

# **DAYLESFORD ORGANIC LIMITED**

Company Registration No. 3868901 (England and Wales)

## **DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2005**

**RE-SCAN**



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# DAYLESFORD ORGANIC LIMITED

## COMPANY INFORMATION

<b>Directors</b>	Lady Bamford Sir Anthony Bamford
<b>Secretary</b>	S Ovens
<b>Company number</b>	3868901
<b>Registered office</b>	11a West Halkin Street London SW1 8JL
<b>Auditors</b>	Nexia Smith & Williamson 25 Moorgate London EC2R 6AY

# DAYLESFORD ORGANIC LIMITED

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## **DAYLESFORD ORGANIC LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2005**

The directors present their report and financial statements for the year ended 31 December 2005.

#### **Principal activities, review of the business and future developments**

The principal activity of the company continued to be of a retail farm shop and café located on the Daylesford Organic Farm in Gloucestershire. The company traded at a loss during the year. However the directors expect that it will be profitable in the foreseeable future.

#### **Results and dividends**

The results for the year are set out on page 5. The directors do not recommend payment of an ordinary dividend (2004: nil).

#### **Directors**

The following directors have held office since 1 January 2005:

Lady Bamford  
Sir Anthony Bamford

#### **Directors' Interests**

The directors' interests in the shares of the company were as stated below:

	Ordinary Shares of £1 each	
	31-Dec-05	01-Jan-05
Lady Bamford	-	-
Sir Anthony Bamford	-	-

#### **Auditors**

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Nexia Smith & Williamson be re-appointed as auditors of the company will be put to the Annual General Meeting.

#### **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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

**DAYLESFORD ORGANIC LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2005**

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.

On behalf of the board

A handwritten signature in black ink, appearing to read 'Lady Bamford', written in a cursive style.

Lady Bamford

Director

# Nexia Smith & Williamson

## Independent auditors' report to the shareholders of Daylesford Organic Limited

We have audited the accounts of Daylesford Organic Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 17. These accounts 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 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 directors and auditors

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

Our responsibility is to audit the accounts 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 accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, if 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 the information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

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

## Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the *significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

## Opinion

In our opinion:

- \* the accounts 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 December 2005 and of its loss for the year then ended; and
- \* the accounts have been properly prepared in accordance with the Companies Act 1985.

## Emphasis of matter – going concern

In forming our opinion which is not qualified, we have considered the adequacy of the disclosures in note 1 of the accounts concerning the ability of the company to continue as a going concern. The conditions explained in note 1 indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The accounts have been prepared on the going concern basis, the validity of which depends upon the support of JCB Compact Products Limited. The accounts do not include any adjustments that might result if this support is not continuing.

*Nexia Smith & Williamson*

Nexia Smith & Williamson  
Registered Auditors

25 Moorgate  
London EC2R 6AY

Date *14 February* 2007

**DAYLESFORD ORGANIC LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2005**

		2005	2004
	Notes	£	£
Turnover	2	2,631,341	1,616,302
Cost of sales		<u>(1,362,976)</u>	<u>(1,047,348)</u>
<b>Gross profit</b>		1,268,365	568,954
Administrative expenses		(4,400,584)	(2,046,246)
Other operating income/(loss)		-	-
<b>Operating loss</b>	3	<u>(3,132,219)</u>	<u>(1,477,292)</u>
Interest payable and similar charges	4	(31,890)	(18,431)
<b>Loss on ordinary activities before taxation</b>		<u>(3,164,109)</u>	<u>(1,495,723)</u>
<b>Taxation</b>			
Tax on loss on ordinary activities	5	-	-
<b>Loss on ordinary activities after taxation</b>	10	<u><u>(3,164,109)</u></u>	<u><u>(1,495,723)</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.  
There are no recognised gains and losses other than those passing through the profit and loss account.

# DAYLESFORD ORGANIC LIMITED

## BALANCE SHEET AS AT 31 DECEMBER 2005

	Notes	2005 £	2004 £
<b>Fixed assets</b>			
Tangible assets	6	599,499	470,726
<b>Current assets</b>			
Stocks		385,101	281,780
Debtors	7	405,026	382,919
Cash at bank and in hand		<u>57,344</u>	<u>186,842</u>
		847,471	851,541
<b>Creditors: falling due within one year</b>	8	<u>(7,437,738)</u>	<u>(4,148,925)</u>
<b>Net current liabilities</b>		<u>(6,590,267)</u>	<u>(3,297,384)</u>
<b>Total assets less current liabilities</b>		<u>(5,990,768)</u>	<u>(2,826,658)</u>
<b>Capital and reserves</b>			
Called up share capital	9	1	1
Profit and loss account	10	<u>(5,990,768)</u>	<u>(2,826,659)</u>
<b>Shareholders' funds - equity interests</b>	11	<u>(5,990,767)</u>	<u>(2,826,658)</u>

The financial statements were approved by the Board on.....

17 February 2006

*Lady Bamford*

.....  
Lady Bamford  
Director



## DAYLESFORD ORGANIC LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

#### 1 Accounting policies

##### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

Since the year end, JCB Compact Products Limited, a company in which the shareholders have interest, has indicated that it will provide financial support to the company.

On this basis, the directors consider it appropriate to prepare the financial statements on the going concern basis. The financial statements do not include any adjustments which would be required in the event of the withdrawal of this support.

The company has taken advantage of the exemption in the Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

##### 1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

##### 1.3 Turnover

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

##### 1.4 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	straight line over 2 to 5 years
Fixtures, fittings & equipment	straight line over 2 to 7 years

##### 1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

##### 1.6 Stock

Stock is valued at the lower of cost and net realisable value and consists of finished goods and goods for resale.

##### 1.7 Pensions

The company is a participating employer in two defined benefit schemes: J C Bamford Lifeplan and JC Bamford Excavators Limited Senior Directors and Executives Retirement Benefits Scheme, both of which are defined benefit schemes. The company is unable to identify its share of the underlying assets and liabilities of these schemes. As a result, the company accounts for contributions to the schemes as if they were defined contribution schemes by charging them to the profit and loss account as incurred.

## DAYLESFORD ORGANIC LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

#### 1 Accounting policies (continued)

##### 1.8 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes.

##### 1.9 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.

#### 2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

#### 3 Operating Loss

	2005	2004
Operating loss is stated after charging:	£	£
Depreciation of tangible assets	232,020	119,362
Loss on foreign exchange transactions	4,730	-
Research and development	-	-
Operating lease rentals	13,525	49,401
Auditors' remuneration	7,000	5,624

and after crediting:

Profit on foreign exchange transactions	-	(83)
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4 Interest payable	2005	2004
	£	£
On amounts payable to group companies	31,846	16,919
On bank loans and overdrafts	44	1,512
	<u>31,890</u>	<u>18,431</u>

5 Taxation	2005	2004
	£	£
Current tax charge	-	-

Factors affecting the tax charge for the year

Loss on ordinary activities before taxation	<u>(3,164,109)</u>	<u>(1,495,723)</u>
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Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2004: 30.00%)

	<u>(949,233)</u>	<u>(448,717)</u>
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Effects of:

Non deductible expenses	224	3,609
Depreciation in excess of capital allowance	1,589	35,809
Unrelieved tax losses	947,420	409,299

Current tax charge	<u>Nil</u>	<u>Nil</u>
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# **DAYLESFORD ORGANIC LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE YEAR ENDED 31 DECEMBER 2005**

### **6 Tangible fixed assets**

	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£
<b>Cost</b>			
At 1 January 2005	79,785	568,173	647,958
Additions	33,342	377,898	411,240
Disposals	(11,888)	(71,582)	(83,470)
At 31 December 2005	101,239	874,489	975,728
<b>Depreciation</b>			
At 1 January 2005	26,460	150,772	177,232
Charge for the year	17,709	214,311	232,020
Disposals	(5,807)	(27,216)	(33,023)
At 31 December 2005	38,362	337,867	376,229
<b>Net book value</b>			
At 31 December 2005	62,877	536,622	599,499
At 31 December 2004	53,325	417,401	470,726

<b>7 Debtors</b>	<b>2005</b>	<b>2004</b>
	£	£
Trade debtors	122,676	12,913
Amounts owed by group undertakings	-	173,197
Other debtors	262,973	196,809
Prepayments and accrued income	19,377	-
	<u>405,026</u>	<u>382,919</u>

<b>8 Creditors: amounts falling due within one year</b>	<b>2005</b>	<b>2004</b>
	£	£
Trade creditors	4,405,097	249,416
Amounts owed to group undertakings	1,177,890	909,207
Other creditors	1,725,296	2,990,302
Accruals and deferred income	129,455	-
	<u>7,437,738</u>	<u>4,148,925</u>

<b>9 Share capital</b>	<b>2005</b>	<b>2004</b>
	£	£
<b>Authorised</b>		
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
<b>Allotted, called and fully paid up</b>		
1 Ordinary share of £1	<u>1</u>	<u>1</u>

<b>10 Statement of movements on profit and loss account</b>	<b>Profit and loss account</b>
Balance at 1 January 2005	(2,826,659)
Retained loss for the year	<u>(3,164,109)</u>
Balance at 31 December 2005	<u>(5,990,768)</u>

## DAYLESFORD ORGANIC LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

#### 11 Reconciliation of movements in shareholders' funds

	2005	2004
	£	£
Loss for the financial year	(3,164,108)	(1,495,723)
Opening shareholders' funds	(2,826,658)	(1,330,935)
Closing shareholders' funds	(5,990,766)	(2,826,658)

#### 12 Directors' emoluments

	2005	2004
	£	£
Emoluments for qualifying services	-	-

#### 13 Transactions with directors

During the year, the following transactions have been made with companies in which Lady Bamford and her family have an interest:

- £6,750 (2004 - £163,774) recharges made to Wootton Organic Farms Limited and subsidiaries
- £115,072 (2004 - £104,674) sales and recharges made to JCB Service and subsidiaries
- £279,996 (2004 - £357,730) purchases from Wootton Organic Farms Limited and subsidiaries
- £605,424 (2004 - £1,142,888) purchases from JCB Service and subsidiaries
- £1,428,429 (2004 - £nil) salary recharge from JCB Service and subsidiaries.

Included within debtors are the following amounts:

- £13,291 (2004 - £67,659) due from Wootton Organic Farms Limited and subsidiaries
- £72,973 (2004 - £58,312) due from JCB Service and subsidiaries

Included within creditors are the following amounts:

- £1,598,556 (2004 - £982,368) due to Wootton Organic Farms Limited and subsidiaries
- £2,724,739 (2004 - £1,675,443) due to JCB Service and subsidiaries.

At the year end the company has also been loaned £981,000 by JCB Service and subsidiaries.

#### 14 Employees

Number of employees	2005	2004
	Number	Number
The average monthly number of employees (including directors) during the year was:	91	21
Employment costs	2005	2004
	£	£
Wages and salaries	1,382,272	895,035
Social security costs	131,989	73,847
Other pension costs	20,511	21,112
	1,534,772	989,994

## **DAYLESFORD ORGANIC LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005**

#### **15 Pension schemes**

The most recent formal actuarial valuation of the JC Bamford Lifeplan and JC Bamford Excavators Limited senior Directors and Executives Retirement Benefit Scheme were carried out as at 6 April 2004 and 31 December 2003 (both updated to 31 December 2005). The combined net pension liabilities as at 31 December 2005 was £56.9m.

#### **16 Control**

The company is a wholly-owned subsidiary of JCB World Brands Limited, a company incorporated in England and Wales, which is ultimately controlled by Lady Bamford.

#### **17 Related party transactions**

During the year, the following transactions have been made with group companies:

- £50,931 (2004 - £128,028) recharges made to Bamford Limited, a fellow subsidiary
- £45,050 (2004 - £Nil) recharges made to JCB World Brands Limited, the parent company.
- £Nil (2004 - £6,372) purchases from Bamford Limited
- £415,554 (2004 - £270,469) purchases from JCB World Brands Limited

Included within debtors are the following amounts:

- £nil (2004 - £173,197) due from Bamford Limited

Included within creditors are the following amounts:

- £178,912 (2004 - £65,180) due to Bamford Limited
- £998,918 (2004 - £844,027) due to JCB World Brands Limited.