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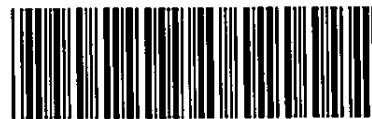
DAYLESFORD ORGANIC LIMITED

**Report and accounts
for the year ended**

31 DECEMBER 2007

TUESDAY

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DAYLESFORD ORGANIC LIMITED

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DAYLESFORD ORGANIC LIMITED

DIRECTORS AND ADVISERS

Directors

Sir Anthony Paul Bamford

Lady Carole Gray Bamford

Secretary

SER Ovens

Registered office

11a West Halkin Street
London
SW1X 8JL

Auditors

Nexia Smith & Williamson Audit
Limited
Chartered Accountants
25 Moorgate
London EC2R 6AY

Company's registered number

3868901

DAYLESFORD ORGANIC LIMITED

DIRECTORS' REPORT

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

Results and dividends

The results for the year are set out on page 8. The directors do not recommend payment of an ordinary dividend (2006: £nil).

Directors

The following directors have held office since 1 January 2007

Sir Anthony Paul Bamford
Lady Carole Gray Bamford

Statement of disclosures to auditors

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

Financial instruments

The company's operations expose it to a variety of financial risks that include the effects of changes in credit risk and liquidity risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs. The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department.

Price risk

The company is exposed to price risk due to normal inflationary increases in the purchase price of the goods and services in purchases in the UK. The company has no exposure to equity securities price risk as it holds no listed or other equity investments.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually by the board.

DAYLESFORD ORGANIC LIMITED

DIRECTORS' REPORT *(continued)*

Fair review of the business

Daylesford Organic Limited has shown an increase in sales over the past year reflecting the expansion of the brand, specifically into London with three new stores, - Pimlico Farm Shop and Café, Pimlico Garden and Pimlico Butchery. This increase in sales reflects the continued strength of the Daylesford brand. Daylesford Organic Limited will continue to expand into London with a new store in Notting Hill as well as seeking new opportunities overseas. The E Retail business will also continue to grow through 2008 and 2009.

The platform built in this financial year is expected to drive strong entry into both the wholesale and the franchising markets intentionally, as brand awareness continues to increase.

On behalf of the board

A handwritten signature in black ink, appearing to read 'Lady Bamford', written over a horizontal line.

Lady Bamford
Director

DAYLESFORD ORGANIC LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts 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 accounts, 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 accounts 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 for the company and to enable them to ensure that the accounts 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.

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 2007 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 report to you whether in our opinion the information given in the Directors' Report is consistent with the accounts. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if 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 approved 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 2007 and of its loss for the year then ended,
- the accounts have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the accounts.

Nexia Smith & Williamson

Nexia Smith & Williamson
Chartered Accountants
Registered Auditors

25 Moorgate
London
EC2R 6AY

7 October 2008

DAYLESFORD ORGANIC LIMITED**PROFIT AND LOSS ACCOUNT for the year ended 31 DECEMBER 2007**

	Notes	2007 £	2006 £
Turnover	1	7,242,175	3,620,687
Cost of sales		(4,774,941)	(2,047,328)
Gross profit		2,467,234	1,573,359
Administrative expenses		(9,988,778)	(5,003,670)
Operating loss		(7,521,544)	(3,430,311)
Interest payable and similar charges	3	(22,360)	(46,072)
(Loss) on ordinary activities before taxation	4	(7,543,904)	(3,476,383)
Tax on loss on ordinary activities	5	-	-
Retained (loss) for the financial year	10	(7,543,904)	(3,476,383)

All of the company's operations are classed as continuing. There were no gains or losses in either year other than those included in the above profit and loss account.

DAYLESFORD ORGANIC LIMITED

BALANCE SHEET as at 31 DECEMBER 2007

	Notes	2007 £	2006 £
Fixed assets			
Tangible assets	6	4,554,844	2,359,133
Current assets			
Stocks		985,732	462,442
Debtors	7	826,034	1,196,359
Cash at bank and in hand		5,770	-
		<u>1,817,536</u>	<u>1,658,801</u>
Creditors: amounts falling due within one year	8	(23,383,433)	(13,485,083)
Net current liabilities		<u>(21,565,897)</u>	<u>(11,826,282)</u>
Net liabilities		<u>(17,011,053)</u>	<u>(9,467,149)</u>
Capital and reserves			
Called up share capital	9	1	1
Profit and loss account	10	(17,011,054)	(9,467,150)
Shareholder's deficit – equity		<u>(17,011,053)</u>	<u>(9,467,149)</u>

The accounts were approved by the Board of Directors on 21/10/08 and were signed on its behalf by



Lady Bamford
Director

DAYLESFORD ORGANIC LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2007

1 Accounting policies

The accounts have been prepared in accordance with United Kingdom Generally Accepted Accounting Practices. A summary of the more important accounting policies adopted are described below.

Basis of accounting

The accounts have been prepared under the historical cost convention, and on the going concern basis.

The company made a loss of £7,543,904 during the year ended 31 December 2007 and at that date, the company's liabilities exceeded its assets by £17,011,053. The directors have confirmed that they will provide financial support to enable the company to continue as a going concern and pay its liabilities as they fall due for a period of at least one year from the date of approval of these accounts by the board of directors. On this basis, the directors consider it appropriate to prepare the accounts on the going concern basis. The accounts do not include any adjustments that would be required in the event of the withdrawal of this support.

Fixed assets

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets concerned. The following annual rates are used:

Leasehold property	-	over term of lease
Plant and machinery	-	straight line over 2 to 5 years
Fixtures, fittings and equipment	-	straight line over 2 to 7 years

Deferred taxation

Deferred tax is provided on a full provision basis on all timing differences which have arisen but not reversed at the balance sheet date. A deferred tax asset is not recognised to the extent that the transfer of economic benefit in future is uncertain. Any assets and liabilities recognised have not been discounted.

Pension costs

The company is a participating employer in two defined benefit schemes: J C Bamford Lifeplan and J C Bamford Excavators Limited Senior Directors and Executives Retirement Benefits Scheme, both of which are defined benefit schemes. The company is unable to identify its shares 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.

Leases

Rental costs under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

DAYLESFORD ORGANIC LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2007 (*continued*)

Foreign currencies

Transactions denominated in a foreign currency are translated into sterling at the rate of exchange ruling at the date of the transaction. At the balance sheet date, monetary assets and liabilities denominated in foreign currency are translated at the rate ruling at that date. All exchange differences are dealt with in the profit and loss account.

Stocks

Stocks are stated at the lower of cost and net realisable value and consist of finished goods and goods for resale.

Turnover

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

2 Employee information

The average number of persons, including directors employed by the company during the year was

	2007 Number	2006 Number
	204	103
	£	£
Staff costs for the above persons were		
Wages and salaries	4,340,562	1,697,949
Social security costs	354,584	157,767
Pension costs	78,460	60,146
	4,773,606	1,915,862

There were no directors' emoluments in 2006 or 2007.

3	Interest payable and similar charges	£	£
	Bank loans and overdrafts	22,360	-
	On amounts payable to related companies	-	46,072

DAYLESFORD ORGANIC LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2007 (continued)

	2007	2006
4 Loss on ordinary activities before taxation is stated after charging	£	£
Depreciation	607,933	226,465
Auditors' remuneration		
- audit	8,000	9,370
- tax services (paid to related company of the auditors)	6,000	-
Loss on foreign exchange transactions	43,924	4,130
Operating leases – land and buildings	643,559	-
	<hr/>	<hr/>
5 Tax on loss on ordinary activities	£	£
(a) UK corporation tax at 30% (2006 30%)	-	-
	<hr/>	<hr/>
(b) Factors affecting tax charge for period		
	£	£
(Loss) on ordinary activities before tax	(7,543,904)	(3,476,383)
	<hr/>	<hr/>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 30% (2006 30%)	(2,263,171)	(1,042,915)
Effects of		
Expenses not deductible for tax purposes – fixed assets	99,579	-
Expenses not deductible for tax purposes	25,932	41,171
Depreciation in excess of capital allowances	78,945	49,055
Other short term timing differences	(30,000)	23,847
Unrelieved tax losses	2,088,715	928,842
	<hr/>	<hr/>
Current tax charge	-	-
	<hr/>	<hr/>

DAYLESFORD ORGANIC LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2007 *(continued)*

6	Tangible fixed assets	Leasehold improvements	Plant and machinery	Fixtures, fittings and equipment	Total
		£	£	£	£
	Cost				
	At 1 January 2007	1,776,258	368,329	755,925	2,900,512
	Additions	2,766,271	27,179	1,569,542	4,362,992
	Disposals	(1,559,348)	-	-	(1,559,348)
	At 31 December 2007	2,983,181	395,508	2,325,467	5,704,156
	Depreciation				
	At 1 January 2007	113,365	116,839	311,175	541,379
	Charge for the year	172,545	74,245	361,143	607,933
	At 31 December 2007	285,910	191,084	672,318	1,149,312
	Net book value				
	At 31 December 2007	2,697,271	204,424	1,653,149	4,554,844
	At 31 December 2006	1,662,893	251,490	444,750	2,359,133
				2007	2006
7	Debtors			£	£
	Trade debtors			388,167	155,558
	Amounts owed by group undertakings			-	258,769
	Other debtors			53,096	298,120
	Prepayments and accrued income			384,771	483,912
				826,034	1,196,359

DAYLESFORD ORGANIC LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2007 *(continued)*

	2007	2006
	£	£
8 Creditors: amounts falling due within one year		
Bank overdraft	1,247,034	235,568
Trade creditors	1,324,518	4,850,253
Amounts over to group undertakings	15,480,461	5,165,210
Other creditors	4,124,859	2,988,380
Accruals and deferred income	1,206,561	245,672
	<hr/>	<hr/>
	23,383,433	13,485,083
	<hr/>	<hr/>
	£	£
9 Called up share capital		
Authorised		
10,000 ordinary shares of £1 each	10,000	10,000
	<hr/>	<hr/>
Allotted, called up and fully paid		
1 ordinary shares of £1 each	1	1
	<hr/>	<hr/>
10 Profit and loss account		
	£	£
At 1 January 2007	(9,467,150)	(5,990,767)
Loss for the financial year	(7,543,904)	(3,476,383)
	<hr/>	<hr/>
At 31 December 2007	(17,011,054)	(9,467,150)
	<hr/>	<hr/>
11 Reconciliation of movements in shareholder's funds		
	£	£
Loss for the financial year	(7,543,904)	(3,476,383)
Opening shareholder's funds	(9,467,149)	(5,990,766)
	<hr/>	<hr/>
Closing shareholder's funds	(17,011,053)	(9,467,149)
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DAYLESFORD ORGANIC LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2007 *(continued)*

12 Operating lease commitments

At 31 December 2007 the company had annual commitments under operating leases as follows

	2007	2006
	Land and buildings £	Land and buildings £
For leases expiring		
Between two and five years	125,000	-
After five years	821,000	274,633
	<hr/>	<hr/>
	946,000	274,633
	<hr/>	<hr/>

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

- Sales

Daylesford Organic Farms Limited £5,976 (2006 £nil)

J C B Service (and subsidiaries) £436,586 (2006 £nil)

Wootton Organic Farms Limited £100,473 (2006 £nil)

The company also made sales of £932 (2006 £147,333) to Lady Bamford and her family

- Purchases

Daylesford Organic Farms Limited £459,312 (2006 £nil)

JCB Service (and subsidiaries) £6,279,872 (2006 purchases of £901,911 and salary recharge of £1,886,468)

Wootton Organic Wholesale Limited £316,141 (2006 £nil)

Wootton Organic Farms Limited £44,450 (2006 £nil)

The company also made purchases of £64,440 (2006 £nil) from Lady Bamford and her family

DAYLESFORD ORGANIC LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2007 *(continued)*

13 Transactions with directors (continued)

- Included in debtors are the following amounts

Wootton Organic Farms Limited £nil (2006 £1,077)
JCB Service (and Subsidiaries) £466 (2006 £31,018)

- Included in creditors are the following amounts

Daylesford Organic Farms Limited £1,023,331 (2006 £18,586)
JCB Service (and Subsidiaries) £1,624,687 (2006 £2,969,794)
Wootton Organic Farms Limited £93,214 (2006 £1,198,220)
Wootton Organic Wholesale Limited £1,358,388 (2006 £nil)

Included in Creditors are purchases of £25,309 (2006 £nil) from Lady Bamford and her family

14 Pension schemes

The most recent formal actuarial valuation of the JC Bamford Lifeplan and JC Bamford Excavators Limited Senior Directors and Executives Retirement Benefits Scheme was carried out as at 6 April 2007 and 31 December 2006 (both updated to 31 December 2007) The combined net pension liability at 31 December 2007 was £13.6m

15 Related party transactions

The company has taken advantage of the exemption permitted by FRS8, Related party transactions on the basis that the company is a 100% subsidiary of JCB World Brands Limited and the results have been included in the consolidated accounts of JCB World Brands Limited

16 Contingent liability

There is a cross guarantee to the bank with JCB World Brands Limited and other subsidiaries in the group

17 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