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CADOGAN ESTATES (AGRICULTURAL HOLDINGS) LIMITED

REPORT AND ACCOUNTS

YEAR ENDED 31 DECEMBER 2008

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CADOGAN ESTATES (AGRICULTURAL HOLDINGS) LIMITED

I N D E X

Year ended 31 December 2008

| | Page |
|------------------------------------------------|-------------|
| General information | 2 |
| Report of the directors | 3 |
| Auditors' report | 4 |
| Profit and loss account | 5 |
| Balance sheet | 6 |
| Statement of total recognised gains and losses | 7 |
| Accounting policies | 8 |
| Notes to the financial statements | 9 |

CADOGAN ESTATES (AGRICULTURAL HOLDINGS) LIMITED

GENERAL INFORMATION

Year ended 31 December 2008

Directors

The Earl Cadogan D.L.
The Hon J H M Bruce
J D Gordon
J A de Havilland

Secretary

May, May and Merrimans

Registered office

12 South Square
Gray's Inn
London
WC1R 5HH

Company number

823770

Auditors

Dixon Wilson
22 Chancery Lane
London
WC2A 1LS

CADOGAN ESTATES (AGRICULTURAL HOLDINGS) LIMITED

REPORT OF THE DIRECTORS

Year ended 31 December 2008

The directors present their report and accounts for the year ended 31 December 2008.

Principal activity

The principal activity of the company continues to be that of farming, fishing and estate management in Scotland.

Directors

The directors who held office during the year were as shown on page 2.

Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors 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.

Statement as to disclosure of information to auditors

So far as each of the directors is aware, there is no relevant audit information of which the company's auditors are unaware, and he has taken all steps that he ought to have taken as director in order to make himself aware of any relevant audit information and has established that the company's auditors are aware of that information.

Special provisions

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the board

MAY, MAY AND MERRIMANS

MAY, MAY AND MERRIMANS
Secretary

14th September 2009

J.A.M. Gordon

CADOGAN ESTATES (AGRICULTURAL HOLDINGS) LIMITED

AUDITORS' REPORT

Year ended 31 December 2008

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CADOGAN ESTATES (AGRICULTURAL HOLDINGS) LIMITED

We have audited the financial statements of Cadogan Estates (Agricultural Holdings) Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Accounting Policies and the related notes. These financial statements have been prepared under the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2007)

This report is made solely to the company's shareholders, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders 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 shareholders as a body, for our work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards ("United Kingdom Generally Accepted Accounting Practice").

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985, and whether in our opinion the information given in the Directors' Report is consistent with the financial statements. We also report to you if in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities of the state of affairs of the company as at 31 December 2008 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.



DIXON WILSON

Chartered Accountants and Registered Auditors

22 Chancery Lane

London WC2A 1LS

22 Oct 2009

CADOGAN ESTATES (AGRICULTURAL HOLDINGS) LIMITED**PROFIT AND LOSS ACCOUNT****Year ended 31 December 2008**

| | Note | 2008 £ | 2007 £ |
|-----------------------------------------------------------------------|-------------|------------------|------------------|
| Turnover | 1 | 215,169 | 172,242 |
| Cost of sales | | (459,777) | (405,589) |
| Gross loss | | (244,608) | (233,347) |
| Administration expenses | | (51,156) | (53,537) |
| Operating loss | 2 | (295,764) | (286,884) |
| (Provision)/release of provision against freehold investment property | | (100,000) | 140,000 |
| Loss on sale of tangible fixed assets | | (13,152) | - |
| Interest payable | | (2,761) | (1,564) |
| Interest receivable | | 751 | 10,100 |
| Loss on ordinary activities before taxation | | (410,926) | (138,348) |
| Tax on loss on ordinary activities | 3 | - | (1,995) |
| Loss for the year | 10 | (410,926) | (140,343) |

CADOGAN ESTATES (AGRICULTURAL HOLDINGS) LIMITED**BALANCE SHEET****At 31 December 2008**

| | Note | 2008 £ | 2007 £ |
|-------------------------------------------------------|------|--------------------|--------------------|
| Fixed assets | | | |
| Tangible assets | 4 | 6,086,109 | 6,683,416 |
| | | <u>6,086,109</u> | <u>6,683,416</u> |
| Current assets | | | |
| Stock | 5 | 221,272 | 199,491 |
| Debtors | 6 | 55,699 | 54,104 |
| Cash at bank | | 5,020 | 93,048 |
| | | <u>281,991</u> | <u>346,643</u> |
| Creditors: amounts falling due within one year | 7 | (5,201,737) | (4,910,901) |
| Net current liabilities | | <u>(4,919,746)</u> | <u>(4,564,258)</u> |
| Total assets less current liabilities | | <u>1,166,363</u> | <u>2,119,158</u> |
| Capital and reserves | | | |
| Called up share capital | 9 | 5,000 | 5,000 |
| Capital reserve | | 136,071 | 136,071 |
| Revaluation reserve | 10 | 3,650,423 | 4,192,292 |
| Profit and loss account | 10 | (2,625,131) | (2,214,205) |
| Shareholder's funds | | <u>1,166,363</u> | <u>2,119,158</u> |

The financial statements on pages 5 to 12 were approved by the board of directors on
signed on its behalf by:-

14th September

2009 and were



J A de Havilland
Director

CADOGAN ESTATES (AGRICULTURAL HOLDINGS) LIMITED

**STATEMENT OF TOTAL RECOGNISED GAINS
AND LOSSES**

Year ended 31 December 2008

| | 2008 | 2007 |
|-------------------------------------------------------------------------------|------------------|------------------|
| | £ | £ |
| Loss for the year | (410,926) | (140,343) |
| Unrealised (deficit)/surplus on revaluation of freehold investment properties | (541,869) | 1,551,203 |
| Total recognised gains and losses relating to the year | <u>(952,795)</u> | <u>1,410,860</u> |

CADOGAN ESTATES (AGRICULTURAL HOLDINGS) LIMITED

ACCOUNTING POLICIES

Year ended 31 December 2008

Basis of accounting

The accounts have been prepared under the historical cost convention modified by the revaluation of investment properties and in accordance with the Financial Standard for Smaller Entities (effective January 2007) on a going concern basis as the company has agreed support from its parent company.

Tangible fixed assets and depreciation

Investment properties are included in the accounts at open market value at the year end. Any surplus arising on revaluation is taken through the statement of total recognised gains and losses to the revaluation reserve. Any resulting deficit, if temporary, is taken through the statement of total recognised gains and losses to the revaluation reserve. If a deficit below original cost arises and is deemed to be permanent it is taken through the profit and loss account. Additions to properties include costs of a capital nature only; interest and other costs in respect of developments and refurbishments are written off as incurred.

Other fixed assets are depreciated on a straight line basis at the annual rates as set out below:

| | |
|------------------------------|---------------------------------------|
| Vehicles, plant and fixtures | - 20% per annum on written down value |
| Furniture | - 10% per annum on cost |

Deferred taxation

Provision is made for deferred tax liabilities in respect of all timing differences arising from the different treatment of items for accounting and taxation purposes without discounting.

Deferred tax assets in respect of such timing differences are recognised to the extent that they are regarded as being, more likely than not, recoverable in the short to medium term, and are not discounted.

No deferred taxation is provided on the revaluation of investment properties.

Stocks

Stocks comprise farm livestock and foodstuffs. Livestock is included at an estimate of market value as provided by an independent firm of factors. The directors do not believe that this value is materially different from the lower of cost and net realisable value. Foodstuffs are included at the lower of cost and net realisable value.

Income recognition

Turnover and interest receivable is included on an accruals basis.

CADOGAN ESTATES (AGRICULTURAL HOLDINGS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****Year ended 31 December 2008**

1. Turnover

Turnover is stated net of VAT and comprises goods supplied and rents and other fees receivable by the company.

2. Operating loss**2008****2007****£****£**

This is stated after charging/(crediting) the following:

Depreciation of fixed assets (note 4)

22,218

19,030

Auditors' remuneration

2,000

2,000

Loss on sale of tangible fixed assets

(13,152)

(176)

3. Taxation**(a) Analysis of charge in the year**

Current tax:

UK corporation tax on loss for the year

-

1,995

(b) Deferred tax

No deferred tax asset has been recognised for tax relief of £612,261 (2007 - £512,346) on trading losses carried forward, nor £72,554 (2007 - £72,554) on capital losses carried forward, as it is unlikely that trading or capital profits will be generated to utilise these losses in the short to medium term.

CADOGAN ESTATES (AGRICULTURAL HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2008

| 4. Tangible fixed assets | Freehold investment properties £ | Vehicles, plant fixtures and furniture £ | Total £ |
|--------------------------|-------------------------------------|---------------------------------------------|------------------|
| Cost or valuation | | | |
| At 1 January 2008 | 6,600,000 | 289,841 | 6,889,841 |
| Additions | 41,869 | 44,213 | 86,082 |
| Disposals | - | (37,850) | (37,850) |
| Revaluation | (641,869) | - | (641,869) |
| At 31 December 2008 | <u>6,000,000</u> | <u>296,204</u> | <u>6,296,204</u> |
| Depreciation | | | |
| At 1 January 2008 | - | 206,425 | 206,425 |
| Disposals | - | (18,548) | (18,548) |
| Charge for the year | - | 22,218 | 22,218 |
| At 31 December 2008 | <u>-</u> | <u>210,095</u> | <u>210,095</u> |
| Net book value | | | |
| At 31 December 2008 | <u>6,000,000</u> | <u>86,109</u> | <u>6,086,109</u> |
| At 31 December 2007 | <u>6,600,000</u> | <u>83,416</u> | <u>6,683,416</u> |

The freehold investment properties were formally valued at 31 December 2007 by CKD Galbraith, chartered surveyors, on the basis of open market value. At that date the value was £6,600,000. The properties were not formally revalued at 31 December 2008 but the directors consider that the value at that date was £6,000,000.

The cost of the freehold investment properties at 31 December 2008 was £4,067,511 (2007 - £4,025,641).

| 5. Stocks | 2008 £ | 2007 £ |
|----------------------------|----------------|----------------|
| Livestock | 206,227 | 182,339 |
| Foodstuffs and consumables | 15,045 | 17,152 |
| | <u>221,272</u> | <u>199,491</u> |

| 6. Debtors | | |
|-------------------------------------|---------------|---------------|
| Trade debtors | 6,907 | 274 |
| Other debtors and prepayments | 44,715 | 53,830 |
| Amounts due from group undertakings | 4,077 | - |
| | <u>55,699</u> | <u>54,104</u> |

CADOGAN ESTATES (AGRICULTURAL HOLDINGS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****Year ended 31 December 2008**

| 7. Creditors: amounts falling due within one year | 2008 | 2007 |
|----------------------------------------------------------|------------------|------------------|
| | £ | £ |
| Bank overdraft | 58,291 | 91,347 |
| Trade creditors | 30,614 | 44,111 |
| Amounts owed to parent undertaking | 5,057,634 | 4,742,534 |
| Amounts owed to group undertakings | - | 353 |
| Accruals and deferred income | 53,983 | 28,533 |
| Corporation Tax | - | 1,995 |
| Other creditors | 1,215 | 2,028 |
| | <u>5,201,737</u> | <u>4,910,901</u> |

The loan from Cadogan Settled Estates Limited of £5,057,634 (2007 - £4,742,534) is interest free and repayable on demand, although Cadogan Settled Estates Limited has agreed to continue to provide financial support to the company.

8. Related party transactions

As a 100% owned subsidiary of Cadogan Settled Estates Limited, the company has taken advantage of the exemption not to disclose transactions with related entities that are part of the group.

| 9. Share capital | 2008 | 2007 |
|-------------------------------------------------------------|--------------|--------------|
| | £ | £ |
| Authorised 5,000 ordinary shares of £1 each | <u>5,000</u> | <u>5,000</u> |
| Allotted and fully paid 5,000 ordinary shares of £1 each | <u>5,000</u> | <u>5,000</u> |

| 10. Reserves | Revaluation reserve | Profit and loss account |
|----------------------------------------------------------|--------------------------------|------------------------------------|
| | £ | £ |
| Balance at 1 January 2008 | 4,192,292 | (2,214,205) |
| Loss for the year | - | (410,926) |
| Deficit on revaluation of freehold investment properties | (541,869) | - |
| At 31 December 2008 | <u>3,650,423</u> | <u>(2,625,131)</u> |

CADOGAN ESTATES (AGRICULTURAL HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2008

II. Parent company and control

The ultimate parent company is Cadogan Settled Estates Limited.

The ultimate ownership of Cadogan Settled Estates Limited is vested in the Eighth Earl Cadogan's 6 December 1961 Settlement. The trustees of the Eighth Earl Cadogan's 6 December 1961 Settlement are The Hon J H M Bruce, J D Gordon, and J A de Havilland.

Group accounts are prepared by Cadogan Settled Estates Limited and can be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF4 3UZ.
