

SECURITIES AND EXCHANGE COMMISSION

FORM N-30D

Initial annual and semi-annual reports mailed to investment company shareholders pursuant to Rule 30e-1 (other than those required to be submitted as part of Form NCSR)

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FILER

UNITED GOLD & GOVERNMENT FUND INC

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UNITED
GOLD &
GOVERNMENT

FUND, INC.

SEMIANNUAL
REPORT

For the six months ended June 30, 1996

This report is submitted for the general information of the shareholders of United Gold & Government Fund, Inc. It is not authorized for distribution to prospective investors in the Fund unless accompanied with or preceded by the United Gold & Government Fund, Inc. current prospectus.

PRESIDENT'S LETTER
JUNE 30, 1996

Dear Shareholder:

As President of your Fund, I would like to thank you for your continued confidence in our products and services. Our goal to provide the best service possible to our shareholders has not changed since we opened our doors nearly 60 years ago. Waddell & Reed's team of professionals, including the Fund's manager, our customer service representatives and your personal account representative continue to strive to meet your financial needs.

Waddell & Reed plays a special role in the investment industry. We take pride in being one of the few financial services firms committed to locally based account representatives who provide the personal service you need. When you're ready to evaluate your financial plan to keep up with life's changes, or to find an answer to a financial question that you may have, your representative is ready to assist you--when you need it. He or she is available to help you plan for your retirement, fund a child's education or make plans for other long-term financial goals.

All of us are committed to helping you meet the financial goals that are important to you. This is accomplished by our offering investment products to meet a variety of personal financial objectives, along with the personal service to make the investment process more convenient and accessible.

We want to continue to meet your financial needs for many years to come. Should you have any questions about your account or other financial issues that are important to you, contact your personal account representative or your local Waddell & Reed office. They're ready to help you make the most of your financial future.

Respectfully,
Keith A. Tucker
President

SHAREHOLDER SUMMARY

UNITED GOLD & GOVERNMENT FUND, INC.

PORTFOLIO STRATEGY:

Inflationary strategies:	OBJECTIVE:	High total return (income plus appreciation of share value).
Up to 100% in minerals-related securities.		
Minimum of 25% so invested.	STRATEGY:	Invests in precious metals and minerals-related securities during periods of actual or expected inflation or when the investment environment appears favorable;
Up to 100% in foreign securities.		invests in U.S. Government
Disinflationary strategies:		
Up to 100% in U.S. Government Securities.		

Maximum of 25% in minerals-
related securities.

Securities during periods of
disinflation or low inflation.
(May purchase securities subject to
repurchase agreements. May invest in
certain options and futures.)

FOUNDED: 1985

SCHEDULED DIVIDEND FREQUENCY: QUARTERLY (March, June, September,
December)

PERFORMANCE SUMMARY -- Class A Shares

PER SHARE DATA

For the Six Months Ended June 30, 1996

DIVIDENDS PAID \$0.02
=====

NET ASSET VALUE ON
6/30/96 \$9.14
12/31/95 8.75

CHANGE PER SHARE \$0.39
=====

Past performance is not necessarily indicative of future results.

TOTAL RETURN HISTORY

Period	Average Annual Total Return	
	With Sales Load*	Without sales Load**
1-year period ended 6-30-96	4.75%	11.14%
5-year period ended 6-30-96	5.64%	6.90%
10-year period ended 6-30-96	7.35%	7.99%

*Performance data quoted represents past performance and is based on deduction
of 5.75% sales load on the initial purchase in each of the three periods.

**Performance data quoted in this column represents past performance without
taking into account the sales load deducted on an initial purchase.

Investment return and principal value will fluctuate and an investor's shares,
when redeemed, may be worth more or less than their original cost.

PORTFOLIO HIGHLIGHTS

On June 30, 1996, United Gold & Government Fund, Inc. had net assets totaling \$33,282,389 invested in a diversified portfolio of:

56.66%	Common Stocks and Warrants
23.18%	United States Government Securities
16.05%	Bullion
3.01%	Preferred Stocks
1.10%	Cash and Cash Equivalents

As a shareholder of United Gold & Government Fund, Inc. for every \$100 you had invested on June 30, 1996, your Fund owned:

Foreign Mining Stocks	\$42.75
U.S. Government Securities	23.18
Bullion	16.05
U.S. Mining Stocks	12.11
Preferred Stocks	3.01
Miscellaneous Stocks	1.80
Cash and Cash Equivalents	1.10

Not all holdings will be represented in the portfolio at all times.

THE INVESTMENTS OF
UNITED GOLD & GOVERNMENT FUND, INC.
JUNE 30, 1996

	Troy Ounces	Value
BULLION		
Gold*	11,853	\$ 4,505,284
Platinum*	2,145	835,207
TOTAL BULLION - 16.05%		\$ 5,340,491
(Cost: \$5,504,328)		

Shares

COMMON STOCKS AND WARRANTS

Gold		
Australia - 9.10%		
Acacia Resources Limited*	300,000	707,040
Golden Shamrock Mines Limited*	1,000,000	895,584
Plutonic Resources Limited	215,000	1,097,876

Ranger Minerals NL*	100,000	329,952
Total		3,030,452
Canada - 33.65%		
Agnico-Eagle Mines Limited	45,500	739,375
Bre-X Minerals Ltd.*	50,000	835,042
Dayton Mining Corporation*	150,000	892,726
Eldorado Gold Corporation*	99,200	544,975
Euro-Nevada Mining Corporation Limited	13,600	582,772
Franco-Nevada Mining Corporation Limited	9,800	620,935
Goldcorp Inc., Class A*	30,000	496,631
Greenstone Resources Ltd.*	125,000	1,464,987
Miramar Mining Corporation*	58,800	316,569
Pangea Goldfields Inc.*	25,700	93,184
Pangea Goldfields Inc., Special Warrants*	45,000	163,163
Pegasus Gold Inc.*	65,000	796,250
Placer Dome Inc.	45,000	1,074,375
Rea Gold Corporation*	70,000	148,696
Repadre Capital Corporation, Special Warrants*	90,000	375,769
Royal Oak Mines Inc.*	300,000	1,106,100
TVX Gold Inc.*	65,000	471,250
Triton Mining Corporation*	100,000	476,121
Total		11,198,920
United States - 10.01%		
Homestake Mining Company	70,000	1,198,750
Newmont Gold Company	25,500	1,284,563
Santa Fe Pacific Gold Corporation	60,000	847,500
Total		3,330,813
Total Gold - 52.76%		17,560,185

See Notes to Schedule of Investments on page 8.

THE INVESTMENTS OF
UNITED GOLD & GOVERNMENT FUND, INC.
JUNE 30, 1996

	Shares	Value
COMMON STOCKS AND WARRANTS (Continued)		
Metals - 2.10%		
United States		
Hecla Mining Company*	100,000	\$ 700,000
Miscellaneous		
Electric, Gas and Sanitary Services - 0.34%		

Sonat Inc.	2,500	112,500
Oil and Gas Extraction - 0.29%		
Enron Oil & Gas Company	3,500	97,563
Primary Metal Industries - 1.17%		
Titanium Metals Corporation*	15,000	389,055
Total Miscellaneous - 1.80%		599,118
TOTAL COMMON STOCKS AND WARRANTS - 56.66%		\$18,859,303
(Cost: \$16,703,047)		
PREFERRED STOCKS - 3.01%		
Gold		
United States		
Amax Gold Inc., Series B, Convertible ...	10,000	512,500
Battle Mountain Gold Company, Convertible	10,000	490,000
Total		\$ 1,002,500
(Cost: \$1,022,637)		

Principal
Amount in
Thousands

UNITED STATES GOVERNMENT SECURITIES

United States Treasury:		
6.25%, 5-31-2000	\$1,000	993,590
5.875%, 6-30-2000	2,000	1,961,240
7.25%, 8-15-2004	2,000	2,071,560
7.875%, 11-15-2004	2,500	2,687,100
TOTAL UNITED STATES GOVERNMENT SECURITIES - 23.18%		\$7,713,490
(Cost: \$7,672,301)		

TOTAL SHORT-TERM SECURITIES - 1.11%

Repurchase Agreements		
J. P. Morgan Securities, 5.3%		
Repurchase Agreement dated		
6-28-96, to be repurchased		
at \$370,163 on 7-1-96**	370	\$ 370,000
(Cost: \$370,000)		

See Notes to Schedule of Investments on page 8.

THE INVESTMENTS OF
UNITED GOLD & GOVERNMENT FUND, INC.
JUNE 30, 1996

TOTAL INVESTMENTS - 100.01%	\$33,285,784
(Cost: \$31,272,313)	
LIABILITIES, NET OF CASH AND OTHER ASSETS - (0.01%)	(3,395)
NET ASSETS - 100.00%	\$33,282,389

Notes To Schedule Of Investments

*Non-income producing.

**Collateralized by \$287,000 U.S. Treasury Notes, 11.625% due 11-15-2004, market value and accrued interest aggregate \$380,774.

See Note 1 to financial statements for security valuation and other significant accounting policies concerning investments.

See Note 3 to financial statements for cost and unrealized appreciation and depreciation of investments owned for Federal income tax purposes.

UNITED GOLD & GOVERNMENT FUND, INC.
STATEMENT OF ASSETS AND LIABILITIES
JUNE 30, 1996

Assets

Investments -- at value (Notes 1 and 3):	
Bullion (cost -- \$5,504,328)	\$ 5,340,491
Securities (cost -- \$25,767,985)	27,945,293

	33,285,784
Cash	3,737
Receivables:	
Interest and dividends	146,745
Fund shares sold	15,380
Prepaid insurance premium	9,477

Total assets	33,461,123

Liabilities

Payable for Fund shares redeemed	135,420
Accrued transfer agency and dividend disbursing ..	15,843
Accrued service fee	13,350
Accrued accounting services fee	1,667
Other	12,454

Total liabilities	178,734

Total net assets	\$33,282,389

Net Assets		=====
\$1.00 par value capital stock		
Capital stock		\$ 3,639,527
Additional paid-in capital		53,899,117
Accumulated undistributed income (loss):		
Accumulated undistributed net investment income .		37,853
Accumulated net realized loss on investment transactions		(26,307,579)
Net unrealized appreciation in value of investments at end of period		2,013,471

Net assets applicable to outstanding units of capital.....		\$33,282,389
		=====
Net asset value per share (net assets divided by shares outstanding)		
Class A		\$9.14
Class Y		\$9.15
Capital shares outstanding		
Class A		3,614,910
Class Y		24,617
Capital shares authorized		100,000,000

See notes to financial statements.

UNITED GOLD & GOVERNMENT FUND, INC.
STATEMENT OF OPERATIONS
For the Six Months Ended JUNE 30, 1996

Investment Income	
Income:	
Interest	\$ 398,318
Dividends	45,187

Total income	443,505

Expenses (Note 2):	
Investment management fee	123,915
Transfer agency and dividend disbursing - Class A	87,112
Service fee - Class A	41,353
Registration fees	31,536
Accounting services fee	10,000
Custodian fees	8,759
Audit fees	7,704
Shareholder servicing - Class Y	124
Other	15,682

Total expenses	326,185

Net investment income	117,320
<hr/>	
Realized and Unrealized Gain (Loss) on Investments	
Realized net loss on bullion	(92,335)
Realized net gain on securities	1,911,349
Realized net loss on foreign currency transactions	(5,262)
<hr/>	
Realized net gain on investments	1,813,752
<hr/>	
Unrealized depreciation in value of bullion during the period	(135,599)
Unrealized depreciation in value of securities during the period	(226,881)
<hr/>	
Unrealized depreciation in value of investments during the period	(362,480)
<hr/>	
Net gain on investments	1,451,272
<hr/>	
Net increase in net assets resulting from operations	\$1,568,592
	<hr/> <hr/>

See notes to financial statements.

UNITED GOLD & GOVERNMENT FUND, INC.
STATEMENT OF CHANGES IN NET ASSETS

	For the six months ended June 30, 1996	For the fiscal year ended December 31, 1995
	<hr/>	<hr/>
Increase (Decrease) in Net Assets		
Operations:		
Net investment income	\$ 117,320	\$ 893,578
Realized net gain on investments	1,813,752	3,257,848
Unrealized depreciation	(362,480)	(963,302)
<hr/>		<hr/>
Net increase in net assets resulting from operations	1,568,592	3,188,124
<hr/>		<hr/>
Dividends to shareholders from net investment income:*		

Class A	(73,740)	(900,579)
Class Y	(885)	---
	-----	-----
	(74,625)	(900,579)
	-----	-----
Capital share transactions:		
Proceeds from sale of shares:		
Class A (1,154,348 and 3,052,102 shares, respectively)	10,850,841	25,203,531
Class Y (24,777 and 0 shares, respectively)	231,658	---
Proceeds from reinvestment of dividends:		
Class A (7,854 and 102,634 shares, respectively)	72,649	885,915
Class Y (96 and 0 shares, respectively)	886	---
Payments for shares redeemed		
Class A (1,289,586 and 3,983,888 shares, respectively)	(12,097,857)	(33,066,367)
Class Y (256 and 0 shares, respectively)	(2,383)	---
	-----	-----
Net decrease in net assets resulting from capital share transactions	(944,206)	(6,976,921)
	-----	-----
Total increase (decrease)	549,761	(4,689,376)
Net Assets		
Beginning of period	32,732,628	37,422,004
	-----	-----
End of period, including undistributed net investment income of \$37,853 and \$420, respectively	\$33,282,389	\$32,732,628
	=====	=====

*See "Financial Highlights" on pages 12 - 13.
See notes to financial statements.

UNITED GOLD & GOVERNMENT FUND, INC.
FINANCIAL HIGHLIGHTS
Class A Shares
For a Share of Capital Stock Outstanding
Throughout Each Period:

For the six months ended	For the fiscal year ended December 31, ended					
6/30/96	1995	1994	1993	1992	1991	
-----	-----	-----	-----	-----	-----	

Net asset value,

beginning of period	\$8.75	\$8.19	\$9.97	\$5.70	\$6.63	\$6.68
	-----	-----	-----	-----	-----	-----
Income from investment operations:						
Net investment income.....	0.03	0.24	0.05	0.04	0.06	0.15
Net realized and unrealized gain (loss) on investments	0.38	0.56	(1.78)	4.27	(0.93)	(0.05)
	-----	-----	-----	-----	-----	-----
Total from investment operations	0.41	0.80	(1.73)	4.31	(0.87)	0.10
	-----	-----	-----	-----	-----	-----
Less dividends from net investment income	(0.02)	(0.24)	(0.05)	(0.04)	(0.06)	(0.15)
	-----	-----	-----	-----	-----	-----
Net asset value, end of period	\$9.14	\$8.75	\$8.19	\$9.97	\$5.70	\$6.63
	=====	=====	=====	=====	=====	=====
Total return*	4.68%	9.80%	-17.36%	75.82%	-13.18%	1.47%
Net assets, end of period (000 omitted)	\$33,057	\$32,733	\$37,422	\$46,908	\$27,136	\$40,587
Ratio of expenses to average net assets	1.86%**	1.66%	1.59%	1.69%	1.88%	1.57%
Ratio of net invest- ment income to average net assets	0.64%**	2.55%	0.57%	0.48%	.90%	2.11%
Portfolio turnover rate***	72.80%	164.21%	64.89%	84.00%	61.50%	112.80%
Average commission rate paid	\$0.0323					

*Total return calculated without taking into account the sales load deducted on an initial purchase.

**Annualized.

***This rate is, in general, calculated by dividing the average value of the Fund's portfolio securities during the period into the lesser of its purchases or sales of securities in the period, excluding short-term securities and bullion.

See notes to financial statements.

UNITED GOLD & GOVERNMENT FUND, INC.
FINANCIAL HIGHLIGHTS
Class Y Shares

For a Share of Capital Stock Outstanding
Throughout the Period:

For the
period
from 2/27/96
through
6/30/96*

Net asset value, beginning of period	\$9.35

Income from investment operations:	
Net investment income	0.03
Net realized and unrealized loss on investments...	(0.19)

Total from investment operations	(0.16)

Less dividends from net investment income.....	(0.04)

Net asset value, end of period	\$9.15
	=====
Total return	-1.74%
Net assets, end of period (000 omitted)	\$225
Ratio of expenses to average net assets	1.22%**
Ratio of net investment income to average net assets	0.96%**
Portfolio turnover rate	72.80%***
Average commission rate paid	\$0.0323***

*On February 19, 1996, the Fund began offering Class Y shares to the public. Fund shares outstanding prior to that date were designated Class A shares.

**Annualized.

***For the six months ended June 30, 1996.

See notes to financial statements.

UNITED GOLD & GOVERNMENT FUND, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1996

NOTE 1 -- Significant Accounting Policies

United Gold & Government Fund, Inc. (the "Fund") is registered under the Investment Company Act of 1940 as a diversified, open-end management investment company. Its investment objective is to seek a high total return through investments in precious metals, minerals-related securities or U.S. Government Securities. The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of its financial statements. The policies are in conformity with generally accepted accounting principles.

- A. Security valuation -- Each stock and convertible bond is valued at the latest sale price thereof on the last business day of the fiscal period as reported by the principal securities exchange on which the issue is traded or, if no sale is reported for a stock, the average of the latest bid and asked prices. Bonds, other than convertible bonds, are valued using a pricing system provided by a pricing service or dealer in bonds. Convertible bonds are valued using this pricing system only on days when there is no sale reported. Stocks which are traded over-the-counter are priced using Nasdaq (National Association of Securities Dealers Automated Quotations System) which provides information on bid and asked or closing prices quoted by major dealers in such stocks. Gold and silver bullion are valued at the last spot settlement price for current delivery as calculated by the Commodity Exchange, Inc. as of the close of that Exchange. Platinum bullion is valued at the last spot settlement price for current delivery as calculated by the New York Mercantile Exchange as of the close of that Exchange. Securities for which quotations are not readily available are valued as determined in good faith in accordance with procedures established by and under the general supervision of the Fund's Board of Directors. Short-term debt securities are valued at amortized cost, which approximates market.
- B. Security transactions and related investment income -- Security transactions are accounted for on the trade date (date the order to buy or sell is executed). Securities gains and losses are calculated on the identified cost basis. Original issue discount (as defined in the Internal Revenue Code), premiums on the purchase of bonds and post-1984 market discount are amortized for both financial and tax reporting purposes over the remaining lives of the bonds. Dividend income is recorded on the ex-dividend date except that certain dividends from foreign securities are recorded as soon as the Fund is informed of the ex-dividend date. Interest income is recorded on the accrual basis. See Note 3 -- Investment Securities Transactions.

- C. Foreign currency translations -- All assets and liabilities denominated in foreign currencies are translated into U.S. dollars daily. Purchases and sales of investment securities and accruals of income and expenses are translated at the rate of exchange prevailing on the date of the transaction. For assets and liabilities other than investments in securities and bullion, net realized and unrealized gains and losses from foreign currency translations arise from changes in currency exchange rates. The Fund combines fluctuations from currency exchange rates and fluctuations in market value when computing net realized and unrealized gain or loss from investments.
- D. Federal income taxes -- It is the Fund's policy to distribute all of its taxable income and capital gains to its shareholders and otherwise qualify as a regulated investment company under the Internal Revenue Code. In addition, the Fund intends to pay distributions as required to avoid imposition of excise tax. Accordingly, provision has not been made for Federal income taxes. See Note 4 -- Federal Income Tax Matters.
- E. Dividends and distributions -- Dividends and distributions to shareholders are recorded by the Fund on the record date. Net investment income distributions and capital gains distributions are determined in accordance with income tax regulations which may differ from generally accepted accounting principles. These differences are due to differing treatments for items such as deferral of wash sales and post-October losses, foreign currency transactions, net operating losses and expiring capital loss carryforwards.
- F. Repurchase agreements -- Repurchase agreements are collateralized by the value of the resold securities which, during the entire period of the agreement, remains at least equal to the value of the loan, including accrued interest thereon. The collateral for the repurchase agreement is held by the Fund's custodian bank.

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

NOTE 2 -- Investment Management and Payments to Affiliated Persons

The Fund pays a fee for investment management services. The fee is computed daily based on the net asset value at the close of business. The fee consists of two elements: (i) a "Specific" fee computed on net asset value as of the close of business each day at the annual rate of .30% of net assets and (ii) a "Group" fee computed each day on the combined net asset values of all of the funds in the United Group of mutual funds (approximately \$14.3 billion of combined net assets at June 30, 1996) at annual rates of .51% of the first \$750 million of combined net assets, .49% on that amount between \$750 million and \$1.5 billion, .47% between \$1.5 billion and \$2.25 billion, .45% between \$2.25 billion and \$3 billion, .43% between \$3 billion and \$3.75 billion, .40% between

\$3.75 billion and \$7.5 billion, .38% between \$7.5 billion and \$12 billion, and .36% of that amount over \$12 billion. The Fund accrues and pays this fee daily.

Pursuant to assignment of the Investment Management Agreement between the Fund and Waddell & Reed, Inc. ("W&R"), Waddell & Reed Investment Management Company ("WRIMCO"), a wholly-owned subsidiary of W&R, serves as the Fund's investment manager.

The Fund has an Accounting Services Agreement with Waddell & Reed Services Company ("WARSCO"), a wholly-owned subsidiary of W&R. Under the agreement, WARSCO acts as the agent in providing accounting services and assistance to the Fund and pricing daily the value of shares of the Fund. For these services, the Fund pays WARSCO a monthly fee of one-twelfth of the annual fee shown in the following table.

Accounting Services Fee	
Average Net Asset Level (all dollars in millions)	Annual Fee Rate for Each Level
From \$ 0 to \$ 10	\$ 0
From \$ 10 to \$ 25	\$ 10,000
From \$ 25 to \$ 50	\$ 20,000
From \$ 50 to \$ 100	\$ 30,000
From \$ 100 to \$ 200	\$ 40,000
From \$ 200 to \$ 350	\$ 50,000
From \$ 350 to \$ 550	\$ 60,000
From \$ 550 to \$ 750	\$ 70,000
From \$ 750 to \$1,000	\$ 85,000
\$1,000 and Over	\$100,000

For Class A shares, the Fund also pays WARSCO a monthly per account charge for transfer agency and dividend disbursement services of \$1.3125 for each shareholder account which was in existence at any time during the prior month (\$1.0208 per account prior to April 1, 1996), plus \$0.30 for each account on which a dividend or distribution of cash or shares had a record date in that month. With respect to Class Y shares, the Fund pays WARSCO a monthly fee at an annual rate of .15% of the average daily net assets of the class for the preceding month. The Fund also reimburses W&R and WARSCO for certain out-of-pocket costs.

As principal underwriter for the Fund's shares, W&R received direct and indirect gross sales commissions for Class A shares (which are not an expense of the Fund) of \$46,332, out of which W&R paid sales commissions of \$25,407 and all expenses in connection with the sale of Fund shares, except for registration fees and related expenses.

Under a Service Plan for Class A shares adopted by the Fund pursuant to Rule 12b-1 under the Investment Company Act of 1940, the Fund may pay monthly a fee to W&R in an amount not to exceed .25% of the Fund's Class A average annual net assets. The fee is to be paid to reimburse W&R for amounts it expends in

connection with the provision of personal services to Fund shareholders and/or maintenance of shareholder accounts.

The Fund paid Directors' fees of \$676.

W&R is an indirect subsidiary of Torchmark Corporation, a holding company, and United Investors Management Company, a holding company, and a direct subsidiary of Waddell & Reed Financial Services, Inc., a holding company.

NOTE 3 -- Investment Securities Transactions

Purchases of investment securities, other than U.S. Government and short-term securities, aggregated \$19,844,933 while proceeds from maturities and sales aggregated \$10,652,817. Purchases of bullion aggregated \$3,596,751 while proceeds from the sale of bullion aggregated \$1,772,913. Purchases of short-term securities and U.S. Government securities aggregated \$291,890,000 and \$0, respectively. Proceeds from maturities and sales of short-term securities and U.S. Government securities aggregated \$292,170,000 and \$11,607,226, respectively.

For Federal income tax purposes, cost of investments owned at June 30, 1996 was \$31,272,313, resulting in net unrealized appreciation of \$2,013,471, of which \$3,533,236 related to appreciated securities and \$1,519,765 related to depreciated securities.

NOTE 4 -- Federal Income Tax Matters

For Federal income tax purposes, the Fund realized capital gain net income of \$3,257,525 during the year ended December 31, 1995. These capital gains were entirely offset by utilization of capital loss carryforwards. Remaining prior year capital loss carryforwards aggregated \$28,126,593 at December 31, 1995 and are available to offset future capital gain net income through December 31, 1996; \$11,894,711 of this amount is available through December 31, 1997; \$11,331,322 is available through December 31, 1998; \$6,823,792 is available through December 31, 1999 and \$4,958,441 is available through December 31, 2000.

NOTE 5 -- Commencement of Multiclass Operations

On February 19, 1996, the Fund was authorized to offer investors a choice of two classes of shares, Class A and Class Y, each of which has equal rights as to assets and voting privileges. Class Y shares are not subject to a sales charge on purchases; they are not subject to a Rule 12b-1 Service Plan and have a separate transfer agency and dividend disbursement services fee structure. A comprehensive discussion of the terms under which shares of either class are offered is contained in the prospectus and the Statement of Additional Information for the Fund. The Fund commenced multiclass operations on February 27, 1996.

Income, non-class specific expenses and realized and unrealized gains and losses are allocated daily to each class of shares based on the value of relative net assets as of the beginning of each day adjusted for the prior day's

capital share activity.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Shareholders of
United Gold & Government Fund, Inc.

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of United Gold & Government Fund, Inc. (the "Fund") at June 30, 1996, the results of its operations for the six months then ended and the changes in its net assets and the financial highlights for each of the periods indicated, in conformity with generally accepted accounting principles. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Fund's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of portfolio positions at June 30, 1996 by correspondence with the custodian, provide a reasonable basis for the opinion expressed above.

Price Waterhouse LLP
Kansas City, Missouri
August 5, 1996

To all IRA Planholders:

As required by law, income tax will automatically be withheld from any distribution or withdrawal from an IRA unless you make a written election not to have taxes withheld. The election may be made by submitting forms provided by Waddell & Reed, Inc. which can be obtained from your Waddell & Reed representative or by submitting Internal Revenue Service form W-4P. Once made, an election can be revoked by providing written notice to Waddell & Reed, Inc. If you elect not to have tax withheld you may be required to make payments of estimated tax. Penalties may be imposed by the IRS if withholding and estimated tax payments are not adequate.

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United New Concepts Fund, Inc.
United Science and Technology Fund
United International Growth Fund, Inc.
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FOR MORE INFORMATION:

Contact your representative, or your
local office as listed on your
Account Statement, or contact:

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