

KNIGHTS PROPERTY COMPANY LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

Registered Number: 01655420

Registered Office:

Tiddington Road
Stratford-upon-Avon
CV37 7BJ

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KNIGHTS PROPERTY COMPANY LIMITED

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KNIGHTS PROPERTY COMPANY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their annual report and audited financial statements of Knights Property Company Limited ("the Company") for the year ended 31st December 2015.

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 7. Total profit on ordinary activities before taxation for the year was £64,527 (2014: £72,624).

There have been no trading activities undertaken in the financial year and this is not envisaged to change in the future therefore the Directors are of the opinion that an analysis using key performance indicators is not necessary. The Company is currently considering a capital reduction program in respect of its surplus capital. This will not affect the going concern basis of the company as it is expected to be able to meet its liabilities as they fall due within 12 months from the date of signing the balance sheet.

DIVIDENDS AND TRANSFERS TO RESERVES

The directors do not recommend the payment of a dividend (2014: £nil).

The profit for the financial year of £51,460 (2014: £57,015) will be transferred to reserves.

PRINCIPLE RISKS AND UNCERTAINTIES

Financial risk management

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

Cash flow 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 cash flows when they fall due.

Interest Rate Risk

There is a risk that interest rates may fall resulting in reduced income from deposits. Interest rates are monitored at Group level to the extent that the directors do not consider this risk to be material.

KNIGHTS PROPERTY COMPANY LIMITED

DIRECTORS' REPORT (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2015

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 financial statements were as follows:

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

The Company Secretary during the year and up to the date of signing the financial statements was:

J. D. Creechan

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.

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution that they be reappointed will be proposed at the Annual General Meeting.

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

4 August 2016

KNIGHTS PROPERTY COMPANY LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2015

The directors are responsible for preparing the strategic report and 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102).

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 United Kingdom Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- 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.

On behalf of the Board



K Arif
Director

4 August 2016

KNIGHTS PROPERTY COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KNIGHTS PROPERTY COMPANY LIMITED (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2015

Report on the financial statements

Our opinion

In our opinion, Knights Property Company Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 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.

What we have audited

The financial statements, included within the Annual Report, comprise:

- the Balance Sheet as at 31 December 2015;
- the Profit and Loss Account for the year then ended;
- the Statement of Changes in Equity 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 the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (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.

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.

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.

KNIGHTS PROPERTY COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KNIGHTS PROPERTY COMPANY LIMITED (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2015

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 Directors' Responsibilities Statement 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) ("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 parent 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.

What an audit of financial statements involves

We conducted our audit in accordance with 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

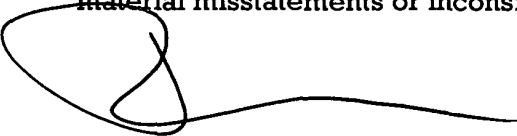
We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

KNIGHTS PROPERTY COMPANY LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KNIGHTS PROPERTY
COMPANY LIMITED (Continued)**

FOR THE YEAR ENDED 31 DECEMBER 2015

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.



Joanne Leeson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
5 August 2016

KNIGHTS PROPERTY COMPANY LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 DECEMBER 2015**

	<u>Note</u>	<u>2015</u> £	<u>2014</u> £
Administrative Expenses		<u>(1,200)</u>	<u>5,901</u>
OPERATING (LOSS)/ PROFIT		(1,200)	5,901
Interest receivable and similar income	5	<u>65,727</u>	<u>66,723</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	64,527	72,624
Tax on profit on ordinary activities	6	<u>(13,067)</u>	<u>(15,609)</u>
PROFIT FOR THE FINANCIAL YEAR	10	<u>51,460</u>	<u>57,015</u>

There is no 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 8-13 are an integral part of the financial statements.

The Company has no other comprehensive income other than the profit above and, therefore, no separate statement of other comprehensive income has been presented.

KNIGHTS PROPERTY COMPANY LIMITED**BALANCE SHEET****AS AT 31 DECEMBER 2015**

	<u>Note</u>	<u>2015</u> £	<u>2014</u> £
CURRENT ASSETS			
Debtors	7	4,688	3,349
Cash at bank and in hand		115,670	79,291
Amounts owed by Group			
Undertakings		<u>13,800,000</u>	<u>13,800,000</u>
		13,920,358	13,882,640
CREDITORS			
Amounts falling due within one year	8	(14,267)	(28,009)
NET CURRENT ASSETS		<u>13,906,091</u>	<u>13,854,631</u>
NET ASSETS		<u>13,906,091</u>	<u>13,854,631</u>
CAPITAL AND RESERVES			
Called up share capital	9	100	100
Profit and loss account		13,905,991	13,854,531
TOTAL SHAREHOLDERS' FUNDS		<u>13,906,091</u>	<u>13,854,631</u>

The information on pages 11-13 are an integral part of the financial statements.

The financial statements on pages 8-13 were approved by the board of directors on 4 August 2016 and were signed on its behalf by:



K Arif
DIRECTOR

4 August 2016

Company Number: 01655420

KNIGHTS PROPERTY COMPANY LIMITED**STATEMENT OF CHANGES IN EQUITY****AS AT 31 DECEMBER 2015**

	<u>Share Capital</u>	<u>Retained Earnings</u>	<u>Total 2015</u>	<u>Total 2014</u>
	£	£	£	£
Balance at 1 January	100	13,854,531	13,854,631	13,797,616
<i>Profit for year</i>	-	51,460	51,460	57,015
<i>Other comprehensive income</i>	-	-	-	-
<i>Dividends</i>	-	-	-	-
Balance at 31 December	100	13,905,991	13,906,091	13,854,631

KNIGHTS PROPERTY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

1 ACCOUNTING POLICIES

Knights Property Company Limited is a limited company in the United Kingdom. The registered address is: Tiddington, Stratford Upon Avon, CV37 7BJ.

These financial statements have been prepared on the going concern basis, under the historical cost convention including FRS 102 (The Financial Reporting Standard applicable in the United Kingdom and Republic Of Ireland), 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) **Changes in Accounting Policy**

Accounting policies have been consistently applied to all years presented in respect of the transition to FRS102. The new standards have not changed any of the existing policies and therefore no additional notes have been included in the financial statement.

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) **Other Investments**

Other Investments 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, is described in pages 7-12. 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 financial statements.

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.

The company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, The National Farmers Union Mutual Insurance Society Limited, includes the company's cash flows in its own consolidated financial statements. The National Farmers Union Mutual Insurance Society's consolidated financial statements are publicly available (see note 10).

KNIGHTS PROPERTY COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS (Continued)****FOR THE YEAR ENDED 31 DECEMBER 2015****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 (2014: nil) in respect of these services. There were no employees during 2015 (2014: nil).

4	<u>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</u>	<u>2015</u>	<u>2014</u>
		£	£
	<i>Profit before tax is stated after charging:</i>		
	Auditors' remuneration net of VAT in respect of the Statutory audit of the Company's financial statements	1,000	2,000
		<hr/>	<hr/>

5	<u>INTEREST RECEIVABLE AND SIMILAR INCOME</u>	<u>2015</u>	<u>2014</u>
		£	£
	Interest Receivable	65,727	66,723
		<hr/>	<hr/>

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax assessed for the year is equal to (2014: equal to) the profit before tax multiplied by the standard rate of corporation tax in the UK.

	<u>2015</u>	<u>2014</u>
	£	£
Profit on ordinary activities before taxation	64,527	72,624
UK Corporation tax charge at 20.25% (2014: 21.5%)	13,067	15,609
Total tax	<hr/> 13,067 <hr/>	<hr/> 15,609 <hr/>

The tax charge for the year has been calculated using the effective tax rate of 20.25% following the reduction in the corporation tax rate from 21% to 20% which was effective from 1 April 2015.

7	<u>DEBTORS</u>	<u>2015</u>	<u>2014</u>
		£	£
	Prepayments and accrued income	4,688	3,349
		<hr/> 4,688 <hr/>	<hr/> 3,349 <hr/>

KNIGHTS PROPERTY COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS (Continued)****FOR THE YEAR ENDED 31 DECEMBER 2015**

8	<u>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</u>	<u>2015</u>	<u>2014</u>
		£	£
	Amounts owed to Group Undertakings	1,200	12,400
	Corporation tax	13,067	15,609
		<u>14,267</u>	<u>28,009</u>
9	<u>CALLED UP SHARE CAPITAL</u>	<u>2015</u>	<u>2014</u>
		£	£
	<u>Authorised:</u> 10,000 (2014: 10,000) ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
	<u>Allotted and fully paid:</u> 100 (2014: 100) ordinary shares of £1 each	<u>100</u>	<u>100</u>

10 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 2015. 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
CV37 7BJ

11 TRANSITION STATEMENT TO FRS 102

The group has presented its financial statements for the period to 31 December 2015 under FRS 102 for the first time. The last financial statements prepared under the previous UK GAAP were for the period to 31 December 2014. The date of transition to FRS102 was 1 January 2014.

The change in accounting policies has not resulted in a change to the profit for the financial year ended 31 December 2014 or to the equity as at 1 January 2014 and 31 December 2014.