

Company's Registered Number: 03868901

DAYLESFORD ORGANIC LIMITED

**Report and financial statements
for the year ended**

31 March 2016

MONDAY



A5M74DFT

A13

19/12/2016

#162

COMPANIES HOUSE

DAYLESFORD ORGANIC LIMITED

CONTENTS	PAGES
Directors and advisers	1
Strategic report	2
Directors' report	3
Statement of directors' responsibilities	4
Independent auditor's report	5
Statement of comprehensive income	7
Balance sheet	8
Statement of changes in equity	9
Notes to the financial statements	10

DAYLESFORD ORGANIC LIMITED

DIRECTORS AND ADVISERS

Directors

Lord Bamford
Lady Bamford
Ruth Kennedy

Secretary

Steven Ovens

Registered office

19 Mossop Street
London
SW3 2LY

Auditors

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

DAYLESFORD ORGANIC LIMITED

STRATEGIC REPORT

The directors present the strategic report for Daylesford Organic Limited for the year ended 31 March 2016.

Principal activity

The principal activity of the company is the sale of seasonal organic produce.

Financial risk management

Details of the company's financial instruments and its policies with regard to financial risk management are given in note 14 to the financial statements.

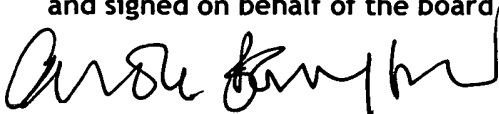
Business review

Overall 2016 reflects a year of strong revenue growth of its continuing operations delivered in a challenging environment. Financial highlights were:-

- Turnover increased by +37.3% from £14,649,638 to £20,112,260
- Gross profit increased by +73.7% from £4,175,539 to £7,254,365
- Gross margin improved by +7.6% from 28.5% to 36.1%
- EBITDA loss improved by +51.6% from (£3,419,548) to (£1,656,317)

The directors are confident that further trading improvements will continue in 2017 as the company advances towards profitability.

Approved by the board of directors
and signed on behalf of the board



Lady Bamford
Director

DAYLESFORD ORGANIC LIMITED

DIRECTORS' REPORT

The directors present their report and the accounts for the year ended 31 March 2016.

Results for the period

The loss for the period was £2,687,301 (2015: £5,203,939).

Financial key performance indicators monitored by the board

The directors use a number of key performance indicators which they consider are effective in measuring delivery of the strategy of the business.

The current position is summarised below:

	Year ended 31 March 2016 £	Year ended 31 March 2015 £
Revenue for the year	20,112,260	14,649,638
EBITDA	(1,656,317)	(3,419,548)

Directors

The following were directors during the year:

Lord Bamford
Lady Bamford
Ruth Kennedy

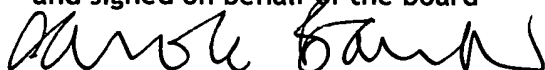
Disclosure of information to the auditors

In the case of each person who was a director at the time this report was approved:

- so far as that director was aware there was no relevant available information of which the company's auditors were unaware; and
- that director had taken all steps that the director ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the company's auditors were aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the board of directors
and signed on behalf of the board



Lady Bamford

Director

DAYLESFORD ORGANIC LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. They are also responsible for safeguarding the assets of the company and hence for taking responsible steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAYLESFORD ORGANIC LIMITED

We have audited the financial statements of Daylesford Organic Limited for the year ended 31 March 2016 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAYLESFORD ORGANIC LIMITED (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Nexia Smith & Williamson

Keith Jackman
Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants

25 Moorgate
London
EC2R 6AY

19 December 2016

DAYLESFORD ORGANIC LIMITED**STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 MARCH 2016**

	Notes	2016	2015
		£	£
Turnover	1	20,112,260	14,649,638
Cost of sales		(12,857,895)	(10,474,099)
Gross profit		7,254,365	4,175,539
Administrative expenses		(9,941,666)	(9,379,478)
Operating Loss		(2,687,301)	(5,203,939)
Loss before taxation	4	(2,687,301)	(5,203,939)
Taxation	5	-	-
Total comprehensive income for the financial year		(2,687,301)	(5,203,939)

Loss and total comprehensive income for the financial year is attributable to the owners of the company.

BALANCE SHEET as at 31 MARCH 2016

	Notes	2016 £	2015 £
Fixed assets			
Tangible assets	6	7,209,511	6,007,692
Current assets			
Stocks		1,840,597	1,714,040
Debtors	7	4,493,295	2,684,195
Cash at bank and in hand		527,981	434,538
		6,861,873	4,832,773
Creditors: amounts falling due within one year	8	(31,458,963)	(25,540,743)
Net current liabilities		(24,597,090)	(20,707,970)
Net liabilities		(17,387,579)	(14,700,278)
Capital and reserves			
Share capital	9	44,687,106	44,687,106
Retained earnings		(62,074,685)	(59,387,384)
		(17,387,579)	(14,700,278)

The accounts were approved by the Board of Directors on 8 March 2016 and were signed on its behalf by:


Lady Bamford
Director

DAYLESFORD ORGANIC LIMITED

STATEMENT OF CHANGES IN EQUITY for the year ended 31 March 2016

	Share Capital £	Retained earnings £	Total Equity £
Balance at 1 April 2014	44,687,106	(54,183,445)	(9,496,339)
Loss and total comprehensive income for the year	-	(5,203,939)	(5,203,939)
Balance at 31 March 2015	44,687,106	(59,387,384)	(14,700,278)
Loss and total comprehensive income for the year	-	(2,687,301)	(2,687,301)
Balance at 31 March 2016	44,687,106	(62,074,685)	(17,387,579)

DAYLESFORD ORGANIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2016

1. Accounting policies

The principal accounting policies are summarised below.

Basis of preparation

Daylesford Organic Limited is a private limited company incorporated in England and Wales. The address of the registered office is 19 Mossop Street, London SW3 2LY.

These financial statements are the first annual financial statements of the company prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". The first date at which FRS 102 was applied was 1 April 2014. In accordance with FRS 102 the company has :

- provided comparative information;
- applied the same accounting policies throughout all periods presented; and
- retrospectively applied FRS 102 as required.

Further information about the transition can be found in note 15.

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

Going concern

The company made a loss of £2,687,301 during the year ended 31 March 2016 and at that date, the company's liabilities exceeded its assets by £17,387,579. Lord Bamford and Lady Bamford 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.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, nets of discounts, VAT and other sales related taxes.

Sales of goods are recognised when goods are delivered and title has passed.

Taxation

The tax expense represents the sum of tax currently payable and any deferred tax.

The current tax charge is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

DAYLESFORD ORGANIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2016 (continued)

Taxation (continued)

Deferred tax is recognised in respect of all timing differences between taxable profits and total comprehensive income that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

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
Motor vehicles	- straight line over 4 years

Impairment of non-financial assets

At each balance sheet date, tangible assets and intangible assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). If there is an indication of a possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Financial instruments

Financial assets and financial liabilities are recognised in the balance sheet when the company becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the company will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank.

DAYLESFORD ORGANIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2016 (continued)

Financial instruments (continued)

Financial liabilities and equity instruments issued by the company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Leases

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Employee benefits

Short term employee benefits including holiday pay and annual bonuses are accrued as services are rendered. Contributions to defined contribution pension schemes are charged to profit or loss as they become payable in accordance with the rules of the scheme. Differences between contributions payable in the year and those actually paid are shown as either accruals or prepayments in the balance sheet date.

2. Key sources of estimation uncertainty and judgements

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period.

Judgements

Financial instruments classification

The classification of financial instruments as “basic” or “other” requires judgement as to whether all applicable conditions for classification as basic are met. This includes consideration of the form of the instrument and its return.

Key sources of estimation uncertainty

Bad debt provisions

The trade debtor balances of £898,297 are recorded in the company’s balance sheet. Whilst every attempt is made to ensure that the bad debt provisions are as accurate as possible, there remains a risk that the provisions do not match the level of debts which ultimately prove to be uncollectable.

DAYLESFORD ORGANIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2016
(continued)

3. Employee information

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

	2016 Number	2015 Number
	304	259
	£	£
Staff costs for the above persons were:		
Wages and salaries	5,748,153	4,692,877
Social security costs	432,682	357,920
Pension costs	104,166	90,003
	<u>6,285,001</u>	<u>5,140,800</u>

There were no directors' emoluments in 2015 or 2016.

4. Loss before taxation is stated after charging:	2016 £	2015 £
Operating leases - land and buildings	1,364,585	1,094,885

Services provided by the company's auditor and its associate

During the year the company obtained the following services and paid the following amounts:

Auditors' remuneration for audit services	11,400	11,400
Fees payable to the company's auditor and its associate for other services:		
- accounting	4,860	4,860
- tax services	11,000	11,000
Total non-audit fees	<u>15,860</u>	<u>15,860</u>

DAYLESFORD ORGANIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2016
(continued)

5. Taxation	£	£
(a) UK corporation tax at 20% (2015: 21%)	-	-
(b) Factors affecting tax charge for period		
	£	£
(Loss) on ordinary activities before tax	(2,687,301)	(5,203,939)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK at 20% (2015: 21%)	(537,460)	(1,092,827)
Effects of:		
Expenses not deductible for tax purposes - fixed assets	125,129	189,706
Expenses not deductible for tax purposes	1,535	2,631
Group relief surrendered before payment	313,693	332,430
Income not taxable	-	(16,724)
Other permanent differences	-	25
Chargeable gains	-	16,724
Adjust closing deferred tax rate	916,792	27,418
Deferred tax asset not recognised	(819,689)	548,355
Other short term timing differences	-	(7,738)
Current tax charge	-	-

DAYLESFORD ORGANIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2016 (*continued*)

6. Tangible fixed assets	Leasehold improvements £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost					
At 1 April 2015	6,855,185	948,073	3,219,025	13,079	11,035,362
Additions	1,379,235	507,794	371,638	-	2,258,667
At 31 March 2016	8,234,420	1,455,867	3,590,663	13,079	13,294,029
Depreciation					
At 1 April 2015	2,041,795	490,578	2,482,218	13,079	5,027,670
Charge for the period	599,211	196,509	261,128	-	1,056,848
At 31 March 2016	2,641,006	687,087	2,743,346	13,079	6,084,518
Net book value					
At 31 March 2016	5,593,414	768,780	847,317	-	7,209,511
At 31 March 2015	4,813,390	457,495	736,807	-	6,007,692

DAYLESFORD ORGANIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2016
(continued)

	2016	2015
	£	£
7. Debtors		
Trade debtors	898,297	803,133
Other debtors	687,765	359,340
Prepayments	879,712	628,724
Amounts due from group undertakings	2,027,521	892,998
	<hr/>	<hr/>
	4,493,295	2,684,195
	<hr/>	<hr/>
8. Creditors: amounts falling due within one year	£	£
Trade creditors	4,763,625	3,473,900
Amounts due to group undertakings	22,115,251	14,708,123
Other creditors	2,807,434	5,328,593
Accruals and deferred income	1,772,653	2,030,127
	<hr/>	<hr/>
	31,458,963	25,540,743
	<hr/>	<hr/>
9. Called up share capital	£	£
Issued and fully paid		
Ordinary shares of £1 each		
At 1 April 2015 and 31 March 2016	44,687,106	44,687,106
	<hr/>	<hr/>

DAYLESFORD ORGANIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2016
(continued)

10. Reserves

A description of each reserve is set out below.

Retained earnings

This reserve relates to the cumulative retained earnings less amounts distributed to shareholders.

11. Operating lease commitments

At 31 March 2016 the company had total future minimum lease payments under non-cancellable leases as follows:

	2016	2015
	Land and buildings	Land and buildings
	£	£
Due:		
Within one year	1,234,749	1,255,831
Within one to two years	850,831	1,235,858
Within two to five years	2,552,493	2,552,493
After five years	4,069,821	4,922,983
	<u>8,707,894</u>	<u>9,967,165</u>

12. Related party transactions

During the period, the following transactions have been made with companies in which Lord Bamford and Lady Bamford are directors:

- Sales

JCB Service and subsidiaries £522,155 (2015: £636,868)

The company made sales of £8,648 (2015: £6,425) to Lady Bamford and her family.

The company also made sales of £58,852 to Thrip Enterprises LLP (2015: £81,824). Lady Bamford is a member of Thrip Enterprises LLP.

- Purchases

JCB Service and subsidiaries (including recharges) £3,359,927 (2015: £2,081,057).

Thrip Enterprises LLP £1,040 (2015: £nil)

DAYLESFORD ORGANIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2016 *(continued)*

12. Related party transactions (continued)

- Included in debtors are the following amounts:

JCB Service and subsidiaries £182,624 (2015: £253,425)

Thrip Enterprises LLP £14,985 (2015: £7,618)

- Included in creditors are the following amounts:

JCB Service and subsidiaries £6,222,470 (2015: £6,637,954)

JCB Pension No. 1 Scheme £- (2015: £606,546)

Key management are those persons having authority and responsibility for planning, controlling and directing the activities of the company. In the opinion of the board the company's key management are the directors of Daylesford Organic Limited. Total compensation to key management personnel is £nil (2015: £nil).

The company is a subsidiary of BHoldings Limited, a company incorporated in England and Wales, which is ultimately controlled by Lady Bamford.

13. Contingent liability

There is a cross-guarantee to the bank with BHoldings Limited and other subsidiaries in the group.

14. Financial instruments

The company's financial instruments comprise cash and cash equivalents, amounts owed to group undertakings and items such as trade creditors and trade debtors which arise directly from its operations.

The company's operations expose it to a variety of financial risks including credit risk and liquidity risk. 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.

Credit risk

The company's credit risk is primarily attributable to its trade debtors. The company has implemented policies that require appropriate credit checks on potential customers before sales are made.

The carrying amount of financial assets represents the maximum credit exposure.

Liquidity risk

Lord Bamford and Lady Bamford 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. The company has no external debt.

The company's financial liabilities (none of which are derivative financial liabilities) comprise trade creditors, which are measured at amortised cost.

DAYLESFORD ORGANIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2016 (*continued*)

15. Transition to FRS 102

These financial statements are Daylesford Organic Limited's first financial statements that comply with FRS 102. The date of transition to FRS 102 was 1 April 2014.

The transition to FRS 102 has resulted in no change in accounting policies compared to those used previously.