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JOHN GOVETT UNIT MANAGEMENT LIMITED

REPORT AND FINANCIAL STATEMENTS

31ST DECEMBER 1986



JOHN GOVETT UNIT MANAGEMENT LIMITED

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-fourth Annual General Meeting of the Members of John Govett Unit Management Limited will be held at the registered office of the Company on Friday 13th February 1987 at 10.30 a.m. for the following purposes:-

To receive and adopt the directors' report and the accounts.

To reappoint the auditors and to authorise the directors to fix their remuneration.

By Order of the Board,

T.J. Blair,

Secretary.

Winchester House,  
77 London Wall,  
London, EC2N 1DH.

21st January 1987

Any member entitled to appoint another person (whether a member or not) as a proxy to attend the meeting and, on a poll, vote instead of him.

JOHN GOVETT UNIT MANAGEMENT LIMITED

DIRECTORS

The Hon. Dwight Makins (Chairman)  
A.P. Atkins  
R.S. Brooks, FCA  
B.R. Jervis, FCIS  
A.S. Nicholson

SECRETARY

T.J. Blair, FCIS

REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31ST DECEMBER 1986

The directors submit their report and the accounts for the year ended 31st December 1986 which were approved at a meeting on 21st January 1987.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The company's main activity is the promotion and management of unit trusts and dealing in the units of those trusts.  
No change in this activity is envisaged in the foreseeable future.

RESULTS

The results for the year are set out in the attached accounts.  
The directors do not recommend the payment of a dividend.

DIRECTORS

Mr D.W. Makins and Mr B.R. Jervis held office throughout the year.  
Mr A.S. Nicholson, Mr A.P. Atkins and Mr R.S. Brooks were appointed during the year respectively on 8th July 1986, 11th August 1986 and 9th December 1986. Mr L.F. Hobbs resigned on 4th September 1986 and Mr R.A. Smith on 9th December 1986.

DIRECTORS' INTERESTS

The directors of the company apart from Mr A.P. Atkins are also directors of its parent company. Mr A.P. Atkins had no interest in the share capital of the parent company at the date of his appointment or at the year end.


TAX STATUS

In the opinion of the directors the company is not a close company as defined by the Income and Corporation Taxes Act, 1970.

AUDITORS

Arthur Young are willing to continue in office and a resolution for their reappointment will be proposed at the annual general meeting.

By Order of the Board,

  
T.J. Blair,

Secretary.

Winchester House,  
77 London Wall,  
London, EC2N 1DH.

21st January 1987

JOHN GOVETT UNIT MANAGEMENT LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 1986

	<u>Notes</u>	<u>1986</u>	<u>1985</u>
		£	£
<b>INCOME</b>			
Dealing in Units:			
Preliminary charge & rounding adjustment		1,212,334	490,135
Dealing and holding profits		<u>1,025,678</u>	<u>296,605</u>
		2,238,012	786,740
Management fees		<u>738,528</u>	<u>475,606</u>
		2,976,540	1,262,346
Franked income		67,683	21,639
Less: Net income paid to Trustee and unitholders		<u>46,060</u>	<u>14,650</u>
		21,623	6,989
Dividend from subsidiary		40,000	15,000
Interest receivable and other income		<u>82,727</u>	<u>39,986</u>
		3,120,890	1,324,321
Less: Commissions and discounts allowed		<u>1,263,824</u>	<u>432,266</u>
		1,857,066	892,055
<b>OPERATING EXPENDITURE</b>			
Interest payable		6,271	4,880
Advertising and publicity		217,622	126,022
Trustee fees		56,780	24,150
Management fee rebates		43,742	27,387
Audit fee		3,000	2,500
Depreciation		32,043	4,445
Other administrative expenses		<u>795,157</u>	<u>465,814</u>
		1,154,615	655,198
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		702,451	236,857
TAXATION	3	<u>253,923</u>	<u>87,407</u>
PROFIT FOR THE FINANCIAL YEAR		448,528	149,450
Revenue reserve/(deficit)brought forward		<u>226,907</u>	<u>77,457</u>
Revenue reserve carried forward		<u>£675,435</u>	<u>£226,907</u>

The notes on pages 5 and 6 form part of these accounts.

JOHN GOVETT UNIT MANAGEMENT LIMITED

BALANCE SHEET AT 31ST DECEMBER 1986

	<u>Notes</u>	<u>1986</u>	<u>1985</u>
		£	£
<b>ASSETS EMPLOYED:</b>			
<b>FIXED ASSETS</b>			
Tangible assets	4	69,693	47,384
Investment in subsidiary(at valuation)		43,177	11,956
<b>CURRENT ASSETS</b>			
Stocks of units		143,885	395,912
Trade investment (Listed in the U.K.)		-	88,110
Trade debtors		3,912,738	1,044,675
Amount owed by group companies		85,000	131,126
Bank balances		818,851	403,448
		<u>4,960,474</u>	<u>2,063,271</u>
<b>CREDITORS - due within one year</b>			
Bank overdraft		-	26,171
Creditors	5	3,564,880	1,217,757
Amounts owed to group companies		59,629	51,730
Taxation		230,839	84,092
		<u>3,855,348</u>	<u>1,379,750</u>
<b>NET CURRENT ASSETS</b>		<u>1,105,126</u>	<u>683,521</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,217,996	742,861
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>			
Deferred taxation	6	384	4,998
		<u>£1,217,612</u>	<u>£737,863</u>
<b>FINANCED BY:</b>			
Capital and Reserves			
Called-up share capital	7	500,000	500,000
Reserves	8	717,612	237,863
		<u>£1,217,612</u>	<u>£737,863</u>

The notes on pages 5 and 6 form part of these accounts.



D.W. Making Director

R.S. Brooks Director

JOHN GOVETT UNIT MANAGEMENT LIMITED

NOTES ON THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 1986

1. ACCOUNTING POLICIES

- a) Franked income comprises the amount received during the year and includes the associated tax credit.
- b) Stocks of units are stated at the lower of cost and bid value.
- c) Tangible fixed assets - motor vehicles and computer equipment are depreciated at an annual rate to write them down to their estimated residual value over their expected life, normally 3 years.
- d) Deferred taxation is provided for by the liability method in respect of short term timing differences and timing differences arising between the net book values and the tax written down values of fixed assets.

2. TURNOVER

The turnover of the Company amounted to £2,976,540 (1985 £1,262,346) and comprises gross income from dealing in units and management fees.

3. TAXATION

	1986 £	1985 £
Corporation tax at 36.25% (1985 41.25%)	238,839	87,092
Tax on franked income	19,860	6,492
Overseas tax	8,000	3,000
Deferred tax	<u>(4,552)</u>	<u>4,998</u>
	202,147	101,582
Double tax relief	(8,000)	(3,000)
Overprovision in prior years	<u>(224)</u>	<u>(11,175)</u>
	<u>253,923</u>	<u>87,407</u>

# JOHN GOVETT UNIT MANAGEMENT LIMITED

## NOTES ON THE ACCOUNTS (continued)

4. TANGIBLE FIXED ASSETS	Motor Vehicles £	Computer Equipment £	Total £
Cost - At 1st January 1986	27,611	25,031	52,642
Additions	44,802	12,750	57,552
Disposals	(6,888)	-	(6,888)
	<u>65,525</u>	<u>37,781</u>	<u>103,306</u>
Depreciation - At 1st January 1986	5,258	-	5,258
Provided in year	10,949	21,094	32,043
Eliminated on disposals	(3,688)	-	(3,688)
	<u>12,519</u>	<u>21,094</u>	<u>33,613</u>
Net Book Value - 31st December 1986	<u>53,006</u>	<u>16,687</u>	<u>69,693</u>
- 31st December 1985	<u>22,353</u>	<u>25,031</u>	<u>47,384</u>
5. CREDITORS		1986 £	1985 £
Trade creditors		3,396,571	1,100,747
Other creditors and accruals		<u>168,309</u>	<u>117,010</u>
		<u>3,564,880</u>	<u>1,217,757</u>
6. DEFERRED TAXATION			
Deferred taxation comprises corporation tax at 35% on the excess of capital allowances given over depreciation.			
7. CALLED UP SHARE CAPITAL		1986	1985
Authorised, issued and fully paid		500,000	100,000
Ordinary shares of £1 each		<u>500,000</u>	<u>100,000</u>
8. RESERVES		1986 £	1985 £
Capital Reserve on revaluation of subsidiary		42,177	10,956
Profit and Loss Account		<u>675,435</u>	<u>226,907</u>
		<u>717,612</u>	<u>237,863</u>
9. SUBSIDIARY COMPANY			
The wholly owned subsidiary company, John Govett Management (Guernsey) Limited incorporated in Guernsey, has been valued by the directors at net asset value shown in its audited accounts. Group accounts have not been prepared as this company is a wholly owned subsidiary of John Govett & Co. Limited.			
10. ULTIMATE HOLDING COMPANY			
The ultimate holding company is Berkeley Govett & Company Limited, a company incorporated in Jersey, Channel Islands.			

JOHN GOVETT UNIT MANAGEMENT LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the accounts set out on pages 3 to 6 in accordance with approved auditing standards.

In our opinion these accounts, which have been prepared under the historical cost convention including the revaluation of the subsidiary company, give a true and fair view of the state of affairs of the company at 31st December 1986 and of its profit for the year then ended and comply with the Companies Act 1985.

The financial statements do not contain a statement of source and application of funds as required by Statement of Standard Accounting Practice No. 10.

London

Arthur Young

21st January 1987

Chartered Accountants