

1206244

ELM TREE FARM LIMITED

**DIRECTORS' REPORT
AND ACCOUNTS**

31 MARCH 2002



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 2002.

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 £473,490 (2001 - £374,916) and there was an operating profit of £7,859 (2001 - loss of £15,501). 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 £10,622 (2001 - loss of £5,453) 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 2002:

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 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



R S HILL
Secretary

Company No: 1206244

19 July 2002

ELM TREE FARM LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2002**

	Notes	2002	2001
TURNOVER		473,490	374,916
Cost of sales		(372,672)	(294,552)
GROSS PROFIT		100,818	80,364
Administrative expenses		(92,959)	(95,865)
OPERATING PROFIT/(LOSS)	2	7,859	(15,501)
Interest receivable		5,429	9,323
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		13,288	(6,178)
Tax on profit on ordinary activities	3	(2,666)	725
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		10,622	(5,453)
Dividend		-	-
AMOUNT TRANSFERRED TO/(FROM) RESERVES	12	£10,622	£(5,453)

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 2002

	Notes	2002	2001
FIXED ASSETS			
Tangible assets	6	179,306	161,764
Investment		15	15
		<u>179,321</u>	<u>161,779</u>
CURRENT ASSETS			
Stocks	7	168,291	169,531
Debtors	8	39,926	71,286
Cash at bank and in hand		260,147	233,912
		<u>468,364</u>	<u>474,729</u>
Creditors (amounts falling due within one year)	9	(188,211)	(190,411)
NET CURRENT ASSETS		<u>280,153</u>	<u>284,318</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>459,474</u>	<u>446,097</u>
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	10	(9,372)	(6,617)
NET ASSETS		<u><u>£450,102</u></u>	<u><u>£439,480</u></u>
CAPITAL AND RESERVES			
Called up share capital	11	72,000	72,000
Profit and loss account	12	378,102	367,480
EQUITY SHAREHOLDERS' FUNDS	13	<u><u>£450,102</u></u>	<u><u>£439,480</u></u>

AUDIT EXEMPTION STATEMENT

For the year ended 31 March 2002 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 19 July 2002 and signed on its behalf by



R B WARDLE, Director

ELM TREE FARM LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 2002

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 2002 (continued)

2 OPERATING PROFIT

2002

2001

is stated after the following amounts:

Staff costs: The average number of persons employed during the year in addition to the directors was 4 (2001 - 4)

Wages and salaries	£115,802	£112,415
Social security costs	£9,436	£9,470
Other pension costs	£1,352	£1,324
Depreciation	£38,808	£35,289
Auditors' remuneration	£(10)	£2,110
Profit on sale of tangible assets	NIL	£(11,383)
Set aside and arable area payments receivable	£(95,607)	£(74,097)

Staff costs include £49,400 (2001 - £49,400) paid to 4 (2001 - 4) directors in respect of their services to the company.

One employee is a member of the Chatsworth money purchase pension scheme to which the total paid in the year was £971 (2001 - £942) and another employee is 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

2002

2001

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

(Over)/under provision in prior years	(9)	433
Transfer to/(from) deferred taxation	2,755	(4,869)
Amount (receivable)/payable for group relief	(80)	3,711
	<hr/>	<hr/>
	£2,666	£(725)
	<hr/>	<hr/>

Tax losses have been transferred to a fellow subsidiary for a consideration of 20%.

ELM TREE FARM LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 2002 (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 £20,075 (2001 - £12,438).

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 £53,720 (2001 - £51,595).

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 £24,800 (2001 - £24,000).

6 TANGIBLE ASSETS

	Short leasehold <u>buildings</u>	Corn drying and storage <u>installation</u>	Tractors, vehicles and <u>implements</u>	<u>Total</u>
COST				
At 1 April 2001	59,705	95,620	525,508	680,833
Additions	0	0	56,350	56,350
Disposals	0	0	0	0
At 31 March 2002	59,705	95,620	581,858	737,183
ACCUMULATED DEPRECIATION				
At 1 April 2001	55,162	95,619	368,288	519,069
Charge for the period	1,907	0	36,901	38,808
Disposals	0	0	0	0
At 31 March 2002	57,069	95,619	405,189	557,877
NET BOOK AMOUNT AT				
31 March 2002	£2,636	£1	£176,669	£179,306
31 March 2001	£4,543	£1	£157,220	£161,764

ELM TREE FARM LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 2002 (continued)

7 STOCKS	2002	2001
Raw materials and consumables	23,075	32,896
Work in progress - growing crops	93,265	66,031
Crops in store	51,951	70,604
	<u>£168,291</u>	<u>£169,531</u>
8 DEBTORS	2002	2001
Trade debtors	22,851	55,031
Amount owed by a group undertaking	1,780	1,215
Other debtors	15,295	15,040
	<u>£39,926</u>	<u>£71,286</u>
9 CREDITORS (amounts falling due within one year)	2002	2001
Trade creditors	68,371	70,992
Amount owed to Trustees of the Chatsworth Settlement	64,143	60,613
Other creditors	54,223	54,068
Taxation and social security	1,474	1,512
Amount owed to a group undertaking	0	3,226
	<u>£188,211</u>	<u>£190,411</u>
10 DEFERRED TAXATION	2002	2001
Balance at 1 April 2001	6,617	11,486
Transfer from/(to) profit and loss account	2,755	(4,869)
Balance at 31 March 2002	<u>£9,372</u>	<u>£6,617</u>

These amounts represent fixed asset related timing differences.

ELM TREE FARM LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 2002 (continued)

11 SHARE CAPITAL	2002	2001
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 2001	367,480	
Retained profit on ordinary activities after taxation	10,622	
At 31 March 2002	£378,102	
13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2002	2001
Profit/(loss) for the period	10,622	(5,453)
Opening shareholders' funds	439,480	444,933
Closing shareholders' funds	£450,102	£439,480

14 COMPANY STATUS

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