

**WOOLWICH UNIT TRUST MANAGERS LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 1996**



Company No: 2364834

**WOOLWICH UNIT TRUST MANAGERS LIMITED**

**REGULATED BY IMRO AND THE PERSONAL INVESTMENT AUTHORITY**

**DIRECTORS, OFFICERS AND REGISTERED OFFICE**

**DIRECTORS**

J H Bushell FCA (Chairman)  
D Holcroft FCCA (Managing)  
S B S Homersham  
R C H Jeens MA, FCA  
L M Peacock BA (Hons)  
I W Poston FCII  
S C Sjuve BSc (Hons), FCII

**SECRETARY**

J M Wilkins FCIB

**REGISTERED OFFICE**

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

**AUDITORS**

KPMG Audit plc  
8 Salisbury Square, London, EC4Y 8BB

**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 1996.

#### 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 Funds; a Corporate Bond Fund and an associated Personal Equity Plan (PEP). As at 31 December 1996 there were 135,318 accounts held by investors and funds under management totalled £670 million.

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 £2,669,000. After deducting the dividend the profit for the year retained in the company is £300,066.

#### DIRECTORS

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

J H Bushell  
D Holcroft  
S B S Homersham  
R C H Jeens (appointed 31 December 1996)  
L M Peacock  
I W Poston (appointed 31 December 1996)  
S C Sjuve

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

#### FIXED ASSETS

Details of the movements in tangible fixed assets 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.

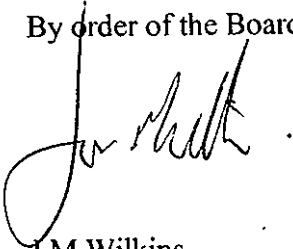
**AUDITORS**

In accordance with section 386 of the Companies Act, 1985, the Company has elected to dispense with the obligation to re-appoint 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.

A handwritten signature in dark ink, appearing to read 'J M Wilkins', is written over the typed name and title.

J M Wilkins  
Company Secretary

16 January 1997

## **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 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.

**REPORT OF THE AUDITORS KPMG AUDIT PLC**

**TO THE MEMBERS OF WOOLWICH UNIT TRUST MANAGERS LIMITED**

We have audited the financial statements on pages 6 to 18.

**Respective responsibilities of Directors and Auditors**

As described on page 4, the Company's Directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those 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 mis-statement, 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 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

KPMG Audit plc  
Chartered Accountants  
Registered Auditors  
8 Salisbury Square  
London

23 January 1997

**WOOLWICH UNIT TRUST MANAGERS LIMITED**

**PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31 DECEMBER 1996**

Continuing Operations	Notes	1996 £	1995 £
		-----	-----
TURNOVER	2	8,805,982	5,596,529
Administrative expenses		(4,843,302)	(3,804,627)
		-----	-----
OPERATING PROFIT	3	3,962,680	1,791,902
Interest receivable from parent Society		448,340	333,303
		-----	-----
		4,411,020	2,125,205
Interest payable	4	(3,499)	(6,646)
		-----	-----
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		4,407,521	2,118,559
Taxation on profit on ordinary activities	7	(1,438,455)	(713,422)
		-----	-----
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		2,969,066	1,405,137
Dividend payable	8	(2,669,000)	(1,258,000)
		-----	-----
RETAINED PROFIT FOR THE YEAR	16	300,066	147,137
		=====	=====

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

The profit and loss account includes all gains and losses recognised in the year.

The notes on pages 10 to 18 form part of these financial statements.

**WOOLWICH UNIT TRUST MANAGERS LIMITED**

**BALANCE SHEET**

**AS AT 31 DECEMBER 1996**

	Notes	1996 £	1995 £
<hr/>			
<b>FIXED ASSETS</b>			
Tangible Assets	9	241,632	406,518
<b>CURRENT ASSETS</b>			
Stocks		830,959	10,150
Debtors	10	1,072,173	506,611
Cash at bank and in hand		7,251,062	5,252,572
		<hr/>	<hr/>
		9,154,194	5,769,333
<b>CREDITORS : amounts falling due within one year</b>	11	<hr/> (6,149,489) <hr/>	<hr/> (3,278,700) <hr/>
<b>NET CURRENT ASSETS</b>		<hr/> 3,004,705 <hr/>	<hr/> 2,490,633 <hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		3,246,337	2,897,151
<b>CREDITORS : amounts falling due after one year</b>	12	(44,475)	(13,309)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	14	(35,954)	(18,000)
		<hr/>	<hr/>
		3,165,908	2,865,842
		=====	=====
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	1,700,000	1,700,000
Profit and loss account	16	1,465,908	1,165,842
		<hr/>	<hr/>
<b>SHAREHOLDERS' FUNDS</b>	16	3,165,908	2,865,842
		=====	=====

Approved by the Board on 16 January 1997

J H BUSHELL    Chairman

D HOLCROFT    Managing Director

The notes on pages 10 to 18 form part of these financial statements.



**WOOLWICH UNIT TRUST MANAGERS LIMITED**

**CASH FLOW STATEMENT**

**AS AT 31 DECEMBER 1996**

	1996	1995
	£	£
	-----	-----
NET CASH INFLOW FROM OPERATING ACTIVITIES	3,631,137	1,945,798
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	450,955	332,335
Interest element of finance leases paid	(3,499)	(6,646)
Dividend paid	(1,258,000)	(1,904,000)
	-----	-----
NET CASH (OUTFLOW) FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	(810,544)	(1,578,311)
TAXATION		
Corporation tax paid	(711,952)	(997,390)
	-----	-----
TAX PAID	(711,952)	(997,390)
INVESTING ACTIVITIES		
Purchase of fixed assets	(101,235)	(102,716)
Disposal of fixed assets	5,258	5,700
	-----	-----
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(95,977)	(97,016)
	-----	-----
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING	2,012,664	(726,919)
FINANCING		
Capital element of finance lease rental payment	(14,174)	(6,334)
	-----	-----
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,998,490	(733,253)
	=====	=====

The notes on page 9 form part of this cash flow statement.

# WOOLWICH UNIT TRUST MANAGERS LIMITED

## NOTES TO THE CASH FLOW STATEMENT - 31 DECEMBER 1996

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

	1996	1995
	-----	-----
	£	£
Operating profit	3,962,680	1,791,902
Depreciation charge	260,799	183,703
Loss on disposal of fixed assets	64	4,964
(Increase)/decrease in stocks	(820,809)	80,722
(Increase) in debtors	(571,926)	(103,854)
Increase in creditors	857,090	14,679
Increase in provisions	17,954	9,000
Tax on franked investment income	(74,715)	(35,318)
	-----	-----
	3,631,137	1,945,798
	-----	-----

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

	1996	1995
	-----	-----
	£	£
Balance at 1 January	5,252,572	5,985,825
Net cash inflow/(outflow)	1,998,490	(733,253)
	-----	-----
Balance at 31 December	7,251,062	5,252,572
	-----	-----

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

	1996	1995	Change in year
	-----	-----	-----
	£	£	£
Cash at bank and in hand	(6,368)	117,003	(123,371)
Cash deposits with parent Society	7,257,430	5,135,569	2,121,861
	-----	-----	-----
	7,251,062	5,252,572	1,998,490
	-----	-----	-----

## WOOLWICH UNIT TRUST MANAGERS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1996

#### 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

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 the profit and loss account over the period of the lease.

## WOOLWICH UNIT TRUST MANAGERS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1996 (continued)

#### 1. PRINCIPAL ACCOUNTING POLICIES (continued)

##### (f) Post-retirement benefits

The costs of providing post-retirement pensions and other post-retirement benefits are charged to the profit and loss account over the periods benefiting from the employees' services. The difference between the charge to the profit and loss account and the amounts paid is shown as an asset or liability in the balance sheet as appropriate.

##### (g) Stocks

Stocks comprise units held by the Company at 31 December 1996 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 unit trust funds which the Company manages, less the cost of creations, liquidations, repurchases, stock movements, discounts and commissions. Turnover is arrived at after crediting franked investment income of £373,575 (1995:£176,590).

	1996	1995
	-----	-----
	£	£
Total sales	243,096,606	54,313,220
Cost of sales	(241,736,275)	(53,308,280)
	-----	-----
Net profit from trading in units	1,360,331	1,004,940
Annual management fees	7,113,021	4,375,357
Registration fees	332,630	216,232
	-----	-----
Turnover	8,805,982	5,596,529
	-----	-----

During the year ended 31 December 1996, transactions undertaken in Unit Trust Funds managed by the Company, by Directors, and key management of the Company, the Directors of Woolwich Building Society, and members of their close family were as follows:

Sales by the Company	£161,480
	-----
Repurchases by the Company	£ 96,467
	-----

# **WOOLWICH UNIT TRUST MANAGERS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1996 (continued)**

### **3. OPERATING PROFIT**

The operating profit is arrived at after charging:

	1996	1995
	-----	-----
	£	£
Auditors' remuneration	21,150	13,512
Auditors' non-audit remuneration	7,050	2,000
Depreciation of tangible fixed assets	247,692	168,681
Depreciation of fixed assets held under finance leases	13,107	15,022
Loss on disposal of fixed assets	64	4,964
Staff costs (see note 5)	746,145	731,282
 Directors' emoluments		
Directors' management remuneration	122,642	149,649
Emoluments of Chairman	9,200	8,800
Emoluments of highest paid full-time Director	84,971	84,079
 Table of Directors' emoluments (excluding pension contributions)		
£ 0 to £ 5,000	2	2
£ 5,001 - £10,000	1	1
£30,001 - £35,000	1	-
£55,001 - £60,000	-	1
£80,001 - £85,000	1	1

### **4. INTEREST PAYABLE**

	1996	1995
	-----	-----
	£	£
Finance charges payable under finance leases	3,499	6,646
	-----	-----

## WOOLWICH UNIT TRUST MANAGERS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1996 (continued)

#### 5. STAFF COSTS

The average number of persons employed during the year was 25 (1995 - 27).  
Aggregate remuneration amounted to:-

	1996	1995
	-----	-----
	£	£
Wages and salaries	656,804	631,749
Social security costs	52,171	58,533
Other pension costs and post-retirement benefits (see note 6)	37,170	41,000
	-----	-----
	746,145	731,282
	-----	-----

#### 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 salaries, with the assets being held in a separate trustee administered fund. The Company's pension costs for the year including other post-retirement benefits were £37,170 (1995 - £41,000).

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 was as at 31 March 1995, particulars of which are contained in the Annual Report and Accounts of Woolwich Building Society.

Included in the Company's total pension cost was £13,000 (1995 - £9,000) in respect of post-retirement health care benefits and concessionary rate mortgages for certain employees and dependent spouses, based on an assessment of other post-retirement benefits across the Group as a whole.

## WOOLWICH UNIT TRUST MANAGERS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1996 (continued)

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

The independent actuarial review of these unfunded benefits as at 31 March 1995, referred to separately in the Annual Report and Accounts of Woolwich Building Society, adopted similar methods and assumptions to those used in the valuation of the pension scheme described above. The other principal assumption used in the review was that health care costs would increase in line with national average earnings.

The movement on the provision for post-retirement benefits is set out in note 14.

#### 7. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

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

	1996	1995
	-----	-----
	£	£
UK corporation tax at 33%	1,381,123	733,084
Tax charge on franked investment income	74,715	35,318
Deferred taxation	3,749	(36,659)
Corporation tax adjustment in respect of prior years	(21,132)	(18,321)
	-----	-----
	1,438,455	713,422
	-----	-----

#### 8. DIVIDEND PAYABLE

	1996	1995
	-----	-----
	£	£
Proposed final dividend of 157p (1995 - 74p) per ordinary share	2,669,000	1,258,000
	-----	-----

**WOOLWICH UNIT TRUST MANAGERS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1996 (continued)**

9. **TANGIBLE FIXED ASSETS**

	Office & Computer Equipment	Motor Vehicles	Total
	----- £	----- £	----- £
<b>COST</b>			
1 January 1996	742,174	67,742	809,916
Additions	57,907	43,328	101,235
Disposals	(180,123)	(13,783)	(193,906)
	-----	-----	-----
31 December 1996	619,958	97,287	717,245
	-----	-----	-----
<b>DEPRECIATION</b>			
1 January 1996	376,859	26,539	403,398
Charge for the year	247,692	13,107	260,799
Disposals	(179,893)	(8,691)	(188,584)
	-----	-----	-----
31 December 1996	444,658	30,955	475,613
	-----	-----	-----
<b>NET BOOK VALUES</b>			
31 December 1996	175,300	66,332	241,632
	=====	=====	=====
31 December 1995	365,315	41,203	406,518
	=====	=====	=====

Motor vehicles comprise assets held under finance leases.

10. **DEBTORS**

	1996	1995
	----- £	----- £
Trade debtors	772,067	414,006
Amounts due from parent Society	265,997	44,431
Prepayments and accrued income:		
- Deferred taxation (see note 10(a))	-	3,749
- Prepayments and accrued income	34,109	44,425
	-----	-----
	1,072,173	506,611
	-----	-----



# **WOOLWICH UNIT TRUST MANAGERS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1996 (continued)**

### 10 (a) Deferred Taxation

The movement on 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:-

	1996	1995
	-----	-----
	£	£
At 1 January	(3,749)	32,910
Reversed capital allowances	-	(34,999)
Other timing differences	3,749	(1,660)
	-----	-----
At 31 December	-	(3,749)
	-----	-----

### 11. CREDITORS: amounts falling due within one year

	1996	1995
	-----	-----
	£	£
Trade creditors	888,885	139,092
Obligations under finance leases	11,504	30,372
Amounts due to parent Society	424,507	411,201
Amounts due to fellow subsidiary undertaking	-	712
Corporation tax	1,381,123	733,084
VAT	21,213	11,179
Proposed dividend	2,669,000	1,258,000
Accruals	753,257	695,060
	-----	-----
	6,149,489	3,278,700
	-----	-----

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

	1996	1995
	-----	-----
	£	£
Obligations under finance leases	44,475	13,309
	-----	-----

# **WOOLWICH UNIT TRUST MANAGERS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1996 (continued)**

### **13. OBLIGATIONS UNDER FINANCE LEASES**

	1996	1995
	-----	-----
	£	£
Amounts payable:		
- within 1 year	17,087	33,136
- within 2-5 years	48,091	14,561
	-----	-----
	65,178	47,697
Less finance charges allocated to future periods	(9,199)	(4,016)
	-----	-----
	55,979	43,681
	-----	-----

### **14. PROVISIONS FOR LIABILITIES AND CHARGES**

	1996	1995
	-----	-----
	£	£
Provision for post-retirement benefits:		
Pensions	4,954	-
Other	31,000	18,000
	-----	-----
	35,954	18,000
	-----	-----

The movement on the provision for post-retirement benefits was as follows:

	1996	1995
	-----	-----
	£	£
At 1 January	18,000	9,000
Charge for year	37,170	41,000
Paid in the year	(19,216)	(32,000)
	-----	-----
At 31 December	35,954	18,000
	-----	-----
Payable within one year	-	-
	-----	-----
Payable after more than one year	35,954	18,000
	-----	-----

# WOOLWICH UNIT TRUST MANAGERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1996 (continued)

### 15. CALLED UP SHARE CAPITAL

	1996	1995
	-----	-----
	£	£
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. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Share Capital	Profit & Loss Account	Total
	-----	-----	-----
	£	£	£
Opening Shareholders' Funds	1,700,000	1,165,842	2,865,842
Retained profit for the year	-	300,066	300,066
	-----	-----	-----
Closing Shareholders' Funds	1,700,000	1,465,908	3,165,908
	-----	-----	-----

### 17. FINANCIAL COMMITMENTS

Capital commitments at 31 December 1996, for which no provision has been made in the accounts, were as follows:-

	1996	1995
	-----	-----
	£	£
Contracted but not provided	143,670	-
	-----	-----

### 18. ULTIMATE HOLDING BODY

The Company is a wholly owned subsidiary of Woolwich Building Society, which is registered in England. The largest Group in which the results of the Company are consolidated is that headed by Woolwich Building Society. Copies of their consolidated accounts can be obtained from Corporate Headquarters, Watling Street, Bexleyheath, Kent DA6 7RR.