

**FARMS FOR CITY CHILDREN**

**(CHARITABLE COMPANY LIMITED BY  
GUARANTEE)**

**ANNUAL REPORT AND CONSOLIDATED  
FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 31 JULY 2009**

TUESDAY



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30/03/2010

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COMPANIES HOUSE

Registered Company No 01177239 (England and Wales)  
Registered Charity No. 325120

*Simpkins  
Edwards*

CHARTERED ACCOUNTANTS  
BUSINESS ADVISERS  
TAX CONSULTANTS

# **FARMS FOR CITY CHILDREN**

## **LEGAL AND ADMINISTRATIVE INFORMATION FOR THE YEAR ENDED 31 JULY 2009**

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<b>Trustees (and Directors)</b>	Susan Allen Nicholas Battle Jane Feaver (appointed 1 December 2008) Anthony Gibson OBE Jean McCaig Michael Morpurgo OBE Clare Morpurgo MBE Elizabeth Owens – Chairman Rachel Short (appointed 1 December 2008) David Teale
<b>Company secretary</b>	Clare Morpurgo
<b>Chief Executive</b>	Helen Chaloner
<b>Registered office</b>	Nethercott House Iddesleigh Winkleigh Devon EX19 8BG
<b>Administrative office</b>	Bridge House 25 Fore Street Okehampton Devon EX20 1DL
<b>Auditors</b>	Simpkins Edwards Michael House Castle Street Exeter Devon EX4 3LQ
<b>Bankers</b>	National Westminster Bank PLC 26 Bridge Street Hatherleigh Okehampton Devon EX20 3HZ
<b>Registered charity number</b>	325120
<b>Registered company number</b>	01177239

# **FARMS FOR CITY CHILDREN**

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## CHAIRMAN'S AND CHIEF EXECUTIVE'S REPORT FOR THE YEAR ENDED 31 JULY 2009

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We had another successful year, with 86 school groups, each composed of 34-39 urban children, spending a whole seven days on our three working farms, learning about farming, food production and country life. Fundraising continued to go very well indeed.

Jane Feaver re-joined the Board at the AGM in December and we gained Rachel Short as another new member, taking the numbers back up to ten. Rachel is a lawyer who for many years worked in the City and who brings an invaluable legal perspective to the Board. We recruited Phoebe Laing-Taylor as our new deputy chief executive. Phoebe was born and grew up close to Nethercott, our farm in Devon, and comes with a great deal of experience working in personnel and human resources. Gladys Weeks retired just prior to her eightieth birthday, after more than 30 years of cooking for the children at Nethercott House. Gladys worked at Nethercott even before Clare and Michael Morpurgo founded the charity there in 1976 and she lives in the neighbouring village of Iddesleigh.

We celebrated Christmas in great style with a fundraising event at St Paul's Cathedral. Michael Morpurgo, Joanna Lumley and James Naughtie performed *On Angel Wings*, Michael's retelling of the nativity. The performance was set to songs from acapella singers Coope, Boyes and Simpson. It was a magical evening and the vast Cathedral was completely full.

Jonathan Crump, who had farmed at Wick Court in Gloucestershire for all of the charity's ten years there, left for a larger farm, where he continues with his Gloucester cheese making business. We gradually restructured at Wick Court, preserving the emphasis on local rare breeds, but without a working dairy right outside the children's accommodation. Luke Essex was promoted to Farm Manager and was instrumental in producing a farm business plan for the charity. We retain a small herd of Gloucester cows, keeping the bloodline going, along with sheep, pigs, poultry, geese and, of course, a busy working stable of show horses and ponies. We will be steadily introducing more livestock to ensure that the children have as full an experience as possible, working with a range of farm animals. Each day the children continue to visit Oldbury, the next door, larger-scale dairy farm. This is thanks to a long standing and fruitful working relationship with the Merrett family. Meanwhile, we have extended the kitchen garden at Wick Court over onto the other side of the moat, as part of a move towards greater self-sufficiency. The children now help to grow, pick and cook even more produce for the meals served at Wick Court and we are soon to re-issue a cook book full of their favourite recipes.

On a beautifully sunny day in May, the children and teachers of Harewood Junior School from Gloucester hosted a visit to Wick Court by our Patron, Her Royal Highness, The Princess Royal. The Princess chatted with the children as they went about their jobs, which included weeding in the vegetable garden, grooming the horses and baking bread to eat with their supper. We are hugely grateful to The Princess Royal for her knowledgeable engagement with our work over many years.

During the year we undertook a job evaluation, looking at different levels of responsibility within the organisation and how they are reflected in levels of pay. We introduced a company pay policy and pay scales based on an independent, external survey of comparable roles, to be reviewed every three years. We also, for the first time, allocated a training budget and during the year many staff members undertook training in a whole range of areas. All our farm managers have undertaken the individual CEVAS (Countryside Educational Visits Accreditation Scheme) Stage 1 training. On an entirely different note, managers from Nethercott and Wick Court took part in a three-day natural dyeing and weaving course, funded by the Paul Hamlyn Foundation.

### CHAIRMAN'S AND CHIEF EXECUTIVE'S REPORT FOR THE YEAR ENDED 31 JULY 2009

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On a high summer's evening in July the rain held off until the very end of Miracle Theatre's performance of Molière's *Tartuffe* to a packed audience on the lawn at Nethercott House, raising funds for the charity in the process. The play was supplemented by delicious 'Summer Garden Suppers' cooked by Catherine Knight, who co-manages Nethercott, using fresh produce from the garden and the farm.

Local artists and makers continued to run an exciting range of creative projects involving the children on all three farms. This was made possible thanks to generous three-year funding from the Paul Hamlyn Foundation. At Nethercott in Devon, the project focused on rural skills, with local experts coming in to work with the children making hurdles, baskets and felt slippers from raw fleece. Meanwhile the farm staff ran a variety of complementary activities such as campfire cooking and charcoal-making, constructing bird-boxes and bee hotels made from bamboo. The children and teachers, without exception, enjoyed all of these activities, frequently commenting on how much they enjoyed the connection with the environment and with ideas relating to sustainability. A lasting legacy remains, in the form of a splendid cob goose house and an impressive cob and thatch round house, for use in all weather. At Treginnis the children made willow sheep, willow sculptures and musical instruments. At Wick Court Karen Hilliard, a ceramic artist, worked with the children to turn a huge pile of unfired bricks into a sculpture of a Gloucester Old Spot sow and her piglets, which was installed in the back garden as a seating area.

We are so grateful for wonderful support from all our funders - from businesses, trusts, foundations, individuals, children and schools. Companies who have generously supported our work this year include Reed Elsevier, Helpful Holidays, Heron Valley Organics and Gidleigh Park Hotel. The Friends of Treginnis continued with their astoundingly successful local fundraising on behalf of our Welsh farm and, last but not least, Michael Morpurgo raised over £23,000 towards our work through appearances and school speech days and prize-givings.

Here are the comments of a teacher from Tower Bridge School in London, who brought a group to Treginnis for the very first time in February,

*"You have created an amazing place and we have so enjoyed staying here. The children that we will be taking back on the coach with us tomorrow are not the same children who arrived here last Friday (not literally of course). They are more bonded as a group, brimming with confidence and they are full of excitement and happy stories to share with their families."*

Liz Owens, Chairman



Helen Chaloner, Chief Executive



## **TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31 JULY 2009**

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The trustees, who are also the directors of the parent charity, present their report and financial statements of the group for the year ended 31 July 2009. The financial statements have been prepared in accordance with current statutory requirements, the charity's governing documents and the recommendations of the Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2005) and comply with applicable law.

### **1 Status and Administration**

The parent company is limited by guarantee, number 01177239, and is a charitable trust registered with the Charity Commission number 325120. The charity's governing document is a Memorandum of Association dated 31<sup>st</sup> December 1973. There are three different sites, Nethercott House, Lower Treginnis Farm and Wick Court. The trustees determine the general policy of the farms and delegate responsibility for the day to day operations to the management team, consisting of the Chief Executive and the farm school managers. The Board meets on a quarterly basis to review school evaluations, financial reports, reports from the management team and to decide other matters of policy, as advised by the Chief Executive. Board meetings rotate and one meeting per year is held at each of the farms. The trustees confirm that they have referred to the guidance contained in the Charity Commissions general guidance on public benefit when reviewing Farms for City Children's aims and objectives and in planning future activities.

### **2 Principal Activities**

The activities of the charity consist of the provision of practical experience, within an educational environment, of agricultural and rural life for children from inner city and urban areas who might not otherwise attain the knowledge it involves. The Chairman and Chief Executive's report on pages 1 to 2 summarises how our activities provide a very real benefit to the children that visit our farms.

### **3. Directors and their interests**

The directors during the year were as follows:

Sue Allen  
Nicholas Battle  
Jane Feaver - appointed 1 December 2008  
Anthony Gibson OBE  
Jean McCaig  
Michael Morpurgo OBE  
Clare Morpurgo MBE  
Elizabeth Owens - Chairman  
David Teale  
Rachel Short - appointed 1 December 2008

The directors have no beneficial interest in shares in the charity as it is limited by guarantee, and has no share capital.

## **TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31 JULY 2009**

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### **4. Review of Activities**

The charity operated the three farms at Nethercott House, Lower Treginnis and Wick Court. Net incoming resources for the year, after including donations received for revenue purposes, were £43,228. The charity aims to welcome 87 school groups to its three farms each year and sets budgets accordingly. 86 school groups visited the farms during the year. The charity is vulnerable to cancellations by school groups, as replacement schools can rarely slot into gaps without at least 6-8 months notice. Farms for City Children is developing strategies aimed at minimizing the risk of late cancellations. The charity operates a qualitative evaluation procedure, seeking formal feedback from teachers and pupils. This is used to assess performance and to improve services and is reviewed quarterly at Board meetings. Performance in 2009 was deemed to be very good, with excellent feedback from schools and a high level of repeat bookings for future years.

The cost to visiting children is kept as low as possible and money is raised from other sources in order to make this possible. Fundraising activities include applications to trusts and foundations, fundraising events (fetes, performances, open days), letting the farm properties out of term time and newsletter mailings. The charity also raises funds through its small trading subsidiary, FFCC Enterprises Ltd, which sells books, greeting cards and other items.

### **5. Future Developments**

Despite a small number of late cancellations, we are in the fortunate position of having more groups wishing to come than can be slotted into the programme. We are developing plans for a fourth farm in order to help accommodate them.

### **6. Reserves Policy**

The trustees' policy is to use the charity's reserves to improve the facilities and education offered at the farms. Following excellent fundraising efforts in previous years, a major part (£150,000) of the revenue surpluses generated have been allocated to the Development Fund which has been designated for authorised developments at Nethercott House, Lower Treginnis Farm and Wick Court. In addition, all the capital grants and donations received have been reinvested in the fabric of these sites. The majority of this income was given for spending on specific farms or purposes.

We retain £635,966 received from the estate of F M Schofield in 2008 as the foundation for a capital fundraising campaign towards the acquisition of a fourth farm.

The balance of the free reserves of £374,921 is held in the general fund. The trustees intend to build on this fund over the next few years to represent six months running expenses (£450,000). The trustees are conscious that farming in this country faces uncertain times. They wish to plan for adverse economic conditions and other potential threats, providing assurance to staff, supporters and users and ensuring the long-term future of the charity.

### **7. Investment policy**

The finance sub-committee considers the most appropriate policy for investing funds and advises the Board accordingly.

**TRUSTEES' ANNUAL REPORT  
FOR THE YEAR ENDED 31 JULY 2009**

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**8. Assets cover for funds**

Note 20 to the financial statements sets out an analysis of the company's assets attributable to the various funds. These assets are sufficient to meet the company's obligations.

**9. Risk Management**

The trustees have examined the major strategic, business and operational risks, which the charity faces and confirm that systems have been established to enable regular reports to be produced so that the necessary steps can be taken to lessen these risks.

**10 Appointment of trustees**

Trustees are recruited for their expertise based on knowledge of their skills in other fields. They come as recommendations from Board Members or as a result of the knowledge of people who are familiar with our work. Prospective trustees are interviewed by the board, and their appointment is dependent on a unanimous election by the Board Members. New trustees are provided with an induction pack of reading material including the charity's business plan. Trustees are encouraged to visit all three of the farms, either before or during the course of the board meetings scheduled at the farms throughout the year.

**11 Statement of trustees' responsibilities**

The trustees (directors) are required to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charity and the incoming resources and application of resources, including the net income or expenditure, for the year. In preparing those financial statements, the trustees (directors) are required to

- a select suitable accounting policies and then apply them consistently,
- b make judgements and estimates that are reasonable and prudent,
- c state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- d prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees (directors) are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements of the charitable company comply with the Companies Act 2006, The Charities Act 1993, the Charity (Accounts and Reports) Regulations 2008, and United Kingdom Generally Accepted Accounting Practice (UK GAAP). They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**12. Auditors**

A resolution appointing auditors of the charitable company will be put to the Annual General Meeting.

**TRUSTEES' ANNUAL REPORT  
FOR THE YEAR ENDED 31 JULY 2009**

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**13. Statement of disclosure to auditor**

- a as far as the trustees are aware, there is no relevant audit information of which the charity's auditors are unaware, and
- b they have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006 and was approved by the Trustees and signed on their behalf by

Elizabeth Owens  
Chairman

*Elizabeth Owens*

Date

01.12.09

Clare Morpurgo  
Trustee/Director

*Clare Morpurgo*

Date

01.12.09

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
FARMS FOR CITY CHILDREN**

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We have audited the group and parent financial statements of Farms for City Children for the year ended 31 July 2009 which comprise the Statement of Financial Activities, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charity's members, as a body, in accordance with Section 495 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity'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 charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

***Respective responsibilities of trustees and auditors***

The trustees' (who are also the directors of the company for the purposes of company law) responsibilities for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the charity's financial statements give a true and fair view are set out in the Statement of Trustees' 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, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and have been prepared in accordance with the Companies Act 2006.

We also report to you whether in our opinion the information given in the Trustees' Annual Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charity has not kept adequate accounting records, if the charity's financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if disclosures of trustees' remuneration specified by law are not made.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Chairman and Chief Executives Report. We consider the implication for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to other information.

***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 trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity'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.

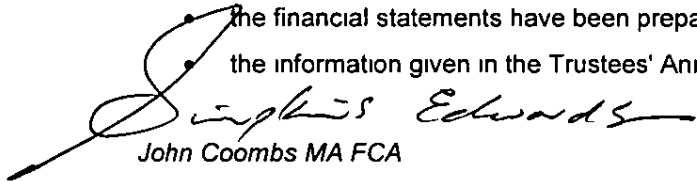
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
FARMS FOR CITY CHILDREN**

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***Opinion***

In our opinion

- the financial statements give a true and fair view of the state of the group and parent charity's affairs as at 31 July 2009 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- the financial statements have been prepared in accordance with the Companies Act 2006, and
- the information given in the Trustees' Annual Report is consistent with the financial statements



John Coombs MA FCA

Senior Statutory Auditor

For and on behalf of Simpkins Edwards, Statutory Auditors

Michael House  
Castle Street  
Exeter  
EX4 3LQ

Date 1 December 2009

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE YEAR ENDED 31 JULY 2009**

	Note	General Fund £	Designated Fund £	Restricted Funds £	Total 2009 £	Total 2008 £
<b>Incoming resources</b>						
<b>Incoming resources from generated funds</b>						
<i>Voluntary income</i>						
Donations and Bequests	4	376,233	-	34,600	410,833	1,001,225
<i>Activities for generating funds</i>						
Fundraising		13,091	-	-	13,091	20,556
Sales of gifts and cards		29,229	-	-	29,229	29,979
<i>Investment income</i>						
Bank interest	5	19,548	-	-	19,548	25,209
		438,101	-	34,600	472,701	1,076,969
<b>Incoming resources from charitable activities</b>						
Schools accommodation		513,709	-	-	513,709	498,580
Non-school lettings		46,812	-	-	46,812	40,475
Grants	6	-	-	48,693	48,693	81,018
Miscellaneous	7	23,176	-	-	23,176	9,810
<b>Total incoming resources</b>		1,021,798	-	83,293	1,105,091	1,706,852
<b>Resources expended</b>						
<b>Costs of generating funds</b>						
		70,604	-	-	70,604	76,531
<b>Charitable activities</b>						
		880,765	-	94,542	975,307	863,499
<b>Governance costs</b>						
		15,952	-	-	15,952	11,906
<b>Total resources expended</b>	8/9	967,321	-	94,542	1,061,863	951,936
<b>Net income before transfers</b>						
		54,477	-	(11,249)	43,228	754,916
Transfers	18/19	8,286	-	(8,286)	-	-
<b>Net movement in funds</b>		62,763	-	(19,535)	43,228	754,916
<b>Reconciliation of funds</b>						
Total funds brought forward	18/19	312,158	785,966	2,397,780	3,495,904	2,740,988
Total funds carried forward	18/19	374,921	785,966	2,378,245	3,539,132	3,495,904

All resources both incoming and expended derive from continuing activities

# FARMS FOR CITY CHILDREN

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## CONSOLIDATED BALANCE SHEET AS AT 31 JULY 2009

		Group 2009	Group 2008	Charity 2009	Charity 2008
	<b>Notes</b>				
<b>Fixed assets</b>					
Tangible assets	13	2,534,562	2,495,619	2,534,562	2,495,619
Investment	10	-	-	1	1
		<u>2,534,562</u>	<u>2,495,619</u>	<u>2,534,563</u>	<u>2,495,620</u>
<b>Current assets</b>					
Stock	14	11,671	4,220	6,463	-
Debtors	15	30,053	69,951	43,558	84,098
Cash at bank and in hand	16	1,111,592	1,065,921	1,096,303	1,048,762
		<u>1,153,316</u>	<u>1,140,092</u>	<u>1,146,324</u>	<u>1,132,860</u>
<b>Creditors</b> amounts falling due within one year	17	(148,746)	(139,807)	(146,755)	(137,576)
<b>Net current assets</b>		<u>1,004,570</u>	<u>1,000,285</u>	<u>999,569</u>	<u>995,284</u>
<b>Net assets</b>		<u>3,539,132</u>	<u>3,495,904</u>	<u>3,534,132</u>	<u>3,490,904</u>
<b>Capital and reserves</b>					
Restricted fund	3/18	2,378,245	2,397,780	2,378,245	2,397,780
Unrestricted funds					
- General	3/19	374,921	312,158	369,921	307,158
Designated funds	3/19	785,966	785,966	785,966	785,966
		<u>3,539,132</u>	<u>3,495,904</u>	<u>3,534,132</u>	<u>3,490,904</u>

The notes on pages 11 to 25 form part of these financial statements

Approved by the trustees

01 12.09

Elizabeth Owens  
Chairman

*Elizabeth Owens*

Clare Morpurgo  
Company Secretary

*Clare Morpurgo*

Company registration number: 01177239

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2009**

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**1 Company status**

The charity is a company limited by guarantee. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

**2 Accounting policies**

The financial statements have been prepared under the historical cost convention and in accordance with the Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2005) issued in March 2005, applicable accounting standards and the Companies Act 2006.

The principal accounting policies adopted in the preparation of the financial statements are shown below.

**2.1 Incoming resources****Voluntary income**

Voluntary income consists of all incoming resources (whether in cash or assets in hand) other than incoming resources received for investment income, gains, grants or payments for goods or services. This is recognised in the statement of financial activities as soon as entitlement to the income is determined.

Voluntary income is recognised on receipt and includes associated tax claims on a receivable basis. Legacies are recognised by reference to the date probate is granted, or if later, as soon as they are capable of being measured in financial terms. Grants of a general nature are recognised as voluntary income.

**Activities for generating funds**

Income from the charity's subsidiary company, and from fundraising activities are included in incoming resources in the period to which it relates.

**Investment income**

Investment income is included in incoming resources in the period to which it relates.

**Incoming resources from charitable activities**

Accommodation charges are included in the financial statements in the period to which the letting relates. Grants received for the performance of a specific service are classified as incoming resources from charitable activities. Other income is included in the financial statements when due.

**2.2 Resources expended**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of resources.

- Costs of generating funds are those costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.
- Charitable activities include the costs involved in the provision of services that Farms for City Children provides.
- Governance costs include those incurred in the governance of the charity and its assets, and are primarily associated with constitutional and statutory requirements.

Resources expended include attributable VAT which cannot be recovered.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2009**

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**2.3 Assets and liabilities**

These are included in the balance sheet at the following amounts

Fixed assets at cost less an appropriate provision for depreciation

Current assets at the lower of cost and net realisable value

Liabilities at their settlement value

**2.4 Stock**

Stock is valued at the lower of cost and net realisable value

**2.5 Tangible fixed assets**

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life, as follows

Freehold buildings and improvements	
Nethercott House	50 years
Leasehold improvements	
Lower Treginnis Farm	60 years
Wick Court	99 years
Plant, furniture and equipment	10 and 25 years
Motor vehicles	25% per annum on cost

Freehold land is not a depreciable asset

Assets with a value below £500 are not capitalised within the financial statements, but expended to the SOFA

**2.6 Unrestricted Funds**

The unrestricted fund consists of general funds that the charity may use at its own discretion

**2.7 Designated Funds****Development Fund**

The trustees have designated a specific fund for authorised developments at Nethercott House, Lower Treginnis Farm and Wick Court

**F M Schofield Fund**

Farms for City Children were the sole beneficiaries of the estate of F M Schofield. The trustees wish to use the monies received in order to acquire a fourth farm. Therefore the funds were designated for this purpose in the 2008 accounting period

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2009**

**2.8 Restricted Funds**

These are funds that can be only used for restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular purposes.

The restricted funds balances for Nethercott, Wick Court and Treginnis are funds received for capital developments and equate with the land and property values as shown in fixed assets.

Any other restricted funds received whether revenue or capital are shown in the miscellaneous restricted fund.

Further details of the restricted funds are detailed in note 18.

**2.9 Cash flow statement**

The directors have taken advantage of the provision in the Financial Reporting Standard No 1 not to prepare a cash flow statement.

**2.10 Operating leases**

Rentals under operating leases are expended as they fall due.

**2.11 Pensions**

The company operates a defined contribution scheme. Contributions to the scheme are expended as they fall due. A stakeholder scheme for all staff has been operated since September 2001.

**2.12 Consolidation**

The financial statements consolidate the results of the charity and its wholly owned subsidiary, FFCC Enterprises Ltd on a line to line basis. A separate Statement of Financial Activities and Income and Expenditure account, for the charity itself are not presented because the charity has taken advantage of the exemptions afforded by Companies Act and paragraph 397 of the SORP, although the individual financial performance of Farms for City Children is noted below.

**3 Financial performance of the charity**

The consolidated statement of financial activities includes the results of the charity's wholly owned subsidiary, FFCC Enterprises Limited which operates a gift shop with each farm. The summary financial performance of the charity alone is -

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Income resources	1,075,701	1,676,298
Profit donated by FFCC Enterprises Limited	13,763	14,308
	<hr/>	<hr/>
Cost of generated funds	1,089,464	1,690,606
	(57,183)	(62,892)
Charitable activities	(973,101)	(860,892)
Governance costs	(15,952)	(11,906)
	<hr/>	<hr/>
<b>Net incoming resources</b>	<b>43,228</b>	<b>754,916</b>
Total funds brought forward	3,490,904	2,735,988
	<hr/>	<hr/>
Total funds carried forward	3,534,132	3,490,904
	<hr/>	<hr/>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2009**

**3 Financial performance of the charity (continued)**

**Represented by:**

	<b>2009 £</b>	<b>2008 £</b>
Restricted income funds	2,378,245	2,397,780
Designated income funds	785,966	785,966
Unrestricted income funds	369,921	307,158
	<hr/>	<hr/>
	3,534,132	3,490,904
	<hr/>	<hr/>

**4 Donations and Bequests**

<b>Donations</b>	<b>Unrestricted £</b>	<b>Restricted £</b>	<b>Total 2009 £</b>	<b>Total 2008 £</b>
Capital				
- Donations ( note 18)	-	11,000	11,000	21,100
Revenue				
- Donations	342,455	23,600	366,055	344,159
	<hr/>	<hr/>	<hr/>	<hr/>
	342,455	34,600	377,055	365,259
Bequests – see following note	33,778	-	33,778	635,966
	<hr/>	<hr/>	<hr/>	<hr/>
	376,233	34,600	410,833	1,001,225
	<hr/>	<hr/>	<hr/>	<hr/>

Donations and bequests received towards capital purposes are accumulated within restricted funds. Donations and bequests for revenue purposes are recorded as restricted fund income where appropriate and any related expenditure is shown as restricted fund expenditure. Donations and bequests with no such restrictions are accumulated in the general fund.

A fuller explanation of bequests received during the year is provided overleaf.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2009**

**4 Donations and Bequests (continued)**

We are most grateful to our benefactors for their generosity during the year who include the following

The 29 <sup>th</sup> May 1961 Chantable Trust	The John Horseman Trust
Adams Youth Trust	The John Thaw Foundation
Amelia Chadwick Trust	Joseph Strong Frazer Trust
Viscount Amory's Chantable Trust	The Mrs C S Heber Percy Chantable Trust
Arthur Stevens Chantable Trust	In memory of Joanna Hutton
The Baily Thomas Charitable Fund	Lavant House School
Trustees of AC Ballard decd	The Maureen Lillian Chantable Trust
The Bernard Sunley Chantable Foundation	Leonard Chadwick Chantable Trust
The Boshier-Hinton Foundation	Lord Bamby's Foundation
The Brother Jonathan Trust for Children's Holidays	Lord Merthyr Fund
The Casey Trust	Joanna Lumley
Claremont Fan Court School	The Michael Marsh Charitable Trust
Catherine Storr Literary Estate	The M & G Group
CHK Charities Limited	The JF & EA Measures Chantable Trust
The Clover Trust	Clare and Michael Morpurgo
John Coates Chantable Trust	The NFU Mutual Chantable Trust
David Cock Foundation	The Paget Trust
County Houses Foundation	The Paul Hamlyn Foundation
The Cuthbert Horn Trust	The Peter Minet Trust
The Dorset Foundation	Phillip Smith's Chantable Trust
The Dulverton Trust	The Pilgrims' School
Edenbridge and Oxted Agricultural Show	The Portishead Nautical Trust
Egmont Books	The Princess Anne's Charities Trust
Ego Ronnie	Prospect House School
The Everest Trust	The Rank Foundation
Four Winds Trust	Riverside Artists
In memory of Richard Frankel	The Rufford Maurice Laing Foundation
The Friends of Treginnis	St Paul's Cathedral School
The Gerald Palmer Eling Trust	The Shauna Gosling Trust
Gidleigh Park	The Shirley & Ian Watson Trust
Guildford High School	Simon Gibson Chantable Trust
The H B Allen Chantable Trust	The M J C Stone Chantable Trust
H R Bull Chantable Trust	The Steel Chantable Trust
The Harris Chantable Trust	Sheila and David Suchet
The Hedley Foundation	The Tanner Trust
Highgate Junior School	Teale Chantable Trust
James Allen's Girls School	Thomas' Battersea Parent Teacher Association
The James Beattie Chantable Trust	The Toy Trust
The Jane Hodge Foundation	The Underwood Trust
The John Ellerman Foundation	Wednesday's Child
	The Weinstock Fund

**Bequests received during the year**

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Estate of Dr J D A P Howell	33,778	-

The above bequest was originally identified (although not included) in the 2008 financial statements. Distribution of the estate was delayed until 18 March 2009 and the charity's share of the bequest was £33,778.

**FARMS FOR CITY CHILDREN**

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2009**

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<b>5 Interest receivable</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Bank deposit interest	19,548	25,209
	<hr/>	<hr/>
<b>6 Grants</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
DEFRA – Countryside Stewardship Scheme	7,504	8,708
Paul Hamlyn Foundation – Artist in Residence Project	23,780	23,788
Other grants	742	-
Renewable Energy for Devon – boiler	-	26,242
Low carbon buildings programme – Boiler	-	22,280
John Ellerman Foundation – Deputy Chief Executive	16,667	-
	<hr/>	<hr/>
	48,693	81,018
	<hr/>	<hr/>
<b>7 Miscellaneous income</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Rent received	12,622	5,400
Royalties received	5,635	749
Miscellaneous	4,919	3,661
	<hr/>	<hr/>
	23,176	9,810
	<hr/>	<hr/>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2009**

**8 Resources expended**

	Unrestricted £	Restricted £	Total 2009 £	Total 2008 £
<i>Costs of generating funds</i>				
Fundraising costs	4,233	-	4,233	12,532
Staff costs	52,950	-	52,950	50,360
Goods for resale	13,421	-	13,421	13,639
	<u>70,604</u>	<u>-</u>	<u>70,604</u>	<u>76,531</u>
<i>Charitable activities</i>				
Operation of farms				
- Staff costs	563,154	-	563,154	482,820
- Other	101,325	33,210	134,535	117,658
Premises				
- Depreciation	7,811	34,315	42,126	39,963
- Other	129,438	10,352	139,790	138,218
Management and administration				
- Staff costs	44,534	16,665	61,199	42,353
- Other	34,503	-	34,503	38,918
	<u>880,765</u>	<u>94,542</u>	<u>975,307</u>	<u>859,930</u>
<i>Governance costs</i>				
- Audit & Accountancy	9,140	-	9,140	8,876
- Board meetings	2,420	-	2,420	2,399
- Staff costs	4,392	-	4,392	4,200
	<u>15,952</u>	<u>-</u>	<u>15,952</u>	<u>15,475</u>
<b>Total resources expended</b>	<u>967,321</u>	<u>94,542</u>	<u>1,061,863</u>	<u>951,936</u>

# FARMS FOR CITY CHILDREN

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2009

<b>9 Total resources expended</b>	<b>2009 £</b>	<b>2008 £</b>
Total resources expended includes		
Auditors' remuneration		
-audit	6,000	5,307
-accounting and other services	3,140	3,569
Depreciation of owned fixed assets	7,811	5,540
Amortisation of leasehold property	23,865	23,973
Depreciation of freehold property	10,450	10,450
	<hr/>	<hr/>
	51,266	48,839
	<hr/>	<hr/>

### 10 Investments

The charity owns the whole of the issued share capital of FFCC Enterprises Limited which was incorporated to operate the charity's trading activities. A summary of the company's results for the year is set out below

	<b>2009 £</b>	<b>2008 £</b>
Turnover	29,229	29,979
Cost of sales	(13,421)	(13,639)
Administration expenses	(2,206)	(2,527)
Bank interest receivable	161	495
	<hr/>	<hr/>
Net profit before donation	13,763	14,308
Profit donated to parent charity	(13,763)	(14,308)
	<hr/>	<hr/>
Retained profit for the year	-	-
	<hr/>	<hr/>
	<b>2009 £</b>	<b>2008 £</b>
Net assets of company	5,001	5,001
	<hr/>	<hr/>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2009**

<b>11 Staff costs</b>	<b>2009 £</b>	<b>2008 £</b>
Wages and salaries	624,536	532,788
Social security costs	40,237	37,135
Other pension costs	16,922	13,976
	<hr/>	<hr/>
	681,695	583,899
	<hr/>	<hr/>
Staff costs of fundraising	52,950	50,360
Operation of farms	563,154	486,987
Management and administration	61,199	42,352
Staff costs of governance	4,392	4,200
	<hr/>	<hr/>
	681,695	583,899
	<hr/>	<hr/>

No employee earned £60,000 p a or more

The average number of employees analysed by function was	<b>No.</b>	<b>No.</b>
Trustees (Directors)	-	-
Management	6	5
Domestic and agricultural	46	43
	<hr/>	<hr/>
	52	48
	<hr/>	<hr/>

**Trustees' (Directors') remuneration:**

Aggregate emoluments	-	-
Company contributions to a money purchase pension scheme	-	-
	<hr/>	<hr/>

**Trustees' Expenses**

During the year trustees were reimbursed a total of £1,567 (2008 £1,546) relating to travel and subsistence costs

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2009**

**11 Staff costs (continued)**

Contributions are made to personal pension and stakeholder schemes for certain employees. The pension costs charged represent contributions payable by the charitable company to schemes for the year.

**12 Taxation**

The charitable company's surplus is applied solely for the purpose of the charity and is exempt from Corporation Tax in accordance with Section 505 of the Taxes Act 1988.

**13 Tangible fixed assets – group and charity**

	<b>Freehold Property</b>	<b>Leasehold Property</b>	<b>Furniture and Equipment</b>	<b>Total</b>
<b>Cost</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 August 2008	887,958	1,891,377	216,710	2,996,045
Additions	-	-	81,069	81,069
Disposals	-	-	-	-
<b>At 31 July 2009</b>	<b>887,958</b>	<b>1,891,377</b>	<b>297,779</b>	<b>3,077,114</b>
<b>Depreciation</b>				
At 1 August 2008	10,450	388,063	101,913	500,426
Charge for the year	10,450	23,865	7,811	42,126
Disposals	-	-	-	-
<b>At 31 July 2009</b>	<b>20,900</b>	<b>411,928</b>	<b>109,724</b>	<b>542,552</b>
<b>Net book value</b>				
At 31 July 2009	867,058	1,479,449	188,055	2,534,562
<b>At 31 July 2008</b>	<b>877,508</b>	<b>1,503,314</b>	<b>114,797</b>	<b>2,495,619</b>

All fixed assets are used in direct furtherance of the charity's objects.

				<b>Total</b>
Analysis between farms				
Wick Court	140,260	964,496	-	1,104,756
Treginnis	-	514,953	-	514,953
Nethercott	726,798	-	-	726,798
Other non property fixed assets	-	-	188,055	188,055
<b>At 31 July 2009</b>	<b>867,058</b>	<b>1,479,449</b>	<b>188,055</b>	<b>2,534,562</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2009**

**14 Stocks**

	<b>Group</b>		<b>Charity</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Stock	11,671	4,220	6,463	-

**15 Debtors**

	<b>Group</b>		<b>Charity</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	15,860	60,962	15,698	60,899
Amounts due from FFCC Enterprises Ltd	-	-	13,667	14,210
Other debtors and prepayments	14,193	8,989	14,193	8,989
	<b>30,053</b>	<b>69,951</b>	<b>43,558</b>	<b>84,098</b>

**16 Cash at bank and in hand**

Includes £87,500 relating to (returnable) deposits received for accommodation in the year ending 31 July 2010

Farms for City Children continues to hold large balances with its bankers which are due in part to the receipt of a large bequest which has been designated towards the acquisition of a fourth farm. Full details may be found in note 19 to the financial statements

**17 Creditors, amounts falling due within one year**

	<b>Group</b>		<b>Charity</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade creditors	12,811	12,811	12,680	9,901
Other creditors and accruals	48,435	37,021	46,575	37,700
Deposits received	87,500	89,975	87,500	89,975
	<b>148,746</b>	<b>139,807</b>	<b>146,755</b>	<b>137,576</b>

**18 Restricted funds**

Restricted funds are funds that can be only used for restricted purposes within the objects of the charity

Restrictions arise when specified by the donor or when funds are raised for particular purposes

The restricted capital fund balances for Nethercott, Wick Court and Treginnis are funds received for capital developments and equate with the land, property values and major plant. Major plant such as the boiler at Nethercott House are capitalised on acquisition and a transfer made from restricted to unrestricted funds as the restriction relates to the use of funds donated rather than the use of the plant itself

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2009**

**18 Restricted funds (continued)**

Farms for City Children has received restricted donations for both capital and income projects. These are summarised below, together with a description of those restricted donations.

<b>Capital Funds</b>					
	<b>Wick Court</b>	<b>Treginnis</b>	<b>Nethercott</b>	<b>Misc Fund</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Balance at 1 August 2008	1,115,690	527,883	737,249	8,000	2,388,822
Income	-	-	11,000	-	11,000
Expenditure	(10,935)	(12,930)	(10,450)	-	(34,315)
Transfers	-	-	(11,000)	-	(11,000)
Balance at 31 July 2009	1,104,755	514,953	726,799	8,000	2,354,507
<b>Income Funds</b>					
	<b>Wick Court</b>	<b>Treginnis</b>	<b>Nethercott</b>	<b>Head Office</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Balance at 1 August 2008	5,000	-	3,958	-	8,958
Income	34,884	20,000	-	17,409	72,293
Expenditure	(42,598)	-	(220)	(17,409)	(60,227)
Transfers	2,714	-	-	-	2,714
Balance at 31 July 2009	-	20,000	3,738	-	23,738

**Wick Court**

**Restricted Capital Funds**

The expenditure is the depreciation charge for the year on the leasehold property at Wick Court.

**Restricted Income Funds**

A grant of £7,504 was received from DEFRA, towards the upkeep of the surrounding land and hedgerows. This was expended during the year.

A grant of £23,788 was received against the Artists in Residence project of which £15,891 related to the year ended 31 July 2008. £15,891 was expended during the year.

The ongoing Artists in Residence project received £23,825 in grants during the year, whilst incurring costs of £24,742. The balance of £962 was covered by a transfer from unrestricted funds.

The Threshing Barn, £5,000 was brought forward in respect of this project, with an additional £3,600 being received during the year. The cost of renovation work was £10,352 and this has been set against the funds received, the balance of £1,752 being covered by a transfer from unrestricted funds.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2009**

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**18 Restricted funds (continued)****Treginnis****Restricted Capital Funds**

The expenditure is the depreciation charge for the year on the leasehold property at Lower Treginnis Farm

**Restricted Income Funds**

A donation of £20,000 was received from the Maureen Lillian Charitable Trust towards projects at Treginnis Farm

**Nethercott****Restricted Capital Funds**

The expenditure is the depreciation charge for the year on the freehold property at Nethercott

Phase II of the central heating system Donations totalling £11,000 were received in respect of this work, which was carried out during the year at a cost of £66,213 With the work almost complete the balance of the donations were transferred to unrestricted funds

**Restricted Income Funds**

The following donations were received -

£220 was expended in respect of the establishment of Willow Beds at Nethercott At 31 July 2009 the project was ongoing and the balance on the fund was £3,738

**Miscellaneous capital Fund**

The balance of £8,000 relates to a grant received in 2002 towards fixed asset additions at Wick Court which is being expensed over a period of 10 years

**Head Office Income Funds**

Subject to progress reports, the John Ellerman Foundation has agreed to fund the post as Deputy Chief Executive over a three year period An initial receipt of £25,000 was received during the year, of which £16,667 related to, and was expended during the 2009 accounting period

A grant of £742 was received from Serco in respect of management staff training at the three farms This was expended during the year

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2009**

**19 Unrestricted funds**

	Designated £	General £	Total £
Balance at 1 August 2008	785,966	312,158	1,098,124
Income	-	1,021,798	1,021,798
Expenditure	-	(967,321)	(967,321)
Transfer	-	8,286	8,286
Balance at 31 July 2009	785,966	374,921	1,160,887

The trustees have designated a specific fund for authorised developments at Nethercott House, Lower Treginnis Farm and Wick Court. At 31 July 2009, £150,000 had been designated for this purpose.

The trustees received £635,966 from the estate of F M Schofield in the 2008 accounting period. The trustees would like to fund the acquisition of a fourth farm. Therefore these funds were designated by the trustees in the 2008 account period for this purpose. There was no change in the year ended 31 July 2009.

The balance of the free reserves of £374,921 is held in the general fund. The trustees intend to build on this fund over the next few years to represent six months running expenses (£450,000). The trustees are conscious that farming in this country faces uncertain times. They wish to plan for adverse economic conditions and other potential threats, providing assurance to staff, supporters and users and ensuring the long-term future of the charity.

**20 Analysis of net assets between funds (restricted and income)**

	Restricted Wick Court £	Restricted Treginnis £	Restricted Nethercott £	Restricted Misc Fund £	Designated Funds £	Unrestricted General £
Tangible fixed assets	1,104,755	514,953	726,799	-	-	188,055
Net current assets	-	20,000	3,738	8,000	785,966	186,866
Balance at 31 July 2009	1,104,755	534,953	730,537	8,000	785,966	374,921

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2009**

**21 Financial commitments**

At 31 July 2009 the charitable company was committed to making the following payments under non-cancellable operating leases in the year to 31 July 2010

	<b>Land and buildings</b>	
	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Operating leases which expire in over five years	5,400	5,400
	<hr/>	<hr/>
	<b>Other</b>	
	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Long leasehold land and buildings	-	441
	<hr/>	<hr/>

**22 Capital commitments**

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Authorised, but not contracted for	-	60,000
	<hr/>	<hr/>