

**Company registration number: 03682894**

**Hilborough Farms Limited**

**Unaudited filleted financial statements**

**31 December 2017**



# Hilborough Farms Limited

## Statement of financial position 31 December 2017

	Note	2017 £	£	2016 £	£
<b>Fixed assets</b>					
Intangible assets	7	10,882		16,324	
Tangible assets	8	22,537,336		23,188,733	
			22,548,218		23,205,057
<b>Current assets</b>					
Stocks	9	242,088		197,527	
Debtors	10	412,765		504,221	
Cash at bank and in hand		451,065		10,806	
		1,105,918		712,554	
<b>Creditors: amounts falling due within one year</b>	11	(12,761,812)		(13,020,749)	
<b>Net current liabilities</b>			(11,655,894)		(12,308,195)
<b>Total assets less current liabilities</b>			10,892,324		10,896,862
<b>Creditors: amounts falling due after more than one year</b>	12		(2,974,644)		(3,070,721)
<b>Provisions for liabilities</b>	13		(751,711)		(878,890)
<b>Net assets</b>			7,165,969		6,947,251
<b>Capital and reserves</b>					
Called up share capital	14		1,000		1,000
Revaluation reserve			7,574,387		7,802,980
Profit and loss account			(409,418)		(856,729)
<b>Shareholders funds</b>			7,165,969		6,947,251

For the year ending 31 December 2017 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

### Directors responsibilities:

- The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476;
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

The notes on pages 4 to 11 form part of these financial statements.

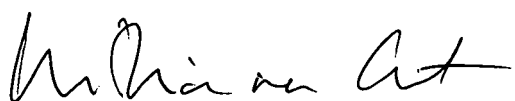
**Hilborough Farms Limited**

**Statement of financial position (continued)**  
**31 December 2017**

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In accordance with section 444 of the Companies Act 2006, the statement of comprehensive income has not been delivered.

These financial statements were approved by the board of directors and authorised for issue on 11 September 2018, and are signed on behalf of the board by:

A handwritten signature in black ink, appearing to read 'Mr WH van Cutsem', written in a cursive style.

Mr WH van Cutsem  
Director

Company registration number: 03682894

**The notes on pages 4 to 11 form part of these financial statements.**

**Hilborough Farms Limited**

**Statement of changes in equity  
Year ended 31 December 2017**

	Called up share capital £	Revaluation reserve £	Profit and loss account £	<b>Total</b> £
<b>At 1 January 2016</b>	1,000	7,702,868	(853,973)	6,849,895
Loss for the year			(7,612)	(7,612)
Other comprehensive income for the year:				
Reclassification from revaluation reserve to profit and loss account		(4,856)	4,856	-
Tax relating to components of other comprehensive income		104,968	-	104,968
<b>Total comprehensive income for the year</b>	-	100,112	(2,756)	97,356
<b>At 31 December 2016 and 1 January 2017</b>	1,000	7,802,980	(856,729)	6,947,251
Profit for the year			75,341	75,341
Other comprehensive income for the year:				
Reclassification from profit and loss account to revaluation reserve		1,461	(1,461)	-
Transfer on disposal of revalued property	-	(373,431)	373,431	-
Tax relating to components of other comprehensive income		143,377	-	143,377
<b>Total comprehensive income for the year</b>	-	(228,593)	447,311	218,718
<b>At 31 December 2017</b>	1,000	7,574,387	(409,418)	7,165,969

## **Hilborough Farms Limited**

### **Notes to the financial statements Year ended 31 December 2017**

#### **1. General information**

The company is a private company limited by shares, registered in United Kingdom. The address of the registered office is Hilborough Farms Ltd, Hilborough House, Hilborough, Thetford, Norfolk, IP26 5BQ.

#### **2. Statement of compliance**

These financial statements have been prepared in compliance with the provisions of FRS 102, Section 1A, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

#### **3. Accounting policies**

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

The financial statements have been prepared on the historical cost basis, as modified by the measurement of freehold properties at fair value through profit or loss.

The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the entity.

##### **Going concern**

The directors consider that it is appropriate to prepare the financial statements on a going concern basis despite net current liabilities of £11,655,894. The company is supported by its parent undertaking by way of a £12,436,899 loan and the directors understand that this loan will continue to be made available for the foreseeable future. There are no other material uncertainties related to events or conditions that may cast significant doubt about the ability of the company to continue as a going concern.

##### **Turnover**

Turnover represents amounts receivable, excluding value added tax, for sales made during the year and derives from the provision of goods and services falling within the company's ordinary activities.

Arable and livestock sales are recognised upon delivery. Income relating to rent and other contracts is recognised in accordance with contract terms. Agricultural subsidies are recognised as shown below.

##### **Government grants**

Government grants are accounted for on the accruals basis with the Basic Payment recognised following completion of the relevant qualification period.

##### **Taxation**

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in capital and reserves. In this case, tax is recognised in other comprehensive income or directly in capital and reserves, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

## **Hilborough Farms Limited**

### **Notes to the financial statements (continued) Year ended 31 December 2017**

#### **Intangible assets**

Amortisation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

- 2014 BPS entitlements - straight line over 6 years
- 2015 BPS entitlements - straight line over 5 years

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

#### **Tangible assets**

Freehold land and buildings whose fair value can be measured reliably are held under the revaluation model and are carried at a revalued amount, being their fair value at the date of valuation less any subsequent accumulated depreciation and impairment losses. The fair value of the land and buildings is usually considered to be their market value.

Revaluation gains and losses are recognised in other comprehensive income and accumulated in equity, except to the extent that a revaluation gain reverses a revaluation loss previously recognised in profit or loss or a revaluation loss exceeds the accumulated revaluation gains recognised in equity, such gains and losses are recognised in profit or loss.

Other fixed assets are valued on a historical cost basis.

Depreciation is provided at rates calculated to write off the cost or valuation less residual value of each asset over its expected useful life, as follows:

- Freehold buildings - 2% - 4% straight line
- Plant and machinery - 15% - 20% straight line

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of tangible assets, the depreciation is revised prospectively to reflect the new estimates.

#### **Impairment**

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

When it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

#### **Stocks**

Stock is valued at the lower of cost and net realisable value as shown below:

Growing crops - direct inputs on a first in first out basis and a proportion of overheads to the stage of crop production

Corn in store - lower of cost of production and net realisable value

Livestock - direct cost of purchase or breeding together with a proportion of overheads in rearing animals to their present state of maturity

## Hilborough Farms Limited

### Notes to the financial statements (continued) Year ended 31 December 2017

#### Financial instruments

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets or either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

#### Retirement benefits

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Differences between contributions payable in the year and contributions actually paid are shown as either other creditors or prepayments.

#### 4. Employees

	2017	2016
The average monthly numbers of employees (including the directors) during the year were:	<u>13</u>	<u>13</u>

#### 5. Directors remuneration

The directors aggregate remuneration in respect of qualifying services was:

	2017	2016
	£	£
Remuneration	<u>27,323</u>	<u>27,331</u>

No directors have accrued retirement benefits in the year (2016: Nil).

# Hilborough Farms Limited

## Notes to the financial statements (continued) Year ended 31 December 2017

### 6. Tax on profit

#### Major components of tax expense

	2017	2016
	£	£
<b>Current tax:</b>		
UK current tax expense	24,399	5,353
<b>Deferred tax:</b>		
Origination and reversal of timing differences	16,097	6,145
Impact of change in tax rate	-	512
Adjustments in respect of prior periods	101	-
Total deferred tax	16,198	6,657
<b>Tax on profit</b>	<b>40,597</b>	<b>12,010</b>

#### Tax recognised as other comprehensive income or equity

The aggregate current and deferred tax relating to items recognised as other comprehensive income or equity for the year was £ 143,377 (2016: £ 104,968 ).

#### Factors affecting future tax expense

At 31 December 2017 the company had ring fenced capital losses of £40,671 (2016: £40,671) which are available for offset against future capital profits.

### 7. Intangible assets

	BPS entitlements
	£
<b>Cost</b>	
At 1 January 2017 and 31 December 2017	31,494
<b>Amortisation</b>	
At 1 January 2017	15,170
Charge for the year	5,442
At 31 December 2017	20,612
<b>Carrying amount</b>	
At 31 December 2017	10,882
At 31 December 2016	16,324



# Hilborough Farms Limited

## Notes to the financial statements (continued) Year ended 31 December 2017

### 8. Tangible assets

	Freehold property	Plant and machinery	Total
	£	£	£
<b>Cost/Valuation</b>			
At 1 January 2017	23,292,030	231,046	23,523,076
Additions	-	38,012	38,012
Disposals	(665,000)	(22,932)	(687,932)
<b>At 31 December 2017</b>	<u>22,627,030</u>	<u>246,126</u>	<u>22,873,156</u>
<b>Depreciation</b>			
At 1 January 2017	193,876	140,467	334,343
Charge for the year	35,289	28,560	63,849
Disposals	(53,200)	(9,172)	(62,372)
<b>At 31 December 2017</b>	<u>175,965</u>	<u>159,855</u>	<u>335,820</u>
<b>Carrying amount</b>			
<b>At 31 December 2017</b>	<u>22,451,065</u>	<u>86,271</u>	<u>22,537,336</u>
At 31 December 2016	<u>23,098,154</u>	<u>90,579</u>	<u>23,188,733</u>

# Hilborough Farms Limited

## Notes to the financial statements (continued) Year ended 31 December 2017

### Tangible assets held at valuation

In respect of tangible assets held at valuation, the aggregate cost, depreciation and comparable carrying amount that would have been recognised if the assets had been carried under the historical cost model are as follows:

	Freehold property	Total
	£	£
<b>At 31 December 2017</b>		
Aggregate cost	14,562,054	14,562,054
Aggregate depreciation	(405,524)	(405,524)
<b>Carrying amount</b>	<u>14,156,530</u>	<u>14,156,530</u>
 <b>At 31 December 2016</b>		
Aggregate cost	14,911,233	14,911,233
Aggregate depreciation	(478,130)	(478,130)
<b>Carrying amount</b>	<u>14,433,103</u>	<u>14,433,103</u>

Strutt & Parker LLP, regulated by the RICS, provided a desktop valuation for the directors of the company of all land and buildings for strategic planning purposes in December 2011 of £19,001,200 acknowledging that this valuation may be used for accounting purposes. WH van Cutsem, a director, Chartered Commercial Property Surveyor and member of the RICS considers that there has been no material change to the December 2011 valuation and that the value of land and buildings acquired since December 2011 approximates to original cost of £4,290,830.

### 9. Stocks

	2017	2016
	£	£
Livestock	19,990	17,800
Cultivations	206,566	157,376
Corn in store	14,932	21,901
Sundry stocks	600	450
	<u>242,088</u>	<u>197,527</u>

# Hilborough Farms Limited

## Notes to the financial statements (continued) Year ended 31 December 2017

### 10. Debtors

	2017	2016
	£	£
Trade debtors	98,198	39,392
Other debtors	314,567	464,829
	<u>412,765</u>	<u>504,221</u>

The debtors above include the following amounts falling due after more than one year:

	2017	2016
	£	£
Other debtors	<u>132,000</u>	<u>-</u>

Other debtors due after one year comprises Fixed Rate Unsecured Convertible Loan Notes 2022 in Ecospray Limited, a company of which Mr WH van Cutsem and Mr EBC van Cutsem are directors. The loan notes attract interest at 5% per annum and, unless previously redeemed or converted, shall be redeemed on the earlier of completion of a Relevant Fund Raising or the Final Redemption Date, at par with any accrued and unpaid interest. Subject to certain conditions, the company has the option to convert the loan notes into ordinary shares on the next Relevant Fund Raising.

### 11. Creditors: amounts falling due within one year

	2017	2016
	£	£
AMC loans	95,882	92,518
Bank overdraft	-	156,252
Trade creditors	90,722	72,141
Amounts owed to group undertakings and undertakings in which the company has a participating interest	12,436,899	12,436,899
Corporation tax	24,399	5,353
Social security and other taxes	2,397	2,696
Other creditors	<u>111,513</u>	<u>254,890</u>
	<u>12,761,812</u>	<u>13,020,749</u>

The Bank overdraft is secured on Plantation Cottage, Foulden Road, Hilborough.

The AMC loans are secured on 457.32 hectares of land at Hilborough and Warren Gun reservoir.

# Hilborough Farms Limited

## Notes to the financial statements (continued) Year ended 31 December 2017

### 12. Creditors: amounts falling due after more than one year

	2017	2016
	£	£
AMC loans	<u>2,974,644</u>	<u>3,070,721</u>

The AMC loans are secured on 457.32 hectares of land at Hilborough and Warren Gun reservoir.

Included within creditors: amounts falling due after more than one year is an amount of £ 2,548,954 (2016 £ 2,662,218 ) in respect of liabilities payable or repayable by instalments which fall due for payment after more than five years from the reporting date.

### 13. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2017	2016
	£	£
Deferred tax liabilities	<u>751,711</u>	<u>878,890</u>

### 14. Called up share capital Issued, called up and fully paid

	2017		2016	
	No	£	No	£
Ordinary shares shares of £ 1.00 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

### 15. Parent company

The company was, throughout the year, a wholly owned subsidiary of Kestrel Services Ltd, a company incorporated in the Cayman Islands.

**ACCOUNTANT'S REPORT TO THE BOARD OF DIRECTORS OF HILBOROUGH FARMS  
LIMITED ON THE UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 31 DECEMBER 2017**

In order to assist you to fulfil your duties under the Companies Act 2006 ("the Act"), we prepared for your approval the financial statements of Hilborough Farms Limited which comprise the Statement of Financial Position, the Statement of Changes in Equity and the related notes in accordance with the financial reporting framework set out therein from the company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <http://www.icaew.com/en/members/regulations-standards-and-guidance>.

This report is made solely to the Board of Directors of Hilborough Farms Limited, as a body, in accordance with the terms of our engagement letter dated 28 August 2018. Our work has been undertaken solely to prepare for your approval the financial statements of Hilborough Farms Limited and state those matters that we have agreed to state to them in accordance with the ICAEW Technical Release 07/16 AAF. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights against RSM UK Tax and Accounting Limited for any purpose or in any context. Any party other than the Board of Directors which obtains access to this report or a copy and chooses to rely on this report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM UK Tax and Accounting Limited will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

It is your duty to ensure that Hilborough Farms Limited has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and profit of Hilborough Farms Limited under the Act. You consider that Hilborough Farms Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the financial statements of Hilborough Farms Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.

*RSM UK Tax and Accounting*

RSM UK Tax and Accounting Limited  
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*13 September 2018*