

CULFARGIE ESTATES LIMITED

FINANCIAL STATEMENTS

31 MARCH 2009

Registered Number: SC012977



CULFARGIE ESTATES LIMITED
FINANCIAL STATEMENTS
For the year ended 31 March 2009

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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 2009****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 PH12 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-Moncrieff Chartered Accountants 17 Melville Street Edinburgh EH3 7PH

CULFARGIE ESTATES LIMITED**DIRECTORS' REPORT****31 March 2009**

The directors present their report and the audited financial statements for the year ended 31 March 2009.

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 expected improvement in the business anticipated in July 2008, materialised, with the company making a before tax profit of £39,496. The Bandirran Garden enterprise was closed in November 2008 since the demand for organic vegetables had continued to diminish. The other farm activities were helped by a better price for grain and a good demand for both beef and lambs. Substantial repairs to houses increased the costs of other estate departments. Farming prospects in the coming year will depend largely on the price of grain and weather conditions for the harvest.

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.

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 were:

C S R Stroyan

B W P Kaye

continued

CULFARGIE ESTATES LIMITED**DIRECTORS' REPORT**

(continued)

31 March 2009**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:

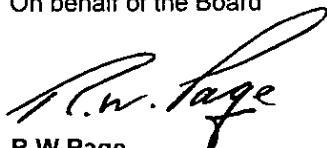
- there is no relevant information of which the company's auditors are unaware and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of the information.

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

17 July 2009

CULFARGIE ESTATES LIMITED

AUDITORS' REPORT

For the year ended 31 March 2009

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 2009 which are set out pages 5 to 17. These financial statements have been prepared under the accounting policies set out 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we 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 other transactions 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 judgments 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 2009 and of its profit for the year then ended;
- the financial statements 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.

Scott-Moncrieff
SCOTT-MONCRIEFF
Chartered Accountants
Registered Auditors
17 Melville Street
Edinburgh
EH3 7PH
17 July 2009

CULFARGIE ESTATES LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 March 2009

	Note	2009	2008
		£	£
Turnover	2	1,708,989	1,586,529
Cost of sales		(793,809)	(738,826)
Gross profit		915,180	847,703
Administrative expenses		(855,847)	(968,555)
Other income	5	116	113
Operating Profit/(Loss)	3	59,449	(120,739)
Interest payable	6	(19,953)	(26,217)
Profit/(Loss) on ordinary activities before taxation	2	39,496	(146,956)
Taxation	7	(16,780)	63,642
Profit /(Loss) on ordinary activities after taxation	17	22,716	(83,314)

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 2009

	2009	2008
	£	£
Profit/(Loss) for the financial year	22,716	(83,314)
Unrealised (loss)/gain on revaluation of heritable property	(1,141,319)	1,706,655
Total recognised gains and losses relating to the year	<u>(1,118,603)</u>	<u>1,623,341</u>
 Total recognised gains and losses since last annual report	 <u>(1,118,603)</u>	 <u>1,623,341</u>

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

CULFARGIE ESTATES LIMITED

BALANCE SHEET

At 31 March 2009

	Note	2009	2008
		£	£
Fixed Assets			
Tangible assets	8	17,048,575	17,875,781
Investments	9	4,949	10,717
		<u>17,053,524</u>	<u>17,886,498</u>
Current assets			
Stocks	10	392,484	396,514
Debtors	11	201,810	467,864
Cash at bank and in hand		286,882	384,080
		<u>881,176</u>	<u>1,248,458</u>
Creditors: amounts falling due within one year	12	<u>(5,819,039)</u>	<u>(5,912,968)</u>
Net current liabilities		<u>(4,937,863)</u>	<u>(4,664,510)</u>
Total assets less current liabilities		<u>12,115,661</u>	<u>13,221,988</u>
Creditors: amounts falling due after more than one year	13	(53,746)	(34,470)
Provisions for liabilities	14	(140,000)	(147,000)
		<u>11,921,915</u>	<u>13,040,518</u>
Capital and reserves			
Called up share capital	15	42,500	42,500
Revaluation reserve	16	12,304,057	13,445,376
Profit and loss account	17	(424,642)	(447,358)
		<u>11,921,915</u>	<u>13,040,518</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 17 July 2009 and signed on its behalf by:

C. S. R. Stroyan

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 2009

1 Accounting Policies

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards.

Turnover

Turnover represents the value of goods and services, excluding value added tax, rendered during the year.

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.

Investments

Unquoted investments are included at cost.

Depreciation

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

Plant and equipment	5 - 25% Reducing balance
Motor Vehicles	10 - 25% Reducing balance

Depreciation is provided on leased assets to write off the value less estimated residual value over the lease periods on a reducing balance 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.

CULFARGIE ESTATES LIMITED
NOTES ON FINANCIAL STATEMENTS

31 March 2009

1 Accounting Policies (ctd)

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.

Foreign currencies

Transactions denominated in foreign currencies are translated at the exchange rate at the date of the transaction.

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/(loss) before taxation attributable to the different classes of the company's business are:

	Turnover		Profit/(Loss)	
	2009	2008	2009	2008
	£	£	£	£
By activity				
Farming	1,499,049	1,357,632	95,342	(65,287)
Property and investments	209,940	228,897	(55,846)	(81,669)
	<u>1,708,989</u>	<u>1,586,529</u>	<u>39,496</u>	<u>(146,956)</u>

3 Operating Profit/(Loss)

	2009	2008
	£	£
Operating profit/(loss) is stated after crediting		
Grants and subsidies	346,336	316,805
Interest receivable from group companies	6,575	18,541
Other Interest receivable	<u>529</u>	<u>477</u>
and after charging		
Finance charges – hire purchase	5,943	7,218
Depreciation of tangible fixed assets	129,627	142,188
Loss on disposal of fixed assets	8,505	15,967
Auditors' remuneration	<u>6,344</u>	<u>6,967</u>

CULFARGIE ESTATES LIMITED
NOTES ON FINANCIAL STATEMENTS

31 March 2009

4 Directors and employees

	2009	2008
	£	£
Staff costs		
Wages and salaries	372,290	399,064
Social security costs	38,927	43,013
Pensions costs	15,257	15,481
	<u>426,474</u>	<u>457,558</u>
	Number	Number
Average number employed including executive directors		
Office and management	3	3
Farmworkers	14	16
	<u>17</u>	<u>19</u>

One director received emoluments of £66,000 (2008 £63,500) and the company contributed £9,000 (2008 £8,280) 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 £15,257 (2008 - £15,481)

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

5 Other income

	2009	2008
	£	£
Share of profit to May 2008 – Carrot Contractors	116	113
	<u>116</u>	<u>113</u>

6 Interest payable

	2009	2008
	£	£
Bank interest on overdraft and loans wholly repayable within 5 years	14,010	18,999
Hire purchase interest	5,943	7,218
	<u>19,953</u>	<u>26,217</u>

CULFARGIE ESTATES LIMITED
NOTES ON FINANCIAL STATEMENTS
31 March 2009

7 Taxation	2009	2008
	£	£
(a) Analysis of tax charge for the year:		
Current year tax charge/(credit)	24,602	(36,866)
Adjustment in respect of prior year	(822)	6,224
Current tax charge/(credit)	23,780	(30,642)
Deferred tax credit	(7,000)	(33,000)
Tax charge/(credit) on profit/(loss) on ordinary activities	16,780	(63,642)
(b) Factors affecting current tax charge for the year:		
Profit/(Loss) on ordinary activities before tax @ 28%	11,059	(44,087)
Effect of:		
Profit not available for off-set	16,222	24,535
Capital allowances in excess of depreciation	1,569	(9,109)
Other short term timing differences	(4,248)	(6,257)
Other	-	(1,948)
Prior year (overprovision)/underprovision	(822)	6,224
Current tax (credit)	23,780	(30,642)

CULFARGIE ESTATES LIMITED
NOTES ON FINANCIAL STATEMENTS
31 March 2009

8 Tangible fixed assets

	Motor Vehicles	Plant & Equipment	Freehold Land & Buildings	Total
Cost or valuation	£	£	£	£
1 April 2008	117,288	1,706,559	16,875,000	18,698,847
Revaluation	-	-	(1,141,319)	(1,141,319)
Additions	40,903	209,544	366,319	616,766
Disposals	(43,194)	(319,551)	-	(362,745)
31 March 2009	114,997	1,596,552	16,100,000	17,811,549
Depreciation				
1 April 2008	52,587	925,269	-	977,856
Charge for year	13,707	115,920	-	129,627
Disposals	(20,340)	(169,382)	-	(189,722)
31 March 2009	45,954	871,807	-	917,761
Net book amount				
31 March 2009	69,043	724,745	16,100,000	16,893,788
31 March 2008	64,701	781,290	16,875,000	17,720,991
Breeding Herd			2009	2008
			£	£
1 April 2008			154,790	157,589
Decrease in value			(3)	(2,799)
31 March 2009			154,787	154,790
Summary				
Fixed assets			16,893,788	17,720,991
Breeding herd			154,787	154,790
Total net book amount			17,048,575	17,875,781

Land and buildings were revalued on an open market value basis by an independent firm of Chartered Surveyors on 31 March 2009 at £16,100,000. This value is incorporated into these financial statements.

The historic cost of the land and buildings is £3,795,943

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 £287,532 (2008- £209,547) and a depreciation charge of £40,127 (2008- £36,935).

CULFARGIE ESTATES LIMITED
NOTES ON FINANCIAL STATEMENTS

31 March 2009

9 Fixed asset investments

	At 1 April 2008	Movement in the year	At 31 March 2009
	£	£	£
Carrot Contractors Partnership	5,696	(5,696)	-
East of Scotland Farmers Ltd	4,364	273	4,637
East of Scotland Growers Ltd	1	-	1
Farmings Partnership	100	-	100
Perthshire Machinery Ring Ltd	50	-	50
East of Scotland (Dry & Store) Ltd	50	-	50
Scottish Agronomy Ltd	10	-	10
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>10,717</u>	<u>(5,768)</u>	<u>4,949</u>

No listed investments were held by the company at 31 March 2009 or 31 March 2008

Culfargie Estates Limited extended a loan of £245,880 to Taylorgrown Limited in the year ended 31 March 2006. This amount was repaid during the year.

Also during the year sales of £50,630 (2008 : £344,758) and purchases of £232 (2008 : £10,126) were made with Taylorgrown Limited. At the year end £nil (2008 : £32,321) remained due to Culfargie Estates Limited.

10 Stocks

	2009	2008
	£	£
Trading Stock - cattle	164,910	143,960
- sheep	21,480	6,595
- crops	146,547	169,842
- sundry	59,547	76,117
	<u>392,484</u>	<u>396,514</u>

CULFARGIE ESTATES LIMITED
NOTES ON FINANCIAL STATEMENTS

31 March 2009

11 Debtors	2009	2008
	£	£
Amounts falling due within one year		
Trade debtors	101,238	70,289
Amounts owed by group companies	79,296	73,913
Loans to undertakings in which the company has a participating interest	-	245,880
Other debtors	5,724	20,734
Corporation tax	-	36,866
Prepayments and accrued income	15,552	20,182
	201,810	467,864

12 Creditors : amounts falling due within one year	2009	2008
	£	£
Bank loans and overdrafts	398,840	531,029
Trade creditors	81,416	110,213
Amounts owed to group companies	5,214,015	5,184,015
Accruals and deferred income	23,737	21,508
Hire purchase contracts - note 13	76,429	66,203
Corporation Tax – note 7	24,602	-
	5,819,039	5,912,968

The company meets its day to day working capital requirements through an overdraft facility, which is secured over all of the property and assets and is repayable on demand. The company is currently operating within an overdraft facility of £450,000 which expires on 31 August 2009. The directors anticipate that the bank overdraft facility will be renewed at a sufficient level to allow the company to meet its short term liabilities for a period of at least one year.

Due to holding company

- (a) The company is a wholly owned subsidiary of Iowa Land Company Limited.
At 31 March 2009 there was an amount of £5,214,015 due to the holding company (2008 £5,184,015). No interest was payable for the year ended 31 March 2009.
- (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 2009

13 Creditors: amounts falling due after more than one year

	2009	2008
	£	£
Hire purchase contracts	<u>53,746</u>	<u>34,470</u>

Obligations under hire purchase contracts are repayable over various periods by instalments as follows:

	2009	2008
	£	£
In the next year - see note 12	76,429	66,203
In the second to fifth year	<u>53,746</u>	<u>34,470</u>
	<u>130,175</u>	<u>100,673</u>

The HP liabilities are secured upon the assets to which they relate.

14 Provision for liabilities

	2009	2008
	£	£
Provision for deferred tax		
1 April 2008	147,000	180,000
Released in year	<u>(7,000)</u>	<u>(33,000)</u>
31 March 2009	<u>140,000</u>	<u>147,000</u>

The potential liability and provision are based on a corporation tax rate of 28% (2008 28%).

CULFARGIE ESTATES LIMITED
NOTES ON FINANCIAL STATEMENTS

31 March 2009

15 Called up share capital

	2009		2008	
	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

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

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

	2009	2008
	£	£
Opening shareholders funds	13,040,518	11,417,177
Profit/(Loss) in financial year	22,716	(83,314)
Revaluation of heritable property	(1,141,319)	1,706,655
Closing shareholders funds	<u>11,921,195</u>	<u>13,040,518</u>

CULFARGIE ESTATES LIMITED
NOTES ON FINANCIAL STATEMENTS

31 March 2009

16	Revaluation reserve	2009
		£
	1 April 2008	13,445,376
	Revaluation during year	(1,141,319)
	31 March 2009	<u>12,304,057</u>

No provision has been made for deferred tax on gains recognised on revaluing property to its market value or on sale of properties where potentially taxable gains have been rolled over into replacement assets. Such tax would only become payable if the properties were sold without it being possible to claim rollover relief. The total amount unprovided for is £2,070,000. At 31 March 2009 the company had not entered into a binding agreement to sell and land or property.

17	Profit and loss account	2009
		£
	1 April 2008	(447,358)
	Profit for the year	22,716
	31 March 2009	<u>(424,642)</u>

18 Guarantees and other financial commitments

Capital expenditure authorised by the directors and contracted for amounts to £Nil (2008 : Nil).

The company has annual commitments under non cancellable operating leases of:

	Plant & Equipment	
	2009	2008
	£	£
Expiring < 1 year	-	-
Expiring between 2 and 5 years	-	8,770
	<u>-</u>	<u>8,770</u>

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.