

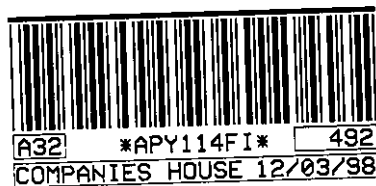
**LAZARD UNIT TRUST MANAGERS LIMITED**  
**FOR THE YEAR ENDED 31ST DECEMBER 1997**

**REGISTERED NUMBER: 1970853**

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## **LAZARD UNIT TRUST MANAGERS LIMITED**

### **BOARD OF DIRECTORS**

R P A Tyer (Managing Director)

M R Chapman

A D Hanson

M A D Holden

A R Jupp

T G Russell

R F Smith

C J K Yates

### **REPORT OF THE DIRECTORS**

The directors present their report and the financial statements for the year ended 31st December, 1997.

### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The company trades as a unit trust manager. The company expects to continue to trade in this way for the foreseeable future. At the end of the year there were fourteen Authorised Unit Trusts, eight Unauthorised Unit Trusts and two Common Investment funds under management.

The Company is regulated by the Investment Management Regulatory Organisation and the Personal Investment Authority.

### **RESULTS FOR THE YEAR**

The profit for the year after taxation was £1,519,828 (1996 - £2,992,584). Dividends amounting to £1,000,000 (1996 - £2,846,000) were paid during the year and a further dividend of £498,992 has been declared payable. £20,836 was transferred from profit and loss account to reserves.

### **DIRECTORS**

The present directors are listed above.

M A D Holden was appointed a director on 22 September and A D Hanson and A R Jupp were appointed directors on 1 January, 1998.

R K Berrill resigned as a director on 22 September, 1997, J H Chatfeild-Roberts on 1 January, 1998, T Cross Brown on 9th June, 1997, J Ellis on 19th September, 1997 and D Fuschillo on 1 December, 1997.

### **DIRECTORS' INTERESTS**

None of the directors had any interests in the shares of the company.

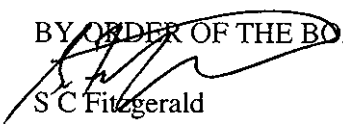
# **LAZARD UNIT TRUST MANAGERS LIMITED**

## **REPORT OF THE DIRECTORS** (continued)

### **DIRECTORS' RESPONSIBILITIES**

The directors are required to prepare financial statements which give a true and fair view of the state of affairs of the company and of its profit or loss for that period. In preparing those financial statements, the directors confirm that suitable accounting policies have been used and applied consistently and have made estimates that are reasonable and prudent and prepared the financial statements on the going concern basis. The directors also confirm that applicable accounting standards have been followed. The directors are responsible for keeping proper accounting records and 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.

BY ORDER OF THE BOARD

  
S C Fitzgerald  
Secretary

21 Moorfields  
London EC2P 2HT

6th February, 1998

## **LAZARD UNIT TRUST MANAGERS LIMITED**

### **REPORT OF THE AUDITORS TO THE MEMBERS OF LAZARD UNIT TRUST MANAGERS LIMITED**

We have audited the financial statements on pages 4 to 9.

#### **Respective responsibilities of directors and auditors**

As described in the directors' report, 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 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 information in the financial statements.

#### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31st December, 1997 and of its profit and total recognised gains for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Coopers & Lybrand.*

Coopers & Lybrand  
Chartered Accountants and Registered Auditors

London

6th February, 1998

**LAZARD UNIT TRUST MANAGERS LIMITED****PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31ST DECEMBER 1997**

	<u>Note</u>	<u>1997</u> £	<u>1996</u> £
TURNOVER	2	11,429,802	9,006,034
Administrative expenses	3	(9,517,479)	(4,813,877 )
		<hr/>	<hr/>
Operating profit		1,912,323	4,192,157
Interest receivable		288,724	239,584
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,201,047	4,431,741
Taxation on profit on ordinary activities	4	( 681,219 )	( 1,439,157 )
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,519,828	2,992,584
Dividends - paid during the year		(1,000,000 )	( 1,000,000 )
- declared payable		( 498,992 )	( 1,846,000 )
		<hr/>	<hr/>
TRANSFER TO RESERVES	8	20,836	146,584
		<hr/>	<hr/>

No gains or losses have been recognised in these financial statements other than those reflected in the Profit and Loss Account above and therefore no separate statement of total recognised gains and losses has been presented.

A reconciliation of the movement in shareholders' funds is shown in note 9.

All activities of the company are regarded as continuing.

There is no difference between the profit on ordinary activities before taxation and the transfer to reserves stated above, and their historical cost equivalents.

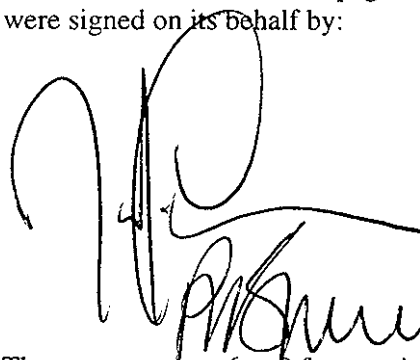
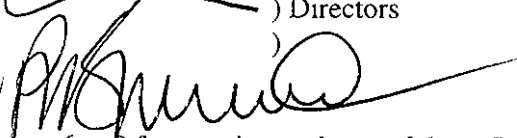
The notes on pages 6 to 9 form an integral part of these financial statements.

# LAZARD UNIT TRUST MANAGERS LIMITED

## BALANCE SHEET AT 31ST DECEMBER 1997

	<u>Note</u>	<u>1997</u> £	<u>1996</u> £
CURRENT ASSETS			
Debtors	5	40,989,663	4,989,598
Cash at Bank		3,177,831	3,198,804
		<hr/>	<hr/>
		44,167,494	8,188,402
CURRENT LIABILITIES			
Creditors due within one year	6	(42,905,094)	(6,946,838)
		<hr/>	<hr/>
NET ASSETS		1,262,400	1,241,564
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	7	50,000	50,000
Profit and loss account	8	1,212,400	1,191,564
		<hr/>	<hr/>
		1,262,400	1,241,564
		<hr/>	<hr/>

The financial statements on pages 4 to 9 were approved by the Board of Directors on 6th February, 1998 and were signed on its behalf by:

 ) Directors  
 )

The notes on page 6 to 9 form an integral part of these financial statements.

## LAZARD UNIT TRUST MANAGERS LIMITED

### NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1997

#### 1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom.

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention.

(b) Turnover.

Net income from transactions in units is reflected in the profit and loss account in accordance with note 2.

#### 2. TURNOVER

	<u>1997</u> £	<u>1996</u> £
Transactions in units of the unit trusts under management:		
Units sold	250,712,731	195,038,072
Units liquidated	207,325,328	107,729,658
	<hr/>	<hr/>
	458,038,059	302,767,730
Costs of units sold and liquidated	(457,137,563)	(302,116,538 )
Stamp duty	(174,588)	(115,278 )
	<hr/>	<hr/>
Net income from transactions in units	725,908	535,914
Management fees	10,703,894	8,470,120
	<hr/>	<hr/>
	<u>11,429,802</u>	<u>9,006,034</u>

Net income from transactions in units is arrived at after taking account of franked income amounting to £103,925 (1996 - £192,780).

## LAZARD UNIT TRUST MANAGERS LIMITED

### NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1997 (continued)

#### 3. ADMINISTRATIVE EXPENSES

- a) The Company has no direct employees. The directors receive no emoluments in respect of their services as directors of the company. The directors, and other staff involved in the company's operations, are employed by Lazard Asset Management Limited, are remunerated by that company and that remuneration is included in a management charged levied by that company.
- b) Profit on ordinary activities before taxation is stated after charging audit fees of £13,000 (1996 £4,000) and auditors' remuneration for non-audit services of £6,090 (1996- £2,056).

4.	TAXATION	<u>1997</u> £	<u>1996</u> £
	UK corporation tax at 31.49% (1996 - 33%)		
	Current	( 660,434 )	(1,398,858 )
	Prior year adjustment	-	(1,743 )
	Tax credits on franked income	( 20,785 )	(38,556 )
		<hr/>	<hr/>
		( 681,219 )	(1,439,157 )
		<hr/>	<hr/>

5.	DEBTORS	<u>1997</u> £	<u>1996</u> £
	Amounts due within one year:		
	Trade debtors	40,980,663	4,739,598
	Amounts due from holding company	9,000	-
	Amounts due from other group companies	-	250,000
		<hr/>	<hr/>
		40,989,663	4,989,598
		<hr/>	<hr/>



**LAZARD UNIT TRUST MANAGERS LIMITED****NOTES ON THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 1997 (continued)**

6.	<b>CREDITORS</b>	<u>1997</u> £	<u>1996</u> £
	Amounts due within one year:		
	Trade creditors	( 41,332,667 )	(3,078,133 )
	Taxation	(660,435 )	(1,398,858 )
	Other creditors	(13,000 )	(4,000 )
	Dividend payable	(498,992 )	(1,846,000 )
	Amounts due to ultimate holding company	(400,000 )	(597,000 )
	Amounts due to related company	-	(22,847 )
		<hr/>	<hr/>
		(42,905,094)	(6,946,838 )
		<hr/>	<hr/>
7.	<b>SHARE CAPITAL</b>	<u>1997</u> £	<u>1996</u> £
	Authorised, allotted, called up and fully paid: 50,000 ordinary shares of £1 each	50,000	50,000
		<hr/>	<hr/>
8.	<b>RESERVES</b>	<u>1997</u> £	<u>1996</u> £
	Profit and Loss Account:		
	At 1st January	1,191,564	1,044,980
	Profit for the year	20,836	146,584
		<hr/>	<hr/>
	At 31st December	1,212,400	1,191,564
		<hr/>	<hr/>

## **LAZARD UNIT TRUST MANAGERS LIMITED**

### **NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1997 (continued)**

9.	<b>RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS</b>	<u>1997</u> £	<u>1996</u> £
	Opening shareholders' funds	1,241,564	1,094,980
	Profit for the financial year	1,519,828	2,992,584
		<hr/>	<hr/>
		2,761,392	4,087,564
	Dividends	( 1,498,992)	( 2,846,000 )
		<hr/>	<hr/>
	Closing shareholders' funds	1,262,400	1,241,564
		<hr/>	<hr/>

#### 10. **CASH FLOW STATEMENT**

The company's immediate holding company is a wholly-owned subsidiary of an EU company which publishes consolidated financial statements that include a consolidated cash flow statement. It is, therefore, not required to produce a cash flow statement as part of these financial statements.

#### 11. **RELATED PARTY DISCLOSURES**

The company is exempt from disclosing transactions with related parties as it is part of a group whose ultimate holding company in the EU publishes consolidated financial statements.

#### 12. **ULTIMATE HOLDING COMPANY**

The company's immediate holding company is Lazard Asset Management Limited, a company registered in England and Wales.

The Company's ultimate controlling company is Lazard Frères & Co., LLC, a company registered in the USA.