

Registered number
00763486

DISCRETIONARY UNIT FUND MANAGERS LIMITED

DIRECTORS' REPORT AND ACCOUNTS

31 December 2015

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BEGBIES
Chartered Accountants
Statutory Auditors

DISCRETIONARY UNIT FUND MANAGERS LIMITED

Registered number: 00763486

Directors' Report

The directors present their annual report and accounts for the year ended 31 December 2015

Principal activities

The company's principal activity during the year continued to be that of managing the Discretionary Unit Fund.

Review of the business, results and dividends

The results are in line with the directors' expectations and further details are set out on page 4. Given the size and complexity of the business, an analysis of the key performance indicators is not considered necessary for an understanding of the development or performance of the business.

Dividends paid in the year amounted to £121,446 (2014: £160,574).

Financial risk management objectives and policies

Information about the company's financial risk management is not material for the assessment of the assets, liabilities, financial position and results of the company.

Future developments

The directors will continue to keep close control of the company and look for new opportunities to continue to improve the company's profitability.

Directors

The directors who served during the year were as follows:

S. J. B. Knott

D. M. Bramwell

Supplier payment policy

It is the company's payment policy to ensure settlement of suppliers' services in accordance with the stated terms.

Disclosure of information to auditors

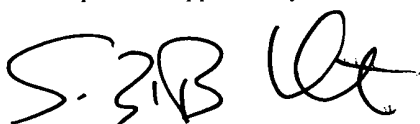
So far as each director at the date of approval of this report is aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditors

A resolution to reappoint Begbies as auditors will be put to the members at the Annual General Meeting.

This report was approved by the board on 23 February 2016.



S. J. B. Knott
Director

DISCRETIONARY UNIT FUND MANAGERS LIMITED
Statement of Directors' Responsibilities

The directors are responsible for preparing the report and accounts in accordance with applicable United Kingdom law and regulations. Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the accounts in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union.

Under company law the directors must not approve the accounts 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 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 IFRSs have been followed, subject to any material departures disclosed and explained in the accounts; and
- 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 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 accounts 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.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF DISCRETIONARY UNIT FUND MANAGERS LIMITED**

We have audited the accounts of Discretionary Unit Fund Managers Limited for the year ended 31 December 2015 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Shareholders Equity, Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the accounts 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 (APB's) Ethical Standards for Auditors.

Scope of the audit opinion

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts 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 accounts. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited accounts. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the accounts

In our opinion the accounts:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

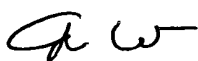
Opinion on other matters prescribed by the Companies Act 2006

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

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 accounts 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.



Colin Wain (Senior Statutory Auditor)
for and on behalf of
Begbies Chartered Accountants
Accountants and Statutory Auditors
23 February 2016

9 Bonhill Street
London
EC2A 4DJ

DISCRETIONARY UNIT FUND MANAGERS LIMITED

**Statement of Comprehensive Income
for the year ended 31 December 2015**

	Notes	2015 £	2014 £
Revenue	2	382,577	383,575
Administrative expenses		(275,795)	(187,946)
Other operating income/(costs)		39,472	(6,316)
Profit from operations	3	<u>146,254</u>	<u>189,313</u>
Income from investments	5	4,475	10,042
Profit before taxation		<u>150,729</u>	<u>199,355</u>
Taxation expense	6	(29,283)	(38,781)
Profit after tax		<u>121,446</u>	<u>160,574</u>
Net profit for the financial year		<u><u>121,446</u></u>	<u><u>160,574</u></u>
Earnings per share			
Basic	8	<u><u>129.8p</u></u>	<u><u>171.6p</u></u>

Continuing operations

None of the company's activities were acquired or discontinued during the above two financial years.

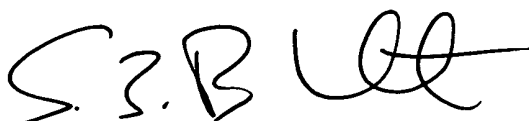
DISCRETIONARY UNIT FUND MANAGERS LIMITED

Registered number: 00763486

Balance Sheet

as at 31 December 2015

	Notes	2015	2014
		£	£
Current assets			
Trade and other receivables	9	36,742	49,167
Trading investments	10	-	394,017
Cash and cash equivalents	11	<u>387,038</u>	<u>644,177</u>
		423,780	1,087,361
Current liabilities			
Trade and other payables	12	29,549	85,872
Amounts owed to group undertakings		139,762	737,522
Current tax payable		<u>29,283</u>	<u>38,781</u>
		(198,594)	(862,175)
Net current assets		<u>225,186</u>	<u>225,186</u>
Net assets		<u><u>225,186</u></u>	<u><u>225,186</u></u>
Equity			
Called up share capital	13	93,600	93,600
Capital redemption reserve		34,451	34,451
Retained earnings		97,135	97,135
Total equity		<u><u>225,186</u></u>	<u><u>225,186</u></u>



S. J. B. Knott

Director

Approved by the board on 23 February 2016

DISCRETIONARY UNIT FUND MANAGERS LIMITED
Statement of Changes in Equity
for the year ended 31 December 2015

	Notes	Share Capital £	Capital Reserve £	Retained Earnings £	Total £
Balance at 31 December 2013		93,600	34,451	97,135	225,186
Changes in equity for 2014					
Profit for the period		-	-	160,574	160,574
Total recognised income and expense		-	-	160,574	160,574
Dividends	7	-	-	(160,574)	(160,574)
Balance at 31 December 2014		93,600	34,451	97,135	225,186
Changes in equity for 2015					
Profit for the period		-	-	121,446	121,446
Total recognised income and expense		-	-	121,446	121,446
Dividends	7			(121,446)	(121,446)
Balance at 31 December 2015		93,600	34,451	97,135	225,186

DISCRETIONARY UNIT FUND MANAGERS LIMITED
Statement of Cash Flows
for the year ended 31 December 2015

	Notes	2015 £	2014 £
Cash flows from operating activities			
Profit from operations		146,254	189,313
Operating cash flows before movement in working capital		<u>146,254</u>	<u>189,313</u>
Decrease in trade and other receivables		12,425	186,185
Decrease in trade and other payables		(654,083)	(437,450)
Cash outflow from operations		<u>(495,404)</u>	<u>(61,952)</u>
Taxation paid		<u>(38,781)</u>	<u>(81,214)</u>
Cash outflow from operating activities		<u><u>(534,185)</u></u>	<u><u>(143,166)</u></u>
Cash flows from investing activities			
Movement in trading of investments		394,017	378,811
Dividends received		4,331	9,901
Interest received		144	141
Cash flows from investing activities		<u><u>398,492</u></u>	<u><u>388,853</u></u>
Cash flows from financing activities			
Dividends paid	7	<u>(121,446)</u>	<u>(160,574)</u>
Cash used in financing activities		<u><u>(121,446)</u></u>	<u><u>(160,574)</u></u>
Net (decrease)/increase in cash and cash equivalents		(257,139)	85,113
Cash and cash equivalents at 1 January 2015		<u>644,177</u>	<u>559,064</u>
Cash and cash equivalents at 31 December 2015	11	<u><u>387,038</u></u>	<u><u>644,177</u></u>

DISCRETIONARY UNIT FUND MANAGERS LIMITED
Notes to the Accounts
for the year ended 31 December 2015

1 Significant accounting policies

Basis of accounting

The accounts have been prepared on an historical cost basis, except for the revaluation of certain investments and in accordance with the International Financial Reporting Standards (IFRS), which comprise standards and interpretations approved by the International Accounting Standards Board (IASB), and International Accounting Standards and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee (IASC) that remain in effect, and to the extent that they have been adopted by the European Union.

There are a number of other new standards, amendments to standards and interpretations that are effective after 1 January 2014 but none of these are expected to have an impact or a significant effect on the measurement of the amounts recognised in the Financial Statements of the Company.

Revenue recognition

Management fees represents the value of services provided as authorised by the trust deed.

Trading investments

Trading investments represent stocks of units held by the managers and are valued at the ruling bid price.

Taxation

The charge for current tax is based on the net revenue for the year. Deferred tax is recognised in respect of timing differences that have originated but not reversed at the balance sheet date.

Leasing commitments

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Pensions

The company makes defined contributions to the independent personal pension schemes of qualifying employees. Contributions are charged to the income statement as they become payable.

DISCRETIONARY UNIT FUND MANAGERS LIMITED

**Notes to the Accounts
for the year ended 31 December 2015**

2 Revenue

An analysis of revenue is as follows:

	2015	2014
	£	£
Management fees	<u>382,577</u>	<u>383,575</u>

3 Operating profit

	2015	2014
	£	£

This is stated after charging:

Auditors' remuneration	<u>5,000</u>	<u>5,000</u>
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4 Staff costs and directors' remuneration

	2015	2014
	£	£
Wages and salaries	73,276	84,440
Social security costs	4,913	9,475
Other pension costs	<u>15,760</u>	<u>10,650</u>
	<u>93,949</u>	<u>104,565</u>

The directors did not receive any remuneration during the year.

Average number of employees during the year

	Number	Number
Administration	<u>1</u>	<u>2</u>

5 Income from investments

	2015	2014
	£	£
Interest on bank deposits	144	141
Dividends from trading investments	4,331	9,901
	<u>4,475</u>	<u>10,042</u>

6 Taxation

	2015	2014
	£	£
Analysis of charge in period		
Current tax:		
UK corporation tax on profits of the period	29,283	38,781
	<u>29,283</u>	<u>38,781</u>

Tax on profit on ordinary activities

DISCRETIONARY UNIT FUND MANAGERS LIMITED
Notes to the Accounts
for the year ended 31 December 2015

6 Taxation continued

Factors affecting tax charge for period

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows:

	2015 £	2014 £
Profit before tax	<u>150,729</u>	<u>199,355</u>
Standard rate of corporation tax in the UK	20.00%	20.47%
	£	£
Tax on profit at standard rate	30,146	40,808
Effects of:		
Income not taxable	(863)	(2,027)
Current tax charge for period	<u>29,283</u>	<u>38,781</u>

7 Equity dividends

2015 £	2014 £
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Amounts recognised as distributions to equity holders in the period:

Interim dividend for the year ended 31 December 2015 of 129.8p (2014: 171.6p) per share	<u>121,446</u>	<u>160,574</u>
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8 Earnings per share

The calculation of the basic earnings per share is based on the following data:

	2015 £	2014 £
Earnings		
Earnings for the purpose of basic earnings per share (net profit for the financial year)	<u>121,446</u>	<u>160,574</u>
	2015 No	2014 No
Number of shares		
Weighted average number of shares for the purposes of basic earnings per share	<u>93,600</u>	<u>93,600</u>

DISCRETIONARY UNIT FUND MANAGERS LIMITED

**Notes to the Accounts
for the year ended 31 December 2015**

9 Trade and other receivables	2015	2014
	£	£
Trade receivables	-	2,550
Prepayments and accrued income	36,742	46,617
	<u>36,742</u>	<u>49,167</u>
10 Trading investments	2015	2014
	£	£
Discretionary Units in manager's "box"	-	394,017
11 Cash and cash equivalents	2015	2014
	£	£
Bank balances	387,038	644,177
Cash and cash equivalents in the Statement of Cash Flows	387,038	644,177
	<u>387,038</u>	<u>644,177</u>
12 Trade and other payables	2015	2014
	£	£
Trade payables	-	67,878
Accruals and deferred income	29,549	17,994
	<u>29,549</u>	<u>85,872</u>
13 Share capital	2015	2014
Authorised:		
Ordinary shares of £1 each	<u>200,000</u>	<u>200,000</u>
	2015	2014
	No	No
Allotted, called up and fully paid:		
Ordinary shares of £1 each	93,600	93,600
	<u>93,600</u>	<u>93,600</u>

DISCRETIONARY UNIT FUND MANAGERS LIMITED

Notes to the Accounts for the year ended 31 December 2015

14 Related parties

Discretionary Unit Fund

The company manages the Discretionary Unit Fund and acts as principal in respect of all transactions of units in the Fund.

The total amount of purchases and cancellation of units less the sales and creation of units was £39,472 [2014: (£3,110)]. The management fee for the year amounted to £382,577 (2014: £383,575).

	2015	2014
	£	£
The amount owed by the Fund at the year end was	<u>33,279</u>	<u>32,717</u>

Rights and Issues Investment Trust PLC

During the year the company had the following transactions with Rights and Issues Investment Trust PLC, it's parent company.

	2015	2014
	£	£
Rent paid	-	29,128
Dividends paid	121,446	160,574
	<u>121,446</u>	<u>189,702</u>
Amounts owed to the parent company	<u>139,762</u>	<u>737,522</u>

15 Ultimate holding company

The ultimate holding company is Rights and Issues Investment Trust PLC, a company registered in England.

16 Financial assets and liabilities

The company's financial instruments comprise trading investments, cash balances and short term debtors and creditors that arise from its operations. The main risk arising from the company's financial instruments is summarised below and exposure to those risks arise in the normal course of the company's business:-.

Market price risks

Market price risk arises from uncertainty about future prices of financial instruments held. Management only hold sufficient trading investments to ensure the smooth running of the Fund. The trading investments amounted to £nil (2014: £394,017) at the year end.

Liquidity risk

Liquidity risk may arise from the company having difficulties in realising sufficient assets in the Fund to meet its financial obligations. All the Fund investments are made in quoted securities which are normally listed on the London Stock Exchange or AIM. Transactions in these securities may be subject to some short term liquidity constraint in common with smaller and medium sized listed securities, but subject to that, they are considered to be reasonably realisable. At the year end, the company's fair value financial instruments exposed to credit risk, were all current and are shown in note 12 to the accounts.

All assets and liabilities are included at fair value.

DISCRETIONARY UNIT FUND MANAGERS LIMITED

Profit and Loss Account

for the year ended 31 December 2015

for the information of the directors only

	2015	2014
	£	£
Revenue	382,577	383,575
Administrative expenses	(275,795)	(187,946)
Other operating income/(costs)	39,472	(6,316)
Profit from operations	<u>146,254</u>	<u>189,313</u>
Income from investments	4,475	10,042
Profit before taxation	<u><u>150,729</u></u>	<u><u>199,355</u></u>

DISCRETIONARY UNIT FUND MANAGERS LIMITED

Schedule to the Profit and Loss Account

for the year ended 31 December 2015

for the information of the directors only

	2015	2014
	£	£
Revenue		
Management fees	<u>382,577</u>	<u>383,575</u>
Administrative expenses		
Employee costs:		
Wages and salaries	73,276	84,440
Pensions	15,760	10,650
Employer's NI	<u>4,913</u>	<u>9,475</u>
	<u>93,949</u>	<u>104,565</u>
Premises costs:		
Rent and office costs	<u>63,938</u>	<u>42,724</u>
	<u>63,938</u>	<u>42,724</u>
General administrative expenses:		
General expenses	<u>2,611</u>	<u>3,181</u>
	<u>2,611</u>	<u>3,181</u>
Legal and professional costs:		
Audit fees	5,760	4,560
Administration fees	39,964	-
Regulatory fees and expenses	11,468	9,409
Marketing and communications	23,968	20,083
Other legal and professional	<u>34,137</u>	<u>3,424</u>
	<u>115,297</u>	<u>37,476</u>
	<u>275,795</u>	<u>187,946</u>
Other operating income/(costs)		
Dealing profit/(loss) on units	<u>39,472</u>	<u>(6,316)</u>
Income from investments		
Interest on bank deposits	144	141
Dividends from trading investments	<u>4,331</u>	<u>9,901</u>
	<u>4,475</u>	<u>10,042</u>