

JCB Farms Limited

**Directors' Report and Consolidated Financial
Statements for the year ended 31 December 2018**

Registered number 00798058

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JCB Farms Limited

Contents

Directors and advisors.....	1
Group strategic report for the year ended 31 December 2018	2
Group directors' report for the year ended 31 December 2018	3
Independent auditors' report to the members of JCB Farms Limited.....	5
Consolidated profit and loss account for the year ended 31 December 2018	8
Consolidated and Company balance sheets as at 31 December 2018.....	9
Consolidated and Company statements of changes in equity for the year ended 31 December 2018	11
Consolidated statement of cashflows for the year ended 31 December 2018.....	12
Notes to the financial statements for the year ended 31 December 2018	13

JCB Farms Limited

Directors and advisors

Directors

The Lord Bamford DL
M J C Bamford
S E R Ovens

Company Secretary

S E R Ovens

Auditors

Howsons (Audit & Assurance) Limited
Chartered Accountants and Statutory Auditors
Winton House
Stoke Road
Stoke-on-Trent
Staffordshire
ST4 2RW

Solicitors

Slaughter & May
1 Bunhill Row
London
EC1Y 8YY

Bankers

Barclays Bank plc
PO Box 3333
One Snowhill
Snow Hill Queensway
Birmingham
B3 2WN

Registered office

Lakeside Works
Rocester
Uttoxeter
Staffs
ST14 5JP

Registered number

00798058

JCB Farms Limited

Group strategic report for the year ended 31 December 2018

The directors present their strategic report of the group for the year ended 31 December 2018.

Business Review

Review of business and future developments

The positive market conditions referred to in the 2017 report continued in 2018 with the UK organic market growing by 5.3%. Organic produce now accounts for 24.3% of the total UK food and drink market according to the latest Organic Market Report by the Soil Association. Organic produce year-on-year growth to 2018 was reported at 3.6%. Deli and chilled foods also reported impressive growth.

A variety of factors affect the level of net farm income every year, including the level of producer prices and support payments, the cost of inputs, wastage and other losses and mortality. With improvements in farm and abattoir efficiency expected in 2019, the profitability is set.

Review of business and future developments

At the year end, the net liabilities totalled £19,050,000.

The turnover of the continuing operations of the group increased again this year, by 13% to £4,728,000 from £4,180,000, which is seen as a good result.

Key performance indicators (KPI's)

JCB Farms Limited uses a range of financial and non-financial indicators to monitor performance. The key performance indicators referred to in the business review above include: revenue and profit trends and gross profit margins, by enterprise.

Principal risks and uncertainties

The principal risk facing JCB Farms Limited is the performance of the farming and organic food sectors. To manage this risk, JCB Farms Limited produce and sell a variety of livestock and arable produce.

Financial risk management

The group's operations expose it to a variety of risks that include credit risk and liquidity risk.

Credit risk

The principal financial assets of JCB Farms Limited are trade and other receivables, predominantly with JCB companies and related companies outside of the JCB Service group. Because JCB Farms Limited is integrated in business and financial terms with these JCB companies, its credit risk is managed by those companies.

Trade debtors are managed in respect of credit by the regular monitoring of amounts outstanding from customers. The amounts presented in the balance sheet are net of allowances for doubtful debtors.

Liquidity risk

JCB Farms Limited is party to a banking arrangement common to all UK based JCB companies. Adequate facilities are available to support the group's business for at least 12 months beyond the date of this report. Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Approved on behalf of the board



S E R Ovens

Director

Date: 18.09.19

JCB Farms Limited

Group directors' report for the year ended 31 December 2018

The directors present their report and the audited financial statements for the year ended 31 December 2018.

Future Developments

Details of anticipated future developments in the group's business have been provided in the strategic report on page 2.

Results and dividends

The results for the group are set out in the financial statements.

The directors do not recommend the payment of a dividend (2017: £Nil).

Statutory Records

The company is incorporated in England and its group registration number is 00798058.

Directors

The directors who held office during the year and up to the date of signing the financial statements are given below:

The Lord Bamford DL
M J C Bamford
S E R Ovens

The group is a wholly owned subsidiary of J C Bamford Excavators Limited whose ultimate parent company is owned by Bamford family interests.

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements (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 prepared the group and company financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law (United Kingdom Generally Accepted Accounting Practice).

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 group and company and of the profit or loss of the group and company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' has been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; 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 confirm that they have complied with the above requirements in preparing the financial statements. The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

JCB Farms Limited

Directors' report for the year ended 31 December 2018 (continued)

Statement of disclosure of information to auditors

Each director of the company, in office at the time of approval of this report, acknowledges that:

- so far as the director is aware, there is no relevant audit information of which the group and company's auditors are unaware; and
- he/she has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the group and company auditors are aware of that information.

This statement is given and should be interpreted in accordance with Section 418 of the Companies Act 2006.

Independent Auditors

The auditors, Howsons, have indicated their willingness to continue in office. Elective resolutions are currently in force to dispense with holding annual general meetings, the laying of accounts before the company in general meetings and the appointment of auditors annually. Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and Howsons will therefore continue in office.

Approved on behalf of the board



S E R Owens

Director

Date: 18.09.19

JCB Farms Limited

Independent auditors' report to the members of JCB Farms Limited

Opinion

We have audited the financial statements of JCB Farms Limited and its subsidiaries (the 'group') for the year ended 31 December 2018 which comprise:

- a consolidated and company balance sheet as at 31st December 2018;
- a consolidated profit and loss account for the year then ended;
- a consolidated statement of cash flows for the year then ended;
- a consolidated and company statement of changes in equity for the year then ended; and
- 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 Financial Reporting Standard 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 group's and of the company's affairs as at 31 December 2018 and of the group's profit 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 group 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 group'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 annual 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. 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.

Independent auditors' report to the members of JCB Farms Limited (continued)

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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;

In preparing the financial statements, the directors are responsible for assessing the group's and parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

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.

JCB Farms Limited

Independent auditors' report to the members of JCB Farms Limited (continued)

Use of our report

This report is made solely to the group'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 group'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 group and the group's members as a body, for our audit work, for this report, or for the opinions we have formed.

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. This description forms part of our auditor's report.



James Parr- Senior Statutory Auditor
For and on behalf of Howsons (Audit & Assurance) Limited, Statutory Auditor
PO Box 165
Winton House
Stoke Road
Stoke-on-Trent
ST4 2RW

Date: 18 September 2019

JCB Farms Limited

Consolidated profit & loss account for the year ended 31 December 2018

	Note	2018 £'000	2017 Restated £'000
Turnover	4	4,728	4,181
Cost of sales	5	(4,966)	(4,341)
Gross loss		(238)	(160)
Administrative expenses		(1,732)	(1,847)
Other operating income	6	267	455
Operating loss	7	(1,703)	(1,552)
Other interest receivable and similar income	10	332	268
Interest payable and similar charges	11	(99)	(25)
Loss on ordinary activities before taxation		(1,470)	(1,309)
Tax on profit on ordinary activities		-	-
Loss on ordinary activities after taxation		(1,470)	(1,309)
Retained loss for the financial year		(1,470)	(1,309)

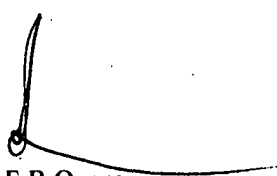
The group has no other comprehensive income for the year and the prior year other than the results above and therefore no separate statement of other comprehensive income has been presented.

JCB Farms Limited

Consolidated balance sheet as at 31 December 2018

	Note	2018 £'000	2017 £'000
Fixed assets			
Tangible assets	13	5,271	4,683
Current assets			
Stocks	15	1,304	1,124
Debtors	16	23,763	23,447
Cash at bank and in hand		-	1
		25,067	24,572
Creditors – amounts falling due within one year	18	(46,802)	(44,249)
Net current liabilities		(21,735)	(19,677)
Total assets less current liabilities		(16,464)	(14,994)
Creditors – amounts falling due after more than one year	19	(2,586)	(2,586)
Net liabilities		(19,050)	(17,580)
Capital and reserves			
Called up share capital	23	-	-
Accumulated losses		(19,050)	(17,580)
Shareholders funds		(19,050)	(17,580)

The financial statements on pages 13 to 24 were approved by the board of directors on 18.09, 2019 and were signed on its behalf by:


S E R Owens
 Director


Registered Number: 00798058

JCB Farms Limited

Balance sheet as at 31 December 2018

	Note	2018 £'000	2017 £'000
Fixed assets			
Tangible assets	13	2,068	1,400
Current assets			
Stocks	15	972	839
Debtors	16	22,668	22,550
Cash at bank and in hand		-	-
		23,640	23,389
Creditors – amounts falling due within one year	18	(30,823)	(29,652)
Net current assets/ (liabilities)		(7,183)	(6,263)
Total assets less current liabilities		(5,115)	(4,863)
Creditors – amounts falling due after more than one year	19	(3,211)	(3,211)
Net liabilities		(8,326)	(8,074)
Capital and reserves			
Called up share capital	23	-	-
Accumulated losses		(8,326)	(8,074)
Shareholders funds		(8,326)	(8,074)

The financial statements on pages 13 to 24 were approved by the board of directors on 18.09.2019 and were signed on its behalf by:


S E R Owens
 Director

Registered Number: 00798058

JCB Farms Limited

Consolidated statement of changes in equity for the year ended 31 December 2018

Group

	Called-up share capital £'000	Retained Earnings £'000	Total £'000
Balance as at 1 January 2017	-	(16,271)	(16,271)
Loss for the year	-	(1,309)	(1,309)
Total comprehensive loss for the year	-	(1,309)	(1,309)
Balance as at 31 December 2017	-	(17,580)	(17,580)
Loss for the year	-	(1,470)	(1,470)
Total comprehensive loss for the year	-	(1,470)	(1,470)
Balance as at 31 December 2018	-	(19,050)	(19,050)

Company statement of changes in equity for the year ended 31 December 2018

Company

	Called-up share capital £'000	Retained Earnings £'000	Total £'000
Balance as at 1 January 2017	-	(8,210)	(8,210)
Loss for the year	-	136	136
Total comprehensive loss for the year	-	136	136
Balance as at 31 December 2017	-	(8,074)	(8,074)
Loss for the year	-	(252)	(252)
Total comprehensive loss for the year	-	(252)	(252)
Balance as at 31 December 2018	-	(8,326)	(8,326)

JCB Farms Limited

Consolidated statement of cash flows for the year ended 31 December 2018

	2018 £'000	2017 £'000
Net cash inflow/(outflow) from operating activities	129	(648)
Taxation	-	-
Net cash inflow/(outflow) from operating activities	129	(648)
Investing activities		
Purchase of tangible fixed assets	(970)	(2,309)
Proceeds from sale of tangible fixed assets	13	34
Financing activities		
Interest paid	(99)	(25)
Interest received	332	268
Net cash outflow from financing and investing	(595)	(2,680)

JCB Farms Limited

Notes to the financial statements for the year ended 31 December 2018

1. General information

The principal activity of JCB Farms Limited and its subsidiaries (together the 'group') is farming: producing organic meat and arable produce for the domestic retail market.

The company is a private company limited by share capital incorporated in England and Wales.

The address of the registered office is:

Lakeside Works
Rocester
Staffordshire
ST14 5JP

The principal place of business is:

Cote Farm
Farley
Oakamoor
Stoke on Trent
Staffordshire
ST10 3BQ

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own profit and loss account. The loss recorded by the company in the year ended 31 December 2018 totalled £252,000 (2017 profit - £136,000).

Principal accounting policies

The financial statements have been prepared under the historical cost convention, on the going concern basis, and in accordance with the Companies Act 2006 as modified for certain financial assets and liabilities measured at fair value through profit or loss. J C Bamford Excavators Limited, the company's immediate parent company, has confirmed that it is its present intention to continue to provide, or procure sufficient financial support to the company so as to enable the company to remain in operational existence and to meet its liabilities as they fall due for a period of no less than 12 months from the date of approval of these financial statements. Having received this confirmation, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies.

The company's functional and presentational currency is the pound sterling. Therefore, these financial statements are presented in pounds sterling.

JCB Farms Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

2. Summary of significant accounting policies (continued)

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of JCB Farms Limited and entities controlled by JCB Farms Limited (its subsidiaries) made up to the reporting date each year. Control is achieved where JCB Farms Limited has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair value at the date of acquisition. Any excess of the cost of the acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any negative goodwill that arises where the fair value of the group's interest is recognised in the profit and loss account immediately.

The result of subsidiaries acquired or disposed of during the year are included in the profit and loss account from the effective date of acquisition or disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies into line with those used by the group.

All intra-group balances and transactions are eliminated on consolidation.

(b) Turnover recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the Company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the company.

The company recognises revenue when:

The amount of revenue can be reliably measured;

It is probable that future economic benefits will flow to the entity; and

Specific criteria have been met for each of the Company's activities.

(c) Taxation

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Deferred taxation 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.

Deferred tax assets are regarded as recoverable and recognised in the financial statements when, on the basis of available evidence, it is more likely than not that there will be suitable taxable profits from which the future reversal of the 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 that have been enacted or substantially enacted at the balance sheet date.

The deferred tax assets and liabilities are not discounted.

JCB Farms Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

2. Summary of significant accounting policies (continued)

(d) Employee benefits

Defined benefit pension obligation

Post-employment benefits for eligible employees are primarily provided by a defined benefit scheme which is funded by contributions from the company and employs into a trust fund. The company is unable to identify its share of the underlying assets and liabilities of these schemes. As a result, the company accounts for contributions to the schemes as if they were defined contribution scheme by charging them to the profit and loss account as incurred. Full details of the defined benefit scheme can be found in the financial statements of JCB Service which are publicly available.

Defined contribution pension obligation

The defined benefit pension schemes are closed to new entrants and have been replaced by a stakeholder scheme which is a defined contribution scheme. Post-employment costs relating to defined contribution arrangements are charged to the profit and loss account as incurred. The assets of the scheme are held in an independently administered fund.

(e) Investment property

Listed investments are included in the balance sheet at their fair value.

Unlisted investments are included in the balance sheet at their cost. Where appropriate, provision is made for any impairment in their value.

(f) Tangible fixed assets

Tangible fixed assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs in a foreign currency are not retranslated.

Depreciation is charged so as to write off the original cost by equal annual instalments over the expected useful life of the assets concerned, using the straight line method. Assets in the course of construction are not depreciated.

The principal rates used are:

Land and buildings	2%
Plant and equipment	10-20%
Fixtures and fittings	10%

(g) Debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

(h) Creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

JCB Farms Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

2. Summary of significant accounting policies (continued)

(i) Stock

Bought in biological assets are valued at market value less any accumulated impairment losses. Home grown biological assets are valued at a percentage of market value, reflecting the cost borne by the group in rearing the asset. Agricultural produce is valued at the point of harvest at the lower of cost and estimated selling price less costs to complete and sell. All other stock is valued at the lower of cost and estimated selling price less costs to complete and sell.

(j) Financial instruments

The group has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other debtors, cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised in profit or loss.

Financial assets are derecognised when a) the contractual rights to the cash flows from the asset expire or are settled, or b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other creditors, bank and other loans, loans from fellow JCB companies and preference shares, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

The group does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

JCB Farms Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

3. Critical accounting judgements and estimation uncertainty

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(a) Useful economic life of tangible fixed assets

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 12 for the carrying amount of the tangible assets, and note 2 for the useful economic lives for each class of assets.

(b) Stock

The group home rears and grows certain produce, which are valued based on a percentage of the market value. The percentage used is an accounting estimate and is calculated based on management judgement and experience of the market place and the products. The percentages used are amended when necessary to reflect current information and expected market value. See note 14 for the carrying value of the stock.

4. Turnover

The turnover and profit before tax are attributable to the principal activities of the group. All turnover is achieved within the UK.

5. Cost of sales

It was determined in the period that some wages and salaries, and sundry costs included within administration expenses related directly to cost of sales. It was decided therefore to re-classify these amounts in the current year and to restate the comparative in the previous year, re-classifying £665,000 of wages and salaries, and £26,000 of sundry costs from administration expenses to cost of sales.

6. Other operating income

	2018 £'000	2017 £'000
Farm subsidies	267	414
Other income	-	41

7. Operating loss

Operating loss is stated after charging/(crediting):

	2018 £'000	2017 £'000
Hire of plant and machinery	14	7
Foreign currency losses	-	1
Loss/(profit) on sale of tangible fixed assets	6	(13)
Depreciation of owned tangible fixed assets	364	436
Auditors remuneration – The audit of the group's annual accounts*	13	8
Auditors remuneration – Accounts preparation*	1	3
Auditors remuneration – Other services*	3	2

*£7,000 (2017 - £8,000) relates to the company. The other service fees to auditors relates wholly to the company.

JCB Farms Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

8. Particulars of employees

The average number of persons employed by the group (including directors) during the period, analysed by category, was as follows:

	2018 No.	2017 No.
Directors	3	3
Production	49	35
Administration	7	9
Total	59	47

The aggregate payroll costs of these persons were as follows:

	2018 £'000	2017 £'000
Wages and salaries	1,483	1,305
Social security costs	130	108
Other pension costs	98	123
Total	1,711	1,536

9. Directors' remuneration

The directors received no remuneration and accrued no benefits under company pension schemes during the year (2017 - £Nil)

10. Other interest receivable and similar income

	2018 £'000	2017 £'000
Other finance income	332	268

11. Interest payable and similar charges

	2018 £'000	2017 £'000
Other interest payable	99	25

12. Tax on loss on ordinary activities

Factors which may affect future tax charges

The group had tax losses of approximately £10,055,000 brought forward and has losses carried forward of £11,515,000.

JCB Farms Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

13. Tangible fixed assets

Group	Farm buildings and tenant improvements £'000	Farm machinery £'000	Farm fixtures, fittings and equipment £'000	Total £'000
Cost				
As at 1 January 2018	2,267	2,049	2,593	6,909
Additions	370	115	485	970
Disposals	-	(38)	(134)	(172)
As at 31 December 2018	2,638	2,124	2,944	7,706
Depreciation				
As at 1 January 2018	270	871	1,085	2,226
Charge for the year	43	134	187	364
Disposals	-	(23)	(131)	(154)
As at 31 December 2018	313	982	1,141	2,436
Net book value as at 31 December 2018	2,324	1,144	1,803	5,271
Net book value as at 31 December 2017	1,997	1,178	1,508	4,683

Company	Farm buildings and tenant improvements £'000	Farm machinery £'000	Farm fixtures, fittings and equipment £'000	Total £'000
Cost				
As at 1 January 2018	711	754	1,434	2,899
Additions	358	99	367	824
Disposals	-	(38)	(134)	(172)
As at 31 December 2018	1,069	815	1,667	3,551
Depreciation				
As at 1 January 2018	217	350	932	1,499
Charge for the year	13	45	80	138
Disposals	-	(23)	(131)	(154)
As at 31 December 2018	230	372	881	1,483
Net book value as at 31 December 2018	839	443	786	2,068
Net book value as at 31 December 2017	494	404	502	1,400

14. Fixed asset investments

At 31 December 2018 the company has the following subsidiary company, which is included in the consolidated accounts. All equity holdings are in ordinary shares.

	Equity Held	Principal business	Country of incorporation
Wootton Organic Wholesale Limited	100%	Abattoir	England and Wales

JCB Farms Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

15. Stock and work in progress

	Group		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Stock	1,304	1,124	972	854

The group cost of stock recognised as an expense in the period amounted to £3,131,000 (2017 - £3,071)

16. Debtors

	Group		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Trade debtors	98	83	35	2
Amounts owed by group undertakings	21,303	21,281	21,139	21,139
Amounts owed by subsidiary undertakings	-	-	553	335
Amounts owed by related companies outside the JCB group	2,201	1,792	828	828
Other debtors	34	284	18	245
Prepayments and accrued income	127	7	95	1
	23,763	23,447	22,668	22,550

An impairment loss of £nil (2016: £nil) was recognised against trade debtors.

17. Cash and cash equivalents

	2018	2017
	£'000	£'000
Cash on hand	1	1
Bank overdrafts	(31,577)	(30,982)
Cash and cash equivalents in statement of cashflows	(31,576)	(30,981)

Along with other companies that are members of the JCB Service Group, the group was party to the JCB Service Group banking facility known as the composite account. Under this facility, each company is jointly and severally liable for any liability to the bank collectively. In respect of the debt due to the bank by this group, provision has been made in the consolidated accounts for JCB Service.

18. Creditors: amounts falling due within one year

	Group		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Bank overdraft	31,577	30,982	21,470	21,186
Trade creditors	229	361	107	114
Amounts owed to group undertakings	14,830	12,761	8,766	7,936
Amounts owed to subsidiary undertakings	-	-	390	390
Amounts owed to related companies outside JCB Service	17	33	2	2
Accruals and deferred income	149	112	88	24
	46,802	44,249	30,823	29,652

JCB Farms Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

19. Creditors: amounts falling due after more than one year

	Group		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Amounts owed to group undertakings	2,586	2,586	2,586	2,586
Amounts owed to subsidiary undertakings	-	-	625	625
	2,586	2,586	3,211	3,211

The group loans which are unsecured, repayable on demand (subject to twelve months notice) and interest free are due to J C Bamford Excavators Limited. Provision has been made in the consolidated accounts for JCB Service.

20. Pension scheme

The group is a participating employer on a defined benefit scheme: J C Bamford Lifeplan. The scheme had a deficit of £250.1 million (2017 - £271.8 million) calculated in accordance with FRS102. The amount charged to the profit and loss account in the year in respect of contributions to the scheme was £41,000 (2017 - £79,000). There were no prepaid contributions at either the beginning or end of the financial year.

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable for the company by the scheme and amounted to £57,000 (2017 - £44,000). There were no prepaid contributions at either the beginning or end of the financial year.

21. Financial instruments

Group

	2018	2018	2017	2017
	£'000	£'000	£'000	£'000
Financial assets at fair value through profit and loss				
- Fixed asset investments				
Financial assets constituting debt instruments measured at amortised cost.				
- Trade debtors	95		83	
- Amounts owed by group undertakings	21,305		21,281	
- Amounts owed by related companies outside the JCB Service	2,203		1,792	
Group				
- Other debtors	32		284	
		23,635		23,440

JCB Farms Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

21. Financial instruments (continued)

	2018 £'000	2018 £'000	2017 £'000	2017 £'000
Financial assets constituting equity instruments measured at amortised cost				
- Fixed asset investments				
Financial liabilities measured at fair value through profit and loss				
Financial liabilities measured at amortised cost				
- Bank loans and overdrafts	31,577		30,982	
- Trade creditors	229		361	
- Amounts owed to group undertakings	14,830		15,347	
- Amounts owed to related companies outside JCB Service Group	17		33	
- Accruals and deferred income	149		112	
		46,802		46,835

Company

	2018 £'000	2018 £'000	2017 £'000	2017 £'000
Financial assets at fair value through profit and loss				
- Fixed asset investments				
Financial assets constituting debt instruments measured at amortised cost.				
- Trade debtors	35		2	
- Amounts owed by group undertakings	21,139		21,139	
- Amounts owed by subsidiary undertakings	553		1,015	
- Amounts owed by related companies outside the JCB Service Group	828		828	
- Other debtors	18		245	
		22,573		23,229

	2018 £'000	2018 £'000	2017 £'000	2017 £'000
Financial assets constituting equity instruments measured at amortised cost				
- Fixed asset investments				
Financial liabilities measured at fair value through profit and loss				
Financial liabilities measured at amortised cost				
- Bank loans and overdrafts	21,470		21,186	
- Trade creditors	107		114	
- Amounts owed to group undertakings	11,352		10,522	
- Amounts owed to subsidiary undertakings	1,015		1,015	
- Amounts owed to related companies outside JCB Service Group	2		2	
- Accruals and deferred income	-		24	
		33,946		32,863

JCB Farms Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

22. Operating lease commitments

The company has an informal obligation to pay £81,000 in 2019 (2017 - £81,000 payable in 2018), in respect of property rental to a group company. This commitment may extend beyond five years of the balance sheet date.

23. Share capital

	2018 £	2017 £
Allotted, called up and fully paid up		
4 Ordinary shares of £1	4	4

Each share is entitled to one vote in any circumstances. Each share is entitled pari passu to dividend payments or any other distributions. Each share is entitled to participate in a distribution arising from winding up of the company. The shares are non-redeemable.

24. Reserves

Called up share capital – represents the nominal value of shares that have been issued.

Retained earnings – includes all current and prior period retained profits and losses.

25. Reconciliation of operating loss to operating cash flows

	2018 £'000	2017 £'000
Operating loss	(1,703)	(1,552)
Depreciation, amortisation and impairment charges	364	436
Loss/(profit) on disposal of fixed assets	6	(13)
Increase in stocks	(180)	(18)
Increase in debtors	(316)	(990)
Increase in creditors	1,958	1,489
Net cash inflow from operating activities	129	(648)

26. Related party transactions

The company has taken advantage of the exemption allowed under FRS 102 paragraph 33.1A not to disclose details of transactions with entities that are wholly owned members of the group.

J C Bamford Excavators Limited, the group's parent company incurred costs on behalf of the group and recharged them at cost. The value of these recharges was £1,953,000 (2017 - £1,818,000). The group also incurred costs on behalf of J C Bamford Excavators Limited, which it recharged at cost. The value of these recharges was £33,000 (2017 - £18,000). The net amount due to J C Bamford Excavators Limited at 31 December 2018 was £17,069,000 (2017 - £15,044,000).

During the year the group sold goods to the BHoldings Limited group of companies, in which Lady Bamford OBE and her family are the shareholders, amounting to £3,930,000 (2017 - £3,429,000). The group also purchased goods from the BHoldings Limited group of companies amounting to £nil (2017 - £9,000). The net amount due from the BHoldings Limited group of companies at 31 December 2018 was £2,184,000 (2017 - £1,758,000).

JCB Farms Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

26. Related party transactions (continued)

During the year the group sold goods to Daylesford Organic Farms Limited amounting to £3,000 (2017 - £2,000). The group also purchased goods from the Daylesford Organic Farms Limited amounting to £352,000 (2017 - £315,000). The group also incurred costs that it recharged at cost, on behalf of Daylesford Organic Farms Limited amounting to £41,000 (2017 - £33,000). Interest was charged in the year on total funding of £332,000 (2017 - £208,000), at 1% over the Barclays Base Rate to Daylesford Organic Farms Limited. At the balance sheet date the amount due from Daylesford Organic Farms Limited was £20,956,000 (2017 - £20,819,000).

All transactions with related parties are carried out at arms length on commercial terms.

27. Ultimate controlling party

The company is a wholly owned subsidiary of J C Bamford Excavators Limited, which is itself a subsidiary of JCB Service, an unlimited liability company incorporated in England and Wales. The largest company to consolidate the accounts of J C Bamford Excavators Limited is Transmissions and Engineering Services Netherlands BV, a company incorporated in the Netherlands. Transmissions and Engineering Services Netherlands BV is ultimately controlled by Bamford family interests.

Financial statements for Transmissions and Engineering Services Netherlands BV can be obtained from the Chamber of Commerce in Rotterdam.