalf. As such, the Company has an intercompany balance with BGIS. The creditors' payment policy of BGIS is referred to in the Directors' report of that company. In 2005 trade creditors on the Company's own balance sheet related to amounts owed in respect of unsettled creations and repurchases. These creditors had a settlement period of 4 business days. There are no balances in relation to these creditors as at 31 December 2006

WOOLWICH UNIT TRUST MANAGERS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)

Auditors

On 20 May 1991, an Elective Resolution was passed by the shareholders of the Company pursuant to Section 386 of the Companies Act 1985 to dispense with the obligation to appoint Auditors annually. PricewaterhouseCoopers LLP have indicated their willingness to continue in office.

So far as the Directors are aware, there is no relevant audit information of which the Company's Auditors are unaware. The Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's Auditors are aware of the information.

BY ORDER OF THE BOARD

For and on behalf of Woolwich Unit Trust Managers Limited

A handwritten signature in black ink, appearing to read 'T D O'Connor', with a stylized flourish extending to the right.

T D O'Connor

Director

12 April 2007

WOOLWICH UNIT TRUST MANAGERS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WOOLWICH UNIT TRUST MANAGERS LIMITED

We have audited the financial statements of Woolwich Unit Trust Managers Limited for the year ended 31 December 2006 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Statement of Changes in Shareholders' Equity and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union 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 International Standards on Auditing (UK and Ireland). 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 into 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 whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

We draw your attention to note 3 which explains that following the suspension of trading activities during November 2006, the directors have decided to wind up the company in 2007. Accordingly the going concern basis of accounting is no longer appropriate. The financial statements show assets at their realisable values. Our opinion is not qualified in this respect.

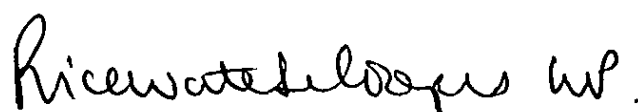
WOOLWICH UNIT TRUST MANAGERS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WOOLWICH UNIT TRUST MANAGERS LIMITED (CONTINUED)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the company's affairs as at 31 December 2006 and of its profit and cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
16 April 2007

WOOLWICH UNIT TRUST MANAGERS LIMITED

INCOME STATEMENT YEAR ENDED 31 DECEMBER 2006

| | Notes | 2006 £'000 | 2005 £'000 |
|---------------------------------------|-------|-----------------|-----------------|
| Revenue | | | |
| Income from dealing in units | 4 | 322 | 2,162 |
| Management fees | | 17,214 | 29,207 |
| Expenses recharged to related parties | | 1,728 | 2,926 |
| | | <u>19,264</u> | <u>34,295</u> |
| Distribution costs | | <u>(756)</u> | <u>(1,036)</u> |
| Gross profit | | 18,508 | 33,259 |
| Administrative expenses | | <u>(16,547)</u> | <u>(29,929)</u> |
| Operating profit | | 1,961 | 3,330 |
| Interest income | | 251 | 263 |
| Finance costs | | <u>(1)</u> | <u>(1)</u> |
| Profit before taxation | 5 | 2,211 | 3,592 |
| Taxation | 7 | <u>(959)</u> | <u>(822)</u> |
| Profit after taxation | | <u>1,252</u> | <u>2,770</u> |

All the amounts above are derived from operations that have ceased

The notes on pages 11 to 20 form an integral part of these financial statements

WOOLWICH UNIT TRUST MANAGERS LIMITED

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY YEAR ENDED 31 DECEMBER 2006

| | Notes | Share Capital £'000 | Retained Earnings £'000 | Total £'000 |
|-----------------------|-------|---------------------------|-------------------------------|----------------|
| At 31 December 2004 | | 1,700 | 12,636 | 14,336 |
| Profit for the year | | - | 2,770 | 2,770 |
| Equity dividends paid | 8 | | (8,000) | (8,000) |
| At 31 December 2005 | | <u>1,700</u> | <u>7,406</u> | <u>9,106</u> |
| Profit for the year | | - | 1,252 | 1,252 |
| Equity dividends paid | 8 | - | (7,000) | (7,000) |
| At 31 December 2006 | | <u>1,700</u> | <u>1,658</u> | <u>3,358</u> |

The notes on pages 11 to 20 form an integral part of these financial statements

WOOLWICH UNIT TRUST MANAGERS LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2006

| | Notes | 2006 £'000 | 2005 £'000 |
|---|-------|---------------|---------------|
| ASSETS | | | |
| Non-current assets | | | |
| Deferred tax asset | 7 | - | 87 |
| Total non-current assets | | <u>-</u> | <u>87</u> |
| Current assets | | | |
| Financial assets held at fair value through the Income Statement | | - | 100 |
| Trade and other receivables | 9 | 1,727 | 14,386 |
| Current tax asset | 11 | 406 | 834 |
| Cash and cash equivalents | | <u>2,235</u> | <u>11,433</u> |
| Total current assets | | <u>4,368</u> | <u>26,753</u> |
| Total assets | | <u>4,368</u> | <u>26,840</u> |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | 10 | <u>1,010</u> | <u>17,734</u> |
| Total current liabilities | | <u>1,010</u> | <u>17,734</u> |
| Net current assets | | <u>3,358</u> | <u>9,019</u> |
| Net assets | | <u>3,358</u> | <u>9,106</u> |
| SHAREHOLDERS' EQUITY | | | |
| Called up share capital | 12 | 1,700 | 1,700 |
| Retained earnings | | <u>1,658</u> | <u>7,406</u> |
| Total shareholders' equity | | <u>3,358</u> | <u>9,106</u> |

The notes on pages 11 to 20 form an integral part of these financial statements

The Company's Directors or others do not have the power to amend the financial statements after the approval date

The financial statements on pages 7 to 20 were approved by the Board of Directors and authorised for issue on 12 April 2007. They were signed on its behalf by



T D O'Connor
Director

WOOLWICH UNIT TRUST MANAGERS LIMITED

CASH FLOW STATEMENT YEAR ENDED 31 DECEMBER 2006

| | Notes | 2006 £'000 | 2005 £'000 |
|--|-------|---------------------|----------------------|
| Net cash flow from operating activities | | | |
| Cash (outflow) / inflow from operating activities | 13 | (2,204) | 362 |
| Interest received | | 251 | 263 |
| Interest paid | | (1) | (1) |
| Taxation | | (244) | (188) |
| Net cash (outflow) / inflow from operating activities | | <u>(2,198)</u> | <u>436</u> |
| Cash flow from financing activities | | | |
| Dividends paid | 8 | <u>(7,000)</u> | <u>(8,000)</u> |
| Net cash used in financing activities | | <u>(7,000)</u> | <u>(8,000)</u> |
| Net (decrease) in cash and cash equivalents | | (9,198) | (7,564) |
| Cash and cash equivalents at beginning of year | | <u>11,433</u> | <u>18,997</u> |
| Cash and cash equivalents at end of year | | <u>2,235</u> | <u>11,433</u> |

Cash flows relate to operations that have discontinued

The notes on pages 11 to 20 form an integral part of these financial statements

WOOLWICH UNIT TRUST MANAGERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

These financial statements are prepared for Woolwich Unit Trust Managers Limited (the Company). The principal activities of the Company during the year were unit trust management and acting as an Authorised Corporate Director ("ACD") for Open Ended Investment Companies ("OEICs"). In May 2006 the Company transitioned its position as Manager of the Woolwich Unit Trusts to a multi-manager product. The transfer involved approximately £1.3bn worth of managed Unit Trust assets. In November 2006 the Company transitioned its position of ACD for BGI OEICs. The transfer involved approximately £1.5bn worth of OEIC assets. The Company is a wholly owned subsidiary of Barclays Global Investors UK Holdings Limited and its ultimate parent company is Barclays PLC, which prepares consolidated financial statements in accordance with IFRS.

The Company is a private limited company, incorporated in the United Kingdom and its Registered Office is 1 Churchill Place, London E14 5HP.

2. COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

The financial statements have been prepared in accordance with International Financial Reporting Standards and International Accounting Standards (together, IFRS), as adopted by the European Union and in accordance with the Companies Act 1985.

3. ACCOUNTING POLICIES

Accounting presentation

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied throughout this and the preceding year.

Any new IFRS's that have been issued during the year but are not effective until after 01 January 2007 have not been early adopted by the Company.

Basis of preparation

The financial statements have been completed on a break up basis as it is expected that the Company will be put into liquidation in 2007 and is thus not considered a going concern.

The financial statements have been prepared under the historical cost convention modified to include the fair valuation of certain financial instruments to the extent required or permitted under IAS 39, 'Financial Instruments, recognition, and measurement' as set out in the relevant accounting policies.

They are stated in thousands of pounds Sterling, £'000, the currency of the country in which the Company is incorporated.

WOOLWICH UNIT TRUST MANAGERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

ACCOUNTING POLICIES (Continued)

Income from dealing in units

Management fees receivable from the unit trusts and OEIC are calculated in accordance with the scheme particulars and are accrued on a monthly basis. Sales and transfers of monies into the unit trusts are accounted for on the date of receipt of a completed application form

Financial assets at fair value through the Income Statement

The Company recognises financial instruments from the trade date, and continues to recognise them until, in the case of assets, the rights to receive cash flows have expired or the Company has transferred substantially all the risks and rewards of ownership, or in the case of liabilities, until the liability has been settled, extinguished or has expired. Financial assets and liabilities are recognised at fair value.

Impairment of financial assets

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a portfolio of financial assets, including trade receivables, is impaired. The factors that the Company takes into account include significant financial difficulties of the debtor or the issuer, a breach of contract or default in payments, the granting by the Company of a concession to the debtor because of a deterioration in its financial condition, the probability that the debtor will enter into bankruptcy or other financial reorganisation, or, in the disappearance of an active market for a security because of the issuer's financial difficulties.

Determining fair value

Where the classification of a financial instrument requires it to be stated at fair value, this is determined by reference to the fair value in an active market wherever possible.

Interest

Interest represents interest received on bank accounts of the Company and is recognised in the income statement as it accrues.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Taxation

Income tax payable on taxable profits ("current tax") is recognised as an expense in the period in which the profits arise. Income tax recoverable on tax allowable losses is recognised as an asset only to the extent that it is regarded as recoverable by offset against current or future taxable profits.

Temporary differences may occur between the dates that items of income or expense are recognised in the Income Statement and Balance Sheet and the dates that they are recognised in the Company's tax returns. In this case, full provision is made for the related taxation liabilities ("deferred tax") in the financial statements, based on the carrying value of assets.

WOOLWICH UNIT TRUST MANAGERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

ACCOUNTING POLICIES (Continued)

and liabilities in the financial statements and their carrying values effective for tax purposes, using the tax rates enacted or substantively enacted at the Balance Sheet date.

Deferred tax assets, representing costs or tax allowable losses that have been incurred at the Balance Sheet date but not yet offset against taxable profits, are only recognised to the extent that it is probable that sufficient taxable profits will be available to relieve them against. If recognised, deferred tax assets are reviewed regularly and written down where appropriate.

Deferred and current tax assets and liabilities are only off set when they arise in the same tax reporting group and where there is both the legal right and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

4. INCOME FROM DEALING IN UNITS

| | 2006 £'000 | 2005 £'000 |
|--|---------------|---------------|
| Sales of units and shares | 168,563 | 207,102 |
| Creations of units and shares | (135,292) | (156,349) |
| Repurchases of units and shares | (720,207) | (651,890) |
| Liquidations of units and shares | 687,323 | 601,746 |
| Tax credits receivable on liquidations | 200 | 1,883 |
| Cost of sales | (265) | (330) |
| | <u>322</u> | <u>2,162</u> |

During 2006 a claim was submitted for tax credits suffered on income from liquidation of units and shares received by the Company. The claim for the years through 2000 to 2005 were submitted to the tax authorities and accrued as receivable at 31 December 2005. The claim for the 2006 receivable amount is to be submitted in 2007 and has been accrued for as receivable as at 31 December 2006.

5. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging -

| | 2006 £'000 | 2005 £'000 |
|------------------------|---------------|---------------|
| Auditors' remuneration | | |
| - audit services | <u>23</u> | <u>35</u> |

Fees payable, to the auditors for work carried out on the fund transfers / conversions during 2006, of £87,000, were paid on the Company's behalf by a fellow Group company.

WOOLWICH UNIT TRUST MANAGERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. EMPLOYEES AND KEY MANAGEMENT, INCLUDING DIRECTORS

There were no employees employed by the Company during 2006. All UK employees' service contracts are with, and paid by, a fellow Barclays Group company (Barclays Global Investors Services Limited), and their remuneration is included within that company's financial statements. The cost of these staff is borne by the Company through a management recharge. Of the management recharge of £183,793 (2005: £240,187) an amount of £177,350 (2005: £211,462) related to staff costs.

The aggregate emoluments of the Directors of the Company disclosed in accordance with Schedule 6 of the Companies Act 1985 were as follows:

| | 2006 £'000 | 2005 £'000 |
|--|---------------|---------------|
| Directors' emoluments in respect of their services to the Company: | | |
| Aggregate emoluments | 235 | 546 |
| Company contributions paid to money purchase pension schemes | 8 | 19 |
| | <u>243</u> | <u>565</u> |

Four Directors are accruing retirement benefits under a defined contribution scheme (2005: three). Two Directors exercised options during 2006 (2005: two).

The emoluments of the Directors are paid by a fellow Barclays Group company which makes no recharge to the Company for these costs. Their emoluments in respect of the period since their appointments or to resignation are apportioned to the Company in accordance with their Directorial service attributable to the Company.

The aggregate emoluments of the highest paid Director were as follows:

| Highest paid director | 2006 £'000 | 2005 £'000 |
|---|---------------|---------------|
| Aggregate emoluments and benefits under long term incentive schemes | 210 | 431 |
| Company contributions paid to money purchase pension schemes | 5 | 12 |

The highest paid director exercised options during the year.

WOOLWICH UNIT TRUST MANAGERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. INCOME TAX EXPENSE

| | 2006 £'000 | 2005 £'000 |
|--|---------------|---------------|
| Current tax: | | |
| United Kingdom taxation | 641 | 1,049 |
| Adjustment in respect of prior years | 231 | (256) |
| Current tax charge | 872 | 793 |
| Deferred tax: | | |
| Origination and reversal of timing differences | 22 | 29 |
| Write down of deferred tax asset | 65 | - |
| Deferred tax charge | 87 | 29 |
| Tax on profit on ordinary activities | 959 | 822 |

The tax charge is based on an effective UK corporation tax rate of 30% (2005 30%) The overall tax charge is explained in the following table -

| | 2006 £'000 | 2005 £'000 |
|---|---------------|---------------|
| Profit on ordinary activities before tax | 2,211 | 3,592 |
| Tax charge at average UK corporation tax rate of 30% (2005 30%) | 663 | 1,078 |
| Prior year adjustments | 231 | (256) |
| Deferred tax assets not recognised | 65 | - |
| Overall tax charge | 959 | 822 |
| Effective rate % | 43.4% | 22.9% |

The deferred tax asset is a receivable falling due after more than one year

| | 2006 £'000 | 2005 £'000 |
|-----------------------------|---------------|---------------|
| Deferred tax asset | | |
| At 1 January | 87 | 116 |
| Charged to income statement | (87) | (29) |
| At 31 December | - | 87 |

WOOLWICH UNIT TRUST MANAGERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. DIVIDENDS

| | 2006 £'000 | 2005 £'000 |
|--|---------------|---------------|
| Dividends on ordinary shares | | |
| Interim dividends paid £4 12 (2005. £4.71) per share | 7,000 | 8,000 |
| Interim dividends are recognised when paid | | |

9. TRADE AND OTHER RECEIVABLES

| | 2006 £'000 | 2005 £'000 |
|---|---------------|---------------|
| Trade receivables | 247 | 14,349 |
| Amounts receivable from related parties | 30 | - |
| Other receivables (see note 17) | 1,450 | 37 |
| | <u>1,727</u> | <u>14,386</u> |

In 2005 trade receivables comprised of purchases and liquidations which had a settlement period of 4 days and accrued fees not yet invoiced to the Unit Trusts / OIECs which are settled monthly. In 2006 the balance comprised of accrued fees that were settled in 2007. The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

10. TRADE AND OTHER PAYABLES

| | 2006 £'000 | 2005 £'000 |
|--|---------------|---------------|
| Trade payables | - | 9,109 |
| Amounts due to related parties | 202 | 7,866 |
| Other payables | 66 | 40 |
| Accruals and deferred income (see note 17) | 742 | 719 |
| | <u>1,010</u> | <u>17,734</u> |

In 2005 trade payables relate to amounts owed in respect of unsettled creations and repurchases. These creditors had a settlement period of 4 business days. The amounts due to related parties are paid quarterly. The Directors consider that the carrying amount of trade and other payables approximates their fair value.

11. CURRENT TAX ASSETS

| | 2006 £'000 | 2005 £'000 |
|--------------------------|---------------|---------------|
| UK income tax receivable | <u>406</u> | <u>834</u> |

The UK income tax receivable in 2005 and 2006 is due to the tax reclaim on income on liquidations of units and shares received by the Company - see note 4 for more details.

WOOLWICH UNIT TRUST MANAGERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. CALLED UP SHARE CAPITAL

| | 2006 £'000 | 2005 £'000 |
|--------------------------------------|---------------|---------------|
| Authorised: | | |
| 2,000,000 ordinary shares of £1 each | <u>2,000</u> | <u>2,000</u> |
| | | |
| Allotted and fully paid | | |
| 1,700,000 ordinary shares of £1 each | <u>1,700</u> | <u>1,700</u> |

The authorised share capital of Woolwich Unit Trust Managers Limited is £2,000,000, (2005 £2,000,000), comprising 2,000,000 (2005 2,000,000) ordinary shares of £1 each. All issued shares are fully paid.

13. RECONCILIATION OF OPERATING PROFIT TO CASH FLOW FROM OPERATING ACTIVITIES

| | 2006 £'000 | 2005 £'000 |
|---|-----------------|---------------|
| Operating profit | 1,961 | 3,330 |
| Decrease / (Increase) in financial assets at fair value through Income Statement | 100 | (20) |
| (Increase) in receivable tax credits | (200) | (1,883) |
| Decrease / (Increase) in trade and other receivables | 12,659 | (2,420) |
| (Decrease) / Increase in trade and other payables | <u>(16,724)</u> | <u>1,355</u> |
| Cash (outflow) / inflow from operating activities | <u>(2,204)</u> | <u>362</u> |

14. FINANCIAL RISKS

The main financial risks that the Company was exposed to whilst in operation and its management policy with respect to those risks were as follows:

Credit risk

Credit risk refers to the risk of loss if another party fails to perform its obligations or fails to perform them in a timely fashion. In addition to direct credit exposures, this includes

- (a) indirect credit exposures, where the obligation is owed to a third party but failure would have consequences for the Company, e.g. because it has issued a guarantee to a third party,
- (b) contingent credit exposures, exposure that would arise if circumstances changed (but only in so far as such change is reasonably possible e.g. where the Company relies upon a counterparty to reimburse a loss).

WOOLWICH UNIT TRUST MANAGERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FINANCIAL RISKS (Continued)

Credit risk (Continued)

The Company has identified the following credit risk exposures

- The Company's main credit risk arises from trading as principal in the units/shares of the funds of which it is the manager/Authorised Corporate Director,
- The assets representing the customers' funds are invested by the Company in segregated accounts. This ensures no contamination with the assets of other clients of the Company or with those assets of the Company itself

Market risk

Market risk arises where the value of assets and liabilities change as a result of movements in foreign exchange rates, interest rates and market prices. Market risk is not a material risk for the Company

Liquidity risk

The risk that the Company's cash and committed facilities may be insufficient to meet its debts as they fall due. Liquidity risk is not a material risk for the Company.

Numerical financial instruments disclosures are set out below.

Maturity of financial instruments

The maturity profile of financial assets and liabilities is as follows:

| Financial Assets | Cash and cash equivalents 2006 £'000 | Trade and other receivables 2006 £'000 | Investments held at fair value through the Income Statement 2006 £'000 | Total 2006 £'000 |
|---|--|--|--|------------------------|
| Interest bearing - one year or less | 2,235 | - | - | 2,235 |
| Non-interest bearing - one year or less | - | 1,727 | - | 1,727 |
| | <u>2,235</u> | <u>1,727</u> | <u>-</u> | <u>3,962</u> |

WOOLWICH UNIT TRUST MANAGERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FINANCIAL RISKS (Continued)

Maturity of financial instruments (Continued)

| Financial Assets | Cash and cash equivalents 2005 £'000 | Trade and other receivables 2005 £'000 | Investments held at fair value through the Income Statement 2005 £'000 | Total 2005 £'000 |
|---|--|--|--|------------------------|
| Interest bearing - one year or less | 11,433 | - | - | 11,433 |
| Non-interest bearing - one year or less | - | 14,386 | 100 | 14,486 |
| | <u>11,433</u> | <u>14,386</u> | <u>100</u> | <u>25,919</u> |
| Financial Liabilities | | | Trade and other payables 2006 £'000 | Total 2006 £'000 |
| Non-interest bearing - one year or less | | | 1,010 | 1,010 |
| | | | <u>1,010</u> | <u>1,010</u> |
| Financial Liabilities | | | Trade and other payables 2005 £'000 | Total 2005 £'000 |
| Non-interest bearing - one year or less | | | 17,734 | 17,734 |
| | | | <u>17,734</u> | <u>17,734</u> |

WOOLWICH UNIT TRUST MANAGERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. RELATED PARTY TRANSACTIONS

The definition of related parties includes subsidiary, associated and joint venture companies, as well as the Company's key management which includes its Directors. Particulars of transactions, and the balances outstanding at the year end, is disclosed in the tables below.

| | (Payable)/ Receivable included on Balance Sheet | (Expense)/ Income included in the Income Statement | (Payable) included on Balance Sheet | (Expense) included in the Income Statement |
|---|--|--|---|---|
| | 2006 £'000 | 2006 £'000 | 2005 £'000 | 2005 £'000 |
| Investment management fees | | | | |
| Barclays Global Investors Limited | - | (4,446) | (3,544) | (7,410) |
| Trail fees | | | | |
| Barclays PLC | 30 | (7,863) | (4,038) | (16,015) |
| Group recharges | | | | |
| Barclays Global Investors Limited | - | 27 | - | - |
| Barclays Global Investors Services Limited | (202) | (189) | (214) | (240) |
| Barclays Global Investors UK Holdings Limited | - | (457) | (70) | (278) |
| | <u>(172)</u> | <u>(12,928)</u> | <u>(7,866)</u> | <u>(23,943)</u> |

Fellow subsidiaries - Barclays Global Investors Limited, Barclays Global Investors Services Limited

Parent company - Barclays Global Investors UK Holdings Limited

Other related parties - Barclays PLC.

16. PARENT UNDERTAKING AND ULTIMATE PARENT COMPANY

The parent undertaking of the smallest group that presents group accounts is Barclays Bank PLC. The ultimate parent company and controlling party is Barclays PLC, which is the parent company of the largest group that presents group accounts. Both companies are incorporated in Great Britain and registered in England and Wales. Barclays Bank PLC's and Barclays PLC's statutory financial statements are available from the Barclays Corporate Secretariat, 1 Churchill Place, London E14 5HP.

17. Abbey National ECJ VAT CASE

As a result of the Abbey National ECJ VAT case, the Company has submitted a claim for output VAT it has charged in respect of registration fees. If successful this will reduce its own recovery rate. Similarly, the Company contracted itself with outsourced providers to provide services to the BGI OEICs and WUTM unit trusts. Fees for these were originally paid with VAT added and the outsourced suppliers are now reclaiming VAT on the Company's behalf. The impact on the Financial Statements is that the year end balances include £653k payable in "Accruals and deferred income" and £840k receivable in "Other receivables" relating to VAT.