

N.F.U. MUTUAL UNIT MANAGERS LIMITED

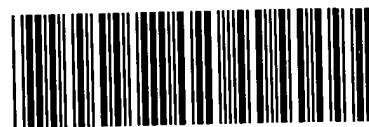
ANNUAL REPORT

FOR THE YEAR ENDED 31ST DECEMBER 2014

Registered Number: 01837277

Registered Office:
Tiddington Road
Stratford-upon-Avon
Warwickshire
CV37 7BJ

TUESDAY



A47R3IND

A11

19/05/2015

#334

COMPANIES HOUSE

N.F.U. MUTUAL UNIT MANAGERS LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31ST DECEMBER 2014

<u>CONTENTS</u>	<u>PAGE</u>
Strategic Report	2
Directors' Report	2-4
Statement of Directors' Responsibilities	5
Independent Auditors' Report	6-7
Profit and Loss account	8
Balance Sheet	9
Notes to the Financial Statements	10

N.F.U. MUTUAL UNIT MANAGERS LIMITED

FOR THE YEAR ENDED 31ST DECEMBER 2014

STRATEGIC REPORT

PRINCIPAL ACTIVITIES

The principal activities of N.F.U. Unit Managers Limited, the Company, are the promotion and management of two third party Open Ended Investment Companies (OEICs) for which it receives management fees. The Company is an Authorised Corporate Director for the two OEICs and in its capacity as such creates and redeems shares within the OEICs as part of its day to day business.

RESULTS

In 2014 N.F.U. Mutual Unit Managers Limited (MUMCO) recorded a profit after tax for the financial year of £1,335,775 (2013: £1,934,446). The Company continues to make a profit as turnover generated from management charges and turn on regular premium business, combined with the abolition of stamp duty has seen turnover increase despite a reduced client base as any new business moves to NFU Mutual Select Investments Ltd. The higher expenses for the year has seen a reduction in profit before tax to £1,481,855 (2013: £2,392,606).

The Directors consider that the level of reserves held is sufficient to meet the firm's financial liabilities.

The Balance Sheet remains healthy with Net Assets of £14.1m

KEY PERFORMANCE INDICATORS

KPI	2014	2013
Profit on ordinary activities before taxation	£1.5m	£2.4m
Total Sales	£192.5m	£180.1m
Net sales (less repurchases)	£125.1m	£120.3m
Total Customers	23,136	25,316

FUTURE OUTLOOK

Looking into 2015 the Company expects the levels of activity to be sustained for the foreseeable future with a small profit anticipated.

DIRECTORS' REPORT

The directors present their report and audited financial statements of N.F.U. Mutual Unit Managers Limited ("the Company") for the year ended 31st December 2014.

DIVIDENDS AND TRANSFERS TO RESERVES

The directors do not recommend the payment of a dividend (2013: £nil).

The profit after tax for the financial year was £1,335,775 (2013: £1,934,446) which will transfer to reserves.

N.F.U. MUTUAL UNIT MANAGERS LIMITED

FOR THE YEAR ENDED 31ST DECEMBER 2014

DIRECTORS

The directors during the year and up to the date of signing of these financial statements were as follows:

K. Arif, B.Soc.Sc. (Hons), FIA

A. Paterson, BA, ACII

P .A. Glover, B.Soc.Sc (Hons)

T. McKeon B.Sc(Hons),C.Eng, CITP

The Parent Company, NFU Mutual Insurance Society, has put in place deeds of indemnity for the benefit of the Directors and Company Secretary of the parent Company and of its associated companies. The deeds of indemnity are qualifying third party indemnity provisions in accordance with the Companies Act 2006. The indemnity provisions were in force throughout the financial year and at the date the financial statements were approved.

FINANCIAL RISK MANAGEMENT

The Company is exposed to financial risk through its financial assets and financial liabilities. In particular, the key financial risk that is currently managed is Equity risk incurred indirectly through its relationship with the Open Ended Investment Company.

Equity Risk

The Company's income is derived from a management service charge levied based on the fund values of the NFU Mutual OEIC and the NFU Mutual Portfolio Funds OEIC. It follows that if the values of these funds go down then the income level within the Company will diminish. Management are satisfied that the Company's reserves are sufficient to allow it to absorb any short-term falls in revenue caused by a reduction in fund values. Furthermore the Company holds very little in the way of OEIC units thus reducing its exposure to market volatility and ultimately its financial position.

Cashflow Risk

The risk is that current assets are insufficient to meet obligations to third party creditors. This position is managed by ensuring that cash on short-term deposits is sufficient to cover the Company's obligations as they fall due.

Interest Rate Risk

Following the decision to hold only a limited amount of OEIC units on the Company's balance sheet the exposure to interest rate risk is limited and can therefore be considered immaterial.

Credit Risk

There is a risk that interest or principal will not be returned on the firm's cash deposits placed with financial institutions. We monitor the credit worthiness of financial instruments through credit ratings and other publicly available information in order to manage this risk to an acceptably low level.

N.F.U. MUTUAL UNIT MANAGERS LIMITED

FOR THE YEAR ENDED 31ST DECEMBER 2014

Information Given to Auditors

Each of the directors at the date of approval of this report confirms that

(a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and

(b) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

On behalf of the Board



K. Arif

Director

22 April 2015

N.F.U. MUTUAL UNIT MANAGERS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, 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.

On behalf of the Board



K. Arif
Director

22 April 2015

N.F.U. MUTUAL UNIT MANAGERS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF N.F.U. MUTUAL UNIT MANAGERS LIMITED

Report on the financial statements

Our opinion

In our opinion, N.F.U. Mutual Unit Managers Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2014 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.

What we have audited

N.F.U. Mutual Unit Managers Limited's financial statements comprise:

- the Balance Sheet as at 31 December 2014;
- the Profit and Loss Account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, 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) ("ISAs (UK & 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.

What an audit of financial statements involves

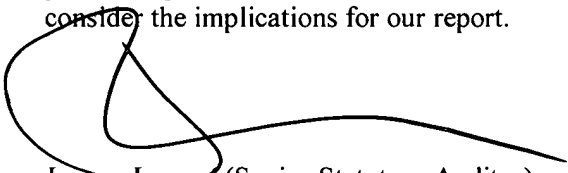
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Joanne Leeson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
23 April 2015

N.F.U. MUTUAL UNIT MANAGERS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 2014

	<u>Note</u>	<u>2014</u> £	<u>2013</u> £
<u>Continuing Operations</u>			
TURNOVER		8,297,910	8,191,088
Cost of sales		(29,583)	(119,464)
GROSS PROFIT	4	<u>8,268,327</u>	<u>8,071,624</u>
Administrative expenses		(6,843,720)	(5,722,913)
OPERATING PROFIT		<u>1,424,607</u>	<u>2,348,711</u>
Interest receivable and similar income	5	57,248	43,895
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6	<u>1,481,855</u>	<u>2,392,606</u>
Tax on profit on ordinary activities	7	(146,080)	(458,161)
PROFIT FOR THE FINANCIAL YEAR	11	<u><u>1,335,775</u></u>	<u><u>1,934,446</u></u>

All results derive from continuing operations.

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 material difference between the profit on ordinary activities before taxation and the profit for the financial years stated above and their historical costs equivalents.

The information on pages 10 to 14 forms an integral part of these financial statements.

N.F.U. MUTUAL UNIT MANAGERS LIMITED

BALANCE SHEET

AS AT 31ST DECEMBER 2014

	<u>Note</u>	<u>2014</u> £	<u>2013</u> £
<u>CURRENT ASSETS</u>			
Other investments		38,673	39,812
Debtors	8	1,474,875	2,346,801
Cash at bank and in hand		<u>19,751,245</u>	<u>17,857,475</u>
		21,264,793	20,244,088
Creditors: Amounts falling due within one year	9	(7,131,740)	(7,446,810)
NET ASSETS		<u>14,133,053</u>	<u>12,797,278</u>
<u>CAPITAL AND RESERVES</u>			
Called up share capital	10	566,666	566,666
Share premium account	11	28,238,314	28,238,314
Profit and loss account	11	(14,671,927)	(16,007,702)
TOTAL SHAREHOLDERS' FUNDS	12	<u>14,133,053</u>	<u>12,797,278</u>

The financial statements on pages 8 to 15 were approved by the board of directors on 22nd April 2015 and were signed on its behalf by:



K. Arif
DIRECTOR

22 April 2015

N.F.U. MUTUAL UNIT MANAGERS LIMITED
Company Number: 01837277

The information on pages 10 to 15 forms an integral part of these financial statements.

N.F.U. MUTUAL UNIT MANAGERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2014

1 ACCOUNTING POLICIES

These financial statements have been prepared on the going concern basis, under the historical cost convention, as modified by the fair valuing of stocks of shares, and in accordance with the Companies Act 2006 and applicable accounting standards and accounting policies in the United Kingdom. Accounting policies have been applied consistently.

a) Going Concern basis of Preparation

The Company made a profit on ordinary activities before taxation in the year of £1,481,855 (2013: £2,392,606) and continues to be a key subsidiary within the group with parental support available if required.

b) Turnover

Turnover consists of dealing charges on the sale of units within the OEICs less any discounts, and fees receivable for managing the open ended investment companies in the United Kingdom. Any holding profit or loss made on the managers box along with any distribution income is accounted for as turnover. Income receivable is recognised on an accruals basis and relates entirely to services provided in the UK.

c) Other investments

These investments are cash deposits.

d) Debtors

Debtors are amounts due from customers and other receivables arising from trading and services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Debtors are recognised initially at fair value and subsequently measured at amortised cost less provision or impairment.

e) Deposits with Credit Institutions

Deposits with credit institutions represents deposits with qualifying credit institutions subject to time restrictions or penalties for early withdrawal.

f) Cash at bank and in hand

This comprises cash on hand, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

g) Share capital

Ordinary shares are classified as equity. Excess amounts received over par is accounted for as share premium and recognised as equity.

h) Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Creditors are recognised initially at fair value and subsequently measured at amortised cost.

N.F.U. MUTUAL UNIT MANAGERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2014

1 ACCOUNTING POLICIES (Continued)

i) Current and Deferred Taxation

The tax expense for the period comprises current and deferred tax where applicable. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company generate taxable income. A taxation credit is recognised where losses are utilised within the Group and the Company will receive cash in respect of these losses.

j) Administrative Expenses

Administrative expenses are recognised on an accruals basis in the period to which the services or goods received relate.

The Company is a wholly owned subsidiary of The National Farmers Union Mutual Insurance Society Limited, whose consolidated financial statements are publicly available (see note 13). Consequently, the Company is exempt under the terms of Financial Reporting Standard 1 (FRS 1 – Cashflow Statements) (Revised 1996) from publishing a cash flow statement.

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

2 RELATED PARTY DISCLOSURES

Dealings with OEIC funds

The Company managed nine Open Ended Investment Company (OEIC) funds during the year, for which it received total management fees of £7,897,908 (2013: £7,466,664).

In its capacity as Authorised Corporate Director of the OEICs the Company creates and redeems shares within the OEICs as part of its day to day business. These transactions are not included in turnover since they are client monies and relate to client investments in the OEICs and do not represent income to the Company. The amounts paid over to the trustees of the OEIC in order to satisfy customer demands were as follows:

	<u>2014</u>	<u>2013</u>
	<u>£</u>	<u>£</u>
Amounts paid to the trustees for creation of shares.	<u>156,034,604</u>	<u>146,571,297</u>
The amounts outstanding at 31 December with open ended investment companies	<u>685,599</u>	<u>1,551,299</u>

N.F.U. MUTUAL UNIT MANAGERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2014

3 DIRECTORS' EMOLUMENTS AND EMPLOYEE INFORMATION

The directors received no emoluments for their services to the Company for year ended 31 December 2014 (2013: nil). The Directors are remunerated by the Parent Company in respect of the services for the entire Group, the Directors' services in respect of the Company were incidental in comparison to their services within the Group, and therefore nil emoluments have been apportioned to the Company (2013: nil). There were no employees during the year (2013: nil).

4 GROSS PROFIT

	<u>2014</u>	<u>2013</u>
	£	£
Turnover comprises the following:		
Dealing charges and other income	541,008	1,007,433
Management fee	7,897,908	7,466,664
Discount on initial charges	<u>(141,006)</u>	<u>(283,009)</u>
	<u>8,297,910</u>	<u>8,191,088</u>
Cost of sales comprises the following:		
Stamp duty and other costs	<u>29,583</u>	<u>119,464</u>
	<u>29,583</u>	<u>119,464</u>

The Company acts as principal in the sale of shares in its authorised OEIC although in substance it is acting as an agent in accordance with Application Note G of FRS 5 (Reporting the Substance of Transactions), as a result the sale of shares is not recognised as revenue. The gross sales of shares during the year were £192,492,109 (2013: £180,129,564).

All business is written in the U.K.

5 INTEREST RECEIVABLE AND SIMILAR INCOME

	<u>2014</u>	<u>2013</u>
	£	£
Deposit Interest	<u>57,248</u>	<u>43,895</u>

6 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>2014</u>	<u>2013</u>
	£	£
The profit on ordinary activities is stated after charging:		
Auditors' remuneration:		
Audit:		
N.F.U. Mutual Unit Managers Limited	18,000	15,600
NFU Mutual OEIC	<u>97,600</u>	<u>91,920</u>
	<u>115,600</u>	<u>107,520</u>

N.F.U. MUTUAL UNIT MANAGERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2014

7 TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>2014</u>	<u>2013</u>
	£	£
The taxation credit on the profit for the year:		
UK Corporation tax charge - current year	318,602	556,310
Adjustment in respect of prior years	<u>(172,522)</u>	<u>(98,149)</u>
Total UK corporation tax credit	<u>146,080</u>	<u>458,161</u>

The tax assessed for the year is lower (2013:lower) than the standard rate of corporation tax in the UK of 21.5% (2013:23.25%)

The differences are explained below:

	<u>2014</u>	<u>2013</u>
	£	£
Profit on ordinary activities before taxation	<u>1,481,855</u>	<u>2,392,606</u>
Profit on ordinary activities multiplied by standard rate of Corporation tax in UK 21.5% (2013: 23.25%)	318,497	556,199
Tax on franked and unfranked investment income (not taxable)	68	86
Tax already suffered on franked and unfranked investment income	37	25
Adjustment in respect of prior years	<u>(172,522)</u>	<u>(98,149)</u>
Current tax charge for the year	<u>146,080</u>	<u>458,161</u>

8 DEBTORS

	<u>2014</u>	<u>2013</u>
	£	£
Trade debtors	1,412,605	2,254,600
Prepayments and accrued income	<u>62,270</u>	<u>92,201</u>
	<u>1,474,875</u>	<u>2,346,801</u>

N.F.U. MUTUAL UNIT MANAGERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2014

9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>2014</u>	<u>2013</u>
	£	£
Corporation Tax	(318,396)	(556,098)
Trade creditors	(1,168,614)	(2,136,386)
Amounts owed to group undertakings	(5,321,260)	(4,151,470)
Accrual and deferred income	(323,470)	(602,856)
	<u>(7,131,740)</u>	<u>(7,446,810)</u>

10 CALLED UP SHARE CAPITAL

	<u>2014</u>	<u>2013</u>
	£	£
566,666 (2013: 566,666) Allotted and fully paid shares of £1 each	<u>566,666</u>	<u>566,666</u>

11 RESERVES

	<u>Profit and Loss</u>	<u>Share Premium</u>	<u>Total</u>
	<u>Account</u>	<u>Account</u>	
	£	£	£
At 1st January 2014	(16,007,702)	28,238,314	12,230,612
Profit for the financial year	1,335,775	-	1,335,775
At 31st December 2014	<u>(14,671,927)</u>	<u>28,238,314</u>	<u>13,566,387</u>

12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>2014</u>	<u>2013</u>
	£	£
Opening total shareholders' funds	12,797,278	10,862,832
Profit for the financial year	1,335,775	1,934,446
Closing total shareholders' funds	<u>14,133,053</u>	<u>12,797,278</u>

N.F.U. MUTUAL UNIT MANAGERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2014

13 ULTIMATE PARENT UNDERTAKING

The directors consider the immediate and ultimate parent Company, and controlling party is The National Farmers Union Mutual Insurance Society Limited, a Company incorporated in England and Wales, and the only group to consolidate these financial statements. Copies of the consolidated financial statements of the immediate and ultimate parent Company can be obtained from the Secretary at the following address:

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