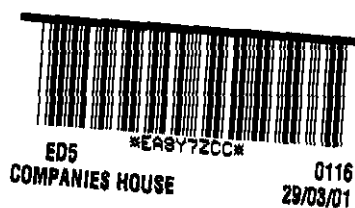


**RELIANCE UNIT MANAGERS LIMITED**

**DIRECTORS REPORT AND ACCOUNTS**

**31 DECEMBER 2000**



Registered and Administrative Office:

Reliance House, Tunbridge Wells, Kent TN4 8BL

Registered in England: No 724451

## RELIANCE UNIT MANAGERS LIMITED

### Notice of Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Members of Reliance Unit Managers Limited will be held at Reliance House, Mount Ephraim, Tunbridge Wells on Thursday 17 May 2001 for the following purposes:

1. To receive the Directors' Report and Accounts for the year ended 31 December 2000 and the Auditors' Report thereon.
2. To declare a final dividend of £10.00 per share.
3. To elect directors.
4. To appoint auditors and to fix their remuneration.

22 March 2001

By Order of the Board



A PRIOR  
Secretary

A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him and such person need not be a Member of the company.

## **RELIANCE UNIT MANAGERS LIMITED**

### **Report of Directors**

Directors:           P E Oldham MA                   (Chairman)  
                      W J Cain BCom FCA  
                      L M Etheridge Bsc FIA  
                      C B Russell FFA FTII

Secretary:           A Prior LLB ACIS

The directors submit their Report and Accounts for the year ended 31 December 2000.

### **Principal Activity**

The principal activity of the company is the management of The British Life Unit Trust.

### **Review of the Year**

The profit for the year before tax was £708,705 and there were retained losses after tax and dividends of £3,597 (1999 loss £298,537). The directors consider that the level of activity and the year end financial position are satisfactory. The number of units in issue has grown slightly during the year to 51,618,000.

### **Dividend**

A final dividend of £10.00 per share is recommended (1999 - £15.00). During the year no interim dividends were paid (1999 - nil).

### **Financial Services Act**

The company is a member of the Investment Management Regulatory Organisation and of the Personal Investment Authority.

## **Directors and their Interests**

The directors listed on page 2 held office throughout the year with the exception of Mr Cain who was appointed on 13 July 2000. In addition Mr S C James served as a director and as chairman until he resigned from the board on 13 July 2000. Mr Oldham was appointed chairman from that date.

Mr Cain retires and, being eligible, offers himself for election.

Mr Oldham retires by rotation and, being eligible, offers himself for re-election.

No director held shares beneficially in the company.

## **Statement of Directors' Responsibilities**

Company law requires the directors to be responsible for the preparation of accounts for each financial year which give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period. In preparing those accounts 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 accounts;
- . prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for ensuring proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts 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.

## **Auditors**

Fraser Russell, the auditors appointed at the previous Annual General Meeting, have merged their practice with that of Baker Tilly. Baker Tilly have signified their willingness to continue in office as auditors and resolutions concerning their re-appointment and remuneration will be proposed at the Annual General Meeting.

By Order of the Board



A PRIOR  
Secretary

22 March 2001

## **AUDITORS' REPORT TO THE SHAREHOLDERS OF**

### **RELIANCE UNIT MANAGERS LIMITED**

We have audited the accounts of the company on pages 5 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

#### **Respective Responsibilities of Directors and Auditors**

As described on page 3 the company's Directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and 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 consider necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts 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 accounts.

#### **Opinion**

In our opinion the accounts give a true and fair view of the state of the company's affairs at 31 December 2000 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Baker Tilly*  
BAKER TILLY  
Chartered Accountants  
and Registered Auditors

22 March 2001

2 Bloomsbury Street  
LONDON WC1B 3ST

RELIANCE UNIT MANAGERS LIMITED

Profit & Loss Account for the year ended 31st December 2000

	NOTE	2000 £	1999 £
<b>TRADING PROFIT</b>			
Turnover	2	4,455,409	9,675,653
Cost of sales		3,525,613	8,830,591
Gross profit		929,796	845,062
Administrative expenses		264,886	236,940
Operating profit		664,910	608,122
<b>OTHER INCOME</b>			
Other operating income	4	1,033	1,258
Other interest receivable	5	42,762	37,323
Profit on ordinary activities before taxation		708,705	646,703
Tax on profit on ordinary activities	6	212,302	195,240
Profit on ordinary activities after taxation		496,403	451,463
Final Dividend proposed	7	500,000	750,000
Retained profit for the year		(3,597)	(298,537)
Retained profits brought forward		49,536	348,073
Retained profits carried forward		45,939	49,536

There are no recognised gains or losses other than those stated above.

Turnover and operating profit derive from continuing activities.

RELIANCE UNIT MANAGERS LIMITED

Balance Sheet at 31st December 2000

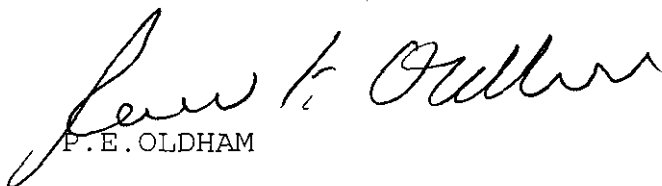
	NOTE	2000 £	1999 £
<b>CURRENT ASSETS</b>			
Manager's stock of units	8	67,186	33,205
Debtors	9	214,472	215,482
Short-term deposits		644,049	867,546
		-----	-----
		925,707	1,116,233
<b>CREDITORS</b>			
Amounts falling due within one year	10	829,768	1,016,697
		-----	-----
Total assets less current liabilities		95,939	99,536
		=====	=====
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	50,000	50,000
Profit and loss account		45,939	49,536
		-----	-----
<b>EQUITY SHAREHOLDERS FUNDS</b>	12	95,939	99,536
		=====	=====

Approved by the Board on 22 March 2001



L.M. ETHERIDGE

Director



Director

RELIANCE UNIT MANAGERS LIMITED

Notes to the Accounts for the year ended 31st December 2000

1 ACCOUNTING POLICIES

(a) Accounting convention.

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards.

(b) Cash flow statement.

Financial Reporting Standard 1 does not require a company to prepare a cash flow statement if consolidated financial statements including the company are publicly available. The company is included within the consolidated accounts of Reliance Mutual Insurance Society Limited and accordingly a cash flow statement has not been produced.

(c) Manager's stock of units

These units are shown at the lower of cost or bid price on the balance sheet date.

2 ANALYSIS OF TURNOVER AND OPERATING PROFIT

	2000		1999	
	Turnover £	Attributable operating profit £	Turnover £	Attributable operating profit £
Trading in units	1,445,702	(249,034)	6,989,228	(219,620)
Management participation	3,009,707	913,944	2,686,425	827,742
	-----	-----	-----	-----
	4,455,409	664,910	9,675,653	608,122
	-----	-----	-----	-----

3 DIRECTORS AND EMPLOYEES

All staff are employed by the parent undertaking. Management charges levied on units owned by other group companies are rebated to those Companies in lieu of management services received in excess of amounts specifically charged. Directors' and audit fees are paid by the parent undertaking and are reflected in the overall contribution for management expenses.



	2000 £	1999 £
<b>4 OTHER OPERATING INCOME</b>		
Net distributions received on Manager's stock of units	1,033	1,258
	-----	-----
<b>5 OTHER INTEREST RECEIVABLE</b>		
Income from bank and other short-term deposits	42,762	37,323
	-----	-----
<b>6 TAX ON PROFIT ON ORDINARY ACTIVITIES</b>		
UK tax at 30% (1999: 30.25%) on profits during the year	212,302	195,240
	-----	-----
<b>7 FINAL DIVIDEND PROPOSED</b>		
Proposed dividend £10 per share (1999 - £15 per share)	500,000	750,000
	-----	-----
<b>8 MANAGER'S STOCK OF UNITS</b>		
At cost price	67,481	33,205
At bid price	67,186	33,814
	-----	-----
<b>9 DEBTORS</b>		
Accrued income	207,777	209,892
Other debtors	6,695	5,590
	-----	-----
	214,472	215,482
	-----	-----
<b>10 CREDITORS</b>		
Due within one year:		
Owed to parent undertaking	110,747	67,834
Corporation tax payable	212,302	195,240
Other creditors	6,719	3,623
Dividend payable	500,000	750,000
	-----	-----
	829,768	1,016,697
	-----	-----

	2000 £	1999 £
<b>11 SHARE CAPITAL</b>		
Ordinary shares of £1 each:		
Authorised	100,000	100,000
Issued, called up and fully paid	50,000	50,000
	-----	-----

<b>12 SHAREHOLDER'S FUNDS</b>		
Opening shareholders funds	99,536	398,073
Profit after taxation	496,403	451,463
Dividends proposed	(500,000)	(750,000)
	-----	-----
Closing shareholders funds	95,939	99,536
	-----	-----

**13 CONTINGENCIES AND COMMITMENTS**

There were no contingent liabilities or capital commitments at 31st December 2000 or 1999.

**14 TRANSACTIONS WITH RELATED PARTIES**

The Company entered into no material transactions with related parties other than the parent undertaking and other group undertakings. Advantage has been taken of the exemption given by Financial Reporting Standard 8 whereby the disclosure of transactions with group undertakings has not been made as the company is included within the consolidated accounts of Reliance Mutual Insurance Society Limited.

**15 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The Company is a wholly-owned subsidiary of Reliance Mutual Insurance Society Limited which is registered in Great Britain.