

## RELIANCE UNIT MANAGERS LIMITED

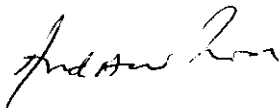
### Notice of Meeting

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 19 May 2005 for the following purposes:

1. To receive the Directors' Report and Accounts for the year ended 31 December 2004 and the Auditors' Report thereon.
2. To declare a final dividend of £4.44 per share.
3. To elect directors.
4. To appoint auditors and to determine their remuneration.

10 March 2005

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 2004.

### **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 £317,000 (2003 - £291,000). The directors consider that the level of activity and the year end financial position are satisfactory.

### **Dividend**

A final dividend of £4.44 per share is recommended (2003 - £4.06). During the year no interim dividends were paid (2003 - nil).

### **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 with the exception of Messrs Randall and Sanjana who were appointed on 1 July 2004.

Messrs Randall and Sanjana retire and, being eligible, offer themselves for election. Mr Oldham retires by rotation and, being eligible, offers himself 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.

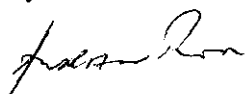
The directors confirm that the accounts comply with these requirements.

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.

## **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

10 March 2005

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

### RELIANCE UNIT MANAGERS LIMITED

We have audited the accounts which comprise the profit and loss account, the balance sheet and the related notes which have been prepared in accordance with the accounting policies set out in the Statement of Accounting Policies.

#### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. 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 in to 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 transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

#### **Basis of audit 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 financial statements. It also includes an assessment of the significant estimates and judgements 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 accounts give a true and fair view of the state of the Company's affairs at 31 December 2004 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  
Southwark Towers  
32 London Bridge Street  
LONDON SE1 9SY

10 March 2005

## RELIANCE UNIT MANAGERS LIMITED

### Profit and Loss Account for the year ended 31 December 2004

	Note	2004 £000	2003 £000
Turnover	2	546	487
Administrative expenses	3	(245)	(209)
Operating profit		301	278
Interest Receivable	5	16	13
Profit on ordinary activities before taxation		317	291
Tax on profit on ordinary activities	6	(95)	(87)
Profit on ordinary activities after taxation		222	204
Dividends	7	(222)	(203)
Profit for the financial year		-	1
Retained profits brought forward		51	50
Retained profits carried forward		51	51

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 2004

	Note	2004 £000	2003 £000
<b>Current Assets</b>			
Investments	8	277	173
Debtors	9	175	150
Cash at bank and in hand		85	71
		<hr/> 537	<hr/> 394
<b>Creditors: amounts falling due within one year</b>	10	(436)	(293)
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		101	101
		<hr/>	<hr/>
<b>Capital and Reserves</b>			
Called up share capital	11	50	50
Profit and loss account		51	51
		<hr/>	<hr/>
<b>Equity shareholders' funds</b>	12	101	101
		<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 10 March 2005 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 2004

### 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:

- Proceeds from the sale of units in The British Life Unit Trust. Sales in units are recognised in the financial statements at the point of sale. Proceeds are stated net of discounts.
- 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.

2. TURNOVER

Turnover represents the following:

	2004 £000	2003 £000
Trading loss from unit dealing	(14)	(25)
Remuneration from managing the trust	559	510
Other income	1	2
	<hr/> 546	<hr/> 487

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 (2003: 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 (2003: nil).

None of the directors receives any remuneration from the company for their services. (2003: £nil).

5. INTEREST RECEIVABLE

	2004 £000	2003 £000
Income from bank and other short-term deposits	<hr/> 16	<hr/> 13



	2004 £000	2003 £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	318	291
	<hr/>	<hr/>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2003: 30%)	95	87
	<hr/>	<hr/>
7. <u>DIVIDENDS</u>		
Proposed dividend £4.44 per share (2003 £4.06 per share)	222	203
	<hr/>	<hr/>
8. <u>INVESTMENTS</u>		
Manager's stock of units	23	24
Bank deposits	254	149
	<hr/>	<hr/>
	277	173
	<hr/>	<hr/>
9. <u>DEBTORS</u>		
Trade debtors	168	140
Amounts owed from parent undertaking	-	3
Other debtors	7	7
	<hr/>	<hr/>
	175	150
	<hr/>	<hr/>
10. <u>CREDITORS</u>		
Due within one year:		
Amounts owed to parent undertaking	118	-
Corporation tax payable	95	87
Other creditors	1	3
Dividend payable	222	203
	<hr/>	<hr/>
	436	293
	<hr/>	<hr/>
11. <u>SHARE CAPITAL</u>		
Ordinary equity shares of £1 each:		
Authorised	100	100
Issued, called up and fully paid	50	50
	<hr/>	<hr/>

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share Capital £000	Profit & Loss Account £000	Total Shareholders Funds £000
At 1 January	50	51	101
Profit on ordinary activities after taxation	-	222	222
Dividends proposed	-	(222)	(222)
At 31 December	50	51	101

13. CONTINGENCIES AND COMMITMENTS

There were no contingent liabilities or capital commitments at 31 December 2004 or 2003.

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 2004 and 2003 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.

	2004 £000	2003 £000
Value of units created	19,696	-
Gross management charges received	2,195	1,830
Management charges due at 31 December	168	140

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 2004.

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.