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RELIANCE UNIT MANAGERS LIMITED

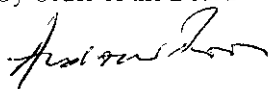
Notice of Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Members of Reliance Unit Managers Limited will be held at The Great Hall, Mount Pleasant Road, Tunbridge Wells on 18 May 2006 for the following purposes:

1. To receive the Directors' Report and Accounts for the year ended 31 December 2005 and the Auditors' Report thereon.
2. To declare a final dividend of £5.92 per share.
3. To elect directors.
4. To appoint auditors and to determine their remuneration.

14 March 2006

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
R P J Randall BSc FIA
C B Russell FFA FTII
F B Sanjana BA FCII

Secretary: A Prior LLB ACIS

The directors present their report and audited financial statements for the year ended 31 December 2005.

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 £423,000 (2004 - £317,000). The directors consider that the level of activity and the year end financial position are satisfactory.

Dividend

A final dividend of £5.92 per share is recommended (2004 - proposed dividend £4.44). During the year no interim dividends were paid (2004 - nil). The 2004 proposed dividend of £4.44 per share, totalling £222k, was paid during 2005.

Future Developments

Reliance Unit Managers Ltd will continue in the trading and administration of the British Life Unit Trust.

Financial Services Act

The company is regulated by the Financial Services Authority.

Directors and their Interests

The directors listed above held office throughout the year.

Messrs Cain and Etheridge retire by rotation and, being eligible, offer themselves for re-election.

No director has any beneficial interest in shareholdings in the company. Messrs Oldham, Etheridge and Russell each hold one ordinary share in the company as nominees of the parent undertaking Reliance Mutual Insurance Society Limited. All directors are members of Reliance Mutual Insurance Society Limited and as such are also policyholders.

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 confirm that the accounts comply with these requirements.

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.

Financial Risk Management

The Company is exposed to financial risk through its financial assets. The key components of this financial risk are market risk and liquidity risk.

Market risk

The Company's policy is to minimise exposure to market risk. This is achieved by keeping the manager's stock of units within a specified range.

Other investments must be held as cash.

Liquidity risk

Liquidity risk is the risk that cash may not be available to meet outgoing payments as and when required at a reasonable cost.

The Company's policy is to have cash available to meet outgoing payments as and when required. Cash is always held on short term deposit and on call.

Auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the Company will be proposed at the Annual General Meeting.

By Order of the Board



A PRIOR
Secretary

14 March 2006

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF RELIANCE UNIT MANAGERS LIMITED

We have audited the financial statements of Reliance Unit Managers Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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.

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
14 March 2006

RELIANCE UNIT MANAGERS LIMITED

Profit and Loss Account for the year ended 31 December 2005

	Note	2005 £000	Restated 2004 £000
Turnover	2	658	546
Administrative expenses	3	(251)	(245)
Operating profit		<u>407</u>	<u>301</u>
Interest Receivable	5	16	16
Profit on ordinary activities before taxation		<u>423</u>	<u>317</u>
Tax on profit on ordinary activities	6	(127)	(95)
Profit for the financial year		<u>296</u>	<u>222</u>
 Dividends	 7	 222	 203
Retained profit for the financial year		<u>74</u>	<u>19</u>

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

Turnover and operating profit derive from continuing activities.

The notes on pages 7 to 10 form an integral part of these financial statements.

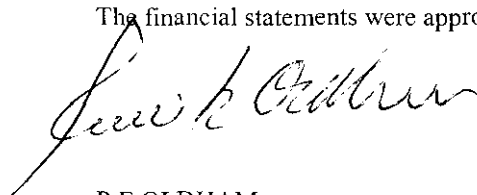
RELIANCE UNIT MANAGERS LIMITED

Balance Sheet at 31 December 2005

	Note	2005 £000	Restated 2004 £000
Current Assets			
Investments	8	308	277
Debtors	9	209	175
Cash at bank and in hand		76	85
		<hr/> 593	<hr/> 537
Creditors: amounts falling due within one year	10	(196)	(214)
		<hr/>	<hr/>
Total assets less current liabilities		397	323
		<hr/>	<hr/>
Capital and Reserves			
Called up share capital	11	50	50
Profit and loss account		347	273
		<hr/>	<hr/>
Equity shareholders' funds	12	397	323
		<hr/>	<hr/>

The notes on pages 7 to 10 form an integral part of these financial statements.

The financial statements were approved by the Board on 14 March 2006 and signed on its behalf by



P E OLDHAM
Chairman



L M ETHERIDGE
Director

RELIANCE UNIT MANAGERS LIMITED

Notes to the Accounts for the year ended 31 December 2005

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards. The 2004 comparatives have been revised following the implementation of Financial Reporting Standard (FRS) 21 in relation to the treatment of proposed dividends.

Cash flow statement

The Company has taken advantage of the Financial Reporting Standard 1 (Revised) exemption from producing a cash flow statement. This exemption is available because the Company's parent produces consolidated financial statements which are publicly available.

Turnover

Turnover, which arose entirely in the United Kingdom from the management of The British Life Unit Trust comprises:

- The trading loss is recognised from the dealing in units of the British Life Unit Trust. This arises from the proceeds of creations of units, the sale and purchase of units net of discount less stamp duty and the movement between opening and closing stock of units valued at the lower of cost and net realisable value.
- Remuneration from the management of The British Life Unit Trust. This income is accrued on a monthly basis and is determined by reference to the Scheme Particulars. Remuneration from managing the unit trust is stated net of rebates.

Interest receivable

Interest receivable is accounted for on an accruals basis.

Stocks

The stock of units is held for sale or liquidation and has been valued at the lower of cost or bid price on the balance sheet date.

Allocation of expenditure

Administrative expenses includes amounts charged by the parent company on a basis that reasonably reflects the costs applicable to the company.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Restatement

The 2004 comparatives have been restated to take account of the implementation of FRS21 in relation to the treatment of proposed dividends.

As a result, the profit for the financial year in 2004 now excludes any proposed dividend payments as does creditors due in less than one year. The profit and loss account reserves at 1 January 2005 have been increased by £222k (2004 : £203k).

2. TURNOVER

Turnover represents the following:

	2005 £000	2004 £000
Trading loss from unit dealing	(5)	(14)
Remuneration from managing the trust	661	559
Other income	2	1
	<hr/> 658	<hr/> 546

All turnover was earned in the UK from the management of The British Life Unit Trust.

3. ADMINISTRATIVE EXPENSES

Administrative expenses relating to the company are initially borne by the parent company Reliance Mutual Insurance Society Limited. A charge is levied by the Society to the company in respect of expenses relating to the company.

4. DIRECTORS, AUDITORS AND EMPLOYEES

The company had no direct employees during the year (2004: nil). The employee costs, including pension costs are included in the charge from Reliance Mutual Insurance Society Limited noted above. The pension scheme operated is primarily a defined benefit scheme, however it is not possible to separately identify the amount of any surpluses or deficits in the scheme which relates to the company. Details of the pension scheme can be found in the accounts of Reliance Mutual Insurance Society Limited.

The remuneration of the auditors for the period in respect of audit work is borne by Reliance Mutual Insurance Society Limited. There were no fees relating to non-audit services paid to the auditors during the period (2004: nil).

None of the directors receives any remuneration from the company for their services. (2004: £nil).

5. INTEREST RECEIVABLE

	2005 £000	2004 £000
Income from bank and other short-term deposits	<hr/> 16	<hr/> 16

	2005 £000	Restated 2004 £000
6. <u>TAX ON PROFIT ON ORDINARY ACTIVITIES</u>		
Factors affecting the tax charge for the year are as follows:		
Profit on ordinary activities before tax	423	318
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2004: 30%)	127	95
7. <u>DIVIDENDS</u>		
Final paid (2004) £4.44 per £1 share (Final paid (2003): £4.06 per £1 share)	222	203
The directors propose a dividend of £5.92 per share (totalling £296,000) for the year ended 31 December 2005. The dividend will be submitted for formal approval at the Annual General Meeting to be held on 18 May 2006. These financial statements do not reflect this dividend payable, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the year ended 31 December 2006.		
8. <u>INVESTMENTS</u>		
Manager's stock of units	42	23
Bank deposits	266	254
	308	277
9. <u>DEBTORS</u>		
Trade debtors	201	168
Other debtors	8	7
	209	175
10. <u>CREDITORS</u>		
Due within one year:		
Amounts owed to parent undertaking	126	118
Corporation tax payable	67	95
Other creditors	3	1
	196	214
11. <u>SHARE CAPITAL</u>		
Ordinary equity shares of £1 each:		
100,000 Authorised	100	100
50,000 Issued, called up and fully paid	50	50

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share Capital £000	Profit & Loss Account £000	Total Shareholders Funds £000
At 1 January 2005 as previously stated	50	51	101
Prior year adjustment	-	222	222
At 1 January 2005 as restated	50	273	323
Profit on ordinary activities after taxation	-	296	296
Dividends paid (note 7)	-	(222)	(222)
At 31 December 2005	50	347	397

The prior year adjustment relates to the implementation of FRS21 "Events after the Balance Sheet Date" in relation to the required treatment of proposed dividends.

13. CONTINGENCIES AND COMMITMENTS

There were no contingent liabilities or capital commitments at 31 December 2005 or 2004.

14. TRANSACTIONS WITH RELATED PARTIES

As the company is a wholly owned subsidiary undertaking it has, in accordance with Financial Reporting Standard 8 (Related Party Transactions), taken advantage of the exemption not to disclose transactions and year end balances with either its parent undertaking or fellow subsidiaries.

In both 2005 and 2004 the company acted as a manager for one authorised unit trust. Amounts in respect of unit creations and management charges are shown below. There were no unit trust liquidations in either year. No amounts were due from the trustees in respect of creations and liquidations at the end of either accounting period.

	2005 £000	2004 £000
Value of units created	3,997	19,696
Gross management charges received	2,594	2,195
Management charges due at 31 December	201	168
Distributions received from British Life Unit Trust	2	1

The company also acts as registrar of the Trust, for which it does not charge any fee.

There were no other transactions between the company and related parties for the year ended 31 December 2005.

15. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company is a wholly-owned subsidiary of Reliance Mutual Insurance Society Limited (incorporated in England). The Society prepares group accounts, a copy of which is available from Reliance Mutual Insurance Society Limited, The Great Hall, Mount Pleasant Road, Tunbridge Wells, Kent TN1 1RG.