

CULFARGIE ESTATES LIMITED

FINANCIAL STATEMENTS

31 MARCH 2006

Registered Number. SC012977



CULFARGIE ESTATES LIMITED
FINANCIAL STATEMENTS
For the year ended 31 March 2006

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The following pages do not form part of the statutory accounts

18 24	Detailed trading and profit and loss accounts
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CULFARGIE ESTATES LIMITED**COMPANY INFORMATION****31 March 2006****Incorporated in Scotland on 15 January 1924****Company Number SC012977**

DIRECTORS	C S R Stroyan B W P Kaye
SECRETARY	R W Page
REGISTERED OFFICE	Tarrylaw Balbeggie Perthshire PH2 6NJ
BANKERS	The Royal Bank of Scotland plc 131 South Street Perth PH2 8PQ
SOLICITORS	Brodies LLP 15 Atholl Crescent Edinburgh EH3 8HA
AUDITORS	Scott-Moncreff Chartered Accountants 17 Melville Street Edinburgh EH3 7PH

CULFARGIE ESTATES LIMITED

DIRECTORS' REPORT

31 March 2006

The directors present their report and the audited financial statements for the year ended 31 March 2006

Principal activity

The principal activity of the company continued to be that of a farming and property holding company

Business review and future developments

The Company made a profit for the year to 31 March 2006 of £201,810 before tax but this increase over the previous year included a gain on property disposals of £87,755. The farms produced a loss for the year reflecting continued low grain prices and the high cost of fuel. The Sidlaw Organic Partnership was brought to an end at 31 May 2005 although it made a substantial contribution to profits for the year to 31 March 2006. Participation in organic farming of vegetables is being continued through a substantial share holding in Taylorgrown Ltd a company set up to grown vegetables both at Bandirran and in England. No contribution is expected from this company in the current year. The results from game showed the expected improvement and increased profit on estate activities resulted from the receipt of rent from land let for vegetable growing. Prospects for the year ahead are uncertain with so many changes in government policy towards agriculture.

Profit, dividends and appropriations

The results for the year are shown in the profit and loss account on page 5. The directors do not propose payment of an ordinary dividend, the profit for the year is to be credited to reserves.

Fixed assets

Changes in fixed assets during the year are set out in note 8 to the accounts.

Directors

The directors of the company during the year and their interests in the shares of the company as recorded in the register of directors' interests were as follows:

	31 March 2006	1 April 2005
	Ordinary Shares	Ordinary Shares
C S R Stroyan		
B W P Kaye		

continued

CULFARGIE ESTATES LIMITED

DIRECTORS' REPORT

(continued)

31 March 2006

Directors' Responsibilities

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,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention of fraud and other irregularities.

Disclosure of information to auditors

As far as each of the directors at the time the report is approved are aware

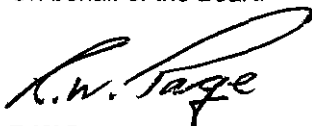
- there is no relevant information of which the company's auditors are unaware and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of the information

Auditors

Scott Moncrieff, Chartered Accountants have agreed to offer themselves for re appointment as auditors of the company

This report has been prepared in accordance with the special provisions of part VII of the Companies Act 1985 relating to small companies

On behalf of the Board



R W Page
Company Secretary

28 July 2006

CULFARGIE ESTATES LIMITED

AUDITORS' REPORT

For the year ended 31 March 2006

Independent Auditors' Report to the Shareholders of Culfargie Estates Limited

We have audited the financial statements of Culfargie Estates Limited for the year ended 31 March 2006 set out on pages 5 to 17. These financial statements have been prepared under the accounting policies set out on therein.

This report is made solely to the company's members, 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 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 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. 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 report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

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, of the state of the company's affairs as at 31 March 2006 and of its profit for the year then ended, and
- the financial statements have been properly prepared in accordance with the Companies Act 1985
- the information given in the directors' report is consistent with the financial statements

Scott Moncrieff

SCOTT MONCRIEFF
Chartered Accountants
Registered Auditor
17 Melville Street
Edinburgh
EH3 7PH

28 July 2006

CULFARGIE ESTATES LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 March 2006

	Note	2006 £	2005 (reclassified) £
Turnover – continuing operations	2	1,216,527	1,256,175
Cost of sales		(554,452)	(625,500)
Gross profit		662,075	630,675
Administrative expenses		(679,568)	(609,355)
Other income	5	235,679	29,028
Operating Profit	3	218,186	50,348
Interest payable	6	(16,376)	(23,867)
Profit on ordinary activities before taxation	2	201,810	26,481
Taxation	7	(34,386)	(2,185)
Profit on ordinary activities after taxation	17	167,424	24,296

Other movements in reserves are shown in notes 16 to 17

There is no difference between the profit on ordinary activities for the period stated above and its historical cost equivalent

All activities of the company are classed as continuing

The notes on pages 8 to 17 form part of these financial statements

CULFARGIE ESTATES LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31 March 2006

	2006	2005
	£	£
Profit for the financial year	167,424	24,296
Unrealised (loss)/gain on revaluation of heritable property		1,795,484
Corporation tax on realisation	(47,246)	
Total recognised gains and losses relating to the year	<u>120,178</u>	<u>1,819,780</u>
Total recognised gains and losses since last annual report	<u>120,178</u>	<u>1,819,780</u>

NOTE OF HISTORICAL COST PROFITS & LOSSES

For the year ended 31 March 2006

	2006	2005
	£	£
Reported profit on ordinary activities before taxation	201,810	26,481
Realisation of property revaluation gains of previous years	205,000	
Historical cost profit on ordinary activities before taxation	<u>406,810</u>	<u>26,481</u>
Historical cost profit for the year retained after taxation	<u>325,178</u>	<u>24,296</u>

The notes on pages 8 to 17 form part of these financial statements

CULFARGIE ESTATES LIMITED

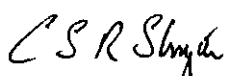
BALANCE SHEET

At 31 March 2006

	Note	2006	2005
		£	£
Fixed Assets			
Tangible assets	8	12,605,061	12,565,550
Investments	9	9,691	172,942
		<u>12,614,752</u>	<u>12,738,492</u>
Current assets			
Stocks	10	268,069	212,592
Debtors	11	445,954	165,051
Cash at bank and in hand		311,177	57,272
		<u>1,025,200</u>	<u>434,915</u>
Creditors amounts falling due within one year	12	(5,560,838)	(5,268,355)
Net current liabilities		<u>(4,535,638)</u>	<u>(4,833,440)</u>
Total assets less current liabilities		<u>8,079,114</u>	<u>7,905,052</u>
Creditors amounts falling due after more than one year	13	(70,222)	(35,338)
Provisions for liabilities	14	(139,000)	(120,000)
		<u>7,869,892</u>	<u>7,749,714</u>
Capital and reserves			
Called up share capital	15	42,500	42,500
Revaluation reserve	16	8,323,093	8,323,093
Profit and loss account	17	(495,701)	(615,879)
		<u>7,869,892</u>	<u>7,749,714</u>

These financial statements have been prepared in accordance with the special provisions of part VII of the Companies Act 1985 relating to small companies

The financial statements were authorised for issue by the Board on 28 July 2006


C S R Stroyan
 Director

The notes on pages 8 to 17 form part of these financial statements

CULFARGIE ESTATES LIMITED
NOTES ON FINANCIAL STATEMENTS
31 March 2006

1 Accounting Policies

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting convention except for freehold property, which is stated at valuation

Going concern

The financial statements have been prepared on a normal going concern basis as an undertaking has been received from the directors of all group companies that they have no present intention of enforcing payment of the outstanding balances on their loan accounts

Depreciation

Depreciation is calculated to write off the cost or valuation of all fixed assets over their estimated useful lives as follows

Plant and machinery	5	25%
Motor Vehicles	20	25%

Depreciation is provided on leased assets to write off the fair value less estimated residual value over the lease periods on a straight line basis. No provision for depreciation is made for freehold land and buildings. It is the company's policy to maintain its properties in good condition. Costs of repairs and maintenance are charged against revenue in the year in which they are incurred.

Leases and hire purchase contracts

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability.

Rentals paid under operating leases are charged to income as incurred.

Stocks

Stocks are valued at a conservative market value. It is the opinion of the directors that the net realisable value is not less than this.

Government grants

Grants of a revenue nature are credited to the profit and loss account in the year in which they accrue. Grants of a capital nature received for land and buildings (which are not depreciated) have been deducted from the original cost of the relevant asset.

Deferred Taxation

Deferred taxation is provided in respect of the tax effect of all timing differences in accordance with FRS 19.

Cash Flow Statement

The company has taken advantage of the exemption provided by Financial Reporting Standard 1 and has not prepared a cash flow statement for the year.

Pension Costs

The company operates defined contribution schemes for employees and directors. The assets of the schemes are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Reclassification

Due to the reclassification in the year to 31 March 2006 of certain items of income and expenditure and fixed assets, the 2005 comparatives have been reclassified accordingly.

CULFARGIE ESTATES LIMITED
NOTES ON FINANCIAL STATEMENTS
31 March 2006

2 Analysis of results

Turnover represents the amount derived from the provision of goods and services which fall within the company's ordinary activities stated net of value added tax

The turnover and profit before taxation attributable to the different classes of the company's business are

	Turnover		Profit	
	2006 £	2005 £ (reclassified)	2006 £	2005 £ (reclassified)
By activity				
Farming	974,378	1,089,292	(49,294)	57,473
Property and investments	242,149	166,883	251,104	(30,992)
	<u>1,216,527</u>	<u>1,256,175</u>	<u>201,810</u>	<u>26,481</u>

3 Operating Profit

	2006 £	2005 £
Operating profit is stated after crediting		
Grants and subsidies	195,424	268,982
Interest receivable	<u>11,697</u>	<u>7,238</u>
and after charging		
Finance charges finance leases and hire purchase	8,721	2,986
Depreciation of tangible fixed assets	134,673	120,829
Auditors' remuneration	<u>5,662</u>	<u>5,416</u>

CULFARGIE ESTATES LIMITED
NOTES ON FINANCIAL STATEMENTS

31 March 2006

4 Directors and employees

	2006	2005
	£	£
Staff costs		
Wages and salaries	336,576	297,368
Social security costs	30,732	27,672
Pensions costs	7,380	5,459
	<u>374,688</u>	<u>330,499</u>
	Number	Number
Average number employed including executive directors		
Office and management	3	3
Farmworkers	14	12
	<u>17</u>	<u>15</u>

One director received emoluments of £57,500 (2005 £54,500) and the company contributed £7,380 (2005 £6,780) to his pension

Pension cost

Defined contribution scheme

The company operates a defined contribution group scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounts to £7,380 (2005 £5,459).

The contributions are based on pension costs across the group as a whole

5 Other income

	2006	2005 (Reclassified)
	£	£
Share of profit to May 2005 – Sidlaw Organics	129,419	21,877
Share of profit to May 2005 – Carrot Contractors	6,775	
Gain on sale fixed assets	99,485	7,151
	<u>235,679</u>	<u>29,028</u>

6 Interest payable

	2006	2005
	£	£
Bank interest on overdraft and loans wholly repayable within 5 years	7,655	20,880
Hire purchase interest	8,721	2,987
	<u>16,376</u>	<u>23,867</u>

CULFARGIE ESTATES LIMITED
NOTES ON FINANCIAL STATEMENTS
31 March 2006

7 Taxation	2006	2005
	£	£
(a) Analysis of tax charge for the year		
Current year tax (credit)/charge	(6,985)	10,493
Adjustment in respect of prior year	22,371	(5,708)
Current tax charge	<u>15,386</u>	<u>4,785</u>
Deferred tax	19,000	(2,600)
Tax charge on Profit on ordinary activities	<u><u>34,386</u></u>	<u><u>2,185</u></u>
(b) Factors affecting current tax charge for the year		
Profit on ordinary activities before tax @ 30%	60,543	7,944
Effect of		
Indexation allowances on capital gains	(17,882)	
Profit not available for off set	(7,753)	15,861
Capital allowances in excess of depreciation	(10,171)	(13,312)
Utilisation of losses		
Other short term timing differences	(33,120)	
Other	1,398	
Prior year underprovision/(overprovision)	22,371	(5,708)
Current tax charge	<u><u>15,386</u></u>	<u><u>4,785</u></u>

CULFARGIE ESTATES LIMITED
NOTES ON FINANCIAL STATEMENTS
31 March 2006

8 Tangible fixed assets

	Motor Vehicles	Plant & Equipment	Freehold Land & Buildings	Total
	£	£	£	£
Cost or valuation				
1 April 2005 (reclassified)	87,078	1,364,354	11,764,000	13,215,432
Additions	38,793	278,396	148,081	465,270
Disposals	(26,675)	(137,951)	(235,000)	(399,626)
31 March 2006	99,196	1,504,799	11,677,081	13,281,076
Depreciation				
1 April 2005 (reclassified)	54,690	759,697		814,387
Charge for year	10,936	123,737		134,673
Disposals	(19,138)	(92,468)		(111,606)
31 March 2006	46,488	790,966		837,454
Net book amount				
31 March 2006	52,708	713,833	11,677,081	12,443,622
31 March 2005	32,388	604,657	11,764,000	12,401,045
Breeding Herd			2006	2005
			£	£
1 April 2005			164,505	169,536
Increase/(Decrease) in value			(3,066)	(5,031)
31 March 2006			161,439	164,505
Summary				
Fixed assets			12,443,622	12,401,045
Breeding herd			161,439	164,505
Total net book amount			12,605,061	12,565,550

Land and buildings were revalued on an open market value basis by an independent firm of Chartered Surveyors on 31 March 2005 at £11,764,000. This value is incorporated into these financial statements. Subsequent fixed asset additions are included at cost.

The historic cost of the land and buildings is £3,260,982.

Financial Reporting Standard (FRS) 15 requires all assets to be depreciated over their estimated economic life taking account of any residual value of assets. The company's freehold land and buildings are considered to have a high residual value and a useful economic life in excess of fifty years. It is the directors' policy to maintain the buildings in a continual state of sound repair and accordingly the depreciation charge is considered immaterial and no charge has therefore been made.

Where no charge for depreciation is made and where the useful economic life exceeds fifty years an impairment review should be carried out on an annual basis. Such a review has been performed and in the Director's opinion the market value and residual value of freehold land and buildings is in excess of the carrying value and there is no impairment.

Included in Plant and Equipment are assets financed under hire purchase with a net book value of £358,419 (2005 £249,094) and a depreciation charge of £53,424 (2005 £45,173).

CULFARGIE ESTATES LIMITED
NOTES ON FINANCIAL STATEMENTS

31 March 2006

9 Fixed asset investments

	At 1 April 2005 (reclassified)	Movement in the year	At 31 March 2006
	£	£	£
Carrot Contractors Partnership	1,000	4,112	5,112
East of Scotland Farmers Ltd	4,137	(215)	3,922
East of Scotland Growers Ltd	1		1
Farmings Partnership	100		100
Perthshire Machinery Ring Ltd	50		50
Highland Glen Producers Ltd	5	(5)	
East of Scotland (Dry & Store) Ltd	50		50
Scottish Agronomy Ltd	10		10
Greenvale Produce Ltd	1,300	(1,300)	
Sidlaw Organics Partnership	166,289	(166,289)	
Taylorgrown Ltd		330	330
Aberdeen Angus Producers		50	50
Mearns and Angus Machinery Ring Ltd		50	50
United Oilseed Producers		1	1
Grain Farmers plc		15	15
	<u>172,942</u>	<u>(163,251)</u>	<u>9,691</u>

No listed investments were held by the company at 31 March 2006 or 31 March 2005

At the year end, Culfargie Estates Limited held 33% of the ordinary share capital of Taylorgrown Limited, a company which grows vegetables and is registered in Scotland

During the year Culfargie Estates Limited extended a loan of £245,880 to Taylorgrown Limited. This amount remains outstanding at 31 March 2006

Also during the year sales of £297,124 and purchases of £3,688 were made with Taylorgrown Limited. At the year end £16,711 remained due to Culfargie Estates Limited

10 Stocks

	2006	2005
	£	£
Trading Stock cattle	131,250	90,850
sheep	1,485	6,660
crops	84,709	71,996
sundry	50,625	43,086
	<u>268,069</u>	<u>212,592</u>

CULFARGIE ESTATES LIMITED
NOTES ON FINANCIAL STATEMENTS

31 March 2006

11	Debtors	2006 £	2005 £
	Amounts falling due within one year		
	Trade debtors	102,814	117,409
	Amounts owed by group companies	63,856	9,687
	Loans to undertakings in which the company has a participating interest	245,880	
	Other debtors	13,724	10,228
	Prepayments and accrued income	19,680	27,727
		445,954	165,051
12	Creditors amounts falling due within one year	2006 £	2005 £
	Bank loans and overdrafts	415,105	174,895
	Trade creditors	55,523	90,999
	Amounts owed to group companies	4,914,015	4,901,295
	Accruals and deferred income	28,178	15,562
	Finance leases and HP contracts note 13	107,756	78,150
	Corporation Tax	40,261	7,454
		5,560,838	5,268,355

The company meets its day to day working capital requirements through an overdraft facility, which is repayable on demand. The company operates within the facility agreed at £500,000 until 1 October 2005, thereafter reducing to £400,000 and expiring on 31 May 2006.

Due to holding company

- (a) The company is a wholly owned subsidiary of Iowa Land Company Limited. At 31 March 2005 there was an amount of £4,914,015 due to the holding company (2005 £4,901,295). No interest was payable for the year ended 31 March 2006.
- (b) Included in the above is a loan of £25,746 which has been advanced being the cost of the house purchased for a former farm manager. The property was sold in November 2001. As at balance sheet date, the loan had not been repaid.

CULFARGIE ESTATES LIMITED
NOTES ON FINANCIAL STATEMENTS

31 March 2006

13 Creditors amounts falling due after more than one year

	2006	2005
	£	£
Obligations under finance leases	<u>70,222</u>	<u>35,338</u>

Obligations under finance leases and hire purchase contracts are repayable over various periods by instalments as follows

	2006	2005
	£	£
In the next year see note 12	107,756	78,150
In the second to fifth year	<u>70,222</u>	<u>35,338</u>
	<u>177,978</u>	<u>113,488</u>

14 Provision for liabilities

Deferred taxation

	2006		2005	
	Provided	Not Provided	Provided	Not Provided
	£	£	£	£
Corporation tax deferred by				
Accelerated capital allowances	139,000		120,000	
Other timing differences				
	<u>139,000</u>		<u>120,000</u>	

The potential liability and provision are based on a corporation tax rate of 30% (2005 30%)

CULFARGIE ESTATES LIMITED
NOTES ON FINANCIAL STATEMENTS

31 March 2006

15 Called up share capital

	2006		2005	
	Number of Shares	£	Number of Shares	£
Authorised				
Ordinary £1 Shares	95,000	95,000	95,000	95,000
Deferred 5p Shares	100,000	5,000	100,000	5,000
		<u>100,000</u>		<u>100,000</u>
Allotted called up and fully paid				
Ordinary £1 Shares	40,000	40,000	40,000	40,000
Deferred 5p Shares	50,000	2,500	50,000	2,500
		<u>42,500</u>		<u>42,500</u>

Ordinary Shares (Non-equity)

The ordinary shares are entitled to a fixed non cumulative dividend of 7% per annum plus one half of any surplus remaining from the distribution of profits as recommended by the directors. On winding up the holders of the shares are entitled to the return of capital in priority to the deferred shareholders. The holders of shares are entitled to vote at general meetings of the company.

Deferred Shares (Equity)

The deferred shares are entitled to a dividend of one half of any surplus remaining from the distribution of profits as recommended by the directors after the payment of the dividend due to the ordinary shareholders. On winding up the holders of the shares are entitled to the return of capital after the payment of the ordinary share capital. The holders of shares are entitled to vote at general meetings of the company.

Reconciliation of movements in shareholders funds

	2006	2005
	£	£
Opening shareholders funds	7,749,714	5,929,934
Profit in financial year	167,424	24,296
Increase due to revaluation of heritable property		1,795,484
Corporation tax on realisation	(47,246)	
Closing shareholders funds	<u>7,869,892</u>	<u>7,749,714</u>

Analysis of shareholders' funds

Equity interests	4,145,308	4,082,007
Non equity interests	3,724,584	3,667,707
	<u>7,869,892</u>	<u>7,749,714</u>

CULFARGIE ESTATES LIMITED
NOTES ON FINANCIAL STATEMENTS
31 March 2006

16	Revaluation reserve	£
	1 April 2005 and 31 March 2006	<u>8,323,093</u>
17	Profit and loss account	
		£
	1 April 2005	(615,879)
	Profit for the year	167,424
	Corporation tax on realisation	<u>(47,246)</u>
	31 March 2006	<u>(495,701)</u>
18	Guarantees and other financial commitments	
	Capital expenditure authorised by the directors and contracted for amounts to £Nil (2005 Nil)	
19	Ultimate holding company	
	The company's ultimate parent undertaking at the balance sheet date was Iowa Land Company Limited, a company registered in England. As allowed under FRS8, no disclosure is required of transactions between group companies	