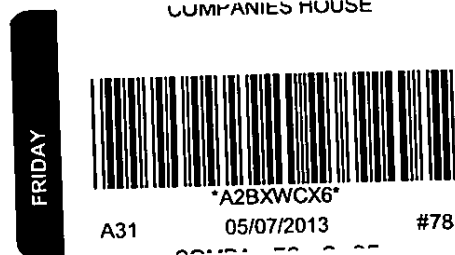


**KNIGHTS PROPERTY COMPANY LIMITED**  
**ANNUAL REPORT**  
**FOR THE YEAR ENDED 31ST DECEMBER 2012**

**Registered Number: 01655420**

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



KNIGHTS PROPERTY COMPANY LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31ST DECEMBER 2012

<u>CONTENTS</u>	<u>PAGE</u>
Directors' Report	2
Statement of Directors' Responsibilities	4
Independent Auditors' Report	5
Profit and Loss account	6
Balance Sheet	7
Notes to the Financial Statements	8

## KNIGHTS PROPERTY COMPANY LIMITED

### DIRECTORS' REPORT

#### FOR THE YEAR ENDED 31ST DECEMBER 2012

The directors present their annual report and audited financial statements of Knights Property Company Limited ("the Company") for the year ended 31st December 2012

### PRINCIPAL ACTIVITIES

Up until 2009 the principal activity of the Company was the owning of land and buildings that were let primarily to other members of National Farmers Union Mutual Insurance Society ("the Group"). The Company sold all of the land and buildings it owned in that year. From that point on the principal activity has been that of holding cash on deposit and the receipt of interest thereon.

### 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 the Company were sold to the parent company, resulting in the income and expenditure on these properties being classified as discontinued operations.

Total profit before tax for the year was £48,474 (2011 Profit before tax of £54,360).

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 expect any further changes to the Company for the immediate future.

### DIVIDENDS AND TRANSFERS TO RESERVES

The directors do not recommend the payment of a dividend (2011 £nil).

The profit for the financial year of £36,598 (2011 profit for the financial year of £47,696) will be transferred to 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

FOR THE YEAR ENDED 31ST DECEMBER 2012

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.

DIRECTORS

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

K Arif, B Soc Sc (Hons), F I A  
R M Topps, BSc (Hons) MRICS

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**

26/06/13

## KNIGHTS PROPERTY COMPANY LIMITED

### STATEMENT OF DIRECTOR'S RESPONSIBILITIES

#### FOR THE YEAR ENDED 31ST DECEMBER 2012

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 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.

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**

26/06/13

## KNIGHTS PROPERTY COMPANY LIMITED

### 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 31st December 2012 which comprise the Profit and Loss Account, 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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **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 31st December 2012 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.

#### **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  
26/06/13

KNIGHTS PROPERTY COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 2012

	<u>Note</u>	<u>2012</u> £	<u>2011</u> £
<u>Administrative expenses</u>			
Continuing operations		(13,400)	(15,163)
Discontinued operations (refunds of expenses previously paid)		4,225	11,401
		<u>(9,175)</u>	<u>(3,762)</u>
OPERATING LOSS		(9,175)	(3,762)
Interest receivable and similar income	5	<u>57,649</u>	<u>58,122</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	48,474	54,360
Tax on profit on ordinary activities	6	<u>(11,876)</u>	<u>(6,664)</u>
PROFIT FOR THE FINANCIAL YEAR	10	<u>36,598</u>	<u>47,696</u>

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

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 profit above and, therefore, no separate statement of total recognised gains and losses has been presented

# KNIGHTS PROPERTY COMPANY LIMITED

## BALANCE SHEET

AS AT 31st December 2012

	<u>Notes</u>	<u>2012</u>	<u>2011</u>
		£	£
<b>CURRENT ASSETS</b>			
Debtors	7	54,295	55,162
Cash at bank and in hand		49,233	214,904
Deposits with credit institutions		<u>13,750,000</u>	<u>13,600,000</u>
		13,853,528	13,870,066
<b>CREDITORS</b>			
Amounts falling due within one year	8	<u>(64,183)</u>	<u>(117,319)</u>
<b>NET CURRENT ASSETS</b>		<u>13,789,345</u>	<u>13,752,747</u>
<b>NET ASSETS</b>		<u>13,789,345</u>	<u>13,752,747</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	9	100	100
Profit and loss account	10	<u>13,789,245</u>	<u>13,752,647</u>
<b>TOTAL SHAREHOLDERS' FUNDS</b>	11	<u>13,789,345</u>	<u>13,752,747</u>

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

The financial statements on pages 6 to 11 were approved by the board of directors on 26/06/13 and were signed on its behalf by



**K Arif**  
**DIRECTOR**

Company Number 01655420



# KNIGHTS PROPERTY COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31ST DECEMBER 2012

#### 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. The main accounting policies have been set out below

a) New Accounting Standards

No new accounting standards were adopted during the year

b) 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

c) Deposits with Credit Institutions

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

d) Interest receivable

Interest receivable represents interest earned on cash at bank and on short term deposits and is recognised on an accruals basis

e) 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, are described in pages 6-11. The directors believe that the Company is well placed to manage its business risks successfully. For this reason the directors continue to adopt the going concern basis in preparing the annual report and accounts

#### 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 2012 (2011: nil)

KNIGHTS PROPERTY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2012

4	<u>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</u>	<u>2012</u>	<u>2011</u>
		£	£
	Profit before tax is stated after charging		
	Auditors' remuneration in respect of the Statutory audit of the Company's financial statements	8,400	8,400
		<u>          </u>	<u>          </u>
5	<u>INTEREST RECEIVABLE AND SIMILAR INCOME</u>	<u>2012</u>	<u>2011</u>
		£	£
	Bank Interest	57,649	58,122
		<u>          </u>	<u>          </u>
6	<u>TAX ON PROFIT ON ORDINARY ACTIVITIES</u>		
	The tax assessed for the year is the same as (2011 lower than) the profit before tax multiplied by the standard rate of corporation tax in the UK. Differences are explained below		
		<u>2012</u>	<u>2011</u>
		£	£
	Profit on ordinary activities before taxation	48,474	54,360
	UK Corporation tax charge at 24.5% (2011 26.5%)	11,876	14,405
	Adjustments relating to prior years	-	(7,741)
	Current tax charge for the year	<u>11,876</u>	<u>6,664</u>
The tax charge for the year has been calculated using the effective tax rate of 24.5% following the reduction in the corporation tax rate from 26% to 24% which was effective from 1 April 2012			
7	<u>DEBTORS</u>	<u>2012</u>	<u>2011</u>
		£	£
	Trade debtors	51,132	51,132
	Other Debtors	1,807	16
	Prepayments and accrued income	1,356	4,014
		<u>54,295</u>	<u>55,162</u>

KNIGHTS PROPERTY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2012

8	<u>CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR</u>	<u>2012</u>	<u>2011</u>
		£	£
	Trade creditors	98	98
	Amounts due to Group Undertaking	13,301	83,385
	Corporation tax	11,876	14,402
	Other creditors	679	3,175
	Accrual and deferred income	38,229	16,259
		<u>64,183</u>	<u>117,319</u>

9	<u>CALLED UP SHARE CAPITAL</u>	<u>2012</u>	<u>2011</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>

	<u>Share Capital</u>	<u>Profit and Loss Account</u>	<u>Total</u>
	£	£	£
10	<u>RESERVES</u>		
	Balance at 1 January 2012	100	13,752,647
	Profit for the year	-	36,598
	Balance at 31st December 2012	<u>100</u>	<u>13,789,245</u>

11	<u>RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS</u>	<u>2012</u>	<u>2011</u>
		£	£
	Opening equity shareholders' funds	13,752,747	13,705,051
	Profit for the financial year	36,598	47,696
	Closing equity shareholders' funds	<u>13,789,345</u>	<u>13,752,747</u>

KNIGHTS PROPERTY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2012

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 2012. 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