

**N.F.U. MUTUAL UNIT MANAGERS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**Registered Number: 01837277**

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



**N.F.U. MUTUAL UNIT MANAGERS LIMITED**

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## **N.F.U. MUTUAL UNIT MANAGERS LIMITED**

### **STRATEGIC REPORT**

#### **FOR THE YEAR ENDED 31 DECEMBER 2020**

The directors present the Strategic Report and audited financial statements of NFU Mutual Unit Managers Limited (the Company) for the year ended 31 December 2020.

#### **REVIEW OF THE BUSINESS**

Since the outbreak of the Coronavirus in early 2020, the Company has successfully maintained its ability to service its customers despite challenging conditions.

The principal activity of the Company is the management of two third-party Open-Ended Investment Companies (OEICs).

In 2020 N.F.U. Mutual Unit Managers Limited (MUMCO) recorded a profit after tax for the financial year of £2,042,468 (2019 profit £1,506,213).

The improvement in profitability has been driven by lower project costs following the migration to a new platform provider, Genpact at the end of 2018 and the launch of new products in 2019. These savings have been partly offset by higher internal recharges.

With the outbreak of the worldwide Coronavirus and substantial market fluctuations the impact on the Company's capital position has been limited, which remains within the Company's risk appetite due to the nature of assets held by the Company.

#### **Balance sheet position**

The Balance Sheet remains healthy with net assets of £20,381,685 (2019: £18,339,217). The current level of cash deposits is sufficient to meet the planned levels of additional expenditure to be incurred as part of ongoing strategic programmes.

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

#### **KEY PERFORMANCE INDICATORS**

	<u>2020</u>	<u>2019</u>
	£	£
Profit after taxation	2,042,468	1,506,213
Total purchases	475,970,426	167,721,487
Net purchases	103,103,515	49,995,026
Total funds under management	1,116,978,821	1,038,892,723

## **N.F.U. MUTUAL UNIT MANAGERS LIMITED**

### **STRATEGIC REPORT (continued)**

#### **FOR THE YEAR ENDED 31 DECEMBER 2020**

##### **PRINCIPAL RISKS AND UNCERTAINTIES**

###### **Coronavirus**

The risk associated with the outbreak of Coronavirus has been considered by the Group, further details are shown in the Group Annual Report.

###### **Operational Risk**

There is a risk that internal processes and procedures fail, resulting in the recording of the Company's income and expenses being incorrect. This could lead to the Company incurring financial losses as a result of these failures. Capital required to cover operational risk is held at a Group level. A letter of guarantee from the Parent Company, the National Farmers Union Mutual Insurance Society Limited, is in place covering the 15 months starting 1 January 2021. This states that the Parent Company would reimburse the costs of any operational risk failure in the eventuality that MUMCO is unable to meet that requirement.

###### **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 Companies (OEICs).

###### **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. The Management team is 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.

The Company does not hold any OEIC units and as such has no exposure to market volatility.

###### **Cash flow 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**

There is a risk that interest rates may go down. The term of deposits made is regularly reviewed to minimise the impact this may have.

###### **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**

### **STRATEGIC REPORT (continued)**

#### **FOR THE YEAR ENDED 31 DECEMBER 2020**

##### **FUTURE OUTLOOK**

In 2021, the Company is looking to close its Global Emerging Market Fund following FCA approval to do so as the fund reduced in size in 2020 such that it is no longer of sufficient scale to diversify the Fund across a broad enough range of investments and also the fund costs, as a proportion of the fund value, have increased.

In 2021, the Company is expecting volumes of new investments into its funds to continue to be strong following the launch of the Select Pension in late 2019 on the Wrap platform by NFU Mutual Select Investments Limited.

##### **SECTION 172**

S. 172 of the Companies Act 2006 requires directors to act in the way which they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. In doing this, directors should take into account factors which will affect the success of the company such as the long term consequences of any decision, the interests of employees, the needs of its customers, relationships with suppliers, regulators and other stakeholders and the wider community and the company's reputation.

The company's key stakeholders and the principal ways it engages with them are:

- **People** – The Board receives regular updates on the engagement of employees through the annual engagement survey. In addition, the Group had formal and informal consultation forums which support employee engagement with effective communication and help provide an employee voice. Through these groups employees are involved in the review and development of workforce policies and procedures and two-way dialogue is encouraged.
- **Suppliers** – The Group works with its suppliers to ensure performance and to identify opportunities for enhanced value and innovation. Business Relationship Managers hold regular meetings with key suppliers to ensure there is regular engagement in line with our procurement policies and practices.
- **Customers** – The Company's customers are all institutional investors within the NFU Mutual Group. There is regular dialogue across the Group to ensure that the company continues to provide the funds and performance required for the end retail investors.
- **Regulators** – There is regular dialogue with all relevant regulators concerning regulatory matters relevant to the business.

The relevance of each stakeholder group will be different for each issue considered by the Board. Therefore, it is important that the Board understands the needs of each stakeholder group during its discussions and as part of its decision making. Together with the consideration of the long term consequences and the maintenance of our reputation for high standards of business conduct, this is integral to the way the Board operates.

**N.F.U. MUTUAL UNIT MANAGERS LIMITED**

**STRATEGIC REPORT (continued)**

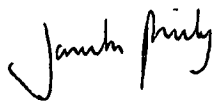
**FOR THE YEAR ENDED 31 DECEMBER 2020**

The views of stakeholders are heard by the Board through information provided by management and by Directors' direct engagement with stakeholders. Consideration of stakeholders is at the heart of what we do as a business. The Group's customers are at the heart of its strategy and the strategic objectives directly link into the requirements under s.172.

- To deliver Sustainable Profitable Growth – requires the Group to consider the long term consequences of decisions and the needs of our customers
- To be a Great Company to do Business With – requires the Group to put its customers at the heart of what we do; it also ensures that suppliers and business partners are fully considered
- To be a Great Place to Work – requires the Group to consider the needs and expectations of employees, including their engagement

The Board has considered the positions of all stakeholders and all relevant factors in considering the development of the company's strategy and medium term plan. It has also considered the value for money assessment of the funds offered by the company as reported in the NFU Mutual OEIC Report and NFU Mutual Portfolio Funds OEIC; as part of that assessment the Board considered the impact on end investors of certain fund charges and decided to amend some of those charges.

On behalf of the Board



J. Priestley  
Director  
23 April 2021

## **N.F.U. MUTUAL UNIT MANAGERS LIMITED**

### **DIRECTORS' REPORT**

#### **FOR THE YEAR ENDED 31 DECEMBER 2020**

The directors present their annual report and audited financial statements of N.F.U. Mutual Unit Managers Limited ("the Company") for the year ended 31 December 2020.

#### **PRINCIPAL ACTIVITIES**

The principal activity of the Company is the promotion and management of two third-party Open-Ended Investment Companies (OEICs), containing 16 funds (2019: 14 funds) in total. The Company receives management fees for performing this function. The Company is an Authorised Corporate Director for the OEICs and creates and redeems shares within the OEICs as part of its day to day business, in its capacity as ACD.

#### **DIVIDENDS AND TRANSFERS TO RESERVES**

The directors proposed a dividend of £15m on 31 March 2021 (2019: £nil). The profit after tax for the financial year was £2,042,468 (2019 profit: £1,506,213) which will transfer to reserves.

#### **DIRECTORS**

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

P. A. Glover  
J. Priestley  
C. Judd  
N. D. Bryan  
J. Bailie  
D. Roper (resigned 5 January 2021)  
A. C. Fairhead (appointed 5 January 2021)

The Company Secretary during the year and up to the date of signing the financial statements was:

J. D. Creechan

The Parent Company, The National Farmers Union Mutual Insurance Society Limited, 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**

See Strategic Report on page 3.

#### **FUTURE OUTLOOK**

See Strategic Report on page 4.

**N.F.U. MUTUAL UNIT MANAGERS LIMITED**

**DIRECTORS' REPORT (Continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

**GOING CONCERN BASIS OF ACCOUNTING**

The accounts have been prepared on a going concern basis.

The Directors have reviewed the Company's business activities, financial position, principal risks and uncertainties, financial commentary as set out in the Strategic Report on pages 1 and its liquidity and operational resilience as part of the NFUM Group response to the outbreak of Coronavirus in early 2020. Further details are shown in the Group Annual Report.

The Directors consider that the Company has adequate resources and continues to have a strong capital position which remained within the Company's risk appetite as at 31 December 2020 to continue in operation and are satisfied that it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

**STATEMENT OF DISCLOSURE OF INFORMATION TO INDEPENDENT AUDITORS**

The auditors, Deloitte LLP have indicated their willingness to continue in office and a resolution that they be reappointed will be proposed at the Annual General Meeting.

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all the steps that they ought to have taken as director in order to make them self-aware of any relevant audit information and to establish that the Company's auditors are aware of that information:

The confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

On behalf of the Board



J. Priestley  
Director  
23 April 2021



**N.F.U. MUTUAL UNIT MANAGERS LIMITED**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

The directors are responsible for preparing the Annual 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, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and 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.

The directors 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



J. Priestley  
Director  
23 April 2021

## **N.F.U. MUTUAL UNIT MANAGERS LIMITED**

### **Independent auditors' report to the members of N.F.U. Mutual Unit Managers Limited**

#### **Report on the audit of the financial statements**

##### **Opinion**

In our opinion the financial statements of N.F.U. Mutual Unit Managers Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 12.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice)

##### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## **N.F.U. MUTUAL UNIT MANAGERS LIMITED**

### **Other information**

The other information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

## **N.F.U. MUTUAL UNIT MANAGERS LIMITED**

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act of 2006 and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included the Financial Conduct Authority's regulation, the company's operating license and regulatory solvency requirements.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address it are described below:

- Revenue recognition pinpointed on the accuracy and completeness assertions over fees receivable for managing the Open-Ended Investment Companies. We obtained an understanding of the relevant controls over the revenue recognition process including evaluating the design and implementation of the key management controls around fees receivable for managing the Open-Ended Investment Companies.
- We focused our fraud risk procedures on validating that revenue transactions recognised were complete and accurately recorded in line with the timing of the service rendered through inspection of third party correspondence.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC and the Financial Conduct Authority.

### **Report on other legal and regulatory requirements**

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

## **N.F.U. MUTUAL UNIT MANAGERS LIMITED**

### **Matters on which we are required to report by exception**

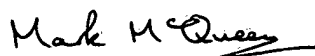
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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 financial statements 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.

We have nothing to report in respect of these matters.

### **Use of our report**

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 auditor's 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.



Mark McQueen (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, England

23 April 2021

**N.F.U. MUTUAL UNIT MANAGERS LIMITED**

**PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

	<u>Note</u>	<u>2020</u> £	<u>2019</u> £
TURNOVER	4	7,261,237	7,256,173
Administrative expenses		(4,791,038)	(5,540,496)
OPERATING PROFIT		<u>2,470,199</u>	<u>1,715,677</u>
Interest receivable and similar income	5	51,367	143,845
PROFIT BEFORE TAXATION	6	<u>2,521,566</u>	<u>1,859,522</u>
Tax charge for the year	7	(479,098)	(353,309)
PROFIT FOR THE FINANCIAL YEAR		<u><u>2,042,468</u></u>	<u><u>1,506,213</u></u>

All results are derived from continuing operations.

The Company has no other comprehensive income other than in the profit above, and therefore no separate statement of other comprehensive income has been presented.

The notes on pages 16 to 21 form an integral part of these financial statements.

**N.F.U. MUTUAL UNIT MANAGERS LIMITED**

**BALANCE SHEET**

**AS AT 31 DECEMBER 2020**

	<u>Note</u>	<u>2020</u> £	<u>2019</u> £
<b><u>CURRENT ASSETS</u></b>			
Debtors	8	3,025,143	2,676,584
Deposits with credit institutions		17,000,000	17,000,000
Cash at bank and in hand		<u>6,773,502</u>	<u>5,712,950</u>
		26,798,645	25,389,534
Creditors: Amounts falling due within one year	9	<u>(6,416,960)</u>	<u>(7,050,317)</u>
NET ASSETS		<u>20,381,685</u>	<u>18,339,217</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>20,381,685</u>	<u>18,339,217</u>
Called up share capital	10	566,666	566,666
Share premium account		28,238,314	28,238,314
Accumulated losses		<u>(8,423,295)</u>	<u>(10,465,763)</u>
TOTAL EQUITY		<u>20,381,685</u>	<u>18,339,217</u>

The financial statements on pages 13 to 21 were approved and authorised for issue by the Board of directors on 23 April 2021 and were signed on its behalf by:



J. Priestley  
DIRECTOR

23 April 2021

N.F.U. Mutual Unit Managers Limited  
Company Number: 01837277

The notes on pages 16 to 21 form an integral part of these financial statements.

**N.F.U. MUTUAL UNIT MANAGERS LIMITED****STATEMENT OF CHANGES IN EQUITY****AS AT 31 DECEMBER 2020**

	<u>Called Up Share Capital</u> £	<u>Share Premium Account</u> £	<u>Accumulated Losses</u> £	<u>Total Equity 2020</u> £	<u>Total Equity 2019</u> £
<b>Balance at 1 January</b>	566,666	28,238,314	(10,465,763)	18,339,217	16,833,004
<i>Profit for the financial year</i>	-	-	2,042,468	2,042,468	1,506,213
<b>Balance at 31 December</b>	<b>566,666</b>	<b>28,238,314</b>	<b>(8,423,295)</b>	<b>20,381,685</b>	<b>18,339,217</b>



# **N.F.U. MUTUAL UNIT MANAGERS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 DECEMBER 2020**

#### **1 ACCOUNTING POLICIES**

N.F.U. Mutual Unit Managers Limited is a private Company limited by shares and incorporated in England within the United Kingdom. The registered address is: Tiddington Road, Stratford upon Avon, CV37 7BJ.

These financial statements have been prepared on the going concern basis, under the historical cost convention, as modified by the fair valuing of stocks and shares, and in compliance with the Companies Act 2006 and applicable accounting standards and accounting policies in the United Kingdom, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" (FRS102). The going concern assessment has taken into account the impact of the Coronavirus outbreak in early 2020 and details can be found in the Directors' Report on page 7. Accounting policies have been applied consistently to all years presented unless otherwise stated.

a) **Going Concern basis of preparation**

The Company made a profit on ordinary activities before taxation in the year of £2,521,566 (2019: profit of £1,859,522) and is dependent on the continuing support of its Parent Company (The National Farmers Union Mutual Insurance Society Limited). The Parent Company has undertaken to provide support to ensure that the Company is able to pay its debts as they fall due, an arrangement formalised in a signed letter of support. The Directors have taken account of this parental support in concluding that it remains appropriate to use the going concern concept in the preparation of the financial statements.

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 manager's 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) **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 at amortised costs, less provision for impairment.

d) **Deposits with Credit Institutions**

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

e) **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.

f) **Called up share capital**

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

## **N.F.U. MUTUAL UNIT MANAGERS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

#### **FOR THE YEAR ENDED 31 DECEMBER 2020**

- g) **Retained earnings**  
Retained earnings represent accumulated comprehensive income and loss for the year and prior periods.
- h) **Creditors**  
Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors 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 less any associated impairment.
- 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 based on the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company generates taxable income. A taxation credit is recognised where losses are utilised within the Group. The Company will receive cash in respect of these losses.
- j) **Administrative Expenses**  
Administrative expenses are recognised on an accrual's basis in the period to which the services or goods received relate.
- Project costs are expensed through the profit and loss account as permitted by FRS102.
- k) **Interest Receivable and similar income**  
Interest receivable represents interest earned on cash at bank and on short term deposits and is recognised on an accrual's basis.
- l) **Exemptions for qualifying entities under FRS 102**  
FRS 102 allows a qualifying entity certain disclosure exemption, subject to certain conditions, which have been complied with. The Company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent Company, The National Farmers Union Mutual Insurance Society Limited, includes the Company's cash flows in its own consolidated financial statements. The National Farmers Union Mutual Insurance Society Limited's consolidated financial statements are publicly available (see note 11).
- In accordance with FRS 102 33.1A, the Company does not disclose transactions with members of The National Farmers Union Mutual Insurance Society Limited Group that are wholly owned. The Company does however disclose transactions with related parties which are not wholly owned within the same group.
- m) **Use of judgements, estimates and assumptions**  
The preparation of the financial statements does not require management to make any judgements, estimates or assumptions in the process of applying the Company's accounting policies due to the simplistic nature of its operations.

**N.F.U. MUTUAL UNIT MANAGERS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

**2 RELATED PARTY DISCLOSURES**

**Dealings with OEIC funds**

The Company managed 16 (2019: 14) Open Ended Investment Company (OEIC) funds within the two OEICs during the year, for which it received total management fees of £7,261,237 (2019: £7,256,173).

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 nominees of the OEIC in order to satisfy customer demands were as follows:

	<u>2020</u>	<u>2019</u>
	£	£
Amounts paid to the trustees for creation of shares.	<u>404,659,316</u>	<u>134,453,387</u>
The amounts outstanding at 31 December with open ended investment companies	<u>1,748,615</u>	<u>1,454,980</u>

**3 DIRECTORS' EMOLUMENTS AND EMPLOYEE INFORMATION**

The directors received no emoluments for their services to the Company for year ended 31 December 2020 (2019: 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 (2019: nil). There were no employees during the year (2019: nil).

**N.F.U. MUTUAL UNIT MANAGERS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

<b>4</b>	<b><u>TURNOVER</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>
		<b>£</b>	<b>£</b>
	Turnover comprises the following:		
	Management fee	7,261,237	7,256,173
		<u>7,261,237</u>	<u>7,256,173</u>

The Company acts as the principal in the sale of shares in its authorised OEICs. However, in substance the Company is acting as an agent on behalf of the OEICs, and as a result the sale of shares is not recognised as revenue by the Company. The gross sales of shares during the year were £475,970,426 (2019: £167,721,487).

All turnover was generated within the United Kingdom.

<b>5</b>	<b><u>INTEREST RECEIVABLE AND SIMILAR INCOME</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>
		<b>£</b>	<b>£</b>
	Deposit Interest	<u>51,367</u>	<u>143,845</u>

<b>6</b>	<b><u>PROFIT BEFORE TAXATION</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>
		<b>£</b>	<b>£</b>
	The profit is stated after charging:		
	Fees payable to the Company's auditors for the audit of N.F.U. Mutual Unit Managers Limited (excluding VAT)	12,500	11,660

In accordance with SI 2008/489 the company has not disclosed the fees payable to the Company's auditors for 'Other services' as this information is included in the consolidated financial statements of The National Farmers Union Mutual Insurance Society Limited.

**N.F.U. MUTUAL UNIT MANAGERS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

**7 TAX ON PROFIT**

	<u>2020</u>	<u>2019</u>
	£	£
The taxation charge on the profit for the year:		
UK Corporation tax charge	(479,098)	(353,309)
Total UK corporation tax charge	<u>(479,098)</u>	<u>(353,309)</u>

The tax assessed for the year is the same as (2019: same as) the rate of corporation tax in the UK for the year ended 31 December 2020 of 19% (2019: 19%).

Since 1 April 2017 the UK Corporation Tax rate has been 19%.

The differences are explained below:

	<u>2020</u>	<u>2019</u>
	£	£
Profit before taxation	<u>2,521,566</u>	<u>1,859,522</u>
Profit multiplied by rate of Corporation tax in UK 19% (2019: 19%)	<u>(479,098)</u>	<u>(353,309)</u>
Total tax charge for the year	<u>(479,098)</u>	<u>(353,309)</u>

**8 DEBTORS**

	<u>2020</u>	<u>2019</u>
	£	£
Trade debtors	2,983,675	2,642,024
Prepayments and accrued income	<u>41,468</u>	<u>34,560</u>
	<u>3,025,143</u>	<u>2,676,584</u>

**N.F.U. MUTUAL UNIT MANAGERS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

9 **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<u>2020</u>	<u>2019</u>
	£	£
Trade creditors	1,748,615	1,454,980
Amounts owed to group undertakings	3,421,840	4,540,374
Corporation Tax	479,098	353,309
Accruals and deferred income	767,407	701,654
	<u>6,416,960</u>	<u>7,050,317</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

10 **CALLED UP SHARE CAPITAL**

	<u>2020</u>	<u>2019</u>
	£	£
566,666 (2019: 566,666) Allotted and fully paid shares of £1 each	<u>566,666</u>	<u>566,666</u>

11 **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, CV37 7BJ

12 **EVENTS AFTER REPORTING DATE**

**Capital Restructure**

A capital restructure took place in January 2021 reducing the share premium account to nil and offsetting accumulated losses (£28,238,314).

**Proposed Dividend**

A dividend of £15m was proposed on 31 March 2021.