

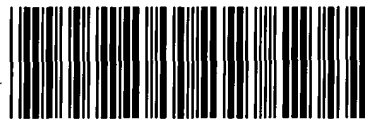
Registration number: 00798058

JCB Farms Limited

Directors' Report and Financial Statements

for the Year Ended 31 December 2017

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COMPANIES HOUSE

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

JCB FARMS LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The Directors present the strategic report for the year ended 31 December 2017.

Business review

Review of business and future developments

The positive market conditions referred to in the 2016 report continued in 2017 with the UK organic marketing growing by 6%. Organic produce now accounts for 1.5% of the total UK food and drink market according to the latest Organic Market Report by the Soil Association. The highest value of growth in the industry was that of organic produce, up 6.5% over 2016. Dairy and chilled foods also reported impressive growth

The turnover of the continuing operations of the group increased again this year, by 8.4% to £4,180,379 from £3,857,791, which is seen as a good result. However, gross margins have seen a decline of 9% from 21.7% to 12.7%.

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 2018, the profitability is set to improve.

Position of the business

At the year end, the net liabilities totalled £17,579,746.

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.

JCB FARMS LIMITED
GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

Financial risk management *continued*.....

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 by the Board and signed on its behalf by:



.....
S E R Ovens
Director

Date: 21.09.2018

JCB FARMS LIMITED
GROUP DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their report and the audited financial statements for the year ended 31 December 2017.

Future developments

Details of anticipated future developments in the group's business have been provided in the strategic report on page 1.

Results and dividend

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

The directors do not recommend the payment of a dividend (2016 - £Nil).

Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Standards (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). 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;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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

JCB FARMS LIMITED
GROUP DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

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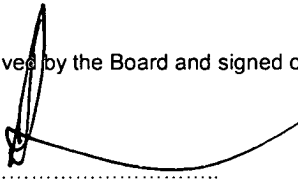
Directors

The directors who held office during the year were as follows:

- 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.

Approved by the Board and signed on its behalf by:



.....
S E R Ovens
Director

Date: 21.09.2018

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF JCB FARMS LIMITED

Opinion

We have audited the financial statements of JCB Farms Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2017 which comprise:

- a consolidated and company balance sheet as at 31st December 2017;
- 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 2017 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

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

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and 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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- 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;

Responsibilities of directors

As explained more fully in the directors' responsibilities statement [set out on page 3], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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.

Auditor's responsibilities for the audit of the financial statements

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

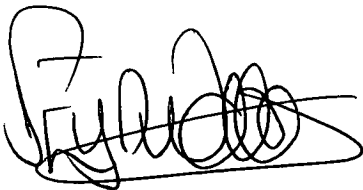
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF JCB FARMS LIMITED

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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.



James Eyre-Walker - Senior Statutory Auditor
For and on behalf of Howsons (Audit & Assurance) Limited, Statutory Auditor

Winton House
Stoke Road
Stoke-on-Trent
ST4 2RW

Date: 21 September 2018

JCB FARMS LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	Total 2017 £	Total 2016 £	Continuing operations 2016 £	Discontinuing operations 2016 £
Turnover	3	4,180,379	4,534,630	3,857,791	676,839
Cost of sales		(3,649,641)	(3,513,223)	(3,017,505)	(495,718)
Gross profit		<u>530,738</u>	<u>1,021,407</u>	<u>840,286</u>	<u>181,121</u>
Administrative expenses		(2,537,774)	(3,120,198)	(2,103,213)	(1,016,985)
Other operating income	4	454,670	361,574	210,147	151,427
Operating profit/(loss) excluding exceptional item	6	<u>(1,552,366)</u>	<u>(1,737,217)</u>	<u>(1,052,780)</u>	<u>(684,437)</u>
Exceptional Items	5	<u>-</u>	<u>23,541,522</u>	<u>-</u>	<u>23,541,522</u>
Operating profit/(loss) including exceptional item		<u>(1,552,366)</u>	<u>21,804,305</u>	<u>(1,052,780)</u>	<u>22,857,085</u>
Gain/(loss) on financial assets at fair value through profit and loss		-	(3,204)	-	(3,204)
Other interest receivable and similar income	9	268,161	133,902	133,902	-
Interest payable and similar charges	10	(25,002)	(60,752)	(60,752)	-
Profit/(loss) on ordinary activities before taxation		<u>(1,309,207)</u>	<u>21,874,251</u>	<u>(979,630)</u>	<u>22,853,881</u>
Tax on loss on ordinary activities	11	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Profit/(loss) on ordinary activities after taxation		<u>(1,309,207)</u>	<u>21,874,251</u>	<u>(979,630)</u>	<u>22,853,881</u>
Retained loss for the financial year		<u>(1,309,207)</u>	<u>21,874,251</u>	<u>(979,630)</u>	<u>22,853,881</u>

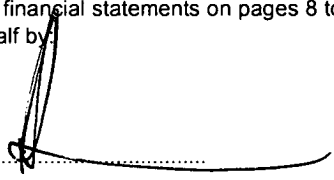
The group has no other comprehensive income or expense for the year and prior year other than the results above and therefore no separate statement of other comprehensive income has been presented.

The notes on pages 13 to 24 form an integral part of these financial statements.

JCB FARMS LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2017
(Registration number: 00798058)

	Note	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Tangible assets	12		<u>4,683,204</u>		<u>2,831,032</u>
Current assets					
Stock	14	1,124,124		1,106,204	
Debtors	15	23,447,272		22,457,092	
Cash at bank and in hand	16	<u>683</u>		<u>930</u>	
		<u>24,572,079</u>		<u>23,564,226</u>	
Creditors: Amounts falling due within one year	17	<u>(44,248,770)</u>		<u>(40,079,538)</u>	
Net current liabilities			(19,676,691)		(16,515,312)
Total assets less current liabilities			<u>(14,993,487)</u>		<u>(13,684,280)</u>
Creditors: Amounts falling due after more than one year	18		(2,586,259)		(2,586,259)
Net liabilities			<u>(17,579,746)</u>		<u>(16,270,539)</u>
Capital and reserves					
Called up share capital	22		4		4
Profit and loss reserve			(17,579,750)		(16,270,543)
Equity shareholders' funds			<u>(17,579,746)</u>		<u>(16,270,539)</u>

The financial statements on pages 8 to 24 were approved by the board of directors on 21.09 2018 and were signed on its behalf by


S E R Ovens
Director

Company Registration Number: 00798058

The notes on pages 13 to 24 form an integral part of these financial statements.

JCB FARMS LIMITED
BALANCE SHEET AS AT 31 DECEMBER 2017
(Registration number: 00798058)

	Note	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Tangible fixed assets	12		1,400,295		1,350,548
Investments	13		-		-
			<u>1,400,295</u>		<u>1,350,548</u>
Current assets					
Stocks	14	839,176		853,691	
Debtors	15	22,549,250		21,945,340	
Cash at bank and in hand		234		560	
		<u>23,388,660</u>		<u>22,799,591</u>	
Creditors: Amounts falling due within one year	17	<u>(29,652,098)</u>		<u>(29,148,838)</u>	
Net current assets			(6,263,438)		(6,349,247)
Total assets less current liabilities			<u>(4,863,143)</u>		<u>(4,998,699)</u>
Creditors: Amounts falling due after more than one year	18		(3,211,043)		(3,211,043)
Net liabilities			<u>(8,074,186)</u>		<u>(8,209,742)</u>
Capital and reserves					
Called up share capital	22		4		4
Profit and loss reserve			(8,074,190)		(8,209,746)
Equity shareholders' funds			<u>(8,074,186)</u>		<u>(8,209,742)</u>

The financial statements on pages 8 to 24 were approved by the board of directors on 21.09.2018 and were signed on its behalf by


.....
S E R Owens
Director

Company Registration Number: 00798058

The notes on pages 13 to 24 form an integral part of these financial statements.

JCB FARMS LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

GROUP

	Share capital	Profit and loss account	Total
	£	£	£
At 1 January 2016	4	(38,144,794)	(38,144,790)
Transfer from profit and loss account for the period	-	21,874,251	21,874,251
At 31 December 2016	<u>4</u>	<u>(16,270,543)</u>	<u>(16,270,539)</u>
At 1 January 2017	4	(16,270,543)	(16,270,539)
Transfer from profit and loss account for the period	-	(1,309,207)	(1,309,207)
At 31 December 2017	<u>4</u>	<u>(17,579,750)</u>	<u>(17,579,746)</u>

COMPANY

	Share capital	Profit and loss account	Total
	£	£	£
At 1 January 2016	4	(8,243,618)	(8,243,614)
Transfer from profit and loss account for the period	-	33,872	33,872
At 31 December 2016	<u>4</u>	<u>(8,209,746)</u>	<u>(8,209,742)</u>
At 1 January 2017	4	(8,209,746)	(8,209,742)
Transfer from profit and loss account for the period	-	135,556	135,556
At 31 December 2017	<u>4</u>	<u>(8,074,190)</u>	<u>(8,074,186)</u>

The notes on pages 13 to 24 form an integral part of these financial statements.

JCB FARMS LIMITED
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 £	2017 £	2016 £	2016 £
Net cash flow from operating activities	24		(648,196)		4,318,054
Taxation paid			-		-
Cash flow from investing activities					
Purchase of tangible fixed assets		(2,309,251)		(2,167,942)	
Proceeds from sale of tangible fixed assets		34,160		100	
Purchase of fixed asset investments		-		(14)	
Net cash disposed of with subsidiary undertaking		-		(497,781)	
			(2,275,091)		(2,665,637)
Cash flow from financing activities					
Interest paid		(25,002)		(60,752)	
Payments from issuing other borrowings		-		(1,250,000)	
Interest received		268,161		133,902	
			243,159		(1,176,850)
Net cash flow			<u>(2,680,128)</u>		<u>475,567</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	Note	2017 £	2016 £
Decrease in cash and cash equivalents in the period		<u>(2,680,128)</u>	<u>475,567</u>
Movement in net debt in the period		(2,680,128)	475,567
Net debt at the beginning of the period		(30,887,848)	(31,363,415)
Net debt at the end of the period	25	<u>(33,567,976)</u>	<u>(30,887,848)</u>

The notes on pages 13 to 24 form an integral part of these financial statements.

JCB FARMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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 its 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 ACCOUNTING POLICIES

Summary of significant accounting policies and key accounting estimates

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 profit recorded by the company in the year ended 31 December 2017 totalled £135,556 (2016 - £33,872).

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of consolidation

Subsidiaries

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.

Basis of preparation

The financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

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

Going concern

These financial statements have been prepared on a going concern basis.

JCB FARMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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Judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

(a) Useful economic life of tangible assets

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated 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. The carrying amount is £4,683,204 (2016 - £2,831,032).

(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.

Revenue 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.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tangible assets

Tangible 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 incurred in their acquisition and installation.

Depreciation

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

The principal rates used are:

Farm buildings and tenant improvements	2% - 5%
Farm Machinery	5% - 25%
Farm fixtures, fittings and equipment	2.5% - 25%

Additional depreciation is provided where, in the opinion of the directors, there has been a permanent diminution in the value of a fixed asset.

JCB FARMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

.....continued

Investments

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.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade 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.

Stock

Bought in biological assets are valued at cost 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.

Trade 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.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the profit and loss account over the period of the relevant borrowing.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at their fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

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 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.

JCB FARMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

.....continued

Financial instruments

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

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.

Basic financial liabilities, including trade and other creditors, bank and other loans, 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.

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.

Recognition of measurement

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.

Impairment

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.

Subsidies

Subsidies receivable under the Single Farm Payment Scheme and Organic Farm Scheme are accounted for on an accruals basis.

Operating leases

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Repairs and renewals

All repairs and renewals are charged against revenue as incurred.

3 TURNOVER

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

4 OTHER OPERATING INCOME

	2017	2016
	£	£
Rent receivable	-	66,089
Farm subsidies	413,874	249,885
Other income	40,796	45,600
	<u>454,670</u>	<u>361,574</u>

JCB FARMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

.....continued

5 EXCEPTIONAL ITEMS

	2017 £	2016 £
Impairment of assets	-	1,968,467
Gain on sale of business and assets	-	(25,509,989)
	<u>-</u>	<u>(23,541,522)</u>

As a result of the lease arrangements for the farm shop operated by Daylesford Organic Limited, the value in use of those buildings was impaired in the prior year.

The gain on sale of business and assets in the prior year results from the trade and assets and liabilities of Daylesford Organic Farms Limited, incorporated in Liberia, being sold on 30 June 2016 to a UK limited company, Daylesford Organic Farms Limited, a subsidiary of J C Bamford Excavators Limited and not of JCB Farms Limited.

6 OPERATING LOSS

Operating profit is stated after charging/(crediting):	2017 £	2016 £
Hire of plant and machinery	6,654	13,720
Foreign currency losses	1,342	-
Loss/(Profit) on sale of tangible fixed assets	(12,848)	5,441
Depreciation of owned tangible fixed assets	435,767	593,398
Auditors remuneration - The audit of the group's annual accounts *	8,784	22,445
Auditors remuneration - Accounts preparation*	2,800	6,500
Auditors remuneration - Other services*	<u>2,200</u>	<u>2,200</u>

* £8,150 (2016 - £7,900) relates to the company. The other services fees to auditors relates wholly to the company.

7 PARTICULARS OF EMPLOYEES

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

	2017 No.	2016 No.
Directors	3	3
Production	35	38
Administration	9	13
	<u>47</u>	<u>54</u>

The aggregate payroll costs of these persons were as follows:

	2017 £	2016 £
Wages and salaries	1,304,754	1,355,931
Social security	107,957	108,231
Other pension costs	123,137	79,190
	<u>1,535,848</u>	<u>1,543,352</u>

8 DIRECTORS' REMUNERATION

The directors received no remuneration and accrued no benefits under company pension schemes during the year (2016 - £Nil).

JCB FARMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

.....continued

9 OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2017 £	2016 £
Other finance income	<u>268,161</u>	<u>133,902</u>

10 INTEREST PAYABLE AND SIMILAR CHARGES

	2017 £	2016 £
Other interest payable	<u>25,002</u>	<u>60,752</u>

11 TAXATION

Factors which may affect future tax charges

The group had tax losses of approximately £8,561,000 brought forward and has losses carried forward of £10,055,000.

12 TANGIBLE FIXED ASSETS

GROUP

	Farm buildings and tenant improvements £	Farm machinery £	Farm fixtures, fittings and equipment £	Total £
Cost				
As at 31 December 2016	1,210,160	1,495,472	1,949,025	4,654,657
Additions	1,057,419	567,727	684,105	2,309,251
Disposals	-	(15,100)	(39,695)	(54,795)
As at 31 December 2017	<u>2,267,579</u>	<u>2,048,099</u>	<u>2,593,435</u>	<u>6,909,113</u>
Depreciation				
As at 31 December 2016	211,137	648,417	964,071	1,823,625
Charge for the period	58,752	235,846	141,169	435,767
Eliminated on disposals	-	(12,829)	(20,654)	(33,483)
As at 31 December 2017	<u>269,889</u>	<u>871,434</u>	<u>1,084,586</u>	<u>2,225,909</u>
Net book value				
As at 31 December 2017	<u>1,997,690</u>	<u>1,176,665</u>	<u>1,508,849</u>	<u>4,683,204</u>
As at 30 December 2016	<u>999,023</u>	<u>847,055</u>	<u>984,954</u>	<u>2,831,032</u>

i) All land and buildings are leasehold.

Capital commitments

There were no capital commitments at the year end (2016 - £Nil).

JCB FARMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

12 TANGIBLE FIXED ASSETS continued.....

COMPANY

	Farm buildings and tenant improvements £	Farm machinery £	Farm fixtures, fittings and equipment £	Total £
Cost				
As at 31 December 2016	694,488	662,961	1,358,375	2,715,824
Additions	16,788	105,725	94,405	216,918
Disposals	-	(15,100)	(18,362)	(33,462)
As at 31 December 2017	<u>711,276</u>	<u>753,586</u>	<u>1,434,418</u>	<u>2,899,280</u>
Depreciation				
As at 31 December 2016	189,749	306,823	868,704	1,365,276
Charge for the period	27,625	56,092	76,719	160,436
Eliminated on disposals	-	(12,829)	(13,898)	(26,727)
As at 31 December 2017	<u>217,374</u>	<u>350,086</u>	<u>931,525</u>	<u>1,498,985</u>
Net book value				
As at 31 December 2017	<u>493,902</u>	<u>403,500</u>	<u>502,893</u>	<u>1,400,295</u>
As at 31 December 2016	<u>504,739</u>	<u>356,138</u>	<u>489,671</u>	<u>1,350,548</u>

i) All land and buildings are leasehold.

13 INVESTMENTS

Group undertakings

At 31 December 2017 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

Daylesford Organic Farms Limited ceased to be a subsidiary on 30 June 2016 when the trade and assets and liabilities of the company was sold to a UK Limited company, Daylesford Organic Farms Limited, which is a subsidiary of the J C Bamford Excavators Limited Group. The disposal was analysed as follows:

Net liabilities disposed of in 2016:

	£
Tangible fixed assets	8,623,220
Investments	67,082
Stocks	1,208,515
Debtors	1,352,458
Cash at bank and in hand	497,781
Creditors: Amounts falling due within one year	(16,976,128)
Creditors: Amounts falling due after more than one year	(20,282,916)
	<u>(25,509,988)</u>
Gain on disposal (including goodwill of Nil)	25,509,989
	<u>1</u>
Satisfied by:	
Cash	<u>1</u>

JCB FARMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

.....continued

14 STOCK AND WORK IN PROGRESS

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Stock	1,124,124	1,106,204	839,176	853,691

The group cost of stock recognised as an expense in the period amounted to £3,071,619 (2016 - £1,856,003).

15 DEBTORS

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Trade debtors	82,789	86,325	1,789	4,704
Amounts owed by group undertakings	21,280,819	21,273,268	21,138,574	21,104,473
Amounts owed by subsidiary undertakings	-	-	334,878	368,971
Amounts owed by related companies outside the JCB Service group	1,791,566	826,732	827,506	233,238
Other debtors	284,788	59,158	244,870	29,433
Prepayments and accrued income	7,310	211,609	1,633	204,521
	<u>23,447,272</u>	<u>22,457,092</u>	<u>22,549,250</u>	<u>21,945,340</u>

16 CASH AND CASH EQUIVALENTS

	2017	2016
	£	£
Cash on hand	683	930
Bank overdrafts	(30,982,400)	(28,302,519)
Cash and cash equivalents in statement of cashflows	<u>(30,981,717)</u>	<u>(28,301,589)</u>

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.

17 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Bank Overdraft	30,982,400	28,302,519	21,186,385	21,314,447
Trade creditors	360,951	348,730	114,007	143,522
Amounts owed to group undertakings	12,760,908	11,304,601	7,935,536	7,248,894
Amounts owed to subsidiary undertakings	-	-	390,287	390,287
Amounts owed to related companies outside JCB Service Group	32,927	49,609	2,205	595
Directors' current accounts	-	-	-	-
Accruals and deferred income	111,584	74,079	23,678	51,093
	<u>44,248,770</u>	<u>40,079,538</u>	<u>29,652,098</u>	<u>29,148,838</u>

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.

JCB FARMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

.....continued

18 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Amounts owed to group undertakings	2,586,259	2,586,259	2,586,259	2,586,259
Amounts owed to subsidiary undertakings	-	-	624,784	624,784
	<u>2,586,259</u>	<u>2,586,259</u>	<u>3,211,043</u>	<u>3,211,043</u>

The group loans which are unsecured, repayable on demand (subject to 12 months notice) and interest free are due to J C Bamford Excavators Limited. Provision has been made in the consolidated accounts for JCB Service.

19 PENSION SCHEME

The group is a participating employer in a defined benefit scheme: J C Bamford Lifeplan. The scheme had a deficit of £271.8 million (2016 - £309.9 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 £79,285 (2016 - £27,914). 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 £43,852 (2016 - £51,276). There were no prepaid contributions at either the beginning or end of the financial year.

20 FINANCIAL INSTRUMENTS

Group	2017	2017	2016	2016
	£	£	£	£
Financial assets at fair value through profit and loss				
- Fixed asset investments		-		-
Financial assets constituting debt instruments measured at amortised cost				
- Trade Debtors	82,789		86,325	
- Amounts owed by group undertakings	21,280,819		21,273,268	
- Amounts owed by related companies outside the JCB Service group	1,791,566		826,732	
- Other debtors	284,788		59,158	
		23,439,962		22,245,483
Financial assets constituting equity instruments measured at cost less impairment				
- Fixed asset investments		-		-
Financial liabilities measured at fair value through profit and loss		-		-
Financial liabilities measured at amortised cost				
- Bank loans and overdrafts	30,982,400		28,302,519	
- Trade creditors	360,951		348,730	
- Amounts owed to group undertakings	15,347,167		13,890,860	
- Amounts owed to related companies outside JCB Service Group	32,927		49,609	
- Directors' current accounts	-		-	
- Accruals and deferred income	111,584		74,079	
		46,835,029		42,665,797

JCB FARMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

20 FINANCIAL INSTRUMENTS continued.....

Company	2017 £	2017 £	2016 £	2016 £
Financial assets at fair value through profit and loss		-		-
Financial assets constituting debt instruments measured at amortised cost				
- Trade Debtors	1,789		4,704	
- Amounts owed by group undertakings	21,138,574		21,104,473	
- Amounts owed by subsidiary undertakings	334,878		368,971	
- Amounts owed by related companies outside the JCB Service	827,506		233,238	
- Other debtors	244,870		29,433	
		22,547,617		21,740,819
Financial assets constituting equity instruments measured at cost less impairment		-		-
Financial liabilities measured at fair value through profit and loss		-		-
Financial liabilities measured at amortised cost				
- Bank loans and overdrafts	21,186,385		21,314,447	
- Trade creditors	114,007		143,522	
- Amounts owed to group undertakings	10,521,795		9,835,153	
- Amounts owed to subsidiary undertakings	1,015,071		1,015,071	
- Amounts owed to related companies outside JCB Service Group	2,205		595	
- Accruals and deferred income	23,678		51,093	
		32,863,141		32,359,881

21 OPERATING LEASE COMMITMENTS

The company has an informal obligation to pay £81,000 in 2018 (2016 - £81,000 payable in 2017), in respect of property rental to a group company. This commitment may extend beyond five years of the balance sheet date.

22 SHARE CAPITAL

	2017 £	2016 £
Allotted, called up and fully paid Equity		
4 Ordinary shares of £1 each	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.

23 RESERVES

Called-up share capital - Represents the nominal value of shares that have been issued.

Profit and loss account - Includes all current and prior period retained profits and losses.

24 RECONCILIATION OF OPERATING LOSS TO OPERATING CASH FLOWS

	2017 £	2016 £
Operating (loss)/profit	(1,552,366)	21,804,305
Depreciation, amortisation and impairment charges	435,767	2,561,865
(Profit)/loss on disposal of fixed assets	(12,848)	5,441
Exceptional item - gain on disposal of subsidiary trade and assets	-	(25,509,989)
(Increase)/decrease in stocks	(17,920)	(114,015)
(Increase)/decrease in debtors	(990,180)	(19,143,497)
Increase/(decrease) in creditors	1,489,351	24,713,944
Net cash inflow from operating activities	(648,196)	4,318,054

JCB FARMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

.....continued

25 ANALYSIS OF NET DEBT

	Note	At start of period £	Cash flow £	At end of period £
Cash at bank and in hand		930	(247)	683
Bank overdraft		(28,302,519)	(2,679,881)	(30,982,400)
Cash and bank net funds	16	<u>(28,301,589)</u>	<u>(2,680,128)</u>	<u>(30,981,717)</u>
Debt due after one year		(2,586,259)	-	(2,586,259)
Change in debt	18	<u>(2,586,259)</u>	<u>-</u>	<u>(2,586,259)</u>
Net debt		<u><u>(30,887,848)</u></u>	<u><u>(2,680,128)</u></u>	<u><u>(33,567,976)</u></u>

26 RELATED PARTY TRANSACTIONS

The group 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 £1,818,000 (2016 - £1,867,000). The group also incurred costs on behalf of J C Bamford Excavators Limited, which it recharged at cost. The value of these recharges was £18,000 (2016 - £33,000). The net amount due to J C Bamford Excavators Limited at 31 December 2017 was £15,044,000 (2016 - £13,480,000).

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 £3,429,000 (2016 - £3,683,000). The company also incurred costs that it recharged at cost, on behalf of the BHoldings Limited group of companies, amounting to £Nil (2016 - £67,000). The BHoldings Limited group of companies also incurred costs on behalf of the group, which it recharged at cost. The value of these recharges was £Nil (2016 - £5,000). The group also purchased goods from the BHoldings Limited group of companies amounting to £9,000 (2016 - £58,000). The net amount due from the BHoldings Limited group of companies at 31 December 2017 was £1,758,000 (2016 - £777,000).

During the prior year, a disposed subsidiary, Daylesford Organic Farms Limited, incorporated in Liberia, had its trade transferred to a UK Limited company, Daylesford Organic Farms Limited. The date of the transfer was 30 June 2016, at which point the Liberian company ceased to be a subsidiary of the JCB Farms Limited group and the new UK Limited company became a related party, through its ownership by J C Bamford Excavators. During the year the group sold goods to the UK Limited company, Daylesford Organic Farms Limited amounting to £2,000 (6 months to 31.12.2016 - £1,000). The group also purchased goods from the UK Limited company, Daylesford Organic Farms Limited amounting to £315,000 (6 months to 31.12.2016 - £188,000). The group also incurred costs that it recharged at cost, on behalf of the UK Limited company, Daylesford Organic Farms Limited amounting to £33,000 (6 months to 31.12.2016 - £22,000). During the 6 months to 31.12.2016 the group provided funding of £1,250,000. Interest was charged in the year on the total funding of £208,400 (6 months to 31.12.2016 - £131,000), at 1% over the Barclays Base Rate to the UK Limited company, Daylesford Organic Farms Limited. At the date of transfer, £19,826,000 due from the Liberian company, Daylesford Organic Farms Limited was transferred to the UK Limited company, Daylesford Organic Farms Limited. At the balance sheet date the amount due from the UK Limited company, Daylesford Organic Farms Limited was £20,819,000 (2016 - 20,863,000).

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

JCB FARMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

.....*continued*

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.

28 GOING CONCERN

The accounts have been prepared on a going concern basis. In the opinion of the directors, this is appropriate as the shareholders have informed the board that it is their intention to support the company.