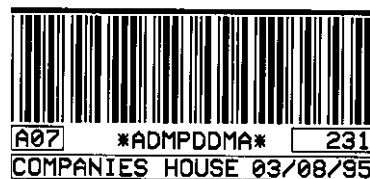


NFU MUTUAL UNIT MANAGERS LIMITED

REPORT & ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 1994

Registration Number : 1837277



NFU MUTUAL UNIT MANAGERS LIMITED

REPORT OF THE DIRECTORS

The Directors present their report and the audited accounts for the year ended 31st December, 1994.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the company are the promotion and management of unit trusts and other arrangements for investing funds on behalf of the NFU Mutual and Avon Insurance Group. The directors consider the result for the year to be satisfactory.

FINANCIAL RESULTS AND DIVIDENDS

The retained profit for the financial year of £90,367 (1993 £65,152) has been transferred to reserves.

DIRECTORS

The Directors at the year end were as follows:

A.S. Young, FCII
D.F. Tigwell, FCII
N. Carter, FCA
R.A. Deacon, LL.B
K.M.R. Price, MA, FIA,
G.A.D. Pyott, B.SC., PL.D., FIA

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

The Directors retiring by rotation are Messrs. R.A. Deacon and K.M.R. Price who, being eligible, offer themselves for re-election.

AUDITOR

A resolution will be proposed at the forthcoming Annual General Meeting to reappoint Coopers & Lybrand as the auditors of the company.

By order of the Board



W.E. COOPER,
Secretary,

16th March, 1995

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

We have audited the financial statements set out on pages 3 to 9.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in 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 1994 and of the profit and cash flow for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand

Coopers & Lybrand

Chartered Accountants and Registered Auditors

London

Date *19 April 1995*

STATEMENT 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 are required to :-

select suitable accounting policies and then apply them consistently;

make judgements and estimates that are reasonable and prudent;

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 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.

NFU Mutual Unit Managers Limited

PROFIT AND LOSS ACCOUNT
for the year ended 31st December 1994

	<u>Notes</u>	<u>1994</u>	<u>1993</u>
		<u>£</u>	<u>£</u>
TURNOVER – continuing operations		1,840,102	1,398,543
Cost of Sales – continuing operations		<u>1,565,828</u>	<u>1,173,125</u>
GROSS PROFIT	3	274,274	225,418
Administrative expenses – continuing operations		<u>157,284</u>	<u>149,781</u>
		116,990	75,637
Other operating income – continuing operations		602	563
Interest receivable		<u>16,616</u>	<u>19,144</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	<u>134,208</u>	<u>95,344</u>
TAXATION ON ORDINARY ACTIVITIES	5	<u>43,841</u>	<u>30,192</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		90,367	65,152
RETAINED PROFITS BROUGHT FORWARD		<u>337,060</u>	<u>271,908</u>
RETAINED PROFITS CARRIED FORWARD		<u><u>427,427</u></u>	<u><u>337,060</u></u>

The company has no recognised gains and losses other than those included in the profits 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 cost equivalents.

NFU Mutual Unit Managers Limited

Balance Sheet as at 31st December 1994

	<u>Notes</u>	<u>1994</u>	<u>1993</u>
		£	£
CURRENT ASSETS			
Stock of Units	2(c)	13,264	29,248
Trade debtors		32,614	31,095
Other debtors		1,836	1,834
Cash at bank		530,954	384,635
		<u>578,668</u>	<u>446,812</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Trade creditors		(40,292)	(12,940)
Accruals and other liabilities		(17,794)	(16,288)
Taxation		(43,155)	(30,524)
		<u>(101,241)</u>	<u>(59,752)</u>
NET CURRENT ASSETS		<u>477,427</u>	<u>387,060</u>
PROVISIONS FOR LIABILITIES AND CHARGES		<u>-</u>	<u>-</u>
NET ASSETS		<u><u>477,427</u></u>	<u><u>387,060</u></u>
CAPITAL AND RESERVES			
Called up share capital	7	50,000	50,000
Profit and loss account		427,427	337,060
		<u><u>477,427</u></u>	<u><u>387,060</u></u>

The financial statements on pages 3 to 9 were approved by the Board of Directors on 19 APRIL 1995 and signed on its behalf by

A S Young, FCII
R A Deacon, LL. B




} Directors

NFU Mutual Unit Managers Limited

Cash Flow Statement
for the year ended 31st December 1994

	1994	1993
	£	£
Net cash inflow from continuing operating activities	160,311	68,156
(Reconciliation to operating profit on page 6)		
Returns on investment and servicing of finance		
Franked Investment Income	602	563
Net Interest Received	16,616	19,144
	<hr/>	<hr/>
Net cash inflow from returns on investments and servicing of finance	17,218	19,707
Taxation		
UK Corporation tax paid	(31,210)	(25,370)
	<hr/>	<hr/>
Net cash inflow before financing	146,319	62,493
	<hr/>	<hr/>
Financing	-	-
Increase in cash or cash equivalents	<u>146,319</u>	<u>62,493</u>
(Note 6)		

NFU Mutual Unit Managers Limited

Cash Flow Statement
for the year ended 31st December 1994

	1994	1993
	£	£
Operating Profit	116,990	75,637
Increasing in operating debtors and prepayments	(1,521)	(8,798)
Decrease/(Increase) in stocks	15,984	(6,434)
(Decrease)/Increase in creditors	28,858	7,751
	<hr/>	<hr/>
Net cash inflow from operating activities	<u>160,311</u>	<u>68,156</u>

NFU Mutual Unit Managers Limited

Notes to the Accounts
for the year ended 31st December 1994

1. HOLDING COMPANY

The company's ultimate holding company is The National Farmers Union Mutual Insurance Society Limited which is incorporated in Great Britain and registered in England and Wales.

Copies of consolidated financial statements can be obtained from : -

NFU Mutual & Avon Group
Tiddington Road
Stratford - upon - Avon
CV37 7BJ

2. ACCOUNTING POLICIES

a) Basis of Accounting

The accounts have been prepared under the historical cost basis of accounting and in accordance with applicable accounting standards.

b) Turnover

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

c) Stock of Units

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

3. GROSS PROFIT

Turnover comprises the following:

	1994 (£)	1993 (£)
Continuing operations		
Gross sales of units	1,657,201	1,245,377
Management Fee	188,748	165,406
Discount net of other income	<u>(5,847)</u>	<u>(12,240)</u>
	<u>1,840,102</u>	<u>1,398,543</u>

Cost of sales comprises the following:

	(£)	(£)
Continuing operations		
New units created and repurchased units	1,562,718	1,170,596
Stamp Duty and other costs	<u>3,110</u>	<u>2,529</u>
	<u>1,565,828</u>	<u>1,173,125</u>

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAX

is stated after charging:

	1994 (£)	1993 (£)
Auditors' remuneration	4,725	10,105

Employees contracts of service are with a fellow subsidiary company, The National Farmers Union Mutual Insurance Society Limited and their remuneration is disclosed in that company's accounts.

None of the directors received or waived any emoluments in respect of their services in the current or previous year.

5. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

Taxation in the Profit and Loss Account comprises:

	1994 (£)	1993 (£)
Corporation tax payable at 33%	43,154	30,524
Tax on Franked Investment Income	687	668
(Over)/Under provision in respect of prior periods	<u>0</u>	<u>(1,000)</u>
	<u>43,841</u>	<u>30,192</u>

6. CASH AND CASH EQUIVALENTS

	1994 (£)	1993 (£)
Changes in the year		
At 1 January	384,635	322,142
Net cash flows	146,319	62,493
	<hr/>	<hr/>
At 31 December	<u>530,954</u>	<u>384,635</u>

7. CALLED UP SHARE CAPITAL

	1994 (£)	1993 (£)
Authorised:		
100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Allotted, called up and fully paid:		
50,000 ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

8. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1994 (£)	1993 (£)
Profit for the financial year	90,367	65,152
Opening shareholder's funds	<u>387,060</u>	<u>321,908</u>
	<hr/>	<hr/>
Closing shareholders' funds	<u>477,427</u>	<u>387,060</u>

9. CONTINGENT LIABILITIES

There are no contingent liabilities at 31 December 1994

NFU Mutual Unit Managers Limited

Year Ended 31st December 1994

	31.12.94	31.12.93
	£	£
Calculation of Turnover:		
Sales	1,651,562	1,240,429
Special Price Discount	5,639	4,948
Annual Fee	188,748	165,406
Box Income	427	424
Discount	(6,274)	(12,664)
	<u>1,840,102</u>	<u>1,398,543</u>
Cost of Sales:		
Creations	1,141,659	805,273
Repurchases	463,565	429,054
ISC	(64,482)	(45,302)
Stamp Duty	2,627	2,069
R/I Dealing	74	(86)
PEP Dealing	342	(138)
Savers Dealing	(146)	591
DR W/Off	63	50
CR W/Off	50	43
W/Off	3	0
Expros	0	0
Liquidation Income	0	0
Non-Contract Dealing	98	0
Opening Stock	28,787	10,358
Closing Stock	(6,811)	(28,787)
Expro Roundings	0	0
	<u>1,565,828</u>	<u>1,173,125</u>
GROSS PROFIT	<u>274,274</u>	<u>225,418</u>

NFU Mutual Unit Managers Limited

Year Ended 31st December 1994

	31.12.94	31.12.93
	£	£
Administrative Expenses		
Commission	15,090	7,202
Price Quotation	3,037	3,217
Management Charges	64,625	63,450
Trustee Fees	0	0
Audit Fees	4,725	10,105
Legal Fees	0	0
Printing & Stationery	0	0
Datastream Expenses	8,450	7,355
VAT	0	0
Sundry Expenses	130	7
PUTA Admin Fee	54,111	50,317
Distribution Expenses	3,118	3,866
Postages	1,128	101
Subscriptions	2,794	3,975
Bank Charges	76	186
	<u>157,284</u>	<u>149,781</u>
Other Operating Income		
Gross Liquidation Income	0	0
Equalisation Income	3,010	2,424
Equalisation Payment	<u>(2,408)</u>	<u>(1,861)</u>
	<u>602</u>	<u>563</u>
Net Interest Received	<u>16,616</u>	<u>19,144</u>

NFU Mutual Unit Managers Limited

Year Ended 31st December 1994

	31.12.94	31.12.93
	£	£
Taxation		
Profit/(Loss) before taxation	134,208	95,344
Less Franked Investment Income		
Box Income	(427)	(424)
Equalisation Income	(3,010)	(2,424)
Liquidation Income	<u>0</u>	<u>0</u>
	<u>130,771</u>	<u>92,496</u>
Tax thereon @33%	(43,154)	(30,524)
Tax on Franked Investment Income	(687)	(668)
Over/(Underprovision) in respect of prior periods	<u>0</u>	<u>1,000</u>
	<u>(43,841)</u>	<u>(30,192)</u>