

Company registration number: 03682894

Hilborough Farms Limited

Unaudited filleted financial statements

31 December 2020



**ACCOUNTANT'S REPORT TO THE BOARD OF DIRECTORS OF HILBOROUGH FARMS
LIMITED ON THE UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2020**

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 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 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 & Accounting Ltd

RSM UK Tax and Accounting Limited
Chartered Accountants
Blenheim House
Newmarket Road
Bury St Edmunds
Suffolk
IP33 3SB

20 September 2021

Hilborough Farms Limited

**Statement of financial position
31 December 2020**

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	7	-	-
Tangible assets	8	22,496,103	22,520,686
Investments	9	132,160	132,000
		<u>22,628,263</u>	<u>22,652,686</u>
Current assets			
Stocks	10	218,597	273,902
Debtors	11	151,881	259,530
Cash at bank and in hand		513,530	431,446
		<u>884,008</u>	<u>964,878</u>
Creditors: amounts falling due within one year		<u>12(12,902,578)</u>	<u>(12,911,965)</u>
Net current liabilities		(12,018,570)	(11,947,087)
Total assets less current liabilities		<u>10,609,693</u>	<u>10,705,599</u>
Creditors: amounts falling due after more than one year			
	13	(2,661,879)	(2,771,415)
Provisions for liabilities			
	14	(845,594)	(755,719)
Net assets		<u><u>7,102,220</u></u>	<u><u>7,178,465</u></u>
Capital and reserves			
Called up share capital	15	1,000	1,000
Revaluation reserve		7,491,106	7,576,812
Profit and loss account		(389,886)	(399,347)
Shareholders funds		<u><u>7,102,220</u></u>	<u><u>7,178,465</u></u>

For the year ending 31 December 2020 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 3 to 11 form part of these financial statements.

Hilborough Farms Limited

Statement of financial position (continued)
31 December 2020

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 Section 1A of 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 17 September 2021, and are signed on behalf of the board by:



Mr WH van Cutsem
Director

Company registration number: 03682894

The notes on pages 3 to 11 form part of these financial statements.

Hilborough Farms Limited

Notes to the financial statements Year ended 31 December 2020

1. General information

The company is a private company limited by shares, registered in United Kingdom. The address of the registered office is 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 revaluation of certain land and buildings.

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 £12,018,570. The company is supported by its parent undertaking by way of a £12,486,899 loan and the directors understand that this loan will continue to be made available for at least 12 months from the date of signing these financial statements. There are no other material uncertainties related to events or conditions, including the Covid-19 pandemic, 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 2020

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

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

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.

Fixed asset investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

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.

Hilborough Farms Limited

Notes to the financial statements (continued) Year ended 31 December 2020

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

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 are 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. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

Deferred income

Income received under an Option Agreement is credited to profit or loss over the option period of 22 years.

4. Employee numbers

The average number of persons employed by the company during the year amounted to 14 (2019: 15).

5. Directors remuneration

The directors aggregate remuneration in respect of qualifying services was:

	2020	2019
	£	£
Remuneration	<u>27,237</u>	<u>27,259</u>

No directors have accrued retirement benefits in the year (2019: Nil).

Hilborough Farms Limited

Notes to the financial statements (continued)
Year ended 31 December 2020

6. Tax on profit

Major components of tax expense

	2020	2019
	£	£
Current tax:		
UK current tax expense	12,752	4,334
Adjustments in respect of previous periods	-	(618)
Total current tax	<u>12,752</u>	<u>3,716</u>
Deferred tax:		
Origination and reversal of timing differences	690	4,598
Impact of change in tax rate	2,018	-
Total deferred tax	<u>2,708</u>	<u>4,598</u>
Tax on profit	<u><u>15,460</u></u>	<u><u>8,314</u></u>

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 £ 87,167 (2019: £ 249).

Factors affecting future tax expense

At 31 December 2020 the company had ring fenced capital losses of £40,671 (2019: £40,671) which are available for offset against future capital profits.

7. Intangible assets

	BPS
	entitlements
	£
Cost	
At 1 January 2020 and 31 December 2020	<u><u>31,494</u></u>
Amortisation	
At 1 January 2020 and 31 December 2020	<u><u>31,494</u></u>
Carrying amount	
At 31 December 2020	<u><u>-</u></u>
At 31 December 2019	<u><u>-</u></u>

Hilborough Farms Limited

Notes to the financial statements (continued) Year ended 31 December 2020

8. Tangible assets

	Freehold property	Plant and machinery	Total
	£	£	£
Cost/Valuation			
At 1 January 2020	22,640,318	314,115	22,954,433
Additions	7,450	36,863	44,313
Disposals	-	(13,335)	(13,335)
At 31 December 2020	22,647,768	337,643	22,985,411
Depreciation			
At 1 January 2020	246,808	186,939	433,747
Charge for the year	35,555	30,337	65,892
Disposals	-	(10,331)	(10,331)
At 31 December 2020	282,363	206,945	489,308
Carrying amount			
At 31 December 2020	22,365,405	130,698	22,496,103
At 31 December 2019	22,393,510	127,176	22,520,686

Hilborough Farms Limited

Notes to the financial statements (continued) Year ended 31 December 2020

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
	£	£
At 31 December 2020		
Aggregate cost	14,582,792	14,582,792
Aggregate depreciation	(520,637)	(520,637)
Carrying amount	<u>14,062,155</u>	<u>14,062,155</u>
 At 31 December 2019		
Aggregate cost	14,575,342	14,575,342
Aggregate depreciation	(488,477)	(488,477)
Carrying amount	<u>14,086,865</u>	<u>14,086,865</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 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.

Hilborough Farms Limited

Notes to the financial statements (continued) Year ended 31 December 2020

9. Investments

	Fixed asset investments
	£
Cost	
At 1 January 2020	132,000
Additions	160
At 31 December 2020	<u>132,160</u>
Impairment	
At 1 January 2020 and 31 December 2020	-
Carrying amount	
At 31 December 2020	<u>132,160</u>
At 31 December 2019	<u>132,000</u>

The investment relates to the following:

£132,000 is the cost of 12,692 ordinary shares in Ecospray Limited, a company of which Mr WH van Cutsem, Mr EBC van Cutsem, Mr HR van Cutsem and Mr NPG van Cutsem are shareholders. In addition Mr EBC van Cutsem is a director of the company and Mr WH van Cutsem was a director of the company until 17 March 2021.

£50 is the cost of 50 shares in Anglia Farmers Limited, an agricultural farming co-operative.

£110 is the cost of 110 shares in Wissey Water Limited, a company of which Hilborough Farms Limited is the company secretary and Mr WH van Cutsem is a director.

10. Stocks

	2020	2019
	£	£
Livestock	15,774	23,635
Cultivations	170,040	225,628
Corn in store	29,823	23,989
Sundry stocks	2,960	650
	<u>218,597</u>	<u>273,902</u>

Hilborough Farms Limited

Notes to the financial statements (continued) Year ended 31 December 2020

11. Debtors

	2020	2019
	£	£
Trade debtors	90,081	112,225
Other debtors	61,800	147,305
	<u>151,881</u>	<u>259,530</u>

12. Creditors: amounts falling due within one year

	2020	2019
	£	£
AMC loans	108,558	103,424
Trade creditors	70,455	38,603
Amounts owed to group undertakings and undertakings in which the company has a participating interest	12,486,899	12,486,899
Corporation tax	12,752	4,334
Social security and other taxes	-	3,322
Other creditors	223,914	275,383
	<u>12,902,578</u>	<u>12,911,965</u>

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

13. Creditors: amounts falling due after more than one year

	2020	2019
	£	£
AMC loans	<u>2,661,879</u>	<u>2,771,415</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 £ 2,181,442 (2019 £ 2,312,637) in respect of liabilities payable or repayable by instalments which fall due for payment after more than five years from the reporting date.

14. Deferred tax

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

	2020	2019
	£	£
Deferred tax liabilities	<u>845,594</u>	<u>755,719</u>

Hilborough Farms Limited

Notes to the financial statements (continued)
Year ended 31 December 2020

15. Called up share capital
Issued, called up and fully paid

	2020		2019	
	No	£	No	£
Ordinary shares shares of £ 1.00 each	1,000	1,000	1,000	1,000

16. Parent company

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