

**Company's Registered Number: 03868901**

**DAYLESFORD ORGANIC LIMITED**

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

**31 March 2018**



## **DAYLESFORD ORGANIC LIMITED**

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# **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 2018.

#### **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.

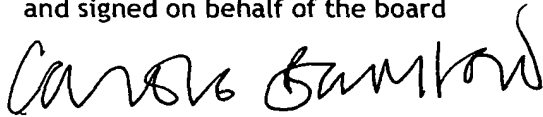
#### **Business review**

Overall 2018 reflects another year of strong growth delivered in a very challenging food retail environment. Financial highlights were:-

- Turnover increased by +9.4% from £23,673,523 to £25,895,333
- Gross profit increased by +12.4% from £8,396,107 to £9,433,300
- Gross margin increased by 0.9% from 35.5% to 36.4%
- EBITDA improved by +130.2% from a loss of £665,373 to a profit of £200,654

The directors are confident that further trading improvements will continue in 2018.

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 2018.

**Results for the period**

The loss for the period was £1,135,107 (2017: £1,838,807).

**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**

### **Opinion**

We have audited the financial statements of Daylesford Organic Limited (the 'company') for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 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.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The other information comprises the information included in the Strategic report and the Directors' report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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.

### **Responsibilities of directors**

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of our report**

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.

*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 2018*

**DAYLESFORD ORGANIC LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 MARCH 2018**

	<b>Notes</b>	<b>2018</b>	<b>2017</b>
		<b>£</b>	<b>£</b>
<b>Turnover</b>	<b>1</b>	<b>25,895,333</b>	<b>23,673,523</b>
<b>Cost of sales</b>		<b>(16,462,033)</b>	<b>(15,277,416)</b>
		<hr/>	<hr/>
<b>Gross profit</b>		<b>9,433,300</b>	<b>8,396,107</b>
<b>Administrative expenses</b>		<b>(9,232,646)</b>	<b>(9,061,480)</b>
		<hr/>	<hr/>
<b>Earnings before interest, taxation, depreciation and amortisation</b>		<b>200,654</b>	<b>(665,373)</b>
		<hr/>	<hr/>
<b>Depreciation</b>		<b>(1,326,920)</b>	<b>(1,173,434)</b>
<b>Interest payable</b>		<b>(8,841)</b>	<b>-</b>
		<hr/>	<hr/>
<b>Loss before taxation</b>	<b>4</b>	<b>(1,135,107)</b>	<b>(1,838,807)</b>
<b>Taxation</b>	<b>5</b>	<b>-</b>	<b>-</b>
		<hr/>	<hr/>
<b>Total comprehensive income for the financial year</b>		<b>(1,135,107)</b>	<b>(1,838,807)</b>
		<hr/>	<hr/>

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

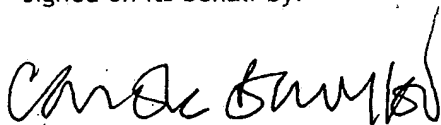
## DAYLESFORD ORGANIC LIMITED

Company registration number  
3868901

## BALANCE SHEET as at 31 MARCH 2018

	Notes	2018 £	2017 £
<b>Fixed assets</b>			
Tangible assets	6	6,458,203	6,876,394
<b>Current assets</b>			
Stocks - finished goods		2,995,768	2,723,880
Debtors	7	5,948,786	4,461,460
Cash at bank and in hand		1,435,133	667,022
		10,379,687	7,852,362
<b>Creditors: amounts falling due within one year</b>	8	(37,199,383)	(33,955,142)
<b>Net current liabilities</b>		(26,819,696)	(26,102,780)
<b>Net liabilities</b>		(20,361,493)	(19,226,386)
<b>Capital and reserves</b>			
Share capital	9	44,687,106	44,687,106
Retained earnings		(65,048,599)	(63,913,492)
		(20,361,493)	(19,226,386)

The accounts were approved by the Board of Directors on 18 December 2018 and were signed on its behalf by:



Lady Bamford  
Director

**DAYLESFORD ORGANIC LIMITED**

**STATEMENT OF CHANGES IN EQUITY for the year ended 31 March 2018**

	<b>Share Capital £</b>	<b>Retained earnings £</b>	<b>Total Equity £</b>
Balance at 1 April 2016	44,687,106	(62,074,685)	(17,387,579)
Loss and total comprehensive income for the year	-	(1,838,807)	(1,838,807)
Balance at 31 March 2017	44,687,106	(63,913,492)	(19,226,386)
Loss and total comprehensive income for the year	-	(1,135,107)	(1,135,107)
Balance at 31 March 2018	44,687,106	(65,048,599)	(20,361,493)

## **DAYLESFORD ORGANIC LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2018**

#### **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.

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

##### **Going concern**

The company made a loss of £1,135,107 during the year ended 31 March 2018 and at that date, the company's liabilities exceeded its assets by £20,361,493. 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 2018 (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 2018 (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 at 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 £1,410,336 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 2018**  
(continued)

**3. Employee information**

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

	2018 Number	2017 Number
	315	317
	£	£
Staff costs for the above persons were:		
Wages and salaries	6,127,049	5,855,058
Social security costs	492,039	464,819
Pension costs	84,816	111,313
	6,703,904	6,431,190

There were no directors' emoluments in 2017 or 2018.

<b>4. Loss before taxation is stated after charging:</b>	<b>2018 £</b>	<b>2017 £</b>
Operating leases - land and buildings	1,136,248	1,191,575
<b>Services provided by the company's auditor and its associate</b>		
During the year the company obtained the following services and paid the following amounts:		
Auditors' remuneration for audit services	11,275	11,500
Fees payable to the company's auditor and its associate for other services:		
- accounting	5,375	4,860
- tax services	11,220	11,000
Total non-audit fees	16,177	15,860

**DAYLESFORD ORGANIC LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2018**  
**(continued)**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>5. Taxation</b>		
(a) UK corporation tax at 19% (2017: 20%)	-	-
(b) Factors affecting tax charge for period		<b>£</b>
(Loss) on ordinary activities before tax	(1,135,107)	(1,838,807)
	<hr/>	<hr/>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK at 19% (2017: 20%)	(215,670)	(367,761)
Effects of:		
Expenses not deductible for tax purposes - fixed assets	135,994	18,195
Expenses not deductible for tax purposes	2,749	26,791
Group relief surrendered before payment	-	20,172
Adjust closing deferred tax rate	8,098	492,556
Deferred tax asset not recognised	68,829	(189,953)
	<hr/>	<hr/>
Current tax charge	-	-
	<hr/>	<hr/>

DAYLESFORD ORGANIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2018 *(continued)*

6. Tangible fixed assets	Leasehold improvements £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
<b>Cost</b>					
At 1 April 2017	8,747,785	1,694,463	3,679,020	13,079	14,134,347
Additions	244,660	144,887	377,210	141,972	908,729
At 31 March 2018	8,992,445	1,839,350	4,056,230	155,051	15,043,076
<b>Depreciation</b>					
At 1 April 2017	3,676,565	927,668	2,640,641	13,079	7,257,953
Charge for the period	617,932	272,835	340,949	95,204	1,326,920
At 31 March 2018	4,294,497	1,200,503	2,981,590	108,283	8,584,873
<b>Net book value</b>					
At 31 March 2018	4,697,948	638,847	1,074,640	46,768	6,458,203
At 31 March 2017	5,071,220	766,795	1,038,379	-	6,876,394

**DAYLESFORD ORGANIC LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2018**  
**(continued)**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>7. Debtors</b>		
Trade debtors	1,410,336	1,048,120
Other debtors	234,839	295,691
Prepayments	575,034	1,029,105
Amounts due from group undertakings	3,728,577	2,088,544
	<hr/>	<hr/>
	5,948,786	4,461,460
	<hr/>	<hr/>
<b>8. Creditors: amounts falling due within one year</b>	<b>£</b>	<b>£</b>
Trade creditors	5,285,962	3,577,623
Amounts due to group undertakings	29,947,099	28,700,141
Other creditors	171,638	166,766
Accruals and deferred income	1,706,540	1,510,612
Tax and social security	58,977	-
Hire Purchase	29,167	-
	<hr/>	<hr/>
	37,199,383	33,955,142
	<hr/>	<hr/>
<b>9. Called up share capital</b>	<b>£</b>	<b>£</b>
<b>Issued and fully paid</b>		
Ordinary shares of £1 each		
At 1 April 2017 and 31 March 2018	44,687,106	44,687,106
	<hr/>	<hr/>

**DAYLESFORD ORGANIC LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2018**  
*(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 2018 the company had total future minimum lease payments under non-cancellable leases as follows:

	2018	2017
	Land and buildings	Land and buildings
	£	£
Due:		
Within one year	1,345,254	850,831
Within one to two years	1,378,587	850,831
Within two to five years	4,158,043	2,552,493
After five years	5,424,034	3,218,990
	<u>12,305,918</u>	<u>7,473,145</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 £621,667 (2017: £526,242)

The company made sales of £2,718 (2017: £4,740) to Lady Carole Bamford and her family.

The company also made sales to Thrip Enterprises LLP of £81,783 (2017: £43,982). Lady Bamford is a member of Thrip Enterprises LLP.

- Purchases

JCB Service and subsidiaries (including recharges) £4,612,618 (2017: £8,026,145).

## **DAYLESFORD ORGANIC LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2018 *(continued)***

#### **12. Related party transactions (continued)**

- Included in debtors are the following amounts:  
JCB Service and subsidiaries £334,365 (2017: £330,010)  
Thrip Enterprises LLP £16,544 (2017: £11,298)  
Lady Bamford and family £2,661 (2017: £nil)
- Included in creditors are the following amounts:  
JCB Service and subsidiaries £4,080,084 (2017: £1,935,544)

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 (2017: £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.