

RELIANCE UNIT MANAGERS LIMITED

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

31 DECEMBER 2011

Registered and Administrative Office

Reliance House, 6 Vale Avenue, Tunbridge Wells, Kent TN1 1RG

Registered in England No 724451

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COMPANIES HOUSE

REPORT OF THE DIRECTORS

Directors	S Creedon FIA ASA MAAA FSAI W Au MSc FCMA M Goodale BA FIA R P J Randall BSc FIA F B Sanjana MA FCII N A Sherry ACII	Chairman
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Company Secretary R Eastwood FCA

The directors present their report and audited financial statements for the year ended 31 December 2011 for Reliance Unit Managers Limited (registered number 724451)

Principal Activity

The principal activity of Reliance Unit Managers Limited ("the Company") is the management of The British Life Unit Trust

Business Review and Results

The profit for the year before tax was £425,000 (2010 £447,000) The Company has net assets of £412,000 (2010 £422,000) 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 £39m due to the decline in markets in 2011

Dividend

A final dividend of £6 22 per share is recommended totalling £311,000 During the year no interim dividends were paid (2010 - nil) The 2010 proposed dividend of £6 44 per share, totalling £322,000, was paid during 2011

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 be largely financial risks These risks and their management are discussed further on page 2

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 on page 1 held office throughout the year and up to the date of signing the financial statements unless stated otherwise

Ms Au and Mr Sherry will retire by rotation at the AGM and being eligible, offer themselves for re-election

No director has any beneficial interest in shareholdings in the Company. Messrs Creedon, Goodale and Sherry 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

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and 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 2006. 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 they ought to have taken in their duty as a director in order to make themselves 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 should 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



R EASTWOOD
Company Secretary

22 March 2012

**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 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, on page 2 of the financial statements, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report and audited financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

G. Phillips

Gavin Phillips (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
22 March 2012

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011 £000	2010 £000
Turnover	2	849	837
Administrative expenses	3	(426)	(393)
Operating profit		<u>423</u>	<u>444</u>
Interest Receivable	5	2	3
Profit on ordinary activities before taxation		<u>425</u>	<u>447</u>
Tax on profit on ordinary activities	6	(113)	(125)
Profit for the financial year		<u>312</u>	<u>322</u>

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

All results derive from continuing activities

The notes on pages 7 to 11 form an integral part of these financial statements

BALANCE SHEET
At 31 December 2011

	Note	2011 £000	2010 £000
Current Assets			
Debtors	9	217	252
Investments	8	54	48
Cash at bank and in hand		868	1,517
		<u>1,139</u>	<u>1,817</u>
Creditors amounts falling due within one year	10	(727)	(1,395)
Net assets		<u>412</u>	<u>422</u>
 Capital and Reserves			
Called up share capital	11	50	50
Profit and loss account	12	362	372
Total shareholder's funds	12	<u>412</u>	<u>422</u>

The notes on pages 7 to 11 form an integral part of these financial statements

The financial statements on pages 5 to 11 were approved by the Board on 22 March 2012 and signed on its behalf by



S CREEDON
Chairman



M GOODALE
Director

NOTES TO THE FINANCIAL ACCOUNTS
Year ended 31 December 2011

1 ACCOUNTING POLICIES

Basis of Presentation

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and the provisions of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 ("SI2008/410") and applicable United Kingdom accounting standards. The following accounting policies have been applied consistently.

Cash flow statement

The Company has taken advantage of the exemptions under 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:

- Fees from the management of The British Life Unit Trust. This income is accrued on a monthly basis and is determined by reference to The British Life Unit Trust's Scheme Particulars. Fees from managing the unit trust are stated net of rebates to related parties within the Reliance Mutual Insurance Society Group and Reliance Pension Scheme.
- 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.

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 include 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

	2011 £000	2010 £000
Remuneration from managing the trust	856	830
Trading profit from unit dealing	(7)	7
	<u>849</u>	<u>837</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 (2010 nil). The Company's share of employee costs, including pension costs, are included in the charge from Reliance Mutual Insurance Society Limited as mentioned in note 3 above. The pension scheme operated was a defined benefit scheme until 30 June 2010, however it is not possible to separately identify the amount of any surpluses or deficits in the scheme which relates to the Company. From 1 July 2010 a defined contribution pension scheme was introduced. Details of the pension scheme can be found in the financial statements 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 £10,434 (2010 £9,882). There were no fees relating to non-audit services paid to the auditors during the period (2010 nil).

None of the directors receives any remuneration from the Company for their services (2010 £nil). The amount allocated to operating this business by Reliance Mutual Insurance Society Limited, was £54,024 (2010 £49,820).

5 INTEREST RECEIVABLE

	2011 £000	2010 £000
Income from bank and other short-term deposits	<u>2</u>	<u>3</u>

		2011 £000	2010 £000
6	<u>TAX ON PROFIT ON ORDINARY ACTIVITIES</u>		
	Current year taxation		
	UK Corporation tax	113	125
	Total current tax	113	125
		2011 £000	2010 £000
	Where the tax assessed for the period differs from that based on the standard rate of corporation tax in the UK of 26.5% (2010 - 28%), the difference is explained below		
	Profit on ordinary activities before tax	425	447
	Profit on ordinary activities multiplied by the standard effective rate of Corporation Tax in the UK of 26.5% (2010 - 28%)	113	125
	Current tax charge for the period	113	125
	The standard rate of corporation tax in the UK was reduced from 28% to 26% from April 2011. Accordingly the Company's profits for this accounting period are taxed at an effective rate of 26.5%		
7	<u>DIVIDENDS</u>	2011 £000	2010 £000
	Final paid (2010) £6.44 (2009 £5.28) per £1 share	322	264
8	<u>INVESTMENTS</u>	2011 £000	2010 £000
	Manager's stock of units	54	48
9	<u>DEBTORS</u>	2011 £000	2010 £000
	Trade debtors	215	250
	Other debtors	2	2
		217	252

Reliance Unit Managers Limited

		2011 £000	2010 £000
10	<u>CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR</u>		
	Amounts owed to parent undertaking	675	1,305
	Corporation tax payable	44	67
	Other creditors	8	23
		<u>727</u>	<u>1,395</u>

		2011 £000	2010 £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	<u>50</u>	<u>50</u>

12 RECONCILIATION OF THE MOVEMENT IN SHAREHOLDER'S FUNDS

	2011 Share Capital £000	2011 Profit & Loss Account £000	2011 Total Shareholder's Funds £000	2010 Total Shareholder's Funds £000
At 1 January	50	372	422	364
Profit for the financial year	-	312	312	322
Dividends paid (note 7)	-	(322)	(322)	(264)
At 31 December	<u>50</u>	<u>362</u>	<u>412</u>	<u>422</u>

13 CONTINGENCIES AND COMMITMENTS

There were no contingent liabilities or capital commitments at 31 December 2011 or 2010

14 TRANSACTIONS WITH RELATED PARTIES

As the Company is a wholly owned subsidiary undertaking of Reliance Mutual Insurance Society, the Company has, in accordance with Financial Reporting Standard 8 (Related Party Disclosures), taken advantage of the exemption not to disclose transactions and year end balances with either its parent undertaking or fellow subsidiaries

In both 2011 and 2010 the Company acted as a manager for one authorised unit trust, The British Life 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 management charges are shown below. There were no unit liquidations or creations in either year. No amounts were due from the trustees in respect of creations and liquidations at the end of either accounting period.

	2011 £000	2010 £000
Gross management charges receivable	3,331	3,243
Management charges due at 31 December	215	250
Distributions received from British Life Unit Trust	2	2
Rebated management charges	(2,475)	(2,413)

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 £33,620 in the year (2010: £59,177).

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 immediate and ultimate parent company of Reliance Unit Managers Limited is Reliance Mutual Insurance Society Limited, incorporated in England and Wales. The Society is the parent company of the smallest and largest group to consolidate these financial statements. Copies of the consolidated financial statements are available from Reliance Mutual Insurance Society Limited, Reliance House, 6 Vale Avenue, Tunbridge Wells, Kent TN11 1RG.