

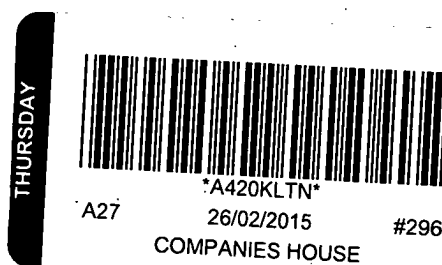
Company Registration No: 03207393

Farmweb Limited

Annual Report and Financial Statements

For the Year Ended 31 May 2014

Group Secretariat  
Direct Line Insurance Group plc  
Churchill Court  
Westmoreland Road  
Bromley  
BR1 1DP



**Annual report and financial statements**

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Officers and professional advisers  
For the year ended 31 May 2014

**Directors:**

J P Greenwood

C E Morton

**Company Secretary:**

R C Clifton

**Registered office:**

Churchill Court

Westmoreland Road

Bromley

BR1 1DP

**Auditor:**

Deloitte LLP

Chartered Accountants

London

Registered in England and Wales

**Officers and professional advisers**

For the year ended 31 May 2014

The Directors present their strategic report for the year ended 31 May 2014.

**Activities and business review****Activities**

The principal activity of Farmweb Limited ("the Company") in the year under review was that of the provision of insurance services for farmers, however on 30 September 2013 the Company ceased trading and it is the intention of the Directors to make the Company dormant.

On 4 July 2013 the Company owner changed and now the Company is a member of Direct Line Group ("the Group") headed by Direct Line Insurance Group plc ("DLIG"). The Group provides the Company with direction and access to all central resources it needs and determines policies in all key areas such as finance, risk, human resources or environment. For this reason, the Directors believe that key performance indicators specific to the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The annual report of DLIG reviews these matters on a Group basis. Copies can be obtained from Direct Line Group Secretariat, Churchill Court, Westmoreland Road, Bromley, BR1 1DP, the Registrar of Companies or through the Group's website at [www.directlinegroup.com](http://www.directlinegroup.com).

**Review of the year****Business review**

As stated above, the Company ceased trading during the year.

**Financial performance**

The Company's financial performance is presented in the profit and loss account on page 8.

For the year ended 31 May 2014, revenue was £212,679 (2013: £713,113) and administration expenses were £298,253 (2013: £669,456). Loss for the year was £73,488 (2013 profit: £31,387).

No dividend was paid in 2014 (2013: £nil). The Directors do not recommend the payment of a final dividend (2013: £nil).

At the end of the year, the balance sheet showed total assets of £50,783 (2013: £143,321). Total equity was £50,783 (2013: £124,271).

**Principal risks and uncertainties**

The Company's risk management objectives are set out in note 2.

The Company is funded by facilities from the Group.

Approved by the Board of Directors and signed on behalf of the Board.



**C E Morton**

Director

20 February 2015

**Directors' report**

For the year ended 31 May 2014

The Directors present their annual report with the audited financial statements of the Company for the year ended 31 May 2014.

**Directors and Secretary**

From the 1 June 2013 to date the following changes have taken place:

Directors	Appointed	Resigned
S L Bryson		4 July 2013
G A Gordon		4 July 2013
J P Greenwood	4 July 2013	
K D Isherwood		4 July 2013
C E Morton	4 July 2013	
E V Simons		4 July 2013
Company Secretary		
R C Clifton	26 September 2013	

**Going concern**

These financial statements have been prepared on a basis other than of a going concern. The basis of preparation is referred to further in note 1.

**Statement of Directors' responsibilities**

The Directors are responsible for preparing the annual 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 elected to prepare 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 the applicable UK Accounting standards have been followed subject to any material departures disclosed and explained in the financial statement; 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Directors' report**

For the year ended 31 May 2014

**Disclosure of information to auditor**

Each of the Directors at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that they ought to have taken to make themselves aware of any relevant audit information, and to establish that the Company's auditor is aware of that information.

This confirmation is given and shall be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

**Directors' indemnities**

DLIG has made qualifying third party indemnity provisions for the benefits of the Directors of the Company which remain in force at the date of this report.

**Auditor**

Deloitte LLP has expressed its willingness to continue in office as auditor and it is the intention of the Directors to reappoint them under the deemed appointment rules of section 487 of the Companies Act 2006.

Approved by the Board of Directors and signed on behalf of the Board



**C E Morton**

Director

20 February 2015

**Independent auditor's report**

For the year ended 31 May 2014 to the members of Farmweb Limited

We have audited the financial statements of Farmweb Limited for the year ended 31 May 2014 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 11. 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).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of Directors and auditor**

As explained more fully in the Directors' Responsibilities Statement, 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.

**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 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.

**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 May 2014 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 matters prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic report and the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Emphasis of matter – Financial statements prepared other than on a going concern basis**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern.

**Independent auditor's report**

For the year ended 31 May 2014 to the members of Farmweb Limited

**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.



David Rush (Senior Statutory Auditor)  
For and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London, United Kingdom

23 February 2015



## Profit and loss account

For the year ended 31 May 2014

	Notes	2014 £	2013 £
<b>Turnover</b>		<b>212,679</b>	713,113
Administrative expenses		<b>(298,253)</b>	(669,456)
<b>Operating (loss)/profit</b>	3	<b>(85,574)</b>	43,657
Interest receivable and similar income		<b>3</b>	115
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(85,571)</b>	43,772
Tax credit/(charge) on ordinary activities	5	<b>12,083</b>	(12,385)
<b>(Loss)/profit for the financial year</b>		<b>(73,488)</b>	31,387

The profit and loss for the year is entirely attributable to the owners of the Company.

The accompanying notes on pages 10 to 15 form an integral part of these financial statements.

Balance sheet  
For the year ended 31 May 2014

	Notes	£	2014 £	£	2013 £
<b>Fixed assets</b>					
Tangible assets	6		-		2,392
<b>Current assets</b>					
Debtors	7	50,783		63,293	
Cash at bank and in hand		-		77,636	
		<b>50,783</b>		<b>140,929</b>	
<b>Creditors</b>					
Amounts falling due within one year	8	-		(19,050)	
<b>Net current assets</b>			<b>50,783</b>		121,879
<b>Total assets less current liabilities</b>			<b>50,783</b>		124,271
<b>Capital and reserves</b>					
Called-up share capital	9		25		25
Share premium	10		16,109		16,109
Share redemption reserve	10		875		875
Profit and loss account	10		33,774		107,262
<b>Shareholder's funds</b>			<b>50,783</b>		124,271

The accompanying notes on pages 10 to 15 form an integral part of these financial statements.

The financial statement were approved by the Board of Directors and authorised for issue on 20 February 2015.  
They were signed on its behalf by:



**C E Morton**  
Director

Notes to the financial statements  
For the year ended 31 May 2014

## **1. Accounting policies**

The Company is incorporated in the United Kingdom and registered in England and Wales.

### **1.1 Presentation of financial statements**

The financial statements have been prepared on basis other than that of a going concern basis (see page 4 of the Directors' Report) and in accordance with the applicable United Kingdom accounting standards and historical cost convention.

#### **Revenue recognition**

Fees in respect of services are recognised as the right to consideration accrued through the provision of the service to the customer. These arrangements are generally contractual and the cost of providing the service is rendered.

#### **Going concern**

As explained in the Strategic report, the Company ceased trading in 2013. The Directors intend to make the Company dormant within the foreseeable future. The financial statements have therefore been prepared on a basis other than that of a going concern and all assets and liabilities are classified as current.

#### **Accounting convention**

The financial statements have been prepared under the historical cost convention.

#### **Cash flow statement exemption**

The Company is exempt from the requirements of FRS1 to include a cash flow statement as part of its financial statements, because it is a subsidiary of a group which prepares consolidated financial statements.

### **1.2 Turnover**

Turnover represents net invoiced sales of services, excluding value added tax.

### **1.3 Investment return**

Interest income on financial assets is determined using the effective interest rate method. The effective interest rate method is a way of calculating the amortised cost of a financial asset (or group of financial assets) and of allocating the interest income over the expected life of the asset.

### **1.4 Taxation**

The tax charge or credit represents the sum of the tax currently payable or receivable.

The current tax expense is based on the taxable profits for the year as determined in accordance with the relevant tax legislation, after any adjustments in respect of prior years. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Provision for taxation is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date, and is allocated over profits before taxation and amounts charged or credited to components of other comprehensive income and equity, as appropriate.

### **1.5 Property, plant and equipment**

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for separately.

Depreciation is charged to the income statement on a straight-line basis so as to write off the depreciable amount of property, plant and equipment over their estimated useful lives.

Notes to the financial statements  
For the year ended 31 May 2014

### 1.5 Property plant and equipment (continued)

The depreciable amount is the cost of an asset less its residual value. Land is not depreciated. Estimated useful lives are as follows:

Freehold and long leasehold buildings	50 years or the period of the lease if shorter
Vehicles	5 years
Computer equipment	Up to 5 Years
Other equipment, including property adaptation costs	2 to 15 years

The gain or loss arising from the derecognition of an item of property, plant and equipment, is determined as the difference between the disposal proceeds, if any, and the carrying amount of the item.

### 1.6 Impairment of property, plant and equipment

At each reporting date, the Company assesses whether there is any indication that its property, plant and equipment are impaired. If any such indication exists, the Company estimates the recoverable amount of the asset and the impairment loss, if any. The recoverable amount of an asset is the higher of its fair value, less costs to sell and its value in use. Value in use is the present value of future cash flows from the asset, discounted at a rate that reflects market interest rates, adjusted for risks specific to the asset that have not been reflected in the estimation of future cash flows.

If the recoverable amount of an asset is less than its carrying value, an impairment loss is recognised immediately in the income statement and the carrying value of the asset is reduced by the amount of the impairment loss.

A reversal of an impairment loss is recognised as it arises provided the increased carrying value does not exceed the carrying amount that would have been determined had no impairment loss been recognised.

### 1.7 Dividends

Interim dividends on ordinary shares are recognised in equity in the year in which they are paid. Final dividends on ordinary shares are recognised when they have been approved at a general meeting.

### 1.8 Financial assets

The Company has only loans and receivables.

#### Loans and receivables

Non-derivative financial assets with fixed or determinable repayments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are initially recognised at fair value plus directly related transaction costs. They are subsequently measured at amortised cost using the effective interest method less any impairment losses.

### 1.9 Impairment of financial assets

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets classified as loans and receivables is impaired. A financial asset or portfolio of financial assets is impaired and an impairment loss incurred if there is objective evidence that an event or events since initial recognition of the asset have adversely affected the amount or timing of future cash flows from the asset.

#### Loans and receivables

If there is objective evidence that an impairment loss on a financial asset or group of financial assets classified as loans and receivables has been incurred, the Company measures the amount of the loss as the difference between the carrying amount of the asset or group of assets and the present value of estimated future cash flows from the asset or group of assets discounted at the effective interest rate of the instrument at initial recognition.

Notes to the financial statements  
For the year ended 31 May 2014

### 1.9 Impairment of financial assets (continued)

Impairment losses are assessed individually where significant, or collectively for assets that are not individually significant.

Impairment losses are recognised in the income statement and the carrying amount of the financial asset or group of financial assets is reduced by establishing an allowance for the impairment losses. If in a subsequent year the amount of the impairment loss reduces and the reduction can be ascribed to an event after the impairment was recognised, the previously recognised loss is reversed by adjusting the allowance.

#### Derecognition of financial assets

A financial asset is derecognised when the rights to receive the cash flows from the asset have expired or when the Company has transferred its rights to receive the cash flows from the asset and has transferred substantially all the risk and reward of ownership of the asset.

### 1.10 Financial liabilities

Financial liabilities are initially recognised at fair value net of transaction costs incurred.

Other than derivatives, which are recognised and measured at fair value, all other financial liabilities are measured at amortised cost using the effective interest rate method.

A financial liability is derecognised when the obligation is either discharged, cancelled or expires.

### 1.11 Cash and cash equivalents

Cash and cash equivalents comprise cash and demand deposits with banks together with short-term highly liquid investments that are readily convertible to known amounts of cash and subject to insignificant risk of change in value.

### 1.12 Pension costs and other post-retirement benefits

The Company operated a defined contribution pension scheme. Contributions payable to the Company's defined contribution pension scheme are charged to the profit and loss account in the year to which they relate.

## 2. Risk management

### 2.1 Risk management overview

The Direct Line Insurance Group plc Board ("Group Board") has responsibility for setting and monitoring adherence to the risk strategy, risk appetite and risk framework. The Group Board has established a risk management model that separates the business's risk management responsibilities into "3 lines of defence" as set out below.

1st line of defence	- Risk ownership
2nd line of defence	- Oversight, challenge and support of 1st line
3rd line of defence	- Independent assurance

The annual report of DLIG contains a comprehensive review of the risk management framework for the whole group. Copies can be obtained from Direct Line Group Secretariat, Churchill Court, Westmoreland Road, Bromley, BR1 1DP, the Registrar of Companies or through Direct Line Insurance Group's website at [www.directlinegroup.com](http://www.directlinegroup.com).

The key financial risks applicable to the Company are detailed below.

### 2.2 Market risk

The Company is subject to market risk, in particular interest rate risk, due to its loans to related parties. No sensitivity analysis has been provided as the impact is deemed to be immaterial.

### 2.3 Liquidity risk

The Company has no material liquidity risk as it has access to Group funding.

Notes to the financial statements  
For the year ended 31 May 2014

### 3. Operating (loss)/profit

(Loss)/profit on ordinary activities before taxation is stated after charging:

	2014 £	2013 £
Depreciation – owned assets	2,392	1,701
Audit fees	2,000	3,240
Other accounting services	254	1,287
Pension costs	4,585	39,349

### 4. Directors' remuneration

	2014 £	2013 £
Emoluments	9,647	297,095
Compensation for loss of office	164,439	-

### 5. Tax on (loss)/profit on ordinary activities

#### Analysis of the tax charge

The tax (credit)/charge on the (loss)/profit on ordinary activities for the year was as follows:

	2014 £	2013 £
Current Tax		
UK corporation tax (credit)/charge	(12,031)	12,400
Over provision in prior year	(52)	(15)
Tax on (loss)/profit on ordinary activities	(12,083)	12,385

The following table analyses the difference between the actual current tax charge and the expected current tax charge computed by applying the standard rate of UK corporation tax of 23% (2013: 20%).

	2014 £	2013 £
Expected tax (credit)/charge at 23% (2013: 20%)	(19,674)	8,754
Effects of:		
Non-deductible items	7,301	3,420
Accelerated capital allowances	342	225
Adjustments in respect of prior periods	(52)	(15)
Actual current tax (credit)/charge	(12,083)	12,385

Notes to the financial statements  
For the year ended 31 May 2014

#### 6. Tangible fixed assets

	Plant and machinery £	Computer equipment £	Total £
<b>Cost</b>			
At 1 June 2013	10,663	21,886	32,549
Additions	-	-	-
At 31 May 2014	10,663	21,886	32,549
<b>Depreciation</b>			
At 1 June 2013	9,877	20,280	30,157
Charge for the year	786	1,606	2,392
At 31 May 2014	10,663	21,886	32,549
<b>Net book value</b>			
At 31 May 2014	-	-	-
At 31 May 2013	786	1,606	2,392

#### 7. Debtors: Amounts falling due within one year

	2014 £	2013 £
Trade debtors	-	60,310
Other debtors	50,783	2,983
	<b>50,783</b>	<b>63,293</b>

#### 8. Creditors: Amounts falling due within one year

	2014 £	2013 £
Trade creditors	-	4,150
Taxation and social security	-	12,400
Other creditors	-	2,500
	-	<b>19,050</b>

#### 9. Called-up share capital

Allotted, called-up, and fully paid:			2014	2013
Number	Class	Nominal Value	£	£
25	Ordinary	1	<b>25</b>	<b>25</b>

#### 10. Reserves

	Profit and loss account £	Share premium £	Share redemption reserve £	Total £
At 1 June 2013	107,262	16,109	875	124,246
Loss for the year	(73,488)	-	-	(73,488)
At 31 May 2014	<b>33,774</b>	<b>16,109</b>	<b>875</b>	<b>50,758</b>

Notes to the financial statements  
For the year ended 31 May 2014

### 11. Related parties

On 13 March 2013, The Royal Bank of Scotland Group plc ("RBS Group") sold 16.8% of DLIG's shares and ceased to be the controlling shareholder of Direct Line Group. On 20 September 2013, RBS Group sold a further 20.0% of DLIG's ordinary shares, which was a further step towards the complete disposal of Direct Line Group. At 31 December 2013, RBS Group held 28.5% of the issued ordinary share capital and DLIG was treated as an associated undertaking in the RBS Group results. On 27 February 2014, RBS Group sold its remaining holding of DLIG shares, except for 4.2 million shares (representing a holding of 0.28%), held to satisfy long term incentive plan awards granted by RBS Group to DLIG management. The sale marks the completion of RBS Group's EC-mandated disposal of its interest in DLIG.

The UK Government through HM Treasury is the ultimate controlling party of RBS Group and was as a consequence a related party of Direct Line Group. The UK Government's shareholding is managed by UK Financial Investments Limited, a company wholly owned by the UK Government. This gives rise to related transactions and balances, specifically in respect of tax with HMRC and debt security investments with the UK Government.

At 31 May 2014 the ultimate holding company was Direct Line Insurance Group plc, which is also the immediate parent company and is incorporated in the United Kingdom and registered in England and Wales.

As at 31 May 2014 Direct Line Insurance Group plc heads the largest and smallest group in which the Company is consolidated. Copies of the consolidated financial statements of Direct Line Insurance Group plc may be obtained from The Secretary, Direct Line Insurance Group plc, Churchill Court, Westmoreland Road, Bromley, BR1 1DP.

The following transactions were carried out with other Group companies in the period from 1 June 2013 to 31 May 2014.

Movements in receivables from related parties were as follows:

	2014 £'000	2013 £'000
At 1 June	-	-
Transactions in the period	62,814	-
Settled in the period	(12,031)	-
At 31 May	50,783	-