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ELM TREE FARM LIMITED

**DIRECTORS' REPORT
AND ACCOUNTS**

31 MARCH 2003



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ELM TREE FARM LIMITED

REPORT OF THE DIRECTORS

The directors submit their report, together with the accounts of the company for the year ended 31 March 2003.

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those accounts the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 accounts 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.

REVIEW OF THE BUSINESS

The company carries on arable farming operations at Elm Tree Farm, Stoney Houghton and associated lands. No changes in this activity have taken place during the year.

Turnover for the year was £415,929 (2002 - £473,490) and there was an operating profit of £2,817 (2002 - £7,859). In the directors' opinion, the company has again finished the year well equipped to meet the challenges ahead.

RESULTS

The profit for the year after taxation was £6,165 (2002 - £10,622) as detailed in the profit and loss account. The directors recommend that no dividend should be paid in respect of the year.

ELM TREE FARM LIMITED

REPORT OF THE DIRECTORS (continued)

DIRECTORS AND THEIR INTERESTS

The following were directors of the company throughout the year ended 31 March 2003:

Duke of Devonshire
Duchess of Devonshire
Marquess of Hartington
Marchioness of Hartington
R B Wardle

None of the directors have an interest in the shares of Elm Tree Farm Limited.

The Duchess of Devonshire and the Marquess and Marchioness of Hartington have an interest in the shares of the holding company in whose Directors' Report those interests are stated.

In accordance with the company's articles of association the Duchess of Devonshire retires by rotation and, being eligible, offers herself for re-election.

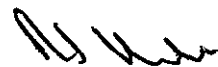
HOLDING COMPANY

The whole of the allotted share capital is held by Chatsworth Holdings Limited, a company in which The Trustees of the Chatsworth Settlement have a 91.55% interest.

FUTURE DEVELOPMENT

The management and directors keep alternative crops under review in order to achieve a good profit and to meet market demands whilst complying with best agricultural practice. Any good opportunities to extend the company's farming activities will be examined carefully and will be taken up if they are in the company's best interests.

By Order of the Board



R S HILL
Secretary

Company No: 1206244

24 June 2003

ELM TREE FARM LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2003**

	Notes	2003	2002
TURNOVER		415,929	473,490
Cost of sales		(319,580)	(372,672)
		<hr/>	<hr/>
GROSS PROFIT		96,349	100,818
Administrative expenses		(93,532)	(92,959)
		<hr/>	<hr/>
OPERATING PROFIT	2	2,817	7,859
Interest receivable		4,476	5,429
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		7,293	13,288
Tax on profit on ordinary activities	3	(1,128)	(2,666)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		6,165	10,622
Dividend		-	-
		<hr/>	<hr/>
AMOUNT TRANSFERRED TO RESERVES	12	£6,165	£10,622
		<hr/>	<hr/>

There were no recognised gains or losses other than the results for the year.

The above results all arose from continuing operations.

ELM TREE FARM LIMITED

BALANCE SHEET AT 31 MARCH 2003

	Notes	2003	2002
FIXED ASSETS			
Tangible assets	6	185,603	179,306
Investment		15	15
		<u>185,618</u>	<u>179,321</u>
CURRENT ASSETS			
Stocks	7	221,191	168,291
Debtors	8	79,311	39,926
Cash at bank and in hand		199,219	260,147
		<u>499,721</u>	<u>468,364</u>
Creditors (amounts falling due within one year)	9	(218,848)	(188,211)
		<u>280,873</u>	<u>280,153</u>
NET CURRENT ASSETS			
		<u>466,491</u>	<u>459,474</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	10	(10,224)	(9,372)
		<u>£456,267</u>	<u>£450,102</u>
NET ASSETS			
CAPITAL AND RESERVES			
Called up share capital	11	72,000	72,000
Profit and loss account	12	384,267	378,102
		<u>£456,267</u>	<u>£450,102</u>
EQUITY SHAREHOLDERS' FUNDS			
	13	<u>£456,267</u>	<u>£450,102</u>

AUDIT EXEMPTION STATEMENT

For the year ended 31 March 2003 the company was entitled to the exemption under section 249A(1) of the Companies Act 1985.

Members have not required the company to obtain an audit in accordance with section 249B(2) of the Companies Act 1985.

The directors acknowledge their responsibility for:

- (a) ensuring the company keeps accounting records which comply with section 221; and
- (b) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year, and of its profit and loss for the financial year, in accordance with section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the company.

Approved by the Board on 24 June 2003 and signed on its behalf by

R.B. Wardle

R B WARDLE, Director

ELM TREE FARM LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 2003

1 ACCOUNTING POLICIES

(a) Basis of accounting

The accounts are prepared under the historical cost convention and in accordance with applicable Accounting Standards.

(b) Tangible assets

Tangible assets are stated at cost. Depreciation is provided by the straight line method so as to reduce assets to their estimated realisable value over their useful lives. The lives attributed to assets are:

	Number of years
Short leasehold buildings	15
Corn drying and storage installation	15
Farm plant and equipment	3 to 10
Tractors, combine harvesters and vehicles	4 to 7

(c) Stocks

Crops in store, growing crops and stocks of feed, fertilisers, chemicals and stores are stated at the lower of cost, including direct and indirect production costs, and estimated realisable value.

(d) Deferred taxation

Apart from any liability arising from short-term timing differences, deferred taxation is only provided where the deferral is not expected to continue in the foreseeable future.

(e) Set-aside and arable area payments

Set-aside and arable area payments are brought into the profit and loss account in the period in which credit is taken for the sale of the related crops.

(f) Cash flow statement

The company has taken advantage of the exemption available under FRS1 for small companies and has therefore not included a cash flow statement in the accounts.

ELM TREE FARM LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 2003 (continued)

2 OPERATING PROFIT 2003 2002

is stated after the following amounts:

Staff costs: The average number of persons employed during the year in addition to the directors was 4 (2002 - 4)

Wages and salaries	£113,380	£115,802
Social security costs	£9,569	£9,436
Other pension costs	£1,421	£1,352
Depreciation	£46,320	£38,808
Auditors' remuneration	NIL	£(10)
Profit on sale of tangible assets	NIL	NIL
Set aside and arable area payments receivable	£(76,936)	£(95,607)

Staff costs include £49,400 (2002 - £49,400) paid to 4 (2002 - 4) directors in respect of their services to the company.

Two employees are member of the Chatsworth money purchase pension scheme to which the total paid in the year was £1,421 (2002 - £1,352) and one employee is also a member of the Chatsworth Settlement final salary pension scheme, the cost of which is covered by a management charge. Other employees are seasonal and have not joined the pension scheme.

3 TAX ON PROFIT ON ORDINARY ACTIVITIES 2003 2002

The charge for taxation for the year is as follows:

UK corporation tax at 19% (2001 - 20%)	261	0
(Over) provision in prior years	0	(9)
Transfer to deferred taxation	852	2,755
Amount payable/(receivable) for group relief	15	(80)
	<hr/>	<hr/>
	£1,128	£2,666
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The charge to corporation tax has been reduced by losses transferred from the holding company for a consideration of 100%.

ELM TREE FARM LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 2003 (continued)

4. HOLDING COMPANY

Chatsworth Holdings Limited, a company registered in England, owned the whole of the company's allotted share capital throughout the year.

The Trustees of the Chatsworth Settlement hold 91.55% of the allotted share capital of Chatsworth Holdings Limited.

The Trustees of the Chatsworth Settlement have guaranteed bank overdraft facilities of the company, should this be required, up to a limit of £45,000.

5. RELATED PARTY TRANSACTIONS

During the year the company entered into various transactions with the Trustees of the Chatsworth Settlement, who, as mentioned in Note 4, hold 91.55% of the allotted share capital of the company's parent company.

The company has sold produce to the Trustees of the Chatsworth Settlement during the year amounting to £19,288 (2002 - £20,075).

The company's farmland is owned by the Trustees of the Chatsworth Settlement and in the year under review the company paid rent amounting to £56,493 (2002 - £53,720).

The Trustees of the Chatsworth Settlement provide management services to Elm Tree Farm Limited and a fee is charged to the company representing the fair value of this service. During the year under review this amounted to £25,200 (2002 - £24,800).

6 TANGIBLE ASSETS

	Short leasehold buildings	Corn drying and storage installation	Tractors, vehicles and implements	Total
COST				
At 1 April 2002	59,705	95,620	581,858	737,183
Additions	32,372	0	20,245	52,617
Disposals	0	0	0	0
At 31 March 2003	92,077	95,620	602,103	789,800
ACCUMULATED DEPRECIATION				
At 1 April 2002	57,069	95,619	405,189	557,877
Charge for the period	2,946	0	43,374	46,320
Disposals	0	0	0	0
At 31 March 2003	60,015	95,619	448,563	604,197
NET BOOK AMOUNT AT				
31 March 2003	£32,062	£1	£153,540	£185,603
31 March 2002	£2,636	£1	£176,669	£179,306

ELM TREE FARM LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 2003 (continued)

7 STOCKS	2003	2002
Raw materials and consumables	36,423	23,075
Work in progress - growing crops	96,997	93,265
Crops in store	87,771	51,951
	<u>£221,191</u>	<u>£168,291</u>
8 DEBTORS	2003	2002
Trade debtors	62,975	22,851
Amount owed by a group undertaking	1,685	1,780
Other debtors	14,651	15,295
	<u>£79,311</u>	<u>£39,926</u>
9 CREDITORS (amounts falling due within one year)	2003	2002
Trade creditors	97,323	68,371
Amount owed to Trustees of the Chatsworth Settlement	64,416	64,143
Other creditors	55,323	54,223
Taxation and social security	1,786	1,474
	<u>£218,848</u>	<u>£188,211</u>
10 DEFERRED TAXATION	2003	2002
Balance at 1 April 2002	9,372	6,617
Transfer from profit and loss account	852	2,755
	<u>£10,224</u>	<u>£9,372</u>

These amounts represent fixed asset related timing differences.

ELM TREE FARM LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 2003 (continued)

11 SHARE CAPITAL	2003	2002
Authorised:		
100,000 ordinary shares of £1 each	£100,000	£100,000
Allotted and fully paid:		
72,000 ordinary shares of £1 each	£72,000	£72,000
12 RESERVES	Profit and Loss Account	
At 1 April 2002	378,102	
Retained profit on ordinary activities after taxation	6,165	
At 31 March 2003	£384,267	
13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2003	2002
Profit for the period	6,165	10,622
Opening shareholders' funds	450,102	439,480
Closing shareholders' funds	£456,267	£450,102

14 COMPANY STATUS

The company is a close company as defined by the Taxes Acts.