

**CLIFTON NURSERIES LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2005**



# **CLIFTON NURSERIES LIMITED**

## **COMPANY INFORMATION**

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**Directors** Lord Rothschild (Chairman)  
T Paluchowski  
Hon H Rothschild  
I Goodwin

**Secretary** A W Ringshall

**Registered office** 5a Clifton Villas  
Warwick Avenue  
London W9 2PH

**Registered auditors** Saffery Champness  
Chartered Accountants  
Lion House  
Red Lion Street  
London  
WC1R 4GB

**Bankers** Lloyds Bank Plc  
195 Edgware Road  
London W2 1EY

**Company number** 697600

# CLIFTON NURSERIES LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2005

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The directors submit their report and the financial statements for the year ended 31 August 2005.

### Review of the business and future developments

The company's principal activities during the year were the operation of a retail garden centre offering a wide range of garden services, garden statuary together with garden landscape and design services.

In order to assist with the working capital, the company received a loan facility for £300,000 from its ultimate parent undertaking, the Emily & Amelia Trust. The amount outstanding on the loan at the year end was £600,000.

### Results and dividends

The trading loss for the year, after taxation, was £299,684 (2004: £584,086). After deducting a final dividend of £nil (2004: £nil), there is a deficit of £1,021,928 (2004: £722,244) to be carried forward.

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

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

### Directors and their interests

The directors who served throughout the year were as follows:

Lord Rothschild	
P E James	(resigned 31 December 2004)
S H Williams	(resigned 26 October 2004)
T Paluchowski	(appointed 27 September 2004)
Hon H Rothschild	(appointed 1 May 2005)
S D Brown	(appointed 1 May 2005, resigned 28 March 2006)
I Goodwin	(appointed 8 May 2006)

Lord Rothschild retires by rotation and being eligible offers himself for re-election.

Lord Rothschild has a beneficial interest in 600,775 (2004: 600,775) ordinary shares in the parent company. The other directors had no interest in the share capital of the company or any other group company during the current or preceding year. There were no schemes to benefit the directors by enabling them to buy shares in the company or any other group company.

# CLIFTON NURSERIES LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2005

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### Elective resolutions

In accordance with Section 381(A) of the Companies Act 1985, the company has elected to dispense with:

- a) the laying of financial statements and reports before the company in general meeting, in accordance with Section 252;
- b) the holding of annual general meetings in accordance with section 366(A); and
- c) the obligation to appoint auditors annually in accordance with Section 386.

Saffery Champness have indicated their willingness to continue as the company's auditors.

By order of the board



.....  
A W Ringshall  
Secretary

22 JUNE 2006

# CLIFTON NURSERIES LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS FOR THE YEAR ENDED 31 AUGUST 2005

We have audited the statements on pages 5 to 15. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

### Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities on page 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, 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 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 or material inconsistencies with the financial statements.

### Basis of audit opinion

We conducted our audit in accordance with Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company as at 31 August 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
Saffery Champness

Chartered Accountants  
Registered Auditors

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Lion House  
Red Lion Street  
London  
WC1R 4GB

24 June 2006

**CLIFTON NURSERIES LIMITED****PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 AUGUST 2005**

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	Notes	2005 £	2004 £
<b>Turnover</b>	<b>1</b>	2,591,278	3,791,213
Cost of sales		(1,415,120)	(2,764,061)
		<hr/>	<hr/>
<b>Gross profit</b>		1,176,158	1,027,152
Other operating expenses (net)	<b>2</b>	(1,431,537)	(2,219,763)
		<hr/>	<hr/>
Operating loss		(255,379)	(1,192,611)
Profit on the sale of properties		-	756,746
Interest receivable		4,458	474
		<hr/>	<hr/>
		(250,921)	(435,391)
Interest payable	<b>3</b>	(35,868)	(48,989)
		<hr/>	<hr/>
<b>Loss on ordinary activities before taxation</b>	<b>4</b>	(286,789)	(484,380)
Taxation	<b>6</b>	(12,895)	(99,706)
		<hr/>	<hr/>
<b>Loss for the financial year after taxation</b>	<b>13</b>	<u>(299,684)</u>	<u>(584,086)</u>

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The company had no recognised gains or losses other than the loss for these two financial years.

The notes on pages 8 to 15 form part of these financial statements.

# CLIFTON NURSERIES LIMITED

## BALANCE SHEET AS AT 31 AUGUST 2005

	Notes	2005	2004
		£	£
<b>Fixed assets</b>			
Tangible assets	7	107,912	150,252
<b>Current assets</b>			
Stock		216,668	282,253
Debtors	8	315,886	603,747
Cash at bank and in hand		150,938	11,244
		<u>683,492</u>	<u>897,244</u>
<b>Current liabilities</b>			
<b>Creditors:</b> Amounts falling due			
Within one year	9	<u>(1,813,232)</u>	<u>(1,769,640)</u>
<b>Net current liabilities</b>		<u>(1,129,740)</u>	<u>(872,396)</u>
		<u>(1,021,828)</u>	<u>(722,144)</u>
<b>Capital and reserves</b>			
Called up share capital	10	100	100
Profit and loss account	13	<u>(1,021,928)</u>	<u>(722,244)</u>
<b>Equity shareholders' funds</b>	14	<u>(1,021,828)</u>	<u>(722,144)</u>

The notes on pages 8 to 15 form part of these financial statements.

Approved by the board on 22 JUNE 2006

*Rothschild*  
.....  
Director  
*ROTHSCHILD*

# CLIFTON NURSERIES LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2005

	Notes	2005	2004
		£	£
<b>Net cash outflow from operating activities</b>	<b>16</b>	<b>(101,630)</b>	<b>(630,410)</b>
<b>Return on investments and servicing of financing</b>			
Interest received		4,458	474
Interest paid on overdraft and other loans		<u>(35,868)</u>	<u>(48,989)</u>
		(31,410)	(48,515)
<b>Taxation</b>			
Corporation tax paid		(12,895)	-
<b>Capital expenditure</b>			
Payments to acquire tangible fixed assets		(23,621)	(42,775)
Receipts from sale of tangible fixed assets		<u>9,250</u>	<u>904,892</u>
		(14,371)	862,117
<b>Financing</b>			
Loan received		300,000	450,000
Loan repayments		<u>-</u>	<u>(150,000)</u>
		300,000	300,000
<b>Increase in cash</b>	<b>17, 18</b>	<b><u>139,694</u></b>	<b><u>480,840</u></b>



# CLIFTON NURSERIES LIMITED

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

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### Accounting policies

**A Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

**B Fixed assets and depreciation**

Depreciation is provided on all tangible fixed assets, at annual rates calculated to write off the cost less estimated residual value, of each asset over its expected useful life. The rates are as follows:

Short leaseholds	over the term of the lease;
Fixtures and equipment	15% to 25% on the written down values; and
Motor vehicles	33% on the written down values.

**C Stocks**

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

**D Turnover**

Turnover represents the invoiced amount of goods sold and services supplied net of value added tax.

**E Pension scheme**

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The costs of these contributions are charged annually in the profit and loss account in accordance with FRS 17.

**F Leased assets and obligations**

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Depreciation on the relevant assets is charged in the profit and loss account.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account using the annuity method.

All other leases are "operating leases", and the annual rentals are charged to the profit and loss account on a straight-line basis over the lease term.

**G Deferred taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

# CLIFTON NURSERIES LIMITED

## ACCOUNTING POLICIES FOR THE YEAR ENDED 31 AUGUST 2005

### Accounting policies (continued)

- G Deferred tax is recognised in respect of all timing differences 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. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

### 1 Turnover

The analysis of turnover by geographical market and the analysis of turnover and profit before taxation by class of business has not been given. The whole of the company's results relate to continuing operations.

### 2 Other operating expenses (net)

	2005 £	2004 £
Selling and distribution costs	469,410	487,798
Administrative expenses	936,101	1,724,999
Financial expenses	26,026	51,692
	<u>1,431,537</u>	<u>2,264,489</u>
Other operating income	-	(44,726)
	<u>1,431,537</u>	<u>2,219,763</u>

### 3 Interest payable

	2005 £	2004 £
On bank loans and overdrafts	2,060	27,972
Other loans	33,808	21,017
	<u>35,868</u>	<u>48,989</u>

# CLIFTON NURSERIES LIMITED

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

### 4 Loss on ordinary activities before taxation

	2005 £	2004 £
The loss on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation charge for the year	59,723	76,671
Profit on the sale of fixed assets	(3,011)	(21,379)
Operating lease rentals:		
- Hire of plant and machinery	40,447	50,850
- Rental of properties	29,657	94,533
Auditors' remuneration - audit fees	17,685	16,666
- other fees	-	10,750

### 5 Employees

	2005 £	2004 £
Staff costs during the year were:		
Wages and salaries	854,586	1,563,382
Social security costs	120,299	249,882
Other pension costs	3,146	3,114
	978,031	1,816,378
The average number of persons, including executive directors, employed during the year was:	Number	Number
Office and management	10	17
Selling and distribution and landscaping	32	59
	42	76
<b>Directors' remuneration</b>		
Emoluments	-	-

Directors are remunerated through the parent company.

**CLIFTON NURSERIES LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2005****6 Taxation**

	2005 £	2004 £
<b>Foreign corporation tax</b>		
Foreign corporation tax	12,895	-
<b>Deferred tax</b>		
Deferred tax charge	-	99,706
<b>Factors affecting tax charge for the year</b>		
Loss on ordinary activities before tax	(286,789)	(484,380)
Loss on ordinary activities multiplied by standard Rate of UK corporation tax of 30% (2004: 30%)	(86,037)	(145,314)
Effects of:		
Expenses disallowed	533	2,833
Capital allowances	(10,953)	(15,464)
Depreciation	17,917	23,028
Net (decrease)/increase in general provisions	(478)	212
Foreign tax adjustments	12,895	-
Unutilised losses	82,029	188,789
Profit on disposal of fixed assets	(3,011)	(233,438)
Chargeable gains	-	179,354
Corporation tax charge	12,895	-

# CLIFTON NURSERIES LIMITED

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

### 7 Tangible fixed assets

	Short leaseholds £	Fixtures and equipment £	Motor vehicles £	Total £
<b>Cost</b>				
1 September 2004	794,984	247,704	78,513	1,149,573
Additions	3,060	20,561	-	23,621
Disposals	-	(6,875)	(29,628)	(64,875)
<b>31 August 2005</b>	<u>798,044</u>	<u>261,390</u>	<u>48,885</u>	<u>1,108,319</u>
<b>Depreciation</b>				
1 September 2004	764,847	140,436	65,666	999,321
Disposals	-	(6,206)	(24,059)	(58,637)
Charge for the year	27,816	28,746	3,161	59,723
<b>31 August 2005</b>	<u>792,663</u>	<u>162,976</u>	<u>44,768</u>	<u>1,000,407</u>
<b>Net book value</b>				
<b>31 August 2005</b>	<u>5,381</u>	<u>98,414</u>	<u>4,117</u>	<u>107,912</u>
<b>31 August 2004</b>	<u>30,137</u>	<u>107,268</u>	<u>12,847</u>	<u>150,252</u>

Capital expenditure contracted for but not provided for in the financial statements amounted to £Nil (2004: £Nil).

### 8 Debtors

	2005 £	2004 £
Amounts falling due within one year:		
Trade debtors	165,188	346,609
Amount owed by fellow subsidiary undertakings	16,097	32,228
Other debtors	80,716	151,287
Prepayments and accrued income	53,885	73,623
	<u>315,886</u>	<u>603,747</u>

# CLIFTON NURSERIES LIMITED

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

9	Creditors	2005 £	2004 £
	Amounts falling due within one year:		
	Trade creditors	230,318	293,453
	Amount owed to immediate parent undertaking	803,706	917,685
	Loan from ultimate parent undertaking (Note 15)	600,000	300,000
	Other taxation and social security	101,510	124,616
	Other creditors	8,978	12,440
	Accruals	68,720	121,446
		<u>1,813,232</u>	<u>1,769,640</u>

10	Share capital	2005 £	2004 £
	Authorised, allotted, called up and fully paid		
	Equity:		
	100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

### 11 Parent company

The immediate parent company is Clifton Nurseries (Holdings) Limited, a company registered in England and Wales. The Clifton Nurseries (Holdings) Group has not prepared group financial statements for the year as it qualifies as a medium sized group under the Companies Act 1985. The financial statements of that company are available at the registered office.

### 12 Commitments under operating leases

	Land and buildings		Other assets	
	2005 £	2004 £	2005 £	2004 £
At 31 August the company had the following annual commitments under non-cancellable operating leases as follows:				
Expiring within one year	12,000	12,000	15,493	3,369
Expiring between two and five years	-	25,000	22,985	27,431
Expiring in five years or more	29,992	4,992	-	-
	<u>41,992</u>	<u>41,992</u>	<u>38,478</u>	<u>30,800</u>

# CLIFTON NURSERIES LIMITED

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

13	Reserves	2005 £	2004 £
	Profit and loss account:		
	At 1 September 2004	(722,244)	(138,158)
	Loss for the financial year	(299,684)	(584,086)
	At 31 August 2005	<u>(1,021,928)</u>	<u>(722,244)</u>

The balance on profit and loss account includes goodwill of £62,000 written off directly to reserves in 1997.

14	Reconciliation of movements on shareholders funds	2005 £	2004 £
	Loss for the financial year	(299,684)	(584,086)
	Shareholders' funds at 1 September 2004	<u>(722,144)</u>	<u>(138,058)</u>
	Shareholders' funds at 31 August 2005	<u>(1,021,828)</u>	<u>(722,144)</u>

### 15 Related party transactions

The company has been controlled throughout the year by its ultimate parent undertaking, The Trustees of the Emily & Amelia Trust.

The company, together with Clifton Nurseries (Holdings) Limited and Waddesdon Gardens Limited, are all managed by the same management team and as such, they have purchased goods and services from third parties on each others behalf. The cost of purchases are fully re-charged between the relevant related parties and no profits are made on these transactions.

Clifton Nurseries (Holdings) Limited charged the company £249,072 (2004: £272,436) for management fees based on normal commercial terms and at arm's length.

The company received an additional loan from the Trustees of the Emily & Amelia Trust of £300,000 on 29 December 2004. It may be drawn or repaid in multiples of £10,000 at a minimum of 2 days notice. The amount outstanding on the loan at the year end was £600,000. Interest, payable quarterly in arrears, is charged at the Royal Bank of Scotland base rate plus 2%.

The Trustees of the Emily & Amelia Trust have charged the company £25,000 (2004: £25,000) for rent based on normal commercial terms and at arm's length. The amount owed to the Trust at the year end in respect of this was £Nil.

Current account balances with related parties were interest free. At the year-end, the balances with related parties were:

	Due from/(to)	
	2005 £	2004 £
Clifton Nurseries (Holdings) Limited	(785,342)	(917,685)
Waddesdon Gardens Limited	(18,364)	16,131
Clifton Little Venice Limited	5,799	5,799
Clifton Landscape and Design Limited	<u>10,298</u>	<u>10,298</u>

# CLIFTON NURSERIES LIMITED

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

16	<b>Reconciliation of operating loss to net cashflow from operating activities</b>	<b>2005</b> <b>£</b>	<b>2004</b> <b>£</b>
	Operating loss	(255,379)	(1,192,611)
	Depreciation charges	59,723	76,671
	Profit on sale of tangible fixed assets	(3,011)	(21,379)
	Decrease in stock	53,875	119,099
	Decrease in debtors	287,859	425,390
	(Decrease) in creditors	(244,697)	(37,580)
	<b>Net cash (outflow) from operating activities</b>	<b>(101,630)</b>	<b>(630,410)</b>
17	<b>Analysis of changes in cash during the year</b>	<b>2005</b> <b>£</b>	<b>2004</b> <b>£</b>
	Balance at 1 September 2004	11,244	(469,596)
	Net cash inflow	139,694	480,840
	<b>Balance at 31 August 2005</b>	<b>150,938</b>	<b>11,244</b>
18	<b>Analysis of changes in net funds</b>		
	<b>At 1 September 2004</b>	<b>Cashflow</b>	<b>At 31 August 2005</b>
	<b>£</b>	<b>£</b>	<b>£</b>
	Cash at bank and in hand	11,244	139,694
	<b>Total</b>	<b>11,244</b>	<b>150,938</b>