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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 Charing Cross Hotel, Strand, London at 12.10 p.m. on Thursday 21 May 2009 for the following purposes:

1. To receive the Directors' Report and financial statements for the year ended 31 December 2008 and the Auditors' Report thereon.
2. To declare a final dividend of £7.32 per share.
3. To elect directors.
4. To re-appoint auditors and to determine their remuneration.

30 March 2009

By Order of the Board



R EASTWOOD
Company 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 S Creedon FIA ASA MAAA FSAI	(Chairman, resigned 31 May 2008) (Appointed Director 11 March 2008, Chairman 1 June 2008)
	W J Cain BCom FCA M Goodale BA FIA R P J Randall BSc FIA C B Russell FFA FTII F B Sanjana BA FCII N A Sherry ACII	(Appointed 24 March 2009)
Company Secretary:	R Eastwood FCA	

The directors present their report and audited financial statements for the year ended 31 December 2008.

Principal Activity

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

Business Review and Results

The profit for the year before tax was £511,000 (2007 - £589,000). The company has net assets of £466,000 (2007 - £513,000). The directors consider that the level of activity and the year end financial position are satisfactory.

The level of funds under management in the British Life Unit Trust decreased by approximately £134m in the year due to an unprecedented change in market conditions.

Dividend

A final dividend of £7.32 per share is recommended (2007 – proposed dividend £8.24). During the year no interim dividends were paid (2007 - nil). The 2007 proposed dividend of £8.24 per share, totalling £412,000, was paid during 2008.

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 and up to the date of signing the financial statements unless stated otherwise.

Messrs Cain and Russell will retire by rotation at the AGM and, being eligible, Mr Cain offers himself for re-election. Having been appointed since the last Annual General Meeting, Mr Sherry resigns and offers himself for election.

No director has any beneficial interest in shareholdings in the company. Messrs Creedon, 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 prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Principles. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently in the preparation of the financial statements. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2008 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements 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. This is monitored daily.

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.

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By Order of the Board

A handwritten signature in black ink, appearing to be 'R Eastwood', written over the printed name.

R EASTWOOD
Company Secretary

30 March 2009

**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 2008 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 information given in 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 the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

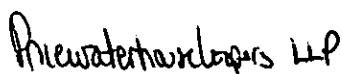
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
30 March 2009

RELIANCE UNIT MANAGERS LIMITED

Profit and Loss Account for the year ended 31 December 2008

	Note	2008 £000	2007 £000
Turnover	2	848	965
Administrative expenses	3	(360)	(406)
Operating profit		<u>488</u>	<u>559</u>
Interest Receivable	5	23	30
Profit on ordinary activities before taxation		<u>511</u>	<u>589</u>
Tax on profit on ordinary activities	6	(146)	(177)
Profit for the financial year		<u>365</u>	<u>412</u>
Dividends	7	(412)	(395)
(Loss)/retained profit for the financial year		<u>(47)</u>	<u>17</u>

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

All results derive from continuing activities.

The notes on pages 8 to 12 form an integral part of these financial statements.

RELIANCE UNIT MANAGERS LIMITED

Balance Sheet at 31 December 2008

	Note	2008 £000	2007 £000
Current Assets			
Debtors	9	260	294
Investments	8	35	1,111
Cash at bank and in hand		345	61
		<hr/> 640	<hr/> 1,466
Creditors: amounts falling due within one year	10	(174)	(953)
Net assets		<hr/> 466	<hr/> 513
		<hr/>	<hr/>
Capital and Reserves			
Called up share capital	11	50	50
Profit and loss account	12	416	463
		<hr/>	<hr/>
Total shareholder's funds	12	<hr/> 466	<hr/> 513

The notes on pages 8 to 12 form an integral part of these financial statements.

The financial statements on pages 6 to 12 were approved by the Board on 30 March 2009 and signed on its behalf by



S CREEDON
Chairman



M GOODALE
Director

RELIANCE UNIT MANAGERS LIMITED

Notes to the Accounts for the year ended 31 December 2008

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 United Kingdom accounting standards. The following accounting policies have been applied consistently:

Cash flow statement

The Company has taken advantage of the Financial Reporting Standard 1 (Revised 1996) 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 to related parties within the Reliance Mutual Insurance Society Group and Reliance Pension Scheme.

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 and are recognised on an accruals basis.

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 and is un-discounted.

2. TURNOVER

Turnover represents the following:

	2008 £000	2007 £000
Trading (loss)/profit from unit dealing	(16)	44
Remuneration from managing the trust	864	920
Other income	-	1
	<u>848</u>	<u>965</u>

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 (2007: 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. The amount allocated to the company was £11,000 (2007: £10,000). There were no fees relating to non-audit services paid to the auditors during the period (2007: nil).

None of the directors receives any remuneration from the company for their services. (2007: £nil). The amount allocated to operating this business by Reliance Mutual Insurance Society Limited, was £35,000 (2007: £28,000).

5. INTEREST RECEIVABLE

	2008 £000	2007 £000
Income from bank and other short-term deposits	<u>23</u>	<u>30</u>

	2008 £000	2007 £000
6. <u>TAX ON PROFIT ON ORDINARY ACTIVITIES</u>		
UK current year taxation:		
UK Corporation tax	52	177
Amount payable to a fellow subsidiary in respect of tax saved by group relief	94	-
Total current tax	146	177

The corporation tax payable for the year has been reduced by £94,000 because of group relief received from a fellow subsidiary, for which a payment of £94,000 will be made.

There is no difference between the total current tax charge for the year and that using the standard effective rate of corporation tax in the UK for the year ended 31 December 2008 of 28.5% (2007: 30%).

The standard rate of Corporation Tax in the UK changed from 30% to 28% with effect from April 2008. Accordingly, the Company's profits for this accounting period are taxed at an effective rate of 28.5% and will be taxed at 28% in the future.

There are no unrecognised deferred tax assets or liabilities.

	2008 £000	2007 £000
7. <u>DIVIDENDS</u>		
Final paid (2007) £8.24 per £1 share (Final paid (2006): £7.90 per £1 share)	412	395

	2008 £000	2007 £000
8. <u>INVESTMENTS</u>		
Manager's stock of units	35	88
Deposits with credit institutions	-	1,023
	35	1,111

	2008 £000	2007 £000
9. <u>DEBTORS</u>		
Corporation tax receivable	82	-
Trade debtors	173	280
Other debtors	5	14
	260	294

	2008 £000	2007 £000
10. <u>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</u>		
Amounts owed to parent undertaking	80	850
Amounts owed to fellow subsidiary undertaking	94	-
Corporation tax payable	-	81
Other creditors	-	22
	<hr/> 174	<hr/> 953

	2008 £000	2007 £000
11. <u>SHARE CAPITAL</u>		
Ordinary equity shares of £1 each:		
100,000 Authorised	100	100
50,000 Issued, called up and fully paid	<hr/> 50	<hr/> 50

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2008 Share Capital £000	2008 Profit & Loss Account £000	2008 Total Shareholders Funds £000	2007 Total Shareholders Funds £000
At 1 January	50	463	513	496
Profit on ordinary activities after taxation	-	365	365	412
Dividends paid (note 7)	-	(412)	(412)	(395)
At 31 December	<hr/> 50	<hr/> 416	<hr/> 466	<hr/> 513

13. CONTINGENCIES AND COMMITMENTS

There were no contingent liabilities or capital commitments at 31 December 2008 or 2007.

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.

14. TRANSACTIONS WITH RELATED PARTIES (cont)

In both 2008 and 2007 the company acted as a manager for one authorised unit trust. The unit trust is managed under a management contract by the company who decide upon and manage all the unit trust's investment activities. As a result the unit trust is classed as a related party. 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.

	2008 £000	2007 £000
Value of units created	-	45,800
Gross management charges received	3,408	3,621
Management charges due at 31 December	173	280
Distributions received from British Life Unit Trust	2	1
Rebated management charges	(2,544)	(2,701)

Rebated management charges include rebates to the company's parent undertaking and fellow subsidiary undertakings at a rate of 75% of the relevant gross management charge. Rebates to Reliance Pension Scheme are at a rate of 87.5% of the relevant gross management charge and totalled £78,000 in the year (2007: £90,000).

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

15. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company is a wholly-owned subsidiary of its immediate parent undertaking and ultimate controlling party, 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.