

Company Registration No 2026430 (England and Wales)

**ENGINE FARM LIMITED**  
**DIRECTORS' REPORT AND**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**



# ENGINE FARM LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	T C Green P J Neal J J Joel (Appointed 18 June 2007) C A Wilson C Judd
<b>Secretary</b>	B May
<b>Company number</b>	2026430
<b>Registered office</b>	Beaufort House 136 High Street Newmarket Suffolk CB8 8NN
<b>Auditors</b>	Larking Gowen King Street House 15 Upper King Street Norwich NR3 1RB
<b>Bankers</b>	Barclays Bank Plc 15 Bene't Street Cambridge CB2 3PZ
<b>Solicitors</b>	Rustons & Lloyd 136 High Street Newmarket Suffolk CB8 8NN

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# ENGINE FARM LIMITED

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# ENGINE FARM LIMITED

## DIRECTORS' REPORT

**FOR THE YEAR ENDED 31 DECEMBER 2007**

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The directors present their report and financial statements for the year ended 31 December 2007

### Principal activities

The principal activity of the company continued to be that of arable farming

### Directors

The following directors have held office since 1 January 2007

T C Green

P J Neal

J J Joel

(Appointed 18 June 2007)

C A Wilson

C Judd

### Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and 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 and detection of fraud and other irregularities.

### Statement of disclosure to auditors

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

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

By order of the board



B May

Secretary

28 March 2008



CHARTERED  
ACCOUNTANTS

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ENGINE FARM LIMITED**

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We have audited the financial statements of Engine Farm Limited for the year ended 31 December 2007 set out on pages 4 to 14. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2007).

This report is made solely to the company's 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 auditors' 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 the 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 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.

**INDEPENDENT AUDITORS' REPORT (CONTINUED)**  
**TO THE SHAREHOLDERS OF ENGINE FARM LIMITED**

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**Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 December 2007, and of its loss 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

  
Larking Gowen

**Chartered Accountants**

**Registered Auditors**

**Norwich**

16 April 2008

# ENGINE FARM LIMITED

## PROFIT AND LOSS ACCOUNT

**FOR THE YEAR ENDED 31 DECEMBER 2007**

	Notes	2007 £	2006 £
Turnover		4,287,306	4,308,799
Cost of sales		(4,268,202)	(3,987,613)
Gross profit		19,104	321,186
Administrative expenses		(226,231)	(168,449)
Other operating income		59,972	43,488
Operating (loss)/profit	2	(147,155)	196,225
Interest payable and similar charges	3	(50,494)	(16,929)
(Loss)/profit on ordinary activities before taxation		(197,649)	179,296
Tax on (loss)/profit on ordinary activities	4	57,653	(54,716)
(Loss)/profit for the year	15	(139,996)	124,580

# ENGINE FARM LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2007

	Notes	2007 £	£	2006 £	£
<b>Fixed assets</b>					
Intangible assets	6		5,945		-
Tangible assets	7		796,863		477,436
Investments			1		1
			<u>802,809</u>		<u>477,437</u>
<b>Current assets</b>					
Stocks	8	1,644,702		1,421,774	
Debtors	9	952,413		732,836	
Cash at bank and in hand		40,055		481,011	
		<u>2,637,170</u>		<u>2,635,621</u>	
<b>Creditors' amounts falling due within one year</b>	10	(1,909,932)		(1,344,953)	
<b>Net current assets</b>			<u>727,238</u>		<u>1,290,668</u>
<b>Total assets less current liabilities</b>			<u>1,530,047</u>		<u>1,768,105</u>
<b>Creditors: amounts falling due after more than one year</b>	11		(270,825)		(91,940)
<b>Provisions for liabilities</b>	12		(32,462)		(109,409)
			<u>1,226,760</u>		<u>1,566,756</u>
<b>Capital and reserves</b>					
Called up share capital	14		400,000		400,000
Profit and loss account	15		826,760		1,166,756
<b>Shareholders' funds</b>			<u>1,226,760</u>		<u>1,566,756</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 and with the Financial Reporting Standard for Smaller Entities (effective January 2007)

Approved by the Board for issue on 28 March 2008

J J Joel  
Director



*Clinton Judd*  
C Judd  
Director



# ENGINE FARM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

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### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007)

A cashflow statement is not included as part of these financial statements in view of the company falling outside the scope of Financial Reporting Standard No 1

#### 1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards except as detailed in note 1.8 below

#### 1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts

#### 1.4 SFP entitlements

Entitlement to Single Farm Payment is stated at cost less accumulated amortisation. Amortisation is calculated to write off the cost of the intangible asset over its estimated useful life. No amortisation is charged in the year of acquisition.

#### 1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	20% reducing balance
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#### 1.6 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

#### 1.7 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

#### 1.8 Stock

Stocks of raw materials, consumables and growing crops are at the lower of cost and net realisable value in accordance with Statement of Standard Accounting Practice 9 (SSAP9). However, the directors consider that the adoption of SSAP 9 in relation to the valuation of harvested crops would lead to the distortion of annual results depending on whether the harvested crop is sold before 31 December each year. Harvested crops are therefore included at fair value reduced by costs still to be borne to realisation, a basis consistent with the International Accounting Standard - Agriculture, IAS 41.

The policy adopted for harvested crops is not consistent with Schedule 4 Companies Act 1985 nor SSAP 9. However, the directors consider that this alternative treatment is required in order to ensure that the profit on harvested crops is accounted for on a consistent annual basis, reflecting the full substance of the company's operations and hence to ensure that the financial statements reflect in the directors' view, a true and fair view of the company's activities.

# ENGINE FARM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

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### 1 Accounting policies (continued)

#### 1 9 Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

#### 1 10 Deferred taxation

The company accounts for deferred tax in accordance with the requirements of FRS19 - Deferred tax. Deferred tax is provided in full in respect of taxation deferred on timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

#### 1 11 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

#### 1.12 Income from farming partnership and group accounts

The company is in partnership with D L Clarke and T C Green under the name of Dennis Clarke Partnership. The address of the partnership is Townmoor Farm, Burnt Fen, Bury St Edmunds, Suffolk.

The company's 99% interest in the partnership is accounted for as a subsidiary undertaking in accordance with FRS 2.

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 228 of the Companies Act 1985 as it is a subsidiary undertaking of Spearhead International Limited, a company incorporated in England and Wales, and is included in the consolidated accounts for that company.

2 Operating (loss)/profit	2007 £	2006 £
Operating (loss)/profit is stated after charging		
Depreciation of tangible assets	167,341	119,360
Auditors' remuneration	8,000	8,000
Directors' emoluments	71,483	64,789

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (2006 - 1).

3 Interest payable and investment expense	2007 £	2006 £
On other loans wholly repayable within 5 years	28,258	7,197
Lease finance charges	22,101	9,333
Share of loss in Dennis Clarke Partnership	135	399
	<u>50,494</u>	<u>16,929</u>

# ENGINE FARM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

4	Taxation	2007 £	2006 £
	<b>Domestic current year tax</b>		
	Payment in respect of group relief	19,294	13,618
	<b>Current tax charge</b>	19,294	13,618
	<b>Deferred tax</b>		
	Deferred tax charge/credit current year	(76,947)	41,098
		(57,653)	54,716

The company has capital losses totalling £498,382 to carry forward for utilisation against future capital disposals

5	Dividends	2007 £	2006 £
	Ordinary interim paid	200,000	100,000

6	Intangible fixed assets	SFP entitlements £
	<b>Cost</b>	
	At 1 January 2007	-
	Additions	5,945
	At 31 December 2007	5,945
	<b>Net book value</b>	
	At 31 December 2007	5,945
	At 31 December 2006	-

# ENGINE FARM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

### 7 Tangible fixed assets

	Plant and machinery £
<b>Cost</b>	
At 1 January 2007	1,918,252
Additions	495,045
Disposals	(58,822)
	<hr/>
At 31 December 2007	2,354,475
	<hr/>
<b>Depreciation</b>	
At 1 January 2007	1,440,816
On disposals	(50,544)
Charge for the year	167,340
	<hr/>
At 31 December 2007	1,557,612
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<b>Net book value</b>	
At 31 December 2007	796,863
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At 31 December 2006	477,436
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Included above are assets held under finance leases or hire purchase contracts as follows

	Plant and machinery £
<b>Net book values</b>	
At 31 December 2007	508,710
	<hr/>
At 31 December 2006	194,666
	<hr/>
<b>Depreciation charge for the year</b>	
At 31 December 2007	95,302
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At 31 December 2006	48,666
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# ENGINE FARM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

8	Stocks	2007 £	2006 £
	Raw materials and consumables	141,886	109,340
	Growing crops	411,744	63,837
	Harvested crops	1,091,072	1,248,597
		<u>1,644,702</u>	<u>1,421,774</u>
9	Debtors	2007 £	2006 £
	Trade debtors	277,371	197,870
	Amounts owed by group undertakings and undertakings in which the company has a participating interest	101,779	79,164
	Other debtors	4,264	32,763
	Prepayments and accrued income	568,999	423,039
		<u>952,413</u>	<u>732,836</u>
10	Creditors amounts falling due within one year	2007 £	2006 £
	Bank loans and overdrafts	821,568	81,911
	Net obligations under hire purchase and finance leases	151,630	57,577
	Trade creditors	420,696	719,385
	Amounts owed to group undertakings and undertakings in which the company has a participating interest	375,032	327,206
	Accruals and deferred income	141,006	158,874
		<u>1,909,932</u>	<u>1,344,953</u>

# ENGINE FARM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

11 Creditors amounts falling due after more than one year	2007 £	2006 £
Net obligations under hire purchase and finance leases	270,825	91,940
<b>Net obligations under finance leases</b>		
Repayable within one year	151,630	57,577
Repayable between one and five years	270,825	91,940
	422,455	149,517
Included in liabilities falling due within one year	(151,630)	(57,577)
	270,825	91,940

Net obligations under hire purchase contracts are secured by fixed charges on the assets concerned

## 12 Provisions for liabilities and charges

	Deferred tax liability £
Balance at 1 January 2007	109,409
Profit and loss account	(76,947)
Balance at 31 December 2007	32,462

The deferred tax liability is made up as follows

	2007 £	2006 £
Decelerated capital allowances	(421)	17,289
Other timing differences	32,883	92,120
	32,462	109,409

# ENGINE FARM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

### 13 Pension costs

#### Defined contribution

	2007 £	2006 £
Contributions payable by the company for the year	15,377	14,127

### 14 Share capital

	2007 £	2006 £
<b>Authorised</b>		
200,000,000 Ordinary Shares of 10p each	20,000,000	20,000,000
<b>Allotted, called up and fully paid</b>		
4,000,000 Ordinary Shares of 10p each	400,000	400,000

### 15 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 January 2007	1,166,756
Loss for the year	(139,996)
Dividends paid	(200,000)
Balance at 31 December 2007	826,760

# ENGINE FARM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

### 16 Contingent liabilities

a) The company has provided a composite cross guarantee to Barclays Bank PLC to secure its borrowings and those of Greens of Soham Limited, Lords Ground Limited, Greenseed International Limited, Proseed International Limited, Lords Ground Potato Services Limited and DC Produce Limited. At 31 December 2007 the total borrowings from Barclays (excluding loans) amounted to £1,362,422 (2006 - £975,727)

b) The company has provided a guarantee and indemnity to Clydesdale Bank Asset Finance Ltd for the facilities made available to the company periodically and also those made available to other fellow group companies - namely Greens of Soham Limited, DC Produce Limited, Dennis Clarke Partnership, Lords Ground Limited, Lords Ground Potato Services Limited, Proseed International Limited and Greenseed International Limited. At 31 December 2007 the total facilities provided amounted to £513,104 (2006 £587,866)

### 17 Financial commitments

At 31 December 2007 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2008

	2007 £	2006 £
Operating leases which expire		
Between two and five years	-	63,000
In over five years	69,000	-
	<u>69,000</u>	<u>63,000</u>

### 18 Capital commitments

At 31 December 2007 the company had capital commitments as follows

	2007 £	2006 £
Contracted for but not provided in the financial statements	<u>40,590</u>	<u>-</u>

### 19 Control

The immediate parent company is Greens of Soham Limited, a company registered in England and Wales, and the ultimate parent company is Spearhead International Limited, a company registered in England and Wales

Greens of Soham Limited and Spearhead International Limited each prepare group financial statements. Copies can be obtained from - Lords Ground Farm, Swaffham Prior Fen, Cambridge, CB25 0LQ



# **ENGINE FARM LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** ***FOR THE YEAR ENDED 31 DECEMBER 2007***

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### **20 Related party transactions**

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with the group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company Spearhead International Limited