

TIDDINGTON INVESTMENTS LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 1996

Registered Number : 1641937



TIDDINGTON INVESTMENTS LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 1996

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TIDDINGTON INVESTMENTS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 1996

The directors present their report and audited financial statements for the year ended 31 December 1996.

PRINCIPAL ACTIVITIES

The principal activities of the company continue to be the investment in fixed interest stock exchange securities to maturity and to receive interest.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

Both the level of business and the year end financial position were satisfactory. The directors expect the level of activity to increase in the forthcoming year.

The directors draw your attention to the fact that the cash flow statement on page 7 and the accompanying notes, have been prepared in accordance with FRS 1 (revised). The cash flow statement in the 1995 accounts was prepared in accordance with FRS 1, and the 1995 comparatives have been restated here to reflect the revised format.

On 6 January 1997 the Company issued 7,000,000 ordinary shares of £1 each.

CHANGES IN ACCOUNTING POLICY

The directors draw your attention to the change in accounting policy (note 2c) on page 8. The 1995 comparatives have been restated to reflect the new policy.

DIVIDENDS AND TRANSFERS TO RESERVES

The directors do not recommend the payment of a dividend (1995 £nil). The profit for the financial year of £202,726, (1995 £190,309) will be transferred to reserves.

DIRECTORS

The directors during the year were as follows:

A.S. Young, FCII

N. Carter, FCA

A.M. Cummins, BSc (Hons)

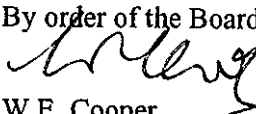
None of the directors had any beneficial interests in shares of either the company or any other company in the group.

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

AUDITORS

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

By order of the Board


W.E. Cooper
Secretary

17 April 1997

TIDDINGTON INVESTMENTS LIMITED

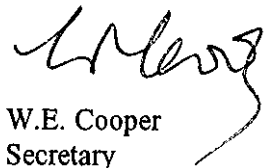
STATEMENT OF DIRECTORS RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- ♦ select suitable accounting policies and then apply them consistently;
- ♦ make judgements and estimates that are reasonable and prudent;
- ♦ state whether applicable 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board



W.E. Cooper
Secretary

17 April 1997

REPORT OF THE AUDITORS TO THE MEMBERS OF
TIDDINGTON INVESTMENTS LIMITED

We have audited the financial statements on pages 5 to 11.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

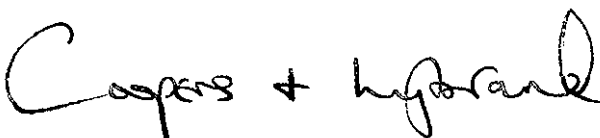
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material mis-statement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 1996 and of its profit, total recognised gains, and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



COOPERS & LYBRAND
Chartered Accountants and Registered Auditors
Birmingham

18 April 1997

TIDDINGTON INVESTMENTS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 1996

		<u>1996</u>	<u>1995</u> <u>as restated</u>
<u>Continuing operations</u>	<u>Notes</u>	<u>£</u>	<u>£</u>
INVESTMENT INCOME	2(b)	307,444	288,515
Administrative expenses		(4,761)	(4,364)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	302,683	284,151
Tax on profit on ordinary activities	5	<u>(99,957)</u>	<u>(93,842)</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR		202,726	190,309
RETAINED PROFITS BROUGHT FORWARD		<u>1,247,875</u>	<u>1,057,566</u>
		<hr/>	<hr/>
RETAINED PROFITS CARRIED FORWARD		<u><u>1,450,601</u></u>	<u><u>1,247,875</u></u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Profit for the financial year	202,726	190,309
Unrealised surplus on revaluation of investments	(1,371,948)	1,819,151
Taxation on unrealised surplus on revaluation of investments	(75,779)	-
Surplus on maturity of investments	1,676,588	-
Taxation on surplus on maturity of investments	(2,948)	-
	<hr/>	<hr/>
Total recognised gains relating to the year	<u><u>428,639</u></u>	<u><u>2,009,460</u></u>

NOTE OF HISTORICAL COST PROFITS AND LOSSES

There is no difference between the profit on ordinary activities before taxation and retained profit for the year stated above, and their historical cost equivalents.

TIDDINGTON INVESTMENTS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 1996

		<u>1996</u>		<u>1995</u> <u>as restated</u>	
	<u>Notes</u>	£	£	£	£
<u>FIXED ASSETS</u>					
Investments	6		8,858,367		8,031,302
<u>CURRENT ASSETS</u>					
Debtors	7	75,263		80,150	
Cash at bank		109,078		421,159	
		<u>184,341</u>		<u>501,309</u>	
<u>CREDITORS</u>					
Amounts falling due within one year	8	(135,010)		(47,157)	
NET CURRENT ASSETS			49,331		454,152
TOTAL ASSETS LESS CURRENT LIABILITIES			8,907,698		8,485,454
PROVISIONS FOR LIABILITIES AND CHARGES	9	-		(6,395)	
NET ASSETS			<u>8,907,698</u>		<u>8,479,059</u>
<u>CAPITAL AND RESERVES</u>					
Called up share capital	10		5,000,000		5,000,000
Reserves	11		3,907,698		3,479,059
EQUITY SHAREHOLDERS' FUNDS	12		<u>8,907,698</u>		<u>8,479,059</u>

These accounts on pages 5 to 11 were approved by the Board of Directors on 17 April 1997 and were signed on its behalf by:



A.S. YOUNG, DIRECTOR

N. CARTER, DIRECTOR

TIDDINGTON INVESTMENTS LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 1996

		<u>1996</u>		<u>1995</u> (as revised)	
	<u>Notes</u>	£	£	£	£
<u>Net cash inflow from operating activities</u>	13		307,552		283,159
<u>Returns on investments and servicing of finance</u>			-		-
<u>Taxation</u>					
Corporation tax paid			(97,208)		(91,328)
<u>Capital Expenditure and financial investment</u>					
Purchase of treasury stock		(3,699,532)		-	
Sale of treasury stock		<u>3,177,107</u>		<u>-</u>	
			(522,425)		-
			(312,081)		191,831
<u>Equity dividends paid</u>			-		-
<u>Management of liquid resource</u>					
Cash introduced to short term deposits		(17,681,000)		(10,855,000)	
Cash withdrawn from short term deposits		<u>17,991,000</u>		<u>10,663,000</u>	
			310,000		(192,000)
			(2,081)		(169)
<u>Financing</u>			-		-
Decrease in cash			<u>(2,081)</u>		<u>(169)</u>
<u>Reconciliation of net cashflow to movement in net debt</u>					
Decrease in cash in the period			(2,081)		(169)
Cash used to (decrease)/increase liquid resources			<u>(310,000)</u>		<u>192,000</u>
Change in net debt resulting from cashflows			(312,081)		191,831
Net funds at 1 January 1996			421,159		229,328
Net funds at 31 December 1996	14		<u>109,078</u>		<u>421,159</u>

TIDDINGTON INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1996

1. ULTIMATE HOLDING COMPANY

The company is a subsidiary of Avon Insurance plc which is incorporated in England and Wales.

The directors consider the company's ultimate holding company to be The National Farmers Union Mutual Insurance Society Limited, which is incorporated in England and Wales.

2. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, except as set out at c) below, as follows:

a) Basis of accounting

The financial statements have been prepared in accordance with the historical cost convention.

b) Investment income

Income from investments is included, together with any related tax credit, in the profit and loss account on an accruals basis.

c) Investments

Investments which are stated at market value, relate to holdings of fixed interest stock exchange securities. In previous years, investments were recorded in the balance sheet at cost.

d) Deferred taxation

Deferred taxation has been accounted for using the liability method, at the current corporation tax rate, on all timing differences. Such timing differences refer to the effect of the allocation, for taxation purposes, of income to periods different from those for accounting purposes.

3. DIRECTORS' EMOLUMENTS AND EMPLOYEE INFORMATION

The directors received no emoluments for the year ended 31 December 1996 and 31 December 1995. There were no employees during either year.

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>1996</u>	<u>1995</u>
	£	£
Profit on ordinary activities is stated after charging :		
Auditors' remuneration	<u>352</u>	<u>352</u>
and after crediting :		
Quoted investment income	284,579	267,768
Bank interest	<u>22,865</u>	<u>20,747</u>

TIDDINGTON INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1996

1996 1995

£ £

5. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

The taxation charge for the year comprises:

Corporation tax at 33% (1995 - 33%) on the profit for the year	205,061	93,447
Transfer of corporation tax due on Corporate Government Debt to:		
Revaluation reserve	(75,779)	-
Capital reserve	(2,948)	-
Transfer from deferred taxation reserve (see note 9)	(6,395)	96
Movement of tax on accrued income	(19,982)	299
	<u>99,957</u>	<u>93,842</u>

6. INVESTMENTS

Listed Stocks and Shares

Market value at 31 December 1996	<u>8,858,367</u>	<u>8,031,302</u>
Cost at 31 December 1996	<u>8,411,163</u>	<u>6,212,151</u>

7. DEBTORS

Trade debtors	<u>75,263</u>	<u>80,150</u>
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8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Trade creditors	352	370
Corporation tax payable	134,658	46,787
	<u>135,010</u>	<u>47,157</u>

TIDDINGTON INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1996

	<u>1996</u>	<u>1995</u>
9. <u>PROVISIONS FOR LIABILITIES AND CHARGES</u>	£	£
<u>Deferred Taxation Reserve</u>		
At 1 January 1996	6,395	6,299
Transfer (to)/from profit and loss account	(6,395)	96
At 31 December 1996	<u>-</u>	<u>6,395</u>

10. SHARE CAPITAL

Authorised:

5,000,000 ordinary shares of £1 each	<u>5,000,000</u>	<u>5,000,000</u>
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Issued, allotted, called up and fully paid:

5,000,000 ordinary shares of £1 each	<u>5,000,000</u>	<u>5,000,000</u>
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11. RESERVES

	<u>Capital Reserve</u>	<u>Revaluation reserve</u>	<u>Profit and Loss Account</u>	<u>Total</u>
	£	£	£	
At 1 January 1996	412,033	-	1,247,875	1,659,908
Prior year adjustment:				
Revaluation of investments	<u>-</u>	<u>1,819,151</u>	<u>-</u>	<u>1,819,151</u>
At 1 January 1996	412,033	1,819,151	1,247,875	3,479,059
Revaluation surplus on investments	-	224,986	-	224,986
Surplus on maturity of investment	79,654	-	-	79,654
Transfer from revaluation reserve to capital	1,596,934	(1,596,934)	-	-
Tax on realisation of revaluation surplus	(2,948)	-	-	(2,948)
Tax on unrealised revaluation surplus	-	(75,779)	-	(75,779)
Retained profit for the year	<u>-</u>	<u>-</u>	<u>202,726</u>	<u>202,726</u>
	<u>2,085,673</u>	<u>371,424</u>	<u>1,450,601</u>	<u>3,907,698</u>

TIDDINGTON INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1996

12. RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS

	<u>1996</u>	<u>1995</u>
	£	£
At 1 January 1996	8,479,059	6,469,599
Prior year adjustment	-	1,819,151
	8,479,059	8,288,750
Profit for the year	202,726	190,309
Revaluation surplus on investments	224,986	-
Surplus on maturity of investment	79,654	-
Tax on revaluation surplus	(78,727)	-
At 31 December 1996	<u>8,907,698</u>	<u>8,479,059</u>

13. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM CONTINUING OPERATING ACTIVITIES

	<u>1996</u>	<u>1995</u>
	£	£
Profit on ordinary activities before taxation	302,683	284,151
Decrease/(increase) in debtors	4,887	(978)
Decrease in creditors	(18)	(14)
Net cash inflow from operating activities	<u>307,552</u>	<u>283,159</u>

14. ANALYSIS OF CHANGES IN NET DEBT

	<u>At</u>	<u>Cash</u>	<u>At</u>	<u>At</u>	<u>Cash</u>	<u>At</u>
	<u>1 January</u>	<u>flows</u>	<u>31 December</u>	<u>1 January</u>	<u>flows</u>	<u>31 December</u>
	<u>1996</u>		<u>1996</u>	<u>1995</u>		<u>1995</u>
	£	£	£	£	£	£
Cash and bank	2,159	(2,081)	78	2,328	(169)	2,159
Current asset investments	419,000	(310,000)	109,000	227,000	192,000	419,000
	<u>421,159</u>	<u>(312,081)</u>	<u>109,078</u>	<u>229,328</u>	<u>191,831</u>	<u>421,159</u>