

Registered No 3082251

# **Letchworth Garden City Farms Limited**

## **Report and Financial Statements**

30 September 2011

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COMPANIES HOUSE

## Letchworth Garden City Farms Limited

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### **Directors**

I Webb  
C Chatfield (Chairman)  
J M Lewis  
L A Needham  
A Brace

### **Secretary**

I Webb  
J Kaur (Deputy)

### **Auditors**

Ernst & Young LLP  
400 Capability Green  
Luton LU1 3LU

### **Bankers**

National Westminster Bank  
Station Place  
Letchworth Garden City  
Hertfordshire SG6 3AL

### **Registered Office**

Foundation House  
Icknield Way  
Letchworth Garden City  
Hertfordshire  
SG6 1GD

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## **Directors' report**

The directors present their report and financial statements for the year ended 30 September 2011

### **Results and dividends**

The loss for the year after taxation amounted to £353,000 (2010 – loss of £221,000) The directors do not recommend a final dividend (2010 – £nil)

### **Principal activity and review of the business**

The principal activity during the year was to engage in arable farming activities. The reduction in profit against that budgeted was primarily as a result of the costs incurred, subsequent to the decision taken by the Board, to terminate the farm business tenancy agreement with Letchworth Garden City Heritage Foundation, effective from 30 September 2011. From 1 October 2011 Standalone Farm, an educational enterprise will be the sole focus of the company together with the closing down of the arable associated business.

### **Going concern**

The company's business activities together with the factors likely to affect its future performance, and its financial position, are described above. Although the company continues to make losses it has strong financial resources. The trade and assets of the forestry activity have been transferred to the parent at market value as at 30 September 2011. The company will cease trading as an arable farm as of 1 October 2011.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis for preparing the annual report and financial statements.

### **Disclosure of information to the auditors**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, the directors have taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

### **Directors**

The directors who served the company during the year were as follows:

I Webb  
C Chatfield (Chairman)  
J M Lewis  
L A Needham

A Brace was appointed as director in December 2011.

### **Auditors**

Ernst & Young LLP offer themselves for reappointment as auditors in accordance with section 485 of the Companies Act 2006.

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## Directors' report

### Small company exemptions

The directors' report has been prepared in accordance with the special provisions relating to small companies under section 415A of the Companies Act 2006

On behalf of the Board

A handwritten signature in black ink, appearing to read 'C. Chatfield', with a long vertical stroke extending downwards from the end of the signature.

C Chatfield  
Chairman

Date 17th JANUARY 2012

## Statement of directors' responsibilities

The directors are responsible for preparing the Directors' 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 judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 proper 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.

# **Independent auditors' report**

## **to the members of Letchworth Garden City Farms Limited**

We have audited the financial statements of Letchworth Garden City Farms Limited for the year ended 30 September 2011 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 18. 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 set out on page 4, 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 (APB'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 directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on the financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 September 2011 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 matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Independent auditors' report**

**to the members of Letchworth Garden City Farms 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, or
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report

*Ernst & Young LLP*

John Dervley (Senior Statutory Auditor)  
For and on behalf of Ernst & Young LLP (Statutory Auditor)  
Luton

*20 January 2012*

## Profit and loss account

for the year ended 30 September 2011

	Notes	2011 £000	2010 £000
			(restated)
<b>Turnover</b>			
Continuing operations		346	297
Discontinued operations		1,048	928
	2	1,394	1,225
Administrative expenses	3	(1,880)	(1,543)
Other operating income	3	130	94
<b>Operating loss</b>			
Continuing operations		8	(30)
Discontinued operations		(364)	(194)
<b>Operating loss</b>	4	(356)	(224)
Interest receivable	6	3	3
<b>Loss on ordinary activities before taxation</b>		(353)	(221)
Tax	7	—	—
<b>Loss for the financial year</b>	14	(353)	(221)

## Statement of total recognised gains and losses

for the year ended 30 September 2011

There are no recognised gains or losses other than the loss attributable to the shareholders of the company of £353,000 in the year ended 30 September 2011 (2010 – loss of £221,000)

# Letchworth Garden City Farms Limited

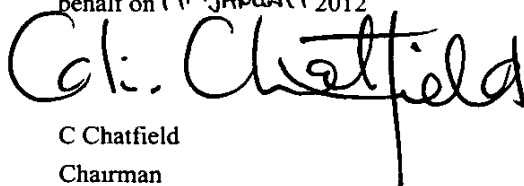
Registered No 3082251

## Balance sheet

at 30 September 2011

	Notes	2011 £000	2010 £000
<b>Fixed assets</b>			
Intangible assets	8	–	74
Tangible assets	9	70	317
		<u>70</u>	<u>391</u>
<b>Current assets</b>			
Stocks	10	413	668
Debtors	11	642	345
Cash at bank		485	218
		<u>1,540</u>	<u>1,231</u>
<b>Creditors</b> amounts falling due within one year	12	<u>(686)</u>	<u>(345)</u>
<b>Net current assets</b>		<u>854</u>	<u>886</u>
<b>Total assets less current liabilities</b>		<u>924</u>	<u>1,277</u>
<b>Capital and reserves</b>			
Called up share capital	13	–	1,600
Profit and loss account	14	924	(323)
<b>Shareholders' funds</b>	15	<u>924</u>	<u>1,277</u>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 11th January 2012

  
C Chatfield  
Chairman

## Notes to the financial statements

at 30 September 2011

### 1) Accounting policies

#### ***Basis of preparation***

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards

#### ***Statement of cash flows***

The directors have taken advantage of the exemption in FRS 1 (revised) from including a statement of cash flows in the financial statements on the grounds that the company is wholly owned and its parent publishes group financial statements

#### ***Turnover***

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts

#### ***Intangible fixed assets***

Intangible fixed assets relate to sugar beet quotas. The assets are amortised over a period of five years, being their useful economic life

#### ***Tangible fixed assets***

Tangible fixed assets are stated at cost less depreciation

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives, on the following bases

Freehold property	–	10% straight line per annum
Plant, machinery and equipment	–	20% straight line per annum
Heavy plant equipment	–	20% reducing balance method per annum
Motor vehicles	–	20% straight line per annum

The carrying values of the tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

Where assets are no longer intended for use on a continuing basis in the operations activities, they are transferred to current assets, and classified as assets held for resale within stock

#### ***Stocks***

Farm stocks are valued at fair value

#### ***Deferred taxation***

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exception

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

## Notes to the financial statements

at 30 September 2011

### 2) Turnover

Turnover, which is stated net of value added tax, represents goods and services supplied to group undertakings and third parties

All turnover is generated from the United Kingdom

### 3) Discontinued activities

	2011 Continuing Operations £000	2011 Discontinued Operations £000	2010 Continuing Operations £000	2010 Discontinued Operations £000
Turnover	346	1,048	296	929
Administrative expenses	(352)	(1,528)	(339)	(1,204)
Other operating income	14	116	13	81
Operating profit/(loss)	8	(364)	(30)	(194)

The Board have taken the decision to terminate the farm business tenancy agreement with Letchworth Garden City Heritage Foundation, effective from 30 September 2011. From 1 October 2011 Standalone Farm, an educational enterprise will be the sole focus of the company together with the closing down of the arable associated business.

### 4) Operating loss

This is stated after charging

	2011 £000	2010 £000
Auditors' remuneration – audit of the financial statements	6	6
Depreciation of owned fixed assets	76	72
Operating lease rentals – land and buildings	174	174

### 5) Directors remuneration and staff costs

The directors' services to this company are of a non-executive nature. These directors are also directors or officers of other companies within the group. Accordingly these financial statements include no emoluments in respect of these directors and remuneration has been borne by other group companies.

The company has no employees. All services are provided either by employees of the parent undertaking or by third party supplier contracts.

## Notes to the financial statements

at 30 September 2011

### 6) Interest receivable

	2011 £000	2010 £000
Bank interest receivable	3	2
Other interest	–	1
	<u>3</u>	<u>3</u>

### 7) Tax

No tax charge arises due to the losses incurred during the year. The losses have been carried forward to be used against future profits.

The deferred taxation asset not recognised in the financial statements is as follows:

	2011 £000	2010 £000
<b>Deferred tax:</b>		
Decelerated capital allowances	27	1
Tax losses available	130	73
	<u>157</u>	<u>74</u>

### 8) Intangible fixed assets

	Quotas £000
Cost at 1 October 2010	74
Disposals	(74)
At 30 September 2011	<u>–</u>

## Notes to the financial statements

at 30 September 2011

### 9) Tangible fixed assets

	<i>Freehold land and buildings</i>	<i>Plant, machinery and equipment</i>	<i>Heavy plant equipment</i>	<i>Motor vehicles</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Cost					
At 1 October 2010	88	266	625	50	1,029
Additions	–	2	28	–	30
Transferred to parent	(7)	(32)	(79)	(32)	(150)
Transferred to current assets	–	(86)	(539)	–	(625)
Write offs	(49)	(2)	–	–	(51)
Disposals	–	(22)	–	(11)	(33)
At 30 September 2011	32	126	35	7	200
Depreciation					
At 1 October 2010	49	198	421	44	712
Charge for the year	6	22	46	2	76
Transferred to parent	(5)	(23)	(57)	(32)	(117)
Transferred to current assets	–	(83)	(380)	–	(463)
Write offs	(46)	(2)	–	–	(48)
Disposals	–	(19)	–	(11)	(30)
At 30 September 2011	4	93	30	3	130
Net book value					
At 30 September 2011	28	33	5	4	70
At 1 October 2010	39	68	204	6	317

### 10) Stocks

	<i>2011</i>	<i>2010</i>
	<i>£000</i>	<i>£000</i>
Current assets held for re-sale	162	–
Finished goods and goods for resale	251	668
	<u>413</u>	<u>668</u>

### 11) Debtors

	<i>2011</i>	<i>2010</i>
	<i>£000</i>	<i>£000</i>
Trade debtors	9	10
Other debtors	598	249

## Notes to the financial statements

at 30 September 2011

Prepayments and accrued income	35	86
	<u>642</u>	<u>345</u>

### 12) Creditors: amounts falling due within one year

	2011 £000	2010 £000
Bank overdraft	32	169
Trade creditors	29	82
Amounts owed to group undertakings	313	23
Other creditors	312	71
	<u>686</u>	<u>345</u>

### 13) Issued share capital

<i>Allotted, called up and fully paid</i>	<i>No</i>	2011 £000	<i>No</i>	2010 £000
Ordinary shares of £1 each	2	<u>–</u>	1,600,000	<u>1,600</u>

During the year, the paid-up share capital of the Company was reduced from £1,600,000 to £2 by cancelling paid-up share capital of £1,599,998

### 14) Movements on reserves

	<i>Profit and loss account £000</i>
At 1 October 2010	(323)
Loss for the year	(353)
Share capital reduction	<u>1,600</u>
At 30 September 2011	<u>924</u>

### 15) Reconciliation of shareholders' funds

	2011 £000	2010 £000
Opening shareholders' funds	1,277	1,498
Loss for the year	<u>(353)</u>	<u>(221)</u>
Closing shareholders' funds	<u>924</u>	<u>1,277</u>

## Notes to the financial statements

at 30 September 2011

### 16) Derivatives

The company purchases forward foreign currency contracts to hedge currency exposure on firm future commitments. The fair values of the derivatives held at the balance sheet date, determined by reference to their market values, are as follows

	2011 £000	2010 £000
Forward foreign currency contracts	(2)	(1)

### 17) Related party transactions

The company is a wholly owned subsidiary of Letchworth Garden City Heritage Foundation, the group financial statements of which are publicly available. Accordingly, the company has taken advantage of the exemption in FRS 8 from disclosing transactions with members or investees of the Letchworth Garden City Heritage Foundation group.

### 18) Ultimate parent undertaking and controlling party

The ultimate parent undertaking and controlling party of the largest and smallest group of undertakings for which group financial statements are drawn up and of which the company is a member is Letchworth Garden City Heritage Foundation, an Industrial and Provident Society with charitable status registered in England and Wales, which owns 100% of the issued share capital. Copies of these group financial statements are available from

Foundation House  
Icknield Way  
Letchworth Garden City  
Hertfordshire  
SG6 1GD