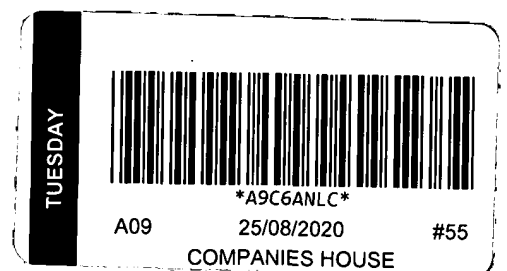


N.F.U. MUTUAL UNIT MANAGERS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

Registered Number: 01837277

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



N.F.U. MUTUAL UNIT MANAGERS LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2019

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N.F.U. MUTUAL UNIT MANAGERS LIMITED**STRATEGIC REPORT****FOR THE YEAR ENDED 31 DECEMBER 2019**

The directors present the Strategic Report and audited financial statements of NFU Mutual Unit Managers Limited (the Company) for the year ended 31 December 2019.

REVIEW OF THE BUSINESS

In 2020, the outbreak of Coronavirus and its spread from China into the wider world has had a significant impact on businesses, including the Company and its customers. The Company is part of NFUM Group which initiated its Financial Risk Response Plan and actions were taken to ensure the position the of Group and that of its subsidiary companies remains resilient and retains the ability to provide a service to its customers.

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

In 2019 N.F.U. Mutual Unit Managers Limited (MUMCO) recorded a profit after tax for the financial year of £1,506,213 (2018 loss: £190,325).

The improvement in profitability has been driven by lower project costs following the migration to a new platform provider, Genpact in 2018. Only institutional transactions were carried out within MUMCO during 2019 following the migration of retail investors to NFU Mutual Select Investments Limited in December 2018.

The Coronavirus outbreak has led to substantial market falls in early 2020. However, the impact on the Company's capital position has been limited due to the nature of the assets held and the capital position remains within its risk appetite. However the market falls, if they persist, will impact expected revenue in 2020.

Balance sheet position

The Balance Sheet remains healthy with net assets of £18,339,217 (2018: £16,833,004). 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>2019</u>	<u>2018</u>
	£	£
Profit / (Loss) after taxation	1,506,213	(190,325)
Total purchases	167,721,487	1,205,976,426
Net purchases (less repurchases)	49,995,026	103,907,432
Total funds under management (fee generating)	1,038,892,723	887,479,057

N.F.U. MUTUAL UNIT MANAGERS LIMITED

STRATEGIC REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2019

PRINCIPAL RISKS AND UNCERTAINTIES

Coronavirus

The risk associated with the worldwide outbreak of Coronavirus is seen as an additional risk, which has arisen since the year end, but will have impacts long into the future. The risk 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 2020. 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 direct 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 2019

FUTURE OUTLOOK

In 2020 the Company is looking to amend its approach to investing in international equities following the changes made by the NFU Mutual Group in 2019. Whilst this change will lead to an increase in costs it is believed that it will improve customer outcomes in the future.

In 2020 the Company is expecting volumes of new investments into its funds to increase significantly following the launch of two new products, the Select Pension and Select Junior ISA, on the Wrap platform managed 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)

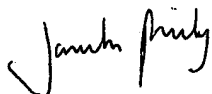
FOR THE YEAR ENDED 31 DECEMBER 2019

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

During the year the Board 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 a result of that assessment the Board recognised the impact on end investors of fund charges and took the decision to reduce the charges on the Gilt & Corporate Bond fund.

On behalf of the Board



J. Priestley
Director
28 April 2020

N.F.U. MUTUAL UNIT MANAGERS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

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 2019.

PRINCIPAL ACTIVITIES

The principal activity of the Company is the promotion and management of two third party Open Ended Investment Companies (OEICs), containing 14 funds (2018: 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 do not recommend the payment of a dividend (2018: £nil). The profit after tax for the financial year was £1,506,213 (2018 loss: £190,325) 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 – appointed 16 July 2019

D. Roper – appointed 01 October 2019

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 2019

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 March 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.

EVENTS AFTER REPORTING DATE

Events after the reporting date are shown in Note 12 on page 21. There have been no other post balance sheet events that require disclosure in the financial statements, we have considered the likely future events in the strategic report.

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
28 April 2020

N.F.U. MUTUAL UNIT MANAGERS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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).

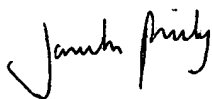
Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

- 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
28 April 2020

N.F.U. MUTUAL UNIT MANAGERS LIMITED

Independent auditor's report to the members of NFU Mutual Unit Managers Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of NFU Mutual Unit Managers Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss 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 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

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's

N.F.U. MUTUAL UNIT MANAGERS LIMITED

Independent auditor's report to the members of NFU Mutual Unit Managers Limited **(continued)**

report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 respect of these matters.

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. This description forms part of our auditor's report.

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:

N.F.U. MUTUAL UNIT MANAGERS LIMITED

Independent auditor's report to the members of NFU Mutual Unit Managers Limited
(continued)

- 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.

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
28 April 2020

N.F.U. MUTUAL UNIT MANAGERS LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 DECEMBER 2019**

	<u>Note</u>	<u>2019</u> £	<u>2018</u> £
TURNOVER	4	7,256,173	9,077,719
Administrative expenses		(5,540,496)	(9,413,323)
OPERATING PROFIT / (LOSS)		<u>1,715,677</u>	<u>(335,604)</u>
Interest receivable and similar income	5	143,845	100,634
PROFIT / (LOSS) BEFORE TAXATION	6	<u>1,859,522</u>	<u>(234,970)</u>
Tax on profit / (loss)	7	(353,309)	44,645
PROFIT / (LOSS) FOR THE FINANCIAL YEAR		<u><u>1,506,213</u></u>	<u><u>(190,325)</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 15 to 21 form an integral part of these financial statements.

N.F.U. MUTUAL UNIT MANAGERS LIMITED**BALANCE SHEET****AS AT 31 DECEMBER 2019**

	<u>Note</u>	<u>2019</u> £	<u>2018</u> £
<u>CURRENT ASSETS</u>			
Debtors	8	2,676,584	1,792,427
Deposits with credit institutions		17,000,000	22,000,000
Cash at bank and in hand		<u>5,712,950</u>	<u>1,609,987</u>
		25,389,534	25,402,414
Creditors: Amounts falling due within one year	9	<u>(7,050,317)</u>	<u>(8,569,410)</u>
NET ASSETS		<u>18,339,217</u>	<u>16,833,004</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>18,339,217</u>	<u>16,833,004</u>
Called up share capital	10	566,666	566,666
Share premium account		28,238,314	28,238,314
Accumulated losses		<u>(10,465,763)</u>	<u>(11,971,976)</u>
TOTAL EQUITY		<u>18,339,217</u>	<u>16,833,004</u>

The financial statements on pages 12 to 21 were approved and authorised for issue by the Board of directors on 28 April 2020 and were signed on its behalf by:



J. Priestley
DIRECTOR

28 April 2020

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

The notes on pages 15 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 2019**

	<u>Called Up Share Capital</u> £	<u>Share Premium Account</u> £	<u>Accumulated Losses</u> £	<u>Total Equity 2019</u> £	<u>Total Equity 2018</u> £
Balance at 1 January	566,666	28,238,314	(11,971,976)	16,833,004	17,023,329
<i>Profit / (Loss) for the financial year</i>	-	-	1,506,213	1,506,213	(190,325)
Balance at 31 December	566,666	28,238,314	(10,465,763)	18,339,217	16,833,004

N.F.U. MUTUAL UNIT MANAGERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1 ACCOUNTING POLICIES

N.F.U. Mutual Unit Managers Limited is a private Company limited by shares and incorporated in 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 £1,859,522 (2018: loss of £234,970) 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 less any associated 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.

N.F.U. MUTUAL UNIT MANAGERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2019

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.

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 on the basis of 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 accruals 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 accruals basis.

N.F.U. MUTUAL UNIT MANAGERS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (Continued)****FOR THE YEAR ENDED 31 DECEMBER 2019**1) Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, 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.

2 RELATED PARTY DISCLOSURESDealings with OEIC funds

The Company managed 14 (2018: 14) Open Ended Investment Company (OEIC) funds within the two OEICs during the year, for which it received total management fees of £7,256,173 (2018: £8,986,935).

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>2019</u>	<u>2018</u>
	£	£
Amounts paid to the trustees for creation of shares.	<u>134,453,387</u>	<u>1,387,612,477</u>
The amounts outstanding at 31 December with open ended investment companies	<u>1,454,980</u>	<u>104,045</u>

3 DIRECTORS' EMOLUMENTS AND EMPLOYEE INFORMATION

The directors received no emoluments for their services to the Company for year ended 31 December 2019 (2018: 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 (2018: nil). There were no employees during the year (2018: nil).

N.F.U. MUTUAL UNIT MANAGERS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (Continued)****FOR THE YEAR ENDED 31 DECEMBER 2019**

4	<u>TURNOVER</u>	<u>2019</u>	<u>2018</u>
		£	£
	Turnover comprises the following:		
	Dealing charges and other income	-	373,669
	Management fee	7,256,173	8,986,935
	Discount on initial charges	-	(282,885)
		<u>7,256,173</u>	<u>9,077,719</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 £167,721,487 (2018: £1,205,976,426).

All turnover was generated within the United Kingdom.

5	<u>INTEREST RECEIVABLE AND SIMILAR INCOME</u>	<u>2019</u>	<u>2018</u>
		£	£
	Deposit Interest	<u>143,845</u>	<u>100,634</u>

6	<u>PROFIT / (LOSS) BEFORE TAXATION</u>	<u>2019</u>	<u>2018</u>
		£	£
	The profit / (loss) is stated after charging:		
	Fees payable to the Company's auditors for the audit of N.F.U. Mutual Unit Managers Limited (excluding VAT)	11,660	11,000

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 2019****7 TAX ON PROFIT / (LOSS)**

	<u>2019</u>	<u>2018</u>
	£	£
The taxation (charge) / credit on the profit / (loss) for the year:		
UK Corporation tax (charge) / credit	(353,309)	44,645
Total UK corporation tax (charge) / credit	<u>(353,309)</u>	<u>44,645</u>

The tax assessed for the year is the same as (2018: same as) the rate of corporation tax in the UK for the year ended 31 December 2019 of 19% (2018: 19%).

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

The differences are explained below:

	<u>2019</u>	<u>2018</u>
	£	£
Profit / (Loss) before taxation	<u>1,859,522</u>	<u>(234,970)</u>
Profit / (Loss) multiplied by rate of Corporation tax in UK 19% (2018: 19%)	(353,309)	44,645
Total tax (charge) / credit for the year	<u>(353,309)</u>	<u>44,645</u>

8 DEBTORS

	<u>2019</u>	<u>2018</u>
	£	£
Trade debtors	2,642,024	1,698,786
Corporation tax	-	44,645
Prepayments and accrued income	34,560	48,996
	<u>2,676,584</u>	<u>1,792,427</u>

N.F.U. MUTUAL UNIT MANAGERS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (Continued)****FOR THE YEAR ENDED 31 DECEMBER 2019****9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<u>2019</u>	<u>2018</u>
	£	£
Trade creditors	1,454,980	104,045
Amounts owed to group undertakings	4,540,374	6,911,892
Corporation Tax	353,309	-
Accruals and deferred income	701,654	1,553,473
	<u>7,050,317</u>	<u>8,569,410</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>2019</u>	<u>2018</u>
	£	£
566,666 (2018: 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

The spread of Coronavirus from China into the wider world in early 2020 has had a significant impact on business, including the Company's and its customers. Due to its economic and financial significance, the emergence of Coronavirus in 2020, is considered to be a non-adjusting post balance sheet event.

Financial markets have fallen around the world as a result of Coronavirus. Given the nature of the Company's business and the type of assets held the impact on it's assets and liability values has not been significant, however it is not yet possible to determine the full quantitative impact of COVID-19 on the Company. The Company's capital position remained within the Company's risk appetite as at 31 March 2020.

N.F.U. MUTUAL UNIT MANAGERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2019

12 **EVENTS AFTER REPORTING DATE (Continued)**

The Group initiated its Financial Risk Response Plan and actions were taken to ensure the Group position remains resilient including that of the Company's operation and its ability to provide services to its customers.