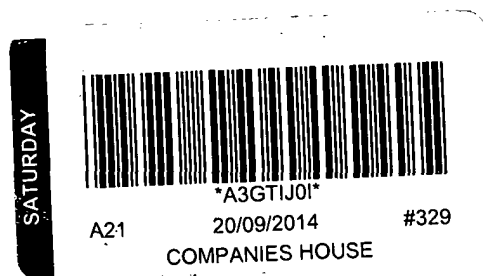


**TIDDINGTON FINANCE LIMITED**  
**ANNUAL REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

**Registered Number: 01630296**

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



TIDDINGTON FINANCE LIMITED

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ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2013

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## TIDDINGTON FINANCE LIMITED

### DIRECTORS' REPORT

#### FOR THE YEAR ENDED 31 DECEMBER 2013

The directors present their annual report and audited financial statements of Tiddington Finance Limited ("the Company") for the year ended 31 December 2013.

#### PRINCIPAL ACTIVITIES

The principal activity of the Company is the arrangement of loans.

#### REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The profit and loss account for the year is set out on page 7. Given the straightforward nature of the Company, the directors are of the opinion that the key performance indicator for the business is net interest income. Net interest income for the year was £40,599 (2012: £52,785).

During the year, NFU Mutual Finance Limited continued to repay the loan of £35m. A total of £32.5m has now been repaid, leaving a balance remaining of £2.5m. This has resulted in a decrease in net interest income on the prior year. In addition, interest rates have remained low as a result of general market conditions. The fall in income has been partially offset by a decrease in loan interest paid to the ultimate parent company, The National Farmers Union Mutual Insurance Society Limited.

The profit on ordinary activities before taxation was recorded at £32,599 (2012: £46,285).

The Company is now closed to new business, and its activities are not expected to change in the next 12 months.

#### DIVIDENDS AND TRANSFERS TO RESERVES

The directors do not recommend the payment of a dividend (2012: nil). The total recognised gain for the financial year of £23,886 will be transferred to reserves (2012: £122,176 loss).

#### FINANCIAL RISK MANAGEMENT

The Company is exposed to financial risk through its financial assets and financial liabilities. In particular, the key risks relate to cashflow risk, interest rate risk and credit risk.

##### Cashflow Risk

The risk is that current assets are insufficient to meet obligations to third party creditors. This position is managed by ensuring that sufficient money can be called off short term deposit to cover the projected cashflows when they fall due.

##### Interest Rate Risk

There is a risk that interest rates may fall resulting in reduced income. This risk is managed by matching the loan to NFU Mutual Finance Limited with a loan where the interest payable is at a lower rate than the rate received. The interest rate spread is therefore constant over the terms of the loan.

##### Credit Risk

There is a risk that a counterparty will be unable to pay amounts in full when due. The key area where the Company is exposed is the related company loan. This risk is managed by appointment of senior management employees to the board of the related party. The risk is monitored by the terms of the loan by NFU Mutual Finance Limited and The National Farmers Union Mutual Insurance Society Limited.

#### GOING CONCERN

After making enquiries, the Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

TIDDINGTON FINANCE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2013

DIRECTORS

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

K. Arif, B. Soc. Sc. (Hons), FIA  
R.W.Torrance, BA, ACA

The parent company 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 qualifying third party indemnity was in force during the financial year and also at the date of approval of the financial statements.

By order of the Board



**K Arif**  
**Director**

8th September 2014

## TIDDINGTON FINANCE LIMITED

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

#### FOR THE YEAR ENDED 31 DECEMBER 2013

The directors are responsible for preparing the Directors' 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 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 these financial statements, the directors are required to:

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

The directors are responsible for keeping 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. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### Information given to auditors

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

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

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

On behalf of the Board



**K Arif**  
**Director**

8th September 2014

## TIDDINGTON FINANCE LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TIDDINGTON FINANCE LIMITED

#### REPORT ON THE FINANCIAL STATEMENTS

##### Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

##### What we have audited

The financial statements, which are prepared by Tiddington Finance Limited, comprise:

- the balance sheet as at 31 December 2013;
- the profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

##### What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

##### OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## TIDDINGTON FINANCE LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TIDDINGTON FINANCE LIMITED

#### OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

##### Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

##### Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

##### Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

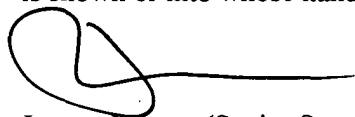
#### RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

##### Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Joanne Leeson (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Bristol

8 September 2014

# TIDDINGTON FINANCE LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2013

	<u>Note</u>	<u>2013</u> £	<u>2012</u> £
<u>CONTINUING ACTIVITIES</u>			
Interest Receivable and similar income	3	52,859	68,047
Interest Payable and similar charges	5	<u>(12,260)</u>	<u>(15,262)</u>
Net Interest Income		40,599	52,785
Administrative Expenses		<u>(8,000)</u>	<u>(6,500)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6	32,599	46,285
Tax on profit on ordinary activities	7	<u>(8,713)</u>	<u>(12,501)</u>
PROFIT FOR FINANCIAL YEAR	15	<u>23,886</u>	<u>33,784</u>

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial years stated above and their historical cost equivalents.

	<u>2013</u> £	<u>2012</u> £
<u>STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES</u>		
Profit for the financial year	23,886	33,784
Prior year adjustment	-	(206,569)
Tax credit on prior year adjustment	<u>-</u>	<u>50,609</u>
Total recognised gains/(losses) for the year	<u>23,886</u>	<u>(122,176)</u>

As shown above, in 2012, a net cumulative prior year adjustment of (£155,960) was recognised. Further details are in Note 1 (j).

The notes on Pages 9-15 are an integral part of the financial statements



TIDDINGTON FINANCE LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2013

	<u>Note</u>	<u>2013</u> £	<u>2012</u> £
<u>ASSETS</u>			
Cash at bank and in hand		494,407	84,210
Other investments		-	3,950,000
Loans to group undertakings	8	2,467,669	3,229,173
Debtors	9	7,678	52,643
Prepayments and Accrued Income	11	4,243	390
Amounts owed by group undertakings		4,000,000	-
Total Assets		<u>6,973,997</u>	<u>7,316,416</u>
<u>LIABILITIES</u>			
Amounts owed to group undertakings	12	(2,434,417)	(2,802,742)
Other creditors including taxation and social security	13	<u>(8,011)</u>	<u>(5,991)</u>
Total Liabilities		(2,442,428)	(2,808,733)
<u>NET ASSETS</u>		<u>4,531,569</u>	<u>4,507,683</u>
<u>CAPITAL AND RESERVES</u>			
Called up share capital	14	100	100
Profit and loss account		<u>4,531,469</u>	<u>4,507,583</u>
TOTAL SHAREHOLDERS' FUNDS	16	<u>4,531,569</u>	<u>4,507,683</u>

The notes on Pages 9-15 are an integral part of the financial statements

The financial statements on pages 7-15 were approved by the board of directors on 8th September 2014 and were signed on its behalf by:

  
**K Arif**  
**DIRECTOR**

Company Number: 01630296

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

1 ACCOUNTING POLICIES

These financial statements have been prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards and accounting policies in the United Kingdom. Accounting policies have been applied consistently. The main accounting policies have been set out below:

a) New Accounting Standards

No new accounting standards were adopted during the year.

b) Interest Receivable

Interest income represents income from loan interest, which is recognised on an accruals basis.

c) Interest Payable

Interest payable on the loan from the Ultimate Parent Company is calculated on a monthly basis at a rate equivalent to 1% above the London Interbank Offered Rate (LIBOR).

d) Deferred taxation

Deferred taxation is calculated on the liability method and consists of the estimated taxation, or relief from taxation, which is expected to arise in the foreseeable future from material timing differences.. Deferred tax assets are recognised to the extent that it is more likely than not that the timing difference will crystallise. Deferred tax is not discounted and is calculated at the rates at which it is expected that the tax will arise. Movements in this taxation provision are charged to the Profit and Loss Account.

e) Cash at bank and in hand

Cash at bank and in hand represents deposits repayable on demand with any qualifying financial institution and cash in hand.

f) Other investments

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

g) Loans and advances to related parties

Loans and advances include loans and advances to the NFU Mutual Finance Limited (a joint venture company of the ultimate parent company). Loans and advances are initially recognised when cash is advanced to the borrower at fair value and is subsequently reviewed for impairment.

h) Amounts owed to group undertakings

Amounts owed to group undertakings are recognised at the fair value of consideration received.

i) Current Tax

The current tax is the amount recognised as payable relating to activities in the current year based on a tax rate of 23.25%.

j) Prior Year Adjustment

In 2012 a prior year adjustment was made to correct a loan repayment which had been treated as a compensation payment and recognised in the profit and loss account. There was also an associated tax adjustment. The adjustment was recognised in the 2012 Statement of Total Recognised Gains and Losses in accordance with FRS 3.

# TIDDINGTON FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2013

#### 2 CASH FLOW STATEMENT AND RELATED PARTY DISCLOSURES

The Company is a wholly owned subsidiary of The National Farmers Union Mutual Insurance Society Limited ("the Society") and is included in the consolidated cash flow financial statements of The National Farmers Union Mutual Insurance Society Limited which are publicly available. Consequently, the Company is exempt under the terms of Financial Reporting Standard (FRS 1) (Revised 1996) from publishing a cash flow statement.

The Company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with wholly owned subsidiaries that are part of The National Farmers Union Mutual Insurance Society Group ("NFUMIS") Group.

The Company has entered into transactions with NFU Mutual Finance Limited ("Mutual Finance") in the year. Mutual Finance is a joint venture between NFUMIS and Bank of Scotland plc, with 50% of the share capital being held by NFUMIS. Therefore, the Company is unable to claim the exemption from disclosing transactions with Mutual Finance.

The principal activity of NFU Mutual Finance Limited is the provision of finance to commercial customers in the agricultural sector by means of loan facilities and instalment credit.

	<u>2013</u>	<u>2012</u>
	£	£
<u>Transactions during the year</u>		
Interest receivable from NFU Mutual Finance Limited	41,491	54,196
Loan repayments	761,504	393,993
<u>Amounts outstanding</u>		
Loan to NFU Mutual Finance Limited	2,467,669	3,229,173

#### 3 INTEREST RECEIVABLE AND SIMILAR INCOME

	<u>2013</u>	<u>2012</u>
	£	£
Bank Deposit Interest	11,368	13,851
Loan Interest	41,491	54,196
	<u>52,859</u>	<u>68,047</u>

Loan interest represents interest receivable from NFU Mutual Finance Limited on the loan made to them. The amount outstanding at 31 December 2013 was £2,467,669 (2012: £3,229,173). Interest is receivable on the loan at normal commercial rates.

TIDDINGTON FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

4 DIRECTORS' EMOLUMENTS AND EMPLOYEE INFORMATION

Services rendered by Directors employed within the Group, in respect of the company, are considered incidental to their role within the Group as a whole. Emoluments are therefore considered to be nil in respect of these services. There were no employees during 2013 (2012: nil).

5 INTEREST PAYABLE AND SIMILAR CHARGES

2013  
£

2012  
£

Loan interest payable to National Farmers Union Mutual Insurance  
Society Ltd

12,260

15,262

6 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

2013  
£

2012  
£

The profit on ordinary activities before taxation is stated after  
charging:

Auditors' remuneration

3,000

3,000

Management fee

5,000

3,500

8,000

6,500

TIDDINGTON FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

7	<u>TAX ON PROFIT ON ORDINARY ACTIVITIES</u>	<u>2013</u>	<u>2012</u>
		£	£
	UK Corporation tax charge	5,619	8,736
	Adjustment in respect of previous years	<u>4</u>	<u>3,044</u>
	Total current tax charge	5,623	11,780
	Deferred tax - Origination and reversal of timing differences	3,090	721
	Tax charge for the year	<u>8,713</u>	<u>12,501</u>

The tax assessed for the year is lower (2012: higher) than the standard rate of corporation tax in the UK of 23.25% (2012: 24.5%)

*The differences are explained below:*

	<u>2013</u>	<u>2012</u>
	£	£
Profit on ordinary activities before tax	<u>32,599</u>	<u>46,285</u>
Corporation Tax charge at 23.25% (2012: 24.5%)	7,578	11,340
Capital allowances in excess of depreciation	(1,959)	(2,604)
Deferred Tax - Origination and reversal of timing differences	3,090	721
Adjustment in respect of previous years	4	3,044
Tax charge for the year	<u>8,713</u>	<u>12,501</u>

The tax charge for the year has been calculated using an effective rate of 23.25% following the reduction in corporation tax rate from 24.5% to 23.25% which was effective from 1 April 2013.

TIDDINGTON FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

8 LOANS TO GROUP UNDERTAKINGS

	<u>2013</u>	<u>2012</u>
	£	£
Due from NFU Mutual Finance (note 2)	<u>2,467,669</u>	<u>3,229,173</u>
	<u>2,467,669</u>	<u>3,229,173</u>

9 DEBTORS

	<u>2013</u>	<u>2012</u>
	£	£
Deferred tax asset	7,678	10,768
Corporation tax debtor	-	41,875
	<u>7,678</u>	<u>52,643</u>

10 DEFERRED TAX ASSET

	<u>2013</u>	<u>2012</u>
	£	£
Balance brought forward	10,768	11,489
Charged to profit and loss account in respect of current year	(3,090)	(721)
	<u>7,678</u>	<u>10,768</u>
Balance carried forward	<u>7,678</u>	<u>10,768</u>
This balance relates to:		
Accelerated capital allowances	<u>7,678</u>	<u>10,768</u>

Deferred tax is calculated at the known future rate of corporation tax of 20% (2012: 23%)

11 PREPAYMENTS AND ACCRUED INCOME

	<u>2013</u>	<u>2012</u>
	£	£
Deposit Interest	<u>4,243</u>	<u>390</u>
	<u>4,243</u>	<u>390</u>

TIDDINGTON FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

12	<u>AMOUNTS OWED TO GROUP UNDERTAKINGS</u>	<u>2013</u>	<u>2012</u>
		£	£
	Loans due to Ultimate Parent Company	2,424,417	2,800,742
	Amounts due to Group undertakings	<u>10,000</u>	<u>2,000</u>
		<u>2,434,417</u>	<u>2,802,742</u>

The loan from the parent company is unsecured, at commercial rates of interest and is repayable on demand.

13	<u>OTHER CREDITORS</u>	<u>2013</u>	<u>2012</u>
		£	£
	Trade creditors	2,388	5,991
	Corporation tax	<u>5,623</u>	<u>-</u>
		<u>8,011</u>	<u>5,991</u>

14	<u>CALLED UP SHARE CAPITAL</u>	<u>2013</u>	<u>2012</u>
		£	£
	<u>Authorised:</u>		
	100 (2012: 100) ordinary shares of £1 each	<u>100</u>	<u>100</u>
	<u>Allotted and fully paid:</u>		
	100 (2012: 100)ordinary shares of £1 each	<u>100</u>	<u>100</u>

TIDDINGTON FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

15	<u>RESERVES</u>	<u>Profit and Loss Reserve</u> £
	At 1 January 2013	4,507,583
	Retained profit for the year	<u>23,886</u>
	At 31 December 2013	<u>4,531,469</u>

16	<u>RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS</u>	<u>2013</u> £	<u>2012</u> £
	Shareholders' funds at 1 January	4,507,683	4,473,899
	Profit for the financial year	<u>23,886</u>	<u>33,784</u>
	Shareholders' funds at 31 December	<u>4,531,569</u>	<u>4,507,683</u>

17 ULTIMATE PARENT UNDERTAKING

The immediate parent company is NFU Mutual Management Company Limited, which is incorporated in England and Wales.

The Company's ultimate parent undertaking and controlling party is The National Farmers Union Mutual Insurance Society Limited, which is incorporated in England and Wales.

The National Farmers Union Mutual Insurance Society Limited is the only parent undertaking to consolidate these financial statements at 31 December 2013. The consolidated financial statements of The National Farmers Union Mutual Insurance Society Limited are available from the Secretary at the following address:

Tiddington Road,  
Stratford-upon-Avon.  
Warwickshire  
CV37 7BJ