

CLIFTON NURSERIES LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2006



CLIFTON NURSERIES LIMITED

COMPANY INFORMATION

Directors Lord Rothschild (Chairman)
T Paluchowski
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 2006

The directors submit their report and the financial statements for the year ended 31 August 2006

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

During the year the company drew down on a server loan facility for £200,000 from its ultimate parent undertaking, the Emily & Amelia Trust. The total amount outstanding on the loan at the year end was £800,000

Results and dividends

The trading loss for the year, after taxation, was £231,089 (2005 £299,684) leaving a deficit of £1,253,017 (2005 deficit £1,021,928) 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

Details of the directors serving since the last directors' report are as follows

Lord Rothschild
T Paluchowski
I Goodwin

Lord Rothschild has a beneficial interest in 600,775 (2005 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.

Statement as to disclosure of information to auditors

So far as each of the directors is aware, there is no relevant information that has not been disclosed to the company's auditors and each of the directors believes that all steps have been taken that ought to have been taken to make them aware of any relevant audit information and to establish that the company's auditors have been made aware of that information.

CLIFTON NURSERIES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2006

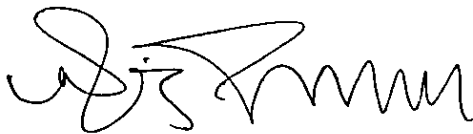
Elective resolutions

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

1 March 2007

CLIFTON NURSERIES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS FOR THE YEAR ENDED 31 AUGUST 2006

We have audited the statements on pages 5 to 14. 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 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 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 2006 and of its loss for the year then ended, the financial statements have been properly prepared in accordance with the Companies Act 1985 and the information given in the directors' report is consistent with the financial statements.


Saffery Champness

Chartered Accountants
Registered Auditors

Lion House
Red Lion Street
London
WC1R 4GB

1 March 2007

CLIFTON NURSERIES LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2006**

	Notes	2006 £	2005 £
Turnover	1	2,692,108	2,591,278
Cost of sales		(1,465,671)	(1,415,120)
Gross profit		<u>1,226,437</u>	<u>1,176,158</u>
Other operating expenses	2	(1,360,843)	(1,431,537)
Operating loss		(134,406)	(255,379)
Interest receivable		4,357	4,458
		(130,049)	(250,921)
Interest payable	3	(52,409)	(35,868)
Group loan waived		(48,631)	-
Loss on ordinary activities before taxation	4	<u>(231,089)</u>	<u>(286,789)</u>
Taxation	6	-	(12,895)
Loss for the financial year after taxation	14	<u>(231,089)</u>	<u>(299,684)</u>

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

The notes on pages 7 to 14 form part of these financial statements

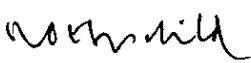
CLIFTON NURSERIES LIMITED

BALANCE SHEET AS AT 31 AUGUST 2006

	Notes	£	2006 £	£	2005 £
Fixed assets					
Tangible assets	7		260,661		107,912
Current assets					
Stock		231,390		216,668	
Debtors	8	361,539		315,886	
Cash at bank and in hand		25,017		150,938	
		<u>617,946</u>		<u>683,492</u>	
Current liabilities					
Creditors: Amounts falling due within one year	9	(2,119,228)		(1,813,232)	
Net current liabilities			(1,501,282)		(1,129,740)
Total assets less current liabilities			(1,240,621)		(1,021,828)
Creditors: Amounts falling due after more than one year	10		(12,296)		-
			<u>(1,252,917)</u>		<u>(1,021,828)</u>
Capital and reserves					
Called up share capital	11		100		100
Profit and loss account	14		(1,253,017)		(1,021,928)
Equity shareholders' funds	15		<u>(1,252,917)</u>		<u>(1,021,828)</u>

The notes on pages 7 to 14 form part of these financial statements

Approved by the board on 1 March 2007


Rothschild – Director

CLIFTON NURSERIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2006

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 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.

E 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.

F Deferred taxation

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, on a non-discounted basis, 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.

CLIFTON NURSERIES LIMITED

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 AUGUST 2006

1 Turnover

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

2 Other operating expenses (net)

	2006 £	2005 £
Selling and distribution costs	414,633	469,410
Administrative expenses	925,202	936,101
Financial expenses	21,008	26,026
	<u>1,360,843</u>	<u>1,431,537</u>
Other operating income	-	-
	<u>1,360,843</u>	<u>1,431,537</u>

3 Interest payable

	2006 £	2005 £
On bank loans and overdrafts	-	2,060
Other loans	52,409	33,808
	<u>52,409</u>	<u>35,868</u>

4 Loss on ordinary activities before taxation

	2006 £	2005 £
The loss on ordinary activities before taxation is stated after charging/(crediting)		
Depreciation charge for the year	42,711	59,723
Profit on the sale of fixed assets	(1,054)	(3,011)
Operating lease rentals		
- Hire of plant and machinery	38,528	40,447
- Rental of properties	49,584	29,657
Auditors' remuneration - audit fees	7,504	17,685
- other fees	2,175	-
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CLIFTON NURSERIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2006

5 Employees

	2006 £	2005 £
Staff costs during the year were		
Wages and salaries	834,958	854,586
Social security costs	84,037	120,299
Other pension costs	3,894	3,146
	<u>922,889</u>	<u>978,031</u>
The average number of persons employed during the year was		
	Number	Number
Office and management	10	10
Selling and distribution and landscaping	29	32
	<u>39</u>	<u>42</u>

Directors' remuneration

The total remuneration received by directors was £Nil (2005 £Nil)

CLIFTON NURSERIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2006

6 Taxation

	2006 £	2005 £
Corporation tax		
Foreign corporation tax suffered	-	12,895
Factors affecting tax charge for the year		
Loss on ordinary activities before tax	(231,089)	(286,789)
Loss on ordinary activities multiplied by standard Rate of UK corporation tax of 30% (2005 30%)	(69,327)	(86,037)
Effects of		
Expenses disallowed	30,460	533
Capital allowances	(18,563)	(10,953)
Depreciation	12,813	17,917
Net (decrease)/increase in general provisions	-	(478)
Foreign tax adjustments	-	12,895
Group relief surrendered	17,850	-
Unutilised losses	27,083	79,921
Profit on disposal of fixed assets	(316)	(903)
Corporation tax charge	-	12,895

Accumulated corporation tax trading losses of approximately £1,442,000 (2005 £1,352,000) are carried forward to be offset against future profits

CLIFTON NURSERIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2006

7 Tangible fixed assets

	Short leaseholds £	Fixtures and equipment £	Motor vehicles £	Total £
Cost				
1 September 2005	798,044	261,390	48,885	1,108,319
Additions	100,148	75,938	20,150	196,236
Disposals	-	(728)	(8,238)	(8,966)
31 August 2006	898,192	336,600	60,797	1,295,589
Depreciation				
1 September 2005	792,663	162,976	44,768	1,000,407
Disposals	-	(223)	(7,967)	(8,190)
Charge for the year	4,221	30,427	8,063	42,711
31 August 2006	796,884	193,180	44,864	1,034,928
Net book value				
31 August 2006	101,308	143,420	15,933	260,661
31 August 2005	5,381	98,414	4,117	107,912

Capital expenditure contracted for but not provided for in the financial statements amounted to £52,470 (2005 £Nil)

8 Debtors

	2006 £	2005 £
Amounts falling due within one year		
Trade debtors	197,576	165,188
Amount owed by fellow subsidiary undertakings	16,097	16,097
Other debtors	53,751	80,716
Prepayments and accrued income	94,115	53,885
	361,539	315,886

CLIFTON NURSERIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2006

9 Creditors: amounts falling due within one year

	2006 £	2005 £
Amounts falling due within one year		
Trade creditors	394,748	230,318
Net obligations under finance leases	4,098	-
Amount owed to immediate parent undertaking	753,105	803,706
Loan from ultimate parent undertaking (Note 16)	800,000	600,000
Other taxation and social security	96,488	101,510
Other creditors	1,348	8,978
Accruals	69,441	68,720
	<u>2,119,228</u>	<u>1,813,232</u>

10 Creditors: amounts falling due after more than one year

	2006 £	2005 £
Net obligations under finance leases	<u>12,296</u>	<u>-</u>
Net obligations under finance leases and hire purchase		
Repayable within one year	4,098	-
Repayable within one and five years	<u>12,296</u>	<u>-</u>
	16,394	-
Included within liabilities falling due within one year	<u>(4,098)</u>	<u>-</u>
	<u>12,296</u>	<u>-</u>

11 Share capital

	2006 £	2005 £
Authorised, allotted, called up and fully paid Equity		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

12 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.

CLIFTON NURSERIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2006

13 Commitments under operating leases

	Land and buildings		Other assets	
	2006	2005	2006	2005
	£	£	£	£
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	2,362	15,493
Expiring between two and five years	-	-	28,563	22,985
Expiring in five years or more	37,492	29,992	-	-
	<u>49,492</u>	<u>41,992</u>	<u>30,925</u>	<u>38,478</u>

14 Reserves

	2006	2005
	£	£
Profit and loss account		
At 1 September 2005	(1,021,928)	(722,244)
Loss for the financial year	<u>(231,089)</u>	<u>(299,684)</u>
At 31 August 2006	<u>(1,253,017)</u>	<u>(1,021,928)</u>

15 Reconciliation of movements on shareholders funds

	2006	2005
	£	£
Loss for the financial year	(231,089)	(299,684)
Shareholders' funds at 1 September 2005	<u>(1,021,828)</u>	<u>(722,144)</u>
Shareholders' funds at 31 August 2006	<u>(1,252,917)</u>	<u>(1,021,828)</u>

CLIFTON NURSERIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2006

16 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 recharged between the relevant related parties and no profits are made on these transactions

Clifton Nurseries (Holdings) Limited charged the company £238,572 (2005 £249,072) for management fees based on normal commercial terms

The company received an additional loan from the Trustees of the Emily & Amelia Trust of £200,000 on 29 December 2005. 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 £800,000. 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 £31,875 (2005 £25,000) for rent based on normal commercial terms. The amount owed to the Trust at the year end in respect of this was £13,542

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

	2006	Due from/(to)	2005
	£		£
Clifton Nurseries (Holdings) Limited	(753,105)		(785,342)
Waddesdon Gardens Limited	-		(18,364)
Clifton Little Venice Limited	5,799		5,799
Clifton Landscape and Design Limited	10,298		10,298
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