

**NFU MUTUAL UNIT MANAGERS LIMITED**

**ANNUAL REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2000**

**Registered Number : 1837277**



NFU MUTUAL UNIT MANAGERS LIMITED  
ANNUAL REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2000

<u>CONTENTS</u>	<u>PAGE</u>
Directors' report	2
Statement of directors' responsibilities	3
Report of the auditors	4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 - 9

NFU MUTUAL UNIT MANAGERS LIMITEDDIRECTORS' REPORTFOR THE YEAR ENDED 31 DECEMBER 2000

The directors present their report and financial statements of the company for the year ended 31 December 2000.

PRINCIPAL ACTIVITIES

The principal activities of the company are the promotion and management of unit trusts.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

Both the level of business and the year end position were satisfactory and the directors expect that the current level of activity will continue for the foreseeable future.

DIVIDENDS AND TRANSFERS TO RESERVES

The directors do not recommend the payment of a dividend (1999: £nil).

The profit for the financial year of £267,175 (1999: £372,462) will be transferred to reserves.

DIRECTORS

The directors during the year were as follows:

A.S. Young, FCII  
N. Carter, FCA  
G.A.D. Pyott, Bsc, PLD, FIA  
W.J.M. Schouten, BA, MBA

None of the directors had any beneficial interests in shares of either the company or any other company in the group.

AUDITORS

In accordance with Section 386 of the Companies Act, the company has elected to dispense with the requirement to re-appoint the auditors annually.

By order of the Board



W.E. Cooper  
Secretary

24 April 2001

NFU MUTUAL UNIT MANAGERS LIMITEDSTATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which 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 financial statements, the directors confirm that

- ♦ suitable accounting policies have been applied consistently;
- ♦ reasonable and prudent judgements have been made;
- ♦ applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- ♦ the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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.

By order of the Board



W.E. Cooper  
Secretary

24 April 2001

REPORT OF THE AUDITORS TO THE MEMBERS OF  
NFU MUTUAL UNIT MANAGERS LIMITED

We have audited the financial statements on pages 5 to 9, which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 3, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. 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.

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 financial statements give a true and fair view of the state of the company's affairs at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the United Kingdom Companies Act 1985.

*PricewaterhouseCoopers*

PricewaterhouseCoopers  
 Chartered Accountants and Registered Auditors  
 Birmingham

*24 April* 2001

NFU MUTUAL UNIT MANAGERS LIMITEDPROFIT AND LOSS ACCOUNTFOR THE YEAR ENDED 31 DECEMBER 2000

	<u>Notes</u>	<u>2000</u> £	<u>1999</u> £
<u>Continuing operations</u>			
TURNOVER	1(a)	34,394,780	25,669,647
Cost of sales		(32,236,931)	(24,020,555)
		<hr/>	<hr/>
GROSS PROFIT	4	2,157,849	1,649,092
Administrative expenses		(1,904,137)	(1,192,513)
		<hr/>	<hr/>
OPERATING PROFIT		253,712	456,579
Interest receivable and similar income		122,814	77,204
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	376,526	533,783
Tax on profit on ordinary activities	6	(109,351)	(161,321)
		<hr/>	<hr/>
PROFIT FOR THE FINANCIAL YEAR		267,175	372,462
RETAINED PROFITS BROUGHT FORWARD		380,857	8,395
		<hr/>	<hr/>
RETAINED PROFITS CARRIED FORWARD		<u>648,032</u>	<u>380,857</u>

The company has no recognised gains and losses other than in the profit above, and therefore no separate statement of total recognised gains and losses has been presented.

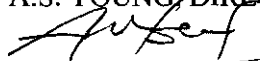
There is no difference between the profit on ordinary activities before taxation and retained profit for the year stated above and their historical costs equivalents.

NFU MUTUAL UNIT MANAGERS LIMITEDBALANCE SHEETAS AT 31 DECEMBER 2000

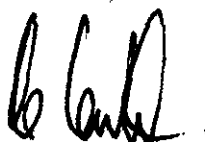
	<u>Notes</u>	<u>2000</u> £	<u>1999</u> £
<u>CURRENT ASSETS</u>			
Stock of units	1(b)	61,225	46,908
Trade debtors		4,891	117,860
Other debtors		3,332	5,048
Due from parent company		-	26,676
Cash at bank		3,443,167	2,536,430
		<hr/>	<hr/>
		3,512,615	2,732,922
 <u>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</u>			
Trade creditors		778,778	715,086
Due to parent company		696,785	295,233
Other creditors, including taxation and Social Security		112,737	161,122
Accruals		471,283	375,624
		<hr/>	<hr/>
		2,059,583	1,547,065
 NET ASSETS		<hr/> <u>1,453,032</u>	<hr/> <u>1,185,857</u>
 <u>CAPITAL AND RESERVES</u>			
Called up share capital	7	100,000	100,000
Share premium account		705,000	705,000
Profit and loss account		648,032	380,857
		<hr/>	<hr/>
 EQUITY SHAREHOLDERS' FUNDS	8	<hr/> <u>1,453,032</u>	<hr/> <u>1,185,857</u>

The financial statements on pages 5 to 9 were approved by the board of directors on  
and were signed on its behalf by:

A.S. YOUNG, DIRECTOR



N. CARTER, DIRECTOR



NFU MUTUAL UNIT MANAGERS LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2000

1. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards and the accounting policies set out below.

a) Turnover

Turnover consists of income received from unit holders and fees receivable for managing the unit trust.

b) Stocks of units

Units are valued at the lower of acquisition cost and net realisable value.

2. CASH FLOW STATEMENT AND RELATED PARTY DISCLOSURES

The company is a wholly owned subsidiary of The National Farmers Union Mutual Insurance Society Limited and is included in the consolidated financial statements of The National Farmers Union Mutual Insurance Society Limited which are publicly available. Consequently, the company is exempt under the terms of Financial Reporting Standard (FRS) 1 (Revised 1996) from publishing a cash flow statement.

The company is also exempt under the terms of Financial Reporting Standard (FRS) 8 from disclosing related party transactions with entities that are part of The National Farmers Union Mutual Insurance Society group.

The company managed one unit trust during the year, for which it received total management fees of £1,278,480.

Other transactions carried out with the unit trust by the company during the year, in its capacity as manager of that unit trust, were in connection with the creation of units as follows:

Amounts paid to the trustees for creation of units	<u><u>27,160,596</u></u>
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The amounts outstanding with unit trusts as at 31 December 2000 were as follows:

Amounts due to trustees for units created	<u><u>727,713</u></u>
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3. DIRECTORS' EMOLUMENTS AND EMPLOYEE INFORMATION

The directors received no emoluments for the year ended 31 December 2000 and 31 December 1999.

There were no employees during either year.



NFU MUTUAL UNIT MANAGERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2000

4. GROSS PROFIT

	<u>2000</u>	<u>1999</u>
	£	£
Turnover comprises the following:		
Gross sales of units	34,157,511	25,460,087
Management fee	1,278,480	983,685
Discount net of other income	(1,041,211)	(774,125)
	<u>34,394,780</u>	<u>25,669,647</u>
Cost of sales comprises the following:		
New units created and repurchased units	32,203,032	23,977,894
Stamp duty and other costs	33,899	42,661
	<u>32,236,931</u>	<u>24,020,555</u>

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>2000</u>	<u>1999</u>
	£	£
Auditors' remuneration	<u>12,500</u>	<u>10,100</u>

6. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	<u>2000</u>	<u>1999</u>
	£	£
Taxation (charge)/credit for the year comprises:		
Corporation tax charge at 30% (30.25%)	(112,737)	(161,121)
Tax on franked investment income	(73)	(200)
Over-provision in prior years	3,459	-
	<u>(109,351)</u>	<u>(161,321)</u>

7. SHARE CAPITAL

	<u>2000</u>	<u>1999</u>
	£	£
<u>Authorised:</u>		
100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
<u>Allotted and fully paid:</u>		
100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

NFU MUTUAL UNIT MANAGERS LIMITEDNOTES TO THE FINANCIAL STATEMENTSFOR THE YEAR ENDED 31 DECEMBER 20008. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	<u>2000</u>	<u>1999</u>
	£	£
Shareholders' funds at 1 January	1,185,857	463,395
Profit for the year	267,175	372,462
Increase in called up share capital	-	20,000
Increase in share premium account	-	330,000
	<hr/>	<hr/>
Shareholders' funds at 31 December	<u>1,453,032</u>	<u>1,185,857</u>

9. ULTIMATE PARENT COMPANY

The immediate parent company is NFU Mutual Management Company Limited, which is incorporated in England and Wales.

The company's ultimate parent undertaking and controlling party is The National Farmers Union Mutual Insurance Society Limited, which is incorporated in England and Wales. Copies of the accounts of the ultimate controlling party can be obtained from the Secretary at the following address:

Tiddington Road,  
Stratford-upon-Avon.  
CV37 7BJ

NFU MUTUAL UNIT MANAGERS LIMITED  
FOR THE YEAR ENDED 31 DECEMBER 2000  
UNAUDITED

		<u>31 December</u> <u>2000</u>	<u>31 December</u> <u>1999</u>
		£	£
Calculation of turnover:	Sales	34,095,144	25,412,355
	Special price discount	62,367	47,732
	Annual fee	1,278,480	983,685
	Box income	735	1,332
	Discount	(1,041,947)	(775,457)
		<hr/>	<hr/>
		<u>34,394,779</u>	<u>25,669,647</u>
Costs of sales:	Creations	28,789,668	20,303,497
	Repurchases	5,054,945	4,777,284
	ISC	(1,629,072)	(1,149,533)
	Stamp duty	23,554	24,190
	R/I dealing	622	556
	PEP dealing	8,789	19,328
	Savers dealing	1,103	(1,274)
	Created write off	186	148
	Resold write off	223	193
	W/off	(2)	(6)
	Non-contract dealing	(576)	(474)
	Opening stock	48,395	95,041
	Closing stock	(60,904)	(48,395)
		<hr/>	<hr/>
		<u>32,236,931</u>	<u>24,020,555</u>
GROSS PROFIT		<u>2,157,848</u>	<u>1,649,092</u>

NFU MUTUAL UNIT MANAGERS LIMITEDFOR THE YEAR ENDED 31 DECEMBER 2000UNAUDITED

		<u>31 December</u> <u>2000</u>	<u>31 December</u> <u>1999</u>
		£	£
Administrative expenses:	Commission	318,287	204,245
	Price quotation	4,065	4,381
	Management charges	242,622	168,502
	Audit fees	12,500	10,100
	Printing and stationery	16,865	17,038
	Datastream expenses	-	7,113
	VAT	67,497	54,555
	MFA admin fee	496,055	378,835
	Postages	32,617	39,127
	Subscriptions	15,936	14,135
	Bank charges	636	(166)
	Agency salesforce fee	696,785	295,233
	Compensation	272	(585)
		<u>1,904,137</u>	<u>1,192,513</u>
Other operating income:	Foreign income dividend	-	(10)
		<u></u>	<u></u>
	NET INTEREST RECEIVED	<u>122,814</u>	<u>77,214</u>

NFU MUTUAL UNIT MANAGERS LIMITEDFOR THE YEAR ENDED 31 DECEMBER 2000UNAUDITED

		<u>31 December</u> <u>2000</u>	<u>31 December</u> <u>1999</u>
		£	£
Taxation:	Profit before taxation	376,526	553,783
	Less franked investments income:		
	Box income	(735)	(1,332)
		<hr/>	<hr/>
		<u>375,791</u>	<u>532,451</u>
	Tax thereon @ 30% (30.25%)	(112,737)	(161,121)
	Tax on franked investment income	(73)	(200)
	Over-provision in respect of prior years	3,459	-
		<hr/>	<hr/>
	Tax (charge)/credit for the year	<u>(109,351)</u>	<u>(161,321)</u>