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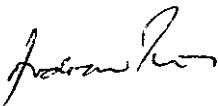
RELIANCE UNIT MANAGERS LIMITED

Notice of Meeting

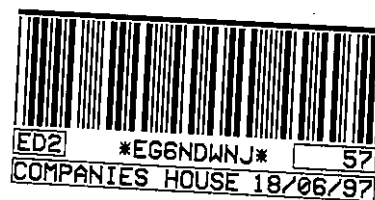
NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Members of Reliance Unit Managers Limited will be held at Reliance House, Mount Ephraim, Tunbridge Wells, Kent on Thursday 15 May 1997 for the following purposes:

1. To receive the Directors' Report and Accounts for the year ended 31 December 1996 and the Auditors' Report thereon.
2. To elect directors.
3. To appoint auditors and to fix their remuneration.

Dated this 27th day of March 1997.
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.

Report of Directors

Directors: S C James (Chairman)
J B Bateup, FIA
L M Etheridge, Bsc, FIA
P E Oldham, MA
C B Russell, FFA, FTII
G A Slater, BA, LLB

Secretary: A Prior, LLB, ACIS

The directors submit their Report and Accounts for the year ended 31 December 1996.

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 £111,228 and there were retained profits after tax and dividends of £697. The directors consider that the level of activity and the year end financial position are satisfactory.

Dividend

Interim dividends totalling £1.60 per share were paid during the year (1995 - £1.80). The directors do not recommend the payment of a final dividend (1995 nil).

Financial Services Act

The company is a member of the Investment Management Regulatory Organisation and of the Personal Investment Authority.

Directors and their Interests

The directors listed on page 2 served throughout the year.

Mr C B Russell retires by rotation and, being eligible, offers himself for re-election.

No director held shares beneficially in the company.

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

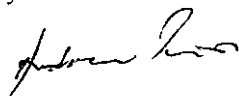
- . select suitable accounting policies and then apply them consistently;
- . make judgements and estimates that are reasonable and prudent;
- . state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- . prepare the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

The directors 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

Fraser Russell have signified their willingness to continue in office as auditors and resolutions concerning their re-appointment and remuneration will be proposed at the Annual General Meeting.

By Order of the Board



A PRIOR
Secretary

27 March 1997

**AUDITORS' REPORT TO THE SHAREHOLDERS OF
RELIANCE UNIT MANAGERS LIMITED**

We have audited the accounts of the company on pages 5 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective Responsibilities of Directors and Auditors

As described on page 3 the company's Directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and 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 consider necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs at 31 December 1996 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Fraser Russell
FRASER RUSSELL
Chartered Accountants
and Registered Auditors

27 March 1997

4 London Wall Buildings
Blomfield Street
London EC2M 5NT

RELIANCE UNIT MANAGERS LIMITED**Profit & Loss Account for the year ended 31st December 1996**

	NOTE	1996 £	1995 £
TRADING PROFIT			
Turnover	2	2,516,352	1,572,218
Cost of sales		2,366,444	1,427,735
Gross profit		149,908	144,483
Administrative expenses		45,214	22,836
Operating profit	3	104,694	121,647
OTHER INCOME			
Other operating income	6	1,477	1,448
Other interest receivable	7	5,057	6,907
Profit on ordinary activities before taxation		111,228	130,002
Tax on profit on ordinary activities	8	30,531	37,503
Profit on ordinary activities after taxation		80,697	92,499
Dividends paid		80,000	90,000
Retained profit (loss) for the year		697	2,499
Retained profits brought forward		50,907	48,408
Retained profits carried forward as at 31st December		51,604	50,907

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

RELIANCE UNIT MANAGERS LIMITED

Balance Sheet at 31st December 1996

	NOTE	1996 £	1995 £
CURRENT ASSETS			
Manager's stock of units	9	22,163	57,972
Debtors	10	95,034	75,993
Short-term deposits		22,694	6,754
		-----	-----
		139,891	140,719
CREDITORS			
Amounts falling due within one year	11	38,287	39,812
		-----	-----
Total assets less current liabilities		101,604	100,907
		=====	=====
CAPITAL AND RESERVES			
Called up share capital	12	50,000	50,000
Profit and loss account		51,604	50,907
		-----	-----
SHAREHOLDERS FUNDS	13	101,604	100,907
		=====	=====

Approved by the Board on 27th March 1997

J.B.BATEUP

Director

L.M.ETHERIDGE

Director

4 DIRECTORS' EMOLUMENTS

Directors received emoluments as follows:

Emoluments	Number of Directors	
	1996	1995
Nil	6	3
£1 - £5,000	0	4

With effect from 1 April 1995, directors' remuneration ceased to be paid by the Company. From that date the parent undertaking assumed responsibility for directors' remuneration for the Group.

5 EMPLOYEES

All staff are employed by the Parent Undertaking. Management charges levied on units owned by other Group Companies are rebated to those Companies in lieu of management services received.

6 OTHER OPERATING INCOME

	1996	1995
	£	£
Net distributions received on Manager's stock of units in :		
British Life Unit Trust	1,477	1,448
	-----	-----

7 OTHER INTEREST RECEIVABLE

	1996	1995
	£	£
Income from bank and other short-term deposits	5,057	6,907
	-----	-----

8 TAX ON PROFIT ON ORDINARY ACTIVITIES

	1996	1995
	£	£
UK tax at 27.8% (1995: 29.2%) on profits during the year	30,531	37,571
Prior year adjustments	-	(68)
	-----	-----
	30,531	37,571
	-----	-----

9 MANAGER'S STOCK OF UNITS IN THE BRITISH LIFE UNIT TRUST

	1996 £	1995 £
At Cost Price	22,163	57,972
At Bid Price	25,609	61,195
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10 DEBTORS

	1996 £	1995 £
Due within one year:		
Accrued income	74,326	69,805
ACT Due	18,806	-
Other debtors	1,902	6,188
	-----	-----
	95,034	75,993
	-----	-----

11 CREDITORS

	1996 £	1995 £
Due within one year:		
Owed to Parent Undertaking	217	2,093
Corporation tax payable	37,851	37,503
Other creditors	219	216
	-----	-----
	38,287	39,812
	-----	-----

12 CALLED UP SHARE CAPITAL

At 31 December 1996 and 1995:

	Authorised £	Allotted and fully paid £
Ordinary shares of £1 each	100,000	50,000
	-----	-----

13 SHAREHOLDER'S FUNDS

	1996 £	1995 £
Opening Shareholders Funds	100,907	98,408
Profit (loss) for the year	697	2,499
Closing Shareholders Funds	101,604	100,907

14 CONTINGENCIES AND COMMITMENTS

There were no contingent liabilities or capital commitments at 31st December 1996 or 1995.

15 TRANSACTIONS WITH RELATED PARTIES

The Company entered into no material transactions with related parties other than the parent undertaking. Advantage has been taken of the exemption given by Financial Reporting Standard 8 whereby disclosure of transactions with group undertakings has not been made as the company is included within the consolidated accounts of Reliance Mutual Insurance Society Limited.

16 ULTIMATE PARENT UNDERTAKING

The Company is a wholly-owned subsidiary of Reliance Mutual Insurance Society Limited which is registered in Great Britain.