

**KNIGHTS PROPERTY COMPANY LIMITED**

**ANNUAL REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2010**

**Registered Number: 1655420**

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



KNIGHTS PROPERTY COMPANY LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2010

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# KNIGHTS PROPERTY COMPANY LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2010

The directors present their annual report and audited financial statements of the Company for the year ended 31 December 2010

## PRINCIPAL ACTIVITY

In the prior year the principal activity of the Company was the owning of land and buildings that are let primarily to other members of the Group. The company sold all of the land and buildings it owned in the prior year and is therefore no longer trading.

## REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The Profit and Loss Account for the year is set out on page 6

During the course of 2009 the properties held within Knights Property Company Limited were sold to the parent company, resulting in the income and expenditure on these properties being classified as discontinued operations.

Total loss before tax for the year was £11,817 (2009 profit before tax of £391,183)

Given the straightforward nature of the accounts and the fact that the majority of income and expenditure is between Group companies, the Directors are of the opinion that an analysis using key performance indicators is not necessary.

The directors do not plan to wind up the company in the next 12 months.

## DIVIDENDS AND TRANSFERS TO RESERVES

The directors do not recommend the payment of a dividend (2009 £nil)

The loss for the financial year of £8,508 (2009 profit for the financial year of £216,444) will be offset against reserves.

## FINANCIAL INSTRUMENTS

The Company is exposed to financial risk through its financial assets and financial liabilities. In particular, the key risks relate to cashflow risk and interest rate 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 of 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 from deposits. The directors do not consider this risk to be material.

KNIGHTS PROPERTY COMPANY LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2010

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. This is because the company's financial position is very strong and allows this to be the case.

DIRECTORS

The directors during the year were as follows

K Arif, B Soc Sc (Hons), F I A

R A Martin, F R I C S (Retired 30/06/10)

R M Topps, BSc (Hons) MRICS (appointed 01/07/10)

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.

On behalf of the Board



**K Arif**

**Director**

8/9/2011

## KNIGHTS PROPERTY COMPANY LIMITED

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

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.

#### Disclosure of information to auditors

In accordance with Section 418, directors' reports shall include a statement, in the case of each director in office at the date the directors' report is approved, 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 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.

On behalf of the Board



**K Arif**  
**Director**

8/9/ 2011

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KNIGHTS PROPERTY COMPANY LIMITED

We have audited the financial statements of Knights Property Company Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Note of Historical Cost Profit and Losses, the Balance Sheet and the related notes. 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).

### **Respective responsibilities of directors and auditors**

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 International Standards on Auditing (UK and 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.

### **Scope of the audit of the financial statements**

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.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its loss 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.

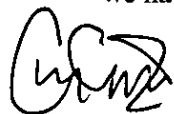
### **Opinion on other matter prescribed by the Companies Act 2006**

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.

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you 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.



Craig Gentle (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Bristol

8/9/2011

KNIGHTS PROPERTY COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010 £	2009 £
<u>TURNOVER</u>			
Continuing operations		-	-
Discontinued operations		-	694,618
	1(b)	-	694,618
<u>Administrative expenses</u>			
Continuing operations		(14,161)	-
Discontinued operations		(44,045)	(222,222)
		(58,206)	(222,222)
<u>Loss on sale of property</u>			
Discontinued operations		-	(108,813)
OPERATING (LOSS) / PROFIT	4	(58,206)	363,583
Interest receivable and similar income	5	46,389	27,600
(LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(11,817)	391,183
Tax on (loss) / profit on ordinary activities	6	3,309	(174,739)
(LOSS) / PROFIT FOR THE FINANCIAL YEAR	11	(8,508)	216,444

NOTE OF HISTORICAL COST PROFITS AND LOSSES

(Loss) / Profit on ordinary activities before taxation	(11,817)	391,183
Realisation of property revaluation (losses)/gains of prior years	-	(8,423,886)
Difference between the historical cost depreciation and the actual depreciation charge for the year calculated on the revalued amount	-	130,464
Revaluation loss recorded within the profit and loss	-	-
Historical Cost (loss) on ordinary activities before taxation	(11,817)	(7,902,239)
Historical Cost (loss) for the year retained after tax	(8,508)	(8,076,978)

The notes on Pages 8-11 are an integral part of the financial statements

The company has no recognised gains or losses other than the loss above and, therefore, no separate statement of total recognised gains and losses has been prepared

**KNIGHTS PROPERTY COMPANY LIMITED**

**BALANCE SHEET**

**AS AT 31 DECEMBER 2010**

	<u>Note</u>	<u>2010</u>	<u>2009</u>
		£	£
<b><u>CURRENT ASSETS</u></b>			
Debtors	7	57,724	55,735
Cash at bank and in hand		71,340	7,214,135
Deposits with credit institutions		13,700,000	6,700,000
		<u>13,829,064</u>	<u>13,969,870</u>
<b><u>CREDITORS</u></b>			
Amounts falling due within one year	8	<u>(124,013)</u>	<u>(256,311)</u>
NET CURRENT ASSETS		13,705,051	13,713,559
NET ASSETS		<u>13,705,051</u>	<u>13,713,559</u>
<b><u>CAPITAL AND RESERVES</u></b>			
Called up share capital	9	100	100
Profit and loss account	10	13,704,951	13,713,459
TOTAL SHAREHOLDERS' FUNDS	11	<u>13,705,051</u>	<u>13,713,559</u>

The notes on Pages 8-12 are an integral part of the financial statements

The financial statements on pages 8 to 11 were approved by the board of directors on  
and were signed on its behalf by

8/9/2011



**K Arif**  
**DIRECTOR**

**KNIGHTS PROPERTY COMPANY LIMITED**  
Registered Number 1655420



# KNIGHTS PROPERTY COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2010

#### 1 ACCOUNTING POLICIES

These financial statements have been prepared on the going concern basis, under the historical cost convention, as modified by the revaluing of fixed assets, and in accordance with the Companies Act 2006 and applicable accounting standards and accounting policies in the United Kingdom. The main accounting policies are set out below.

a) New accounting standards

No new accounting standards were adopted during the year.

b) Turnover

Turnover represents rental income from properties let to tenants, recognised on an accruals basis.

c) Depreciation

Depreciation is charged on a straight line basis so as to write off the value of completed buildings over 50 years. The value of land is not depreciated. The useful economic lives of the buildings are reviewed annually.

d) Fixed assets

The properties are valued annually by independent external Chartered Surveyors at Open Market Value, in accordance with RICS Appraisal and Valuation Manual. Gains and losses on revaluation are taken to the revaluation reserve until the carrying amount falls to depreciated historical cost after which it is recognised in the profit and loss account. Any subsequent reversals of a loss are written back (to the extent that it reverses a loss after adjusting for depreciation) against the profit or loss account. All subsequent gains or losses (if above historical cost) are taken to the revaluation reserve. The profit or loss on disposal of a tangible fixed asset is the difference between the net sale proceeds and the net carrying amount and is recognised in the profit and loss account in the year of disposal.

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) Deposits with Credit Institutions

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

g) 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.

h) Going Concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on Page 2. The financial position of the Company is outlined in the Balance Sheet on Page 7. The Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook. For this reason the Directors continue to adopt the going concern basis in preparing the annual report and accounts.

**KNIGHTS PROPERTY COMPANY LIMITED**

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

**FOR THE YEAR ENDED 31 DECEMBER 2010**

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

The Company is a wholly owned subsidiary of The National Farmers Union Mutual Insurance Society Limited and is included in the consolidated 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 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

**3 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 2010 (2009 nil)

**4 OPERATING (LOSS)/PROFIT**

	<u>2010</u>	<u>2009</u>
	£	£
Operating profit/(loss) is stated after charging		
Depreciation	-	-
Auditors' remuneration - fees in respect of the Statutory audit of the Company	8,161	7,773
	<u>          </u>	<u>          </u>

**5 INTEREST RECEIVABLE AND SIMILAR INCOME**

	<u>2010</u>	<u>2009</u>
		£
Bank interest	46,389	27,600
	<u>          </u>	<u>          </u>

**6 TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES**

	<u>2010</u>	<u>2009</u>
		£
The taxation (credit)/charge on the (loss)/profit for the year		
UK Corporation tax (credit)/charge at 28% (2009 28%)	(3,309)	144,735
Adjustments relating to prior years	-	6,465
Current tax (credit) / charge for the year	<u>(3,309)</u>	<u>151,200</u>
Deferred tax - Origination and reversal of timing differences	-	23,539
Current tax (credit) / charge for the year	<u>(3,309)</u>	<u>174,739</u>

The tax assessed for the prior year is lower than the standard rate of corporation tax in the UK at 28% (2009 28%)

KNIGHTS PROPERTY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2010

The differences are explained below

	<u>2010</u>	<u>2009</u>
	£	£
(Loss)/Profit on ordinary activities before tax	(11,817)	391,183
(Loss)/Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 28%)	(3,309)	109,531
Capital Allowances for period in excess of Depreciation	-	4,736
Revaluation of property	-	-
Loss on disposal of property	-	30,468
Adjustment relating to prior years	-	6,465
	<u>(3,309)</u>	<u>151,200</u>

7 DEBTORS

	<u>2010</u>	<u>2009</u>
	£	£
Trade debtors	50,344	49,705
Amount due from Group Undertaking	4,963	4,963
Prepayment and accrued income	2,401	1,051
Deferred tax	-	-
Other Debtors	16	16
	<u>57,724</u>	<u>55,735</u>

Deferred tax asset

	<u>2010</u>	<u>2009</u>
	£	£
Balance brought forward at 1 January 2010	-	23,539
Charged to profit and loss account in respect of current year	-	(23,539)
Balance carried forward at 31 December 2010	<u>-</u>	<u>-</u>

8 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>2010</u>	<u>2009</u>
	£	£
Trade creditors	98	(125)
Amounts due to Group Undertaking	100,652	94,651
Corporation tax	4,429	144,735
Other creditors	3,175	2,032
Accrual and deferred income	15,659	15,018
	<u>124,013</u>	<u>256,311</u>

9 SHARE CAPITAL

	<u>2010</u>	<u>2009</u>
	£	£
<u>Authorised</u> 10,000 ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
<u>Allotted and fully paid</u> 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

**KNIGHTS PROPERTY COMPANY LIMITED**

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

**FOR THE YEAR ENDED 31 DECEMBER 2010**

<b>10 RESERVES</b>	<b><u>Share Capital</u></b>	<b><u>Profit and Loss Account</u></b>	<b><u>Revaluation Reserve</u></b>	<b><u>Total</u></b>
		<b>£</b>	<b>£</b>	<b>£</b>
Balance at 1 January 2010	100	13,713,459	-	13,713,559
Profit for the year	-	(8,508)	-	(8,508)
Balance at 31 December 2010	<u>100</u>	<u>13,704,951</u>	<u>-</u>	<u>13,705,051</u>

**11 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS**

	<b><u>2010</u></b>	<b><u>2009</u></b>
	<b>£</b>	<b>£</b>
Opening equity shareholders' funds	13,713,559	13,497,115
Profit/(Loss) for the financial year	(8,508)	216,444
Closing equity shareholders' funds	<u>13,705,051</u>	<u>13,713,559</u>

**12 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 2010. 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