

**CLIFTON NURSERIES LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2003**



# **CLIFTON NURSERIES LIMITED**

## **COMPANY INFORMATION**

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**Directors** Lord Rothschild (Chairman)  
P E James  
S H Williams

**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  
39 Maida Vale  
London W9 1TR

**Company number** 697600

# **CLIFTON NURSERIES LIMITED**

## **DIRECTORS' REPORT FOR THE PERIOD ENDED 31 AUGUST 2003**

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The directors submit their report and the financial statements for the period ended 31 August 2003.

### **Review of the business and future developments**

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

The company changed its year end from 31 December 2003 to 31 August 2003 in line with other similar businesses in this sector.

In February 2004, a decision was made to close down the company's branch in France and the operations ceased in April 2004.

In order to assist with working capital, the company received a loan of £400,000 in November 2003 and a further loan of £50,000 in April 2004 from the ultimate parent undertaking.

### **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.

### **Results and dividends**

The trading loss for the period, after taxation, was £470,609 (2002: £261,327). After deducting a final dividend of £nil (2002: £nil), there is a deficit of £138,158 (2002: surplus £332,451) to be carried forward.

### **Directors and their interests**

The directors who served throughout the year were:

Lord Rothschild  
P E James  
P J C Troughton (resigned on 5 April 2004)  
S H Williams

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

Lord Rothschild has a beneficial interest in 600,775 (2002: 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 period. 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 (continued) FOR THE PERIOD ENDED 31 AUGUST 2003

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### Auditors

In accordance with the provisions of the Companies Act, 1985 a resolution will be proposed at the Annual General Meeting to re-appoint Saffery Champness as auditors and to authorise the directors to fix their remuneration.

By order of the board



.....  
A W Ringshall  
Secretary

22 September 2004

# CLIFTON NURSERIES LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS FOR THE PERIOD ENDED 31 AUGUST 2003

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.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 United Kingdom Auditing Standards 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.

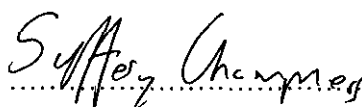
### Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 August 2003 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Saffery Champness

Chartered Accountants  
Registered Auditors

24.09.2004



Lion House  
Red Lion Street  
London  
WC1R 4GB

**CLIFTON NURSERIES LIMITED****PROFIT AND LOSS ACCOUNT  
FOR THE PERIOD ENDED 31 AUGUST 2003**

	Notes	8 months ending 31 August 2003 £	Year ending 31 December 2002 £
<b>Turnover</b>	<b>1</b>	4,038,502	5,628,265
Cost of sales		(2,803,472)	(3,634,751)
<b>Gross profit</b>		1,235,030	1,993,514
Other operating expenses (net)	<b>2</b>	(1,797,593)	(2,168,497)
<b>Operating loss</b>		(562,563)	(174,983)
Investment income	<b>3</b>	2,114	4,150
		(560,449)	(170,833)
Interest payable	<b>4</b>	(9,866)	(2,394)
<b>Loss on the ordinary activities before taxation</b>	<b>5</b>	(570,315)	(173,227)
Taxation	<b>7</b>	99,706	(88,100)
<b>Loss for the financial year after taxation</b>	<b>15</b>	(470,609)	(261,327)

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

The notes on pages 9 to 15 form part of these financial statements.

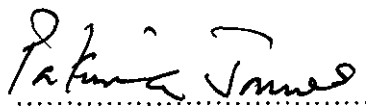
# CLIFTON NURSERIES LIMITED

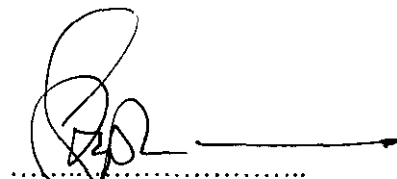
## BALANCE SHEET 31 AUGUST 2003

	Notes	2003		2002	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	8		308,563		361,038
<b>Current assets</b>					
Stock		401,352		499,290	
Debtors	9	1,128,843		1,118,131	
Cash at bank and in hand		83,487		134,581	
		<u>1,613,682</u>		<u>1,752,002</u>	
<b>Current liabilities</b>					
<b>Creditors: Amounts falling due within one year</b>	10	<u>(2,060,303)</u>		<u>(1,780,489)</u>	
<b>Net current (liabilities)</b>			<u>(446,621)</u>		<u>(28,487)</u>
			<u>(138,058)</u>		<u>332,551</u>
<b>Capital and reserves</b>					
Called up share capital	11		100		100
Profit and loss account	15		(138,158)		332,451
<b>Equity shareholders' funds</b>	16		<u>(138,058)</u>		<u>332,551</u>

The notes on pages 9 to 15 form part of these financial statements.

Approved by the board on 22 September 2004

  
.....  
Director

  
.....  
Director

# CLIFTON NURSERIES LIMITED

## CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 AUGUST 2003

	Notes	2003	2002
		£	£
<b>Net cash (outflow)/inflow from operating activities</b>	<b>1</b>	<b>(259,567)</b>	<b>11,138</b>
<b>Return on investments and servicing of financing</b>			
Interest received		2,114	4,150
Interest paid on overdraft		(9,866)	(2,394)
<b>Net cash (outflow)/inflow from servicing of finance</b>		<b>(7,752)</b>	<b>1,756</b>
<b>Taxation</b>			
Corporation tax paid		(9,737)	(171,258)
Corporation tax received		16,097	36,408
<b>Capital expenditure</b>			
Payments to acquire tangible Fixed assets		(78,346)	(60,650)
Receipts from sale of tangible Fixed assets		-	6,726
<b>Net cash (outflow) from investing activities</b>		<b>(78,346)</b>	<b>(53,924)</b>
<b>Equity dividends paid</b>		<b>-</b>	<b>(100,000)</b>
<b>(Decrease) in cash</b>	<b>2</b>	<b>(339,305)</b>	<b>(275,880)</b>
<b>Reconciliation of net cashflow to movement in net funds</b>			
<b>(Decrease) in net funds</b>	<b>3</b>	<b>(339,305)</b>	<b>(275,880)</b>



# CLIFTON NURSERIES LIMITED

## NOTES TO THE CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 AUGUST 2003

1	<b>Reconciliation of operating profit to net cashflow from operating activities</b>	<b>2003</b>	<b>2002</b>
		<b>£</b>	<b>£</b>
	Operating loss	(562,563)	(174,983)
	Depreciation charges	130,821	96,748
	Loss on sale of tangible fixed assets	-	15,173
	Decrease/(increase) in stock	97,938	(1,890)
	Decrease in debtors	82,634	56,533
	(Decrease)/increase in creditors	(8,397)	19,557
	<b>Net cash (outflow)/inflow from operating activities</b>	<b>(259,567)</b>	<b>11,138</b>
2	<b>Analysis of changes in cash during the period</b>	<b>2003</b>	<b>2002</b>
		<b>£</b>	<b>£</b>
	Balance at 1 January 2003	(130,291)	145,589
	Net cash outflow	(339,305)	(275,880)
	<b>Balance at 31 August 2003</b>	<b>(469,596)</b>	<b>(130,291)</b>
3	<b>Analysis of changes in net funds</b>	<b>At 1 January 2003</b>	<b>At 31 August 2003</b>
		<b>£</b>	<b>£</b>
	Cash at bank and in hand	134,581	83,487
	Overdraft	(264,872)	(553,083)
		<b>(130,291)</b>	<b>(469,596)</b>

# CLIFTON NURSERIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2003

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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 other than freehold land, 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:

Freehold buildings	2% on original cost;
Short leaseholds	over the term of the lease;
French fixtures and equipment	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.

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

# CLIFTON NURSERIES LIMITED

## ACCOUNTING POLICIES FOR THE PERIOD ENDED 31 AUGUST 2003

### Accounting policies (continued)

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)	8 months ending 31 August 2003 £	Year ending 31 December 2002 £
	Selling and distribution costs	467,256	546,759
	Administrative expenses	1,335,476	1,629,947
	Financial expenses	21,031	28,139
		<u>1,823,763</u>	<u>2,204,845</u>
	Other operating income	(26,170)	(36,348)
		<u>1,797,593</u>	<u>2,168,497</u>
3	Investment income	8 months ending 31 August 2003 £	Year ending 31 December 2002 £
	Interest receivable	<u>2,114</u>	<u>4,150</u>
4	Interest payable	8 months ending 31 August 2003 £	Year ending 31 December 2002 £
	On bank loans and overdrafts	<u>9,866</u>	<u>2,394</u>

# CLIFTON NURSERIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2003

5	Loss on ordinary activities before taxation	8 months ending 31 August 2003 £	Year ending 31 December 2002 £
	The loss on ordinary activities before taxation is stated after charging:		
	Depreciation charge for the period	130,821	96,748
	Operating lease rentals:		
	- Hire of plant and machinery	45,629	30,568
	- Rental of properties	63,877	73,404
	Auditors' remuneration	12,000	15,359
6	Employees	8 months ending 31 August 2003 £	Year ending 31 December 2002 £
	Staff costs during the period were:		
	Wages and salaries	1,363,603	1,528,997
	Social security costs	218,177	203,978
	Other pension costs	4,228	8,699
		1,586,008	1,741,674
	The average number of persons, including executive directors, employed during the period was:	Number	Number
	Office and management	20	15
	Selling and distribution and landscaping	83	74
		103	89
	<b>Directors' remuneration</b>		
	Emoluments	-	-

# CLIFTON NURSERIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2003

7	Taxation	8 months ending 31 August 2003 £	Year ending 31 December 2002 £
	UK corporation tax on loss of the period	-	-
	Adjustments in respect of prior periods	-	2,235
	Foreign tax - prior year	-	85,865
	<b>Current tax charge</b>	-	88,100
	<b>Deferred tax</b>		
	Deferred tax credit	(99,706)	-
		(99,706)	88,100
	<b>Factors affecting tax charge for the period</b>		
	(Loss) on ordinary activities before tax	(570,315)	(173,227)
	Loss on ordinary activities multiplied by standard Rate of UK corporation tax of 30% (2002: 30%)	(171,094)	(51,968)
	Effects of:		
	Expenses disallowed	-	1,949
	Capital allowances	(14,253)	(17,490)
	Depreciation	39,246	29,024
	Net loss on disposal of fixed assets and investments	-	4,552
	Net increase in general provisions	249	23
	Expensive leased cars - net disallowed lease costs	-	800
	Unutilised losses	145,852	-
	Losses carried back	-	33,110
	UK corporation tax	-	-

# CLIFTON NURSERIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2003

### 8 Tangible fixed assets

	Freehold property £	Short leaseholds £	Fixtures and equipment £	Motor vehicles £	Total £
<b>Cost</b>					
1 January 2003	138,364	860,786	180,973	171,261	1,351,384
Additions	-	-	48,894	29,452	78,346
<b>31 August 2003</b>	<u>138,364</u>	<u>860,786</u>	<u>229,867</u>	<u>200,713</u>	<u>1,429,730</u>
<b>Depreciation</b>					
1 January 2003	30,110	756,616	100,093	103,527	990,346
Charge for the year	-	31,453	19,383	79,985	130,821
<b>31 August 2003</b>	<u>30,110</u>	<u>788,069</u>	<u>119,476</u>	<u>183,512</u>	<u>1,121,167</u>
<b>Net book value</b>					
<b>31 August 2003</b>	<u>108,254</u>	<u>72,717</u>	<u>110,391</u>	<u>17,201</u>	<u>308,563</u>
<b>31 December 2002</b>	<u>108,254</u>	<u>104,170</u>	<u>80,880</u>	<u>67,734</u>	<u>361,038</u>

Included in Freehold Property is land stated at a cost of £58,014 (2002: £58,014) which is not depreciated.

Capital expenditure contracted for but not provided for in the financial statements amounted to £nil (2002: £Nil).

### 9 Debtors

	2003 £	2002 £
Amounts falling due within one period:		
Trade debtors	686,994	644,757
Amount owed by fellow subsidiary undertakings	64,842	16,097
Other debtors	105,756	113,439
Prepayments and accrued income	171,545	343,838
Deferred tax asset	99,706	-
	<u>1,128,843</u>	<u>1,118,131</u>

# CLIFTON NURSERIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2003

10	Creditors	2003 £	2002 £
	Amounts falling due within one period :		
	Bank overdraft	553,083	264,872
	Trade creditors	279,690	189,659
	Amount owed to immediate parent undertaking	995,382	1,023,267
	Other taxation and social security	169,438	219,920
	Other creditors	6,000	671
	Accruals	56,710	82,100
		<u>2,060,303</u>	<u>1,780,489</u>

11	Share capital	2003 £	2002 £
	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 period 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.

### 13 Commitments under operating leases

	Land and buildings		Other assets	
	2003 £	2002 £	2003 £	2002 £
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	5,820	8,448
Expiring between two and five years	25,000	25,000	30,468	26,948
Expiring in five years or more	4,992	4,992	-	-
	<u>41,992</u>	<u>41,992</u>	<u>36,288</u>	<u>35,396</u>

### 14 Contingent liabilities

The company is party to a group overdraft facility of £500,000. The group indebtedness to the bank was £485,240 (2002: £226,819) at 31 August 2003.

At 31 August 2003, the company had limited guarantees in favour of Lloyds Bank Plc for £200,000 and £500,000 in respect of the bank borrowings of Waddesdon Gardens Limited and Clifton Nurseries (Holdings) Limited respectively. At the period-end, both Waddesdon Gardens Limited and Clifton Nurseries (Holdings) Limited had no indebtedness to the bank. The company also had a limited guarantee in favour of HM Customs & Excise for £5,000 relating to duty deferment.

# CLIFTON NURSERIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2003

15	Reserves	2003 £	2002 £
	Profit and loss account:		
	At 1 January	332,451	593,778
	Loss for the financial period	(470,609)	(261,327)
	<b>At 31 August</b>	<b>(138,158)</b>	<b>332,451</b>
The balance on profit and loss account includes goodwill of £62,000 written off directly to reserves in 1997.			
16	Reconciliation of movements on shareholders funds	2003 £	2002 £
	(Loss) for the financial period	(470,609)	(261,327)
	<b>Shareholders' funds at 1 January 2003</b>	<b>332,551</b>	<b>593,878</b>
	<b>Shareholders' funds at 31 August 2003</b>	<b>(138,056)</b>	<b>332,551</b>

### 17 Related party transactions

The company has been controlled throughout the period 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 £211,640 (2002: £486,762) for management fees based on normal commercial terms and at arm's length.

The Trustees of the Emily & Amelia Trust have charged the company £18,750 (2002: £25,000) for rent based on normal commercial terms and at arm's length.

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

	2003 £	Due from/(to) 2002 £
Clifton Nurseries (Holdings) Limited	(995,382)	(990,611)
Waddesdon Gardens Limited	48,794	(32,656)
Clifton Little Venice Limited	5,799	5,802
Clifton Landscape and Design Limited	10,298	10,298