

**HARVESTER PROPERTIES LIMITED**  
**ANNUAL REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 1997**

**Registered Number : 2111204**



HARVESTER PROPERTIES LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 1997

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HARVESTER PROPERTIES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 1997

The directors present their annual report and the audited accounts for the year ended 31 December 1997.

PRINCIPAL ACTIVITY

The principal activity of the company is the design and construction of properties.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The company ceased trading on 23 December 1996 when all assets and liabilities were transferred to the company's ultimate holding company, The National Farmers Union Mutual Insurance Society Limited.

DIVIDENDS AND TRANSFERS TO RESERVES

The retained loss for the financial year of £nil (1996 loss £2,815,946) will be transferred to reserves. The directors have declared the payment of dividends of £nil (1996 £3,129,788).

DIRECTORS

The directors at the year end were as follows:


A.S. Young, FCII  
N. Carter, FCA  
R.A. Martin, ARICS

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

AUDITORS

In accordance with Section 250 of the Companies Act 1985 a special resolution resolving that auditors shall not be appointed will be put to the Annual General Meeting.

By order of the Board



W.E. Cooper,  
Secretary

17 April 1998

HARVESTER PROPERTIES 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 loss of the company for that period. In preparing those financial statements, the directors confirm that

- ♦ suitable accounting policies have been applied consistently;
- ♦ reasonable and prudent judgements have been made;
- ♦ applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- ♦ the financial statements have been prepared on the going concern basis.

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 1998

REPORT OF THE AUDITORS TO THE MEMBERS OF  
HARVESTER PROPERTIES 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.

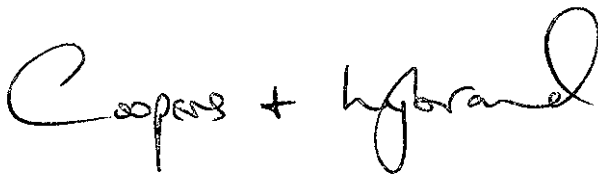
Basis of opinion

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 1997 and of its result and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read 'Coopers + Lybrand', is written across the page.

COOPERS & LYBRAND  
Chartered Accountants and Registered Auditors  
Birmingham

18 April 1998

HARVESTER PROPERTIES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 1997

		<u>1997</u>	<u>1996</u>
<u>Discontinued Operations</u>	<u>Notes</u>	£	£
TURNOVER	2(b)	-	229,649
COST OF SALES		-	45,083
		<hr/>	<hr/>
GROSS PROFIT		-	274,732
Administrative expenses		-	(41,393)
		<hr/>	<hr/>
OPERATING PROFIT		-	233,339
Interest receivable and similar income		-	235,419
		<hr/>	<hr/>
		-	468,758
Interest payable and similar charges		-	(263)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	-	468,495
Tax on profit on ordinary activities	5	-	(154,653)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		-	313,842
Dividends		-	(3,129,788)
		<hr/>	<hr/>
RETAINED (LOSS)/PROFIT FOR THE FINANCIAL YEAR		-	(2,815,946)
RETAINED PROFITS BROUGHT FORWARD		-	2,815,946
		<hr/>	<hr/>
RETAINED PROFITS CARRIED FORWARD		<hr/>	<hr/>

The company has no recognised gains or losses other than those included in the losses above and, therefore, no separate statement of total recognised gains and losses has been presented.

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

HARVESTER PROPERTIES LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 1997

		<u>1997</u>	<u>1996</u>
	<u>Notes</u>	<u>£</u>	<u>£</u>
<u>CURRENT ASSETS</u>			
Work in progress	6	-	-
Debtors	7	2	2
		<hr/>	<hr/>
Net assets		<u>2</u>	<u>2</u>
<u>CAPITAL AND RESERVES</u>			
Called up share capital	8	2	2
		<hr/>	<hr/>
EQUITY SHAREHOLDERS' FUNDS	9	<u>2</u>	<u>2</u>

These accounts on pages 5 to 11 were approved by the Board of Directors on 17 April 1998 and were signed on its behalf by:


A.S. YOUNG, DIRECTOR

N. CARTER, DIRECTOR

HARVESTER PROPERTIES LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 1997

		<u>1997</u>		<u>1996</u>	
	<u>Notes</u>	£	£	£	£
<u>Net cash outflow from discontinued operating activities</u>	10		-		(677,672)
<u>Returns on investments and servicing of finance</u>					
Interest received			-		238,822
Interest paid			-		(263)
<u>Taxation</u>					
Corporation tax paid			-		(563,012)
<u>Capital Expenditure</u>			-		-
<u>Equity dividends paid</u>			-		(3,129,788)
			-		(4,131,913)
<u>Management of liquid resources</u>					
Cash withdrawals from short term deposit		-		4,140,000	
Receipt of short term loan		-		-	
Repayment of short term loan		-		(12,000)	
			-		4,128,000
<u>Financing</u>			-		-
Decrease)/increase in cash			-		(3,913)
<u>Reconciliation of net cashflow to movement in net debt</u>					
(Decrease)/increase in cash in the period			-		(3,913)
Cash inflow from decrease in liquid resources			-		(4,128,000)
Change in net debt resulting from cashflows			-		(4,131,913)
Net funds at 1 January 1997			-		4,131,913
Net funds at 31 December 1997	11		-		-



HARVESTER PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1997

1. ULTIMATE HOLDING COMPANY

The Company is a subsidiary of NFU Mutual Management Company Limited, 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 are set out below:

a) Basis of accounting

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

b) Turnover

Turnover represents the value of invoiced work done together with an allocation of interest earned on contract monies paid in advance.

c) Work in progress

Work in progress is stated at the lower of cost and net realisable value, less foreseeable losses and any payments received on account.

In establishing cost, work in progress at the year end is taken to represent all purchases and liabilities incurred to date.

Net realisable value is based on the sales value of the contract after taking into account all further income and costs expected to be incurred to full completion of the contract.

d) Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for accounting and taxation purposes. However, no provision is made for taxation deferred by reliefs where there is reasonable evidence that no liability will arise in the foreseeable future.

3. DIRECTORS' EMOLUMENTS AND EMPLOYEE INFORMATION

The directors received no emoluments for the year ended 31 December 1997 and 31 December 1996.

There were no employees during either year.

HARVESTER PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1997

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>1997</u>	<u>1996</u>
	£	£
is stated after charging:		
Auditors' remuneration	<u>-</u>	<u>2,000</u>

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

The taxation charge/(credit) for the year comprises :  
Corporation tax at nil % (1996 33%) on profit for the year

<u>-</u>	<u>154,653</u>
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6. WORK IN PROGRESS

Net cost of work done	-	(45,083)
Transfer to cost of sales	-	45,083
	<u>-</u>	<u>-</u>

7. DEBTORS

Amounts owed by parent undertaking	<u>2</u>	<u>2</u>
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HARVESTER PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1997

	<u>1997</u>	<u>1996</u>
	£	£
<b>8. <u>SHARE CAPITAL</u></b>		
<u>Authorised :</u>		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<u>Allotted and called up :</u>		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>
<b>9. <u>RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS</u></b>		
At 1 January 1997	2	2,815,948
Loss for the financial year	-	(2,815,946)
	<u>2</u>	<u>2</u>
At 31 December 1997	<u>2</u>	<u>2</u>
<b>10. <u>RECONCILIATION OF OPERATING PROFIT TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES</u></b>		
	<u>1997</u>	<u>1996</u>
	£	£
Operating profit	-	233,339
Decrease in debtors	-	35,734
Decrease in creditors	-	(946,745)
	<u>-</u>	<u>(677,672)</u>
Net cash outflow from operating activities	<u>-</u>	<u>(677,672)</u>

HARVESTER PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1997

11. ANALYSIS OF CHANGES IN NET DEBT

	<u>At 1</u> <u>January</u> <u>1997</u>	<u>Cash flows</u>	<u>At 31</u> <u>December</u> <u>1997</u>	<u>At 1</u> <u>January</u> <u>1996</u>	<u>Cash flows</u>	<u>At 31</u> <u>December</u> <u>1996</u>
	£	£	£	£	£	£
Cash at bank	-	-	-	3,913	(3,913)	-
Short term deposits	-	-	-	4,140,000	(4,140,000)	-
Short term loans	-	-	-	(12,000)	12,000	-
	-	-	-	4,131,913	(4,131,913)	-

12. RELATED PARTIES

The Company is relying on the exemption set out in FRS8 not to disclose transactions with other Group Companies.