

1206244

ELM TREE FARM LIMITED

**DIRECTORS' REPORT
AND ACCOUNTS**

31 MARCH 2008

SATURDAY



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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 2008.

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 £532,019 (2007 - £439,820) and there was an operating profit of £126,169 (2007 - loss of £40,199). 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 £104,858 (2007 - loss of £29,085) 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 2008:

Duke of Devonshire
Duchess of Devonshire
Dowager Duchess of Devonshire
N J Wood

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

The Dowager Duchess of Devonshire and the Duke and Duchess of Devonshire 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 Duke of Devonshire retires by rotation and, being eligible, offers himself for re-election.

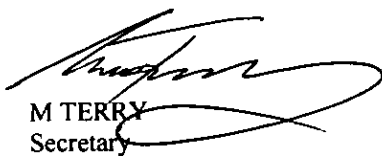
HOLDING COMPANY

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



M TERRY
Secretary

Company No: 1206244

05 January, 2009

ELM TREE FARM LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2008**

| | Notes | 2008 | 2007 |
|---|-------|-----------------|------------------|
| TURNOVER | | 532,019 | 439,820 |
| Cost of sales | | (319,466) | (384,737) |
| | | <hr/> | <hr/> |
| GROSS PROFIT | | 212,553 | 55,083 |
| Administrative expenses | | (86,384) | (95,282) |
| | | <hr/> | <hr/> |
| OPERATING PROFIT/ (LOSS) | 2 | 126,169 | (40,199) |
| Interest receivable | | 8,944 | 4,321 |
| | | <hr/> | <hr/> |
| PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION | | 135,113 | (35,878) |
| Tax on ordinary activities | 3 | (30,255) | 6,793 |
| | | <hr/> | <hr/> |
| PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION | | 104,858 | (29,085) |
| Dividend | | - | - |
| | | <hr/> | <hr/> |
| AMOUNT TRANSFERRED (FROM) RESERVES | 12 | £104,858 | £(29,085) |
| | | <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 2008

| | Notes | 2008 | 2007 |
|---|-------|------------------------|------------------------|
| FIXED ASSETS | | | |
| Tangible assets | 6 | 170,825 | 186,654 |
| Investment | | 15 | 15 |
| | | <u>170,840</u> | <u>186,669</u> |
| CURRENT ASSETS | | | |
| Stocks | 7 | 276,204 | 132,292 |
| Debtors | 8 | 71,144 | 58,559 |
| Cash at bank and in hand | | 325,933 | 299,854 |
| | | <u>673,281</u> | <u>490,705</u> |
| Creditors (amounts falling due within one year) | 9 | (229,715) | (169,258) |
| NET CURRENT ASSETS | | <u>443,566</u> | <u>321,447</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 614,406 | 508,116 |
| PROVISIONS FOR LIABILITIES AND CHARGES | | | |
| Deferred taxation | 10 | (18,280) | (16,848) |
| NET ASSETS | | <u><u>£596,126</u></u> | <u><u>£491,268</u></u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 11 | 72,000 | 72,000 |
| Profit and loss account | 12 | 524,126 | 419,268 |
| EQUITY SHAREHOLDERS' FUNDS | 13 | <u><u>£596,126</u></u> | <u><u>£491,268</u></u> |

AUDIT EXEMPTION STATEMENT

For the year ended 31 March 2008 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 5 January 2009 and signed on its behalf by


M TERRY, Company Secretary

ELM TREE FARM LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 2008

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 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 2008 (continued)

2 OPERATING PROFIT/(LOSS) 2008 2007

is stated after the following amounts:

Staff costs: The average number of persons employed during the year in addition to the directors was 4 (2007 - 4)

| | | |
|---|-----------|-----------|
| Wages and salaries | £113,586 | £120,855 |
| Social security costs | £19,552 | £11,273 |
| Other pension costs | £165 | £363 |
| Depreciation | £42,058 | £46,952 |
| (Profit) on sale of tangible assets | £(6,291) | £(5,999) |
| Set aside and arable area payments receivable | £(12,168) | £(12,168) |
| Single farm payment | £(85,234) | £(77,823) |

Staff costs include £44,805 (2007 - £49,209) paid to 3 directors in respect of their services to the company.

3 TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES 2008 2007

The (credit)/charge for taxation for the year is as follows:

| | | |
|--|--------|----------|
| UK corporation tax at 20% (2007 - 19%) | 28,808 | (7,102) |
| Under provision in prior years | 0 | 0 |
| Transfer to deferred taxation | 1,432 | 279 |
| Amount payable for group relief | 15 | 30 |
| | <hr/> | <hr/> |
| | £ | |
| | 30,255 | £(6,793) |
| | <hr/> | <hr/> |

The charge to corporation tax in 2008 was reduced by losses transferred from the holding company for a consideration of 100%.

ELM TREE FARM LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 2008 (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.

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 £24,918 (2007 - £7,930).

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 £56,438 (2007 - £56,438).

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 £20,000 (2007 - £28,255).

6 TANGIBLE ASSETS

| | Short leasehold buildings | Corn drying and storage installation | Tractors, vehicles and implements | Total |
|---------------------------------|---------------------------------|--|--|-----------------|
| COST | | | | |
| At 1 April 2007 | 92,077 | 95,620 | 658,536 | 846,233 |
| Additions | 17,796 | 0 | 55,701 | 73,497 |
| Disposals | 0 | 0 | (59,098) | -59,098 |
| At 31 March 2008 | 109,873 | 95,620 | 655,139 | 860,632 |
| ACCUMULATED DEPRECIATION | | | | |
| At 1 April 2007 | 69,411 | 95,619 | 494,549 | 659,579 |
| Charge for the period | 3,062 | 0 | 27,166 | 30,228 |
| Disposals | 0 | 0 | 0 | 0 |
| At 31 March 2008 | 72,473 | 95,619 | 521,715 | 689,807 |
| NET BOOK AMOUNT AT | | | | |
| 31 March 2008 | £37,400 | £1 | £133,424 | £170,825 |
| 31 March 2007 | £22,666 | £1 | £163,987 | £186,654 |

ELM TREE FARM LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 2008 (continued)

| 7 STOCKS | 2008 | 2007 |
|--|------------------------|------------------------|
| Raw materials and consumables | 42,710 | 41,386 |
| Work in progress - growing crops | 172,454 | 90,906 |
| Crops in store | 61,040 | 0 |
| | <u>£276,204</u> | <u>£132,292</u> |
| 8 DEBTORS | 2008 | 2007 |
| Trade debtors | 64,175 | 41,895 |
| Other debtors | 6,969 | 16,664 |
| | <u>£71,144</u> | <u>£58,559</u> |
| 9 CREDITORS (amounts falling due within one year) | 2008 | 2007 |
| Trade creditors | 47,994 | 47,680 |
| Amount owed to Trustees of the Chatsworth Settlement | 67,215 | 65,656 |
| Amount owed to a group undertaking | 75 | 60 |
| Other creditors | 95,490 | 54,434 |
| Taxation and social security | 18,941 | 1,428 |
| | <u>£229,715</u> | <u>£169,258</u> |
| 10 DEFERRED TAXATION | 2008 | 2007 |
| Balance at 1 April 2005 | 16,848 | 16,569 |
| Transfer (to)/from profit and loss account | 1,432 | 279 |
| | <u>£18,280</u> | <u>£16,848</u> |

These amounts represent fixed asset related timing differences.

ELM TREE FARM LIMITED**NOTES TO THE ACCOUNTS - 31 MARCH 2007 (continued)**

| 11 SHARE CAPITAL | 2008 | 2007 |
|--|------------------------------------|-----------------|
| Authorised: | | |
| 100,000 ordinary shares of £1 each | £100,000 | £100,000 |
| | <hr/> | <hr/> |
| Allotted and fully paid: | | |
| 72,000 ordinary shares of £1 each | £72,000 | £72,000 |
| | <hr/> | <hr/> |
| 12 RESERVES | Profit and Loss Account | |
| At 1 April 2007 | 419,268 | |
| Retained profit on ordinary activities after taxation | 104,858 | |
| | <hr/> | |
| At 31 March 2008 | £524,126 | |
| | <hr/> | |
| 13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS | 2008 | 2007 |
| Profit/(Loss) for the period | 104,858 | (29,085) |
| Opening shareholders' funds | 491,268 | 520,353 |
| | <hr/> | <hr/> |
| Closing shareholders' funds | £596,126 | £491,268 |
| | <hr/> | <hr/> |
| 14 COMPANY STATUS | | |

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