

**RELIANCE UNIT MANAGERS LIMITED**

**DIRECTORS' REPORT AND ACCOUNTS**

**31 DECEMBER 2006**

FRIDAY



\*AS7V4NWR\*

A22

16/03/2007

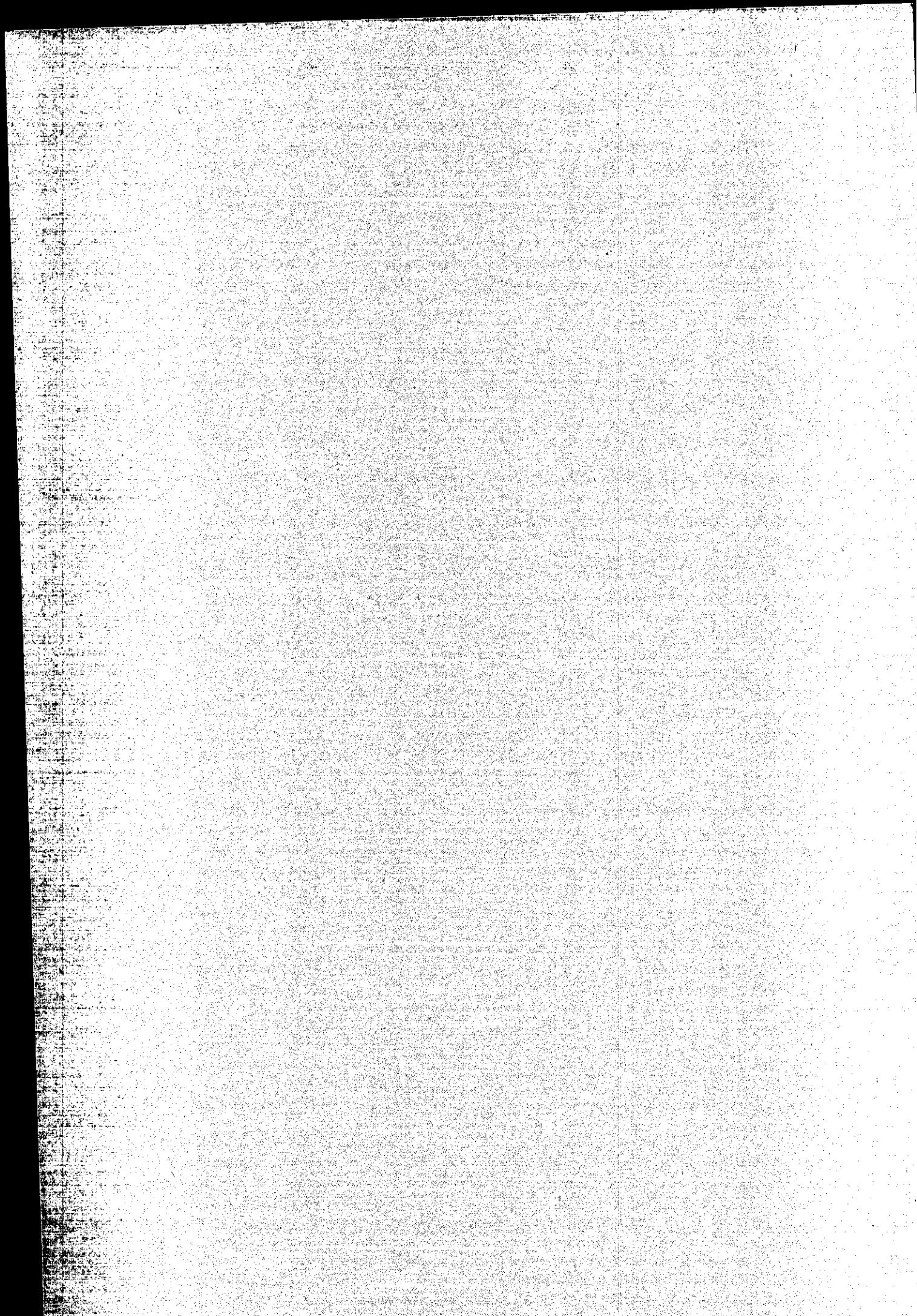
606

COMPANIES HOUSE

**Registered and Administrative Office:**

**The Great Hall, Mount Pleasant Road, Tunbridge Wells, Kent TN1 1RG**

**Registered in England: No 724451**



## RELIANCE UNIT MANAGERS LIMITED

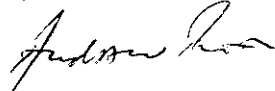
### Notice of Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Members of Reliance Unit Managers Limited will be held at The Great Hall, Mount Pleasant Road, Tunbridge Wells on 17 May 2007 for the following purposes:

1. To receive the Directors' Report and Accounts for the year ended 31 December 2006 and the Auditors' Report thereon.
2. To declare a final dividend of £7.90 per share.
3. To elect directors.
4. To re-appoint auditors and to determine their remuneration.

13 March 2007

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  
M Goodale BA FIA (Appointed 1 July 2006)  
R P J Randall BSc FIA  
C B Russell FFA FTII  
F B Sanjana BA FCII  
L M Etheridge BSc FIA (Resigned 30 June 2006)

Secretary: A Prior LLB ACIS

The directors present their report and audited financial statements for the year ended 31 December 2006.

### **Principal Activity**

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

### **Business Review**

The profit for the year before tax was £564,000 (2005 - £423,000). The company has net assets of £496,000 (2005 - £397,000). The directors consider that the level of activity and the year end financial position are satisfactory.

### **Dividend**

A final dividend of £7.90 per share is recommended (2005 – proposed dividend £5.92). During the year no interim dividends were paid (2005 - nil). The 2005 proposed dividend of £5.92 per share, totalling £296,000, was paid during 2006.

### **Future Outlook**

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

### **Principal Risks and Uncertainties**

The management of the business is subject to some risks which are considered to largely be financial risks. These risks and their management are discussed further on page 3.

### **Key Performance Indicators (“KPIs”)**

Given the straightforward nature of the business, the company’s directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

### **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 Randall and Sanjana retire by rotation and, being eligible, offer themselves for re-election. Having been appointed during the year, Mr Goodale resigns and offers himself for re-election.

No director has any beneficial interest in shareholdings in the company. Messrs Oldham, Goodale 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.

#### **Statement of disclosure of information to auditors**

The directors in office at the time this report is approved, confirm:

- so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- each director has taken all the steps that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of the information.

#### **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***

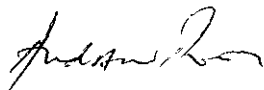
Liquidity risk is the risk that cash may not be available to meet outgoing payments as and when required at a reasonable cost.

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 handwritten signature in dark ink, appearing to read 'A Prior', written over the printed name.

A PRIOR  
Secretary

13 March 2007

**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 2006 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**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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 whether in our opinion the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

**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
- the financial statements have been properly prepared in accordance with the Companies Act 1985.
- the information given in the Directors' Report is consistent with the financial statements.

*PricewaterhouseCoopers LLP*

PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
London  
13 March 2007

## RELIANCE UNIT MANAGERS LIMITED

### Profit and Loss Account for the year ended 31 December 2006

	Note	2006 £000	2005 £000
Turnover	2	815	658
Administrative expenses	3	(265)	(251)
<b>Operating profit</b>		<u>550</u>	<u>407</u>
Interest Receivable	5	14	16
<b>Profit on ordinary activities before taxation</b>		<u>564</u>	<u>423</u>
Tax on profit on ordinary activities	6	(169)	(127)
<b>Profit for the financial year</b>		<u>395</u>	<u>296</u>
<b>Dividends</b>	7	296	222
<b>Retained profit for the financial year</b>		<u>99</u>	<u>74</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 8 to 11 form an integral part of these financial statements.



# RELIANCE UNIT MANAGERS LIMITED

## Balance Sheet at 31 December 2006

	Note	2006 £000	2005 £000
<b>Current Assets</b>			
Investments	8	406	308
Debtors	9	251	209
Cash at bank and in hand		54	76
		<hr/> 711	<hr/> 593
<b>Creditors: amounts falling due within one year</b>	10	(215)	(196)
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		496	397
		<hr/>	<hr/>
<b>Capital and Reserves</b>			
Called up share capital	11	50	50
Profit and loss account		446	347
		<hr/>	<hr/>
<b>Equity shareholders' funds</b>	12	496	397
		<hr/>	<hr/>

The notes on pages 8 to 11 form an integral part of these financial statements.

The financial statements on pages 6 to 7 were approved by the Board on 13 March 2007 and signed on its behalf by



P E OLDHAM  
Chairman



M GOODALE  
Director

# RELIANCE UNIT MANAGERS LIMITED

## Notes to the Accounts for the year ended 31 December 2006

### 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.

#### **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 result 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.

#### **Investments**

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.

2. TURNOVER

Turnover represents the following:

	2006 £000	2005 £000
Trading profit/(loss) from unit dealing	36	(5)
Remuneration from managing the trust	776	661
Other income	3	2
	<hr/> 815	<hr/> 658

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 (2005: 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 (2005: nil).

None of the directors receives any remuneration from the company for their services. (2005: £nil).

2006 £000	2005 £000
--------------	--------------

5. INTEREST RECEIVABLE

Income from bank and other short-term deposits	<hr/> 14	<hr/> 16
--	----------	----------

2006	2005
£000	£000

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

Factors affecting the tax charge for the year are as follows:

Profit on ordinary activities before tax	564	423
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2005: 30%)	169	127

7. DIVIDENDS

Final paid (2005) £5.92 per £1 share (Final paid (2004): £4.44 per £1 share)	296	222
--	-----	-----

The directors propose a dividend of £7.90 per share (totalling £395,000) for the year ended 31 December 2006. The dividend will be submitted for formal approval at the Annual General Meeting to be held on 17 May 2007. These financial statements do not reflect this proposed dividend.

8. INVESTMENTS

Manager's stock of units	45	42
Deposits with credit institutions	361	266
	406	308

9. DEBTORS

Trade debtors	243	201
Other debtors	8	8
	251	209

10. CREDITORS

Due within one year:		
Amounts owed to parent undertaking	102	126
Corporation tax payable	102	67
Other creditors	11	3
	215	196

11. SHARE CAPITAL

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 2006	50	347	395
Profit on ordinary activities after taxation	-	395	395
Dividends paid (note 7)	-	(296)	(296)
At 31 December 2006	50	446	496

13. CONTINGENCIES AND COMMITMENTS

There were no contingent liabilities or capital commitments at 31 December 2006 or 2005.

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 2006 and 2005 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.

	2006 £000	2005 £000
Value of units created	5,509	3,997
Gross management charges received	3,074	2,594
Management charges due at 31 December	243	201
Distributions received from British Life Unit Trust	3	2

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 2006.

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.