

**NFU MUTUAL UNIT MANAGERS LIMITED**

**REPORT & ACCOUNTS**

**FOR THE YEAR ENDED 31ST DECEMBER 1997**

Registration Number : 1837277



NFU MUTUAL UNIT MANAGERS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 1997

The directors present their report and financial statements for the year ended 31 December 1997.

PRINCIPAL ACTIVITIES

The principal activities of the company are the promotion and management of one unit trust and other arrangements for investing funds on behalf of the NFU Mutual Insurance Society Limited.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

Both the level of business and the year end position were satisfactory and the directors expect that the level of activity will improve in the foreseeable future.

The directors draw your attention to note 8 on page 9 where the called up share capital has been increased to 80,000 ordinary shares of £1 each.

DIVIDENDS AND TRANSFERS TO RESERVES

The directors do not recommend the payment of a dividend.

The loss for the financial year of £352,883 (1996 loss £114,460) will be transferred to reserves.

DIRECTORS

The directors during the year were as follows:

A.S. Young, FCII  
N. Carter, FCA  
R.A. Deacon, LLB (retired 30th June 1997)  
D.F. Tigwell, FCII  
G.A.D. Pyott, BSc, PLD, FIA

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

Mr. N. Carter retires by rotation and who, being eligible, offers himself for re-election.

AUDITORS

In accordance with Section 384 of the Companies Act 1985 a resolution proposing the reappointment of Coopers & Lybrand as auditors to the company will be put to the Annual General Meeting.

By order of the Board



W.E. Cooper,  
Secretary

22nd April 1998

## **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 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

22nd April 1998

# **REPORT OF THE AUDITORS TO THE MEMBERS OF**

## **NFU MUTUAL UNIT MANAGERS LIMITED**

We have audited the financial statements set out on pages 4 to 10.

### **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.

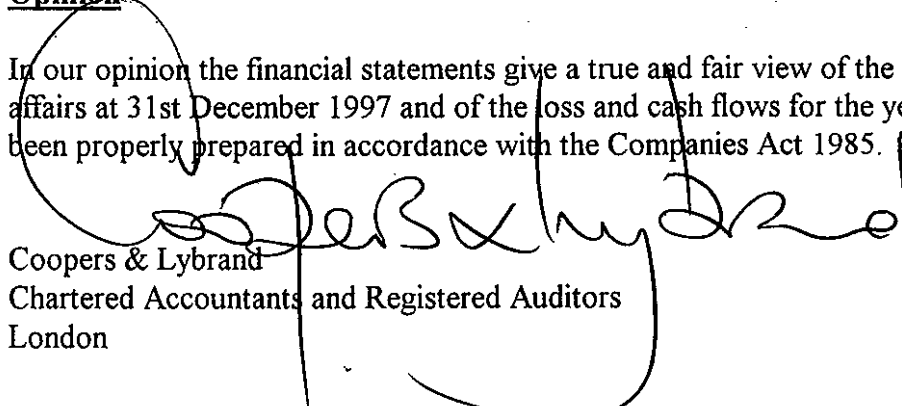
### **Basis of opinion**

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 and 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 31st December 1997 and of the loss and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand  
Chartered Accountants and Registered Auditors  
London

23rd April 1998

## **NFU Mutual Unit Managers Limited**

### **PROFIT AND LOSS ACCOUNT** **for the year ended 31st December 1997.**

	<u>Notes</u>	<u>1997</u>	<u>1996</u>
		£	£
TURNOVER - continuing operations		17,169,460	7,341,639
Cost of Sales - continuing operations		<u>16,264,095</u>	<u>6,869,758</u>
GROSS PROFIT	3	905,365	471,881
Administrative expenses - continuing operations		<u>1,484,984</u>	<u>686,876</u>
OPERATING (LOSS)		(579,619)	(214,995)
Other operating income - continuing operations		1,498	629
Interest receivable		<u>62,593</u>	<u>42,652</u>
(LOSS) ON ORDINARY			
ACTIVITIES BEFORE TAX	4	<u>(515,528)</u>	<u>(171,714)</u>
Tax (credit) on ordinary activities	5	<u>(162,645)</u>	<u>(57,254)</u>
RETAINED (LOSS) FOR THE			
FINANCIAL YEAR		(352,883)	(114,460)
RETAINED PROFITS BROUGHT FORWARD		<u>419,893</u>	<u>534,353</u>
RETAINED PROFITS CARRIED FORWARD		<u><u>67,010</u></u>	<u><u>419,893</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.

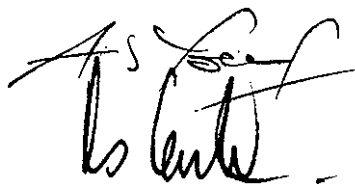
# NFU Mutual Unit Managers Limited

## Balance Sheet as at 31st December 1997

	<u>Notes</u>	<u>1997</u> £	<u>1996</u> £
<b>CURRENT ASSETS</b>			
Stock of units	2(c)	55,252	39,418
Trade debtors		33,729	795
Other debtors		4,292	1,876
Taxation receivable		162,171	58,154
Cash at bank		1,610,737	1,200,436
		<u>1,866,181</u>	<u>1,300,679</u>
 <b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>			
Trade creditors		596,976	282,566
Accruals and other liabilities		144,242	65,053
Due to group company		602,953	483,167
		<u>1,344,171</u>	<u>830,786</u>
 <b>NET ASSETS</b>		 <u><u>522,010</u></u>	 <u><u>469,893</u></u>
 <b>CAPITAL AND RESERVES</b>			
Called up share capital	8	80,000	50,000
Share premium account	9	375,000	-
Profit and loss account		67,010	419,893
Equity Shareholders' funds	10	<u><u>522,010</u></u>	<u><u>469,893</u></u>

The financial statements on pages 4 to 10 were approved by the Board of Directors on 22nd April 1998 and signed on its behalf by

A.S. Young, F.C.I.I.  
N. Carter, F.C.A.



} Directors

# NFU Mutual Unit Managers Limited

## Cash Flow Statement for the year ended 31st December 1997

	<u>Notes</u>	<u>1997</u> £	<u>1996</u> £
<u>Net cash (out)/inflow from continuing operating activities</u>	6	(117,418)	515,112
<u>Returns on investment and servicing of finance</u>			
Franked Investment Income		1,498	629
Net Interest Received		62,593	42,652
		<hr/>	<hr/>
Net cash inflow from returns on investments and servicing of finance		64,091	43,281
<u>Taxation</u>			
Corporation tax received/(paid)		58,628	(52,252)
<u>Management of liquid resource</u>			
Net cash outflow to short term deposits		(510,000)	(485,000)
<u>Financing</u>			
New share capital issue		405,000	-
		<hr/>	<hr/>
(Decrease)/increase in cash		<u>(99,699)</u>	<u>21,141</u>
<u>Reconciliation of net cashflow to movement in net debt</u>			
(Decrease)/increase in cash in the period		(99,699)	21,141
Cash used to increase liquid resources		510,000	485,000
		<hr/>	<hr/>
Change in net debt resulting from cash flows		410,301	506,141
Net funds at 1st January		1,200,436	694,295
Net funds at 31st December	7	<u>1,610,737</u>	<u>1,200,436</u>

# **NFU Mutual Unit Managers Limited**

## **Notes to the Accounts** **for the year ended 31st December 1997**

### **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 in the United Kingdom.

#### **b) Turnover**

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

	<u>1997</u>	<u>1996</u>
	(£)	(£)
Continuing operations		
Gross sales of units	17,253,721	7,278,872
Management Fee	446,623	281,291
Discount net of other income	(530,884)	(218,524)
	<u>17,169,460</u>	<u>7,341,639</u>

Cost of sales comprises the following:

Continuing operations		
New units created and repurchased units	16,256,954	6,860,867
Stamp Duty and other costs	7,141	8,891
	<u>16,264,095</u>	<u>6,869,758</u>

### 4. (LOSS) ON ORDINARY ACTIVITIES BEFORE TAX

is stated after charging:

Auditors' remuneration		
Fees	6,110	5,382
Other services	2,663	3,946
	<u>8,773</u>	<u>9,328</u>

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 (LOSS) ON ORDINARY ACTIVITIES

Taxation credit in the Profit and Loss Account comprises:

Corporation tax repayable at 31.5%	(162,171)	(58,154)
Tax on Franked Investment Income	1,521	900
Over provision in prior years	(1,995)	-
	<u>(162,645)</u>	<u>(57,254)</u>

**6 RECONCILIATION OF OPERATING (LOSS) TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	<u>1997</u> (£)	<u>1996</u> (£)
Operating loss	(579,619)	(214,995)
(Increase)/decrease in operating debtors/prepayments	(35,350)	22,131
(Increase) in stocks	(15,834)	(20,354)
Increase in creditors	513,385	728,330
Net cash (out)/inflow from operating activities	<u>(117,418)</u>	<u>515,112</u>

**7. ANALYSIS OF CHANGES IN NET DEBT**

	At 1 January 1997	Cash Flows	At 31 December 1997	At 1 January 1996	Cash Flows	At 31 December 1996
	£	£	£	£	£	£
Cash and bank	55,436	(99,699)	(44,263)	34,295	21,141	55,436
Current asset investments	1,145,000	56,000	1,655,000	660,000	485,000	1,145,000
	<u>1,200,436</u>	<u>(43,699)</u>	<u>1,610,737</u>	<u>694,295</u>	<u>506,141</u>	<u>1,200,436</u>

**8. CALLED UP SHARE CAPITAL**

	<u>1997</u> (£)	<u>1996</u> (£)
Authorised:		
100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Allotted, called up and fully paid:		
80,000 ordinary shares of £1 each	<u>80,000</u>	<u>50,000</u>

The company allotted a further 30,000 ordinary shares of £1 each during the year for a cash consideration of £405,000.

**9. SHARE PREMIUM ACCOUNT AND RESERVES**

	Share Premium account (£)	Profit and Loss account (£)
As at 1st January	-	419,893
New share capital issue	375,000	-
Retained loss for the year	-	(352,883)
As at 31st December	<u>375,000</u>	<u>67,010</u>

## 10 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1997</u>	<u>1996</u>
	(£)	(£)
(Loss) for the financial year	(352,883)	(114,460)
New share capital issued	405,000	-
Opening shareholders' funds	469,893	584,353
Closing shareholders' funds	<u>522,010</u>	<u>469,893</u>

## 11 CONTINGENT LIABILITIES

There are no contingent liabilities at 31st December 1997

## 12. RELATED PARTY TRANSACTIONS

- a) NFU Mutual Unit Managers Limited is a 100% subsidiary of The National Farmers Union Mutual Insurance Society Limited. Transactions between the parties have not been disclosed in accordance with Financial Reporting Standard 8 'Related Party Disclosures' specific exemptions.
- b) The company managed 1 unit trust during the year for which it received total management fees of £446,623.

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

Amounts paid to the trustees for creation of units	14,837,464
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Amounts received from the trustees for liquidation of units	0
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The amounts outstanding with unit trusts as at 31st December 1997 were as follows:

Amounts due to trustees for units created	584,749
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Amounts owing from trustees for units liquidated	0
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