

**WILLIAM SINCLAIR
HORTICULTURE LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2003
REG NO. 7633**



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WILLIAM SINCLAIR HORTICULTURE LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2003

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WILLIAM SINCLAIR HORTICULTURE LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2003

The directors present their report and audited financial statements for the year ended 30 June 2003.

RESULTS AND DIVIDENDS

The trading profit for the year after taxation was **£2,658,000 (2002: £647,000)**

Dividends	£000's
Interim dividends of £0.49 per share (paid)	249
The directors now recommend a final dividend of £1.46 per share	745
	<hr/> 994 <hr/>

REVIEW OF THE BUSINESS

The company's principal activities during the year were those of a horticultural and fertilizer merchant, pulverized bark processor and perlite and vermiculite merchant.

Both the level of business and the year end financial position were satisfactory and the directors expect that the present level of activity will be sustained for the foreseeable future.

In August 2002 the Boothby factory was extensively damaged by fire. The facility has been rebuilt and the fire is the subject of an ongoing insurance claim. The results for the year include an exceptional profit of £1,000,000, arising from the insurance proceeds being in excess of the book value of the assets damaged by the fire.

ACQUISITION

On 4 March 2003 the company acquired 50% of the ordinary share capital of Freeland Horticulture Limited for cash consideration of £1,200,000, of which £600,000 was deferred until 29 August 2003.

DIRECTORS AND THEIR INTERESTS

The directors during the year were as follows:-

R S D Feaviour	(Resigned 31 st December 2002)
P J F Barton	(Appointed 6 th January 2003)
N F Uzzell	
P T Davenport	
I P Yarrow	(Resigned 9 th July 2002)
F S Carrington	
R Barlow	
S D Harper	
S Rowland	

No director had any declarable interest in the shares of the company during the year.

P J F Barton, P T Davenport and S Rowland are directors of the ultimate parent company in whose accounts their interests are shown.

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The interests in the shares of William Sinclair Holdings plc of the other directors who held office at the year end are as follows:-

	<u>30 June 2003</u>		<u>30 June 2002</u>	
	<u>Beneficial holding</u>	<u>Share option</u>	<u>Beneficial holding</u>	<u>Share option</u>
N F Uzzell	13,741	-	13,741	-
R Barlow	1,858	15,000	2,067	15,000
F S Carrington	-	15,000	-	15,000
S D Harper	-	15,000	-	15,000

In addition to the above Mr. N F Uzzell has a non-beneficial interest in 22,037 shares (2002: 22,037) arising from his role as trustee of an approved profit sharing scheme.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:-

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements;
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

Grant Thornton offer themselves for reappointment as auditors on accordance with section 385 of the Companies Act 1985.

POLITICAL AND CHARITABLE CONTRIBUTIONS

The company has given charitable donations of £210 (2002: £725) during the year.

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DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

EMPLOYEE CONSULTATION

The Group places considerable value on the involvement of its employees and keeps them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings and regular company circulars. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interest.

PAYMENTS POLICY

Operating businesses are responsible for agreeing the terms and conditions under which business transactions with their suppliers are conducted. It is Group policy that payments to suppliers are made in accordance with these terms, provided that the supplier is also complying with all relevant terms and conditions.

The number of day's purchases outstanding at 30 June 2003 was 62 days.

BY ORDER OF THE BOARD


S ROWLAND
Secretary

17 September 2003
Lincoln

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
WILLIAM SINCLAIR HORTICULTURE LIMITED**

We have audited the financial statements of William Sinclair Horticulture Limited for the year ended 30 June 2003 which comprise the principal accounting policies, the profit and loss account, the balance sheet, the statement of total recognised gains and losses, the statement of historical cost profits and losses and notes 1 to 23. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the directors' report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 30 June 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

17 September 2003
Leeds

WILLIAM SINCLAIR HORTICULTURE LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 JUNE 2003

	<u>Notes</u>	<u>2003</u> £000's	<u>2002</u> £000's
TURNOVER	2	45,635	43,649
OPERATING CHARGES	3	(43,280)	(41,940)
OPERATING PROFIT		2,355	1,709
EXCEPTIONAL ITEM	4	1,000	-
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		3,355	1,709
NET INTEREST PAYABLE	6	(116)	(189)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		3,239	1,520
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	7	(581)	(873)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		2,658	647
DIVIDENDS	8	(994)	(10,726)
RETAINED PROFIT / (LOSS) FOR THE FINANCIAL YEAR		1,664	(10,079)

The movement on reserves is shown in note 17 to the financial statements.

All amounts relate to continuing operations.

The accompanying accounting policies and notes form an integral part of these financial statements.

WILLIAM SINCLAIR HORTICULTURE LIMITED
OTHER PRIMARY STATEMENTS
YEAR ENDED 30 JUNE 2003

STATEMENT OF HISTORICAL COST PROFITS AND LOSSES

	<u>2003</u> £000's	<u>2002</u> £000's
Reported profit on ordinary activities before taxation	3,239	1,520
Differences between a historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	<u>43</u>	<u>(2)</u>
Historical cost profit on ordinary activities before taxation	<u>3,282</u>	<u>1,518</u>
Historical cost profit / (loss) for the year retained after taxation and dividends	<u>1,707</u>	<u>(10,081)</u>

STATEMENT OF TOTAL RECOGNISED GAINS & LOSSES

Profit for the financial year	2,658	647
Unrealised deficit on revaluation of properties	-	(428)
Total recognised gains & losses	<u>2,658</u>	<u>219</u>

The accompanying accounting policies and notes form an integral part of these financial statements.

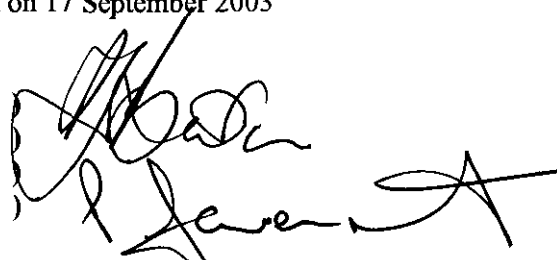
WILLIAM SINCLAIR HORTICULTURE LIMITED
BALANCE SHEET
30 JUNE 2003

	<u>Notes</u>	<u>2003</u> £000's	<u>2002</u> £000's
FIXED ASSETS			
Tangible assets	9	9,775	8,891
Investments	10	1,925	707
		11,700	9,598
CURRENT ASSETS			
Stocks	11	5,856	5,728
Debtors	12	10,347	9,622
Cash at bank and in hand		6,712	5,251
		22,915	20,601
CREDITORS			
Amounts falling due within one year	13	22,731	19,806
NET CURRENT ASSETS		184	795
TOTAL ASSETS LESS CURRENT LIABILITIES		11,884	10,393
CREDITORS			
Amounts falling due after one year	13	4,451	4,577
PROVISION FOR LIABILITIES AND CHARGES	15	866	913
NET ASSETS		6,567	4,903
CAPITAL AND RESERVES			
Called up equity share capital	16	510	510
Capital reserve	17	125	125
General reserve	17	1,092	1,092
Revaluation reserve	17	1,614	1,614
Profit and loss account	17	3,226	1,562
		6,057	4,393
EQUITY SHAREHOLDERS' FUNDS	18	6,567	4,903

Approved by the Board on 17 September 2003

P J F BARTON

P T DAVENPORT



The accompanying accounting policies and notes form an integral part of these financial statements.

WILLIAM SINCLAIR HORTICULTURE LIMITED
NOTES TO FINANCIAL STATEMENTS
30 JUNE 2003

1 ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards and under the historical cost convention with the exception of the revaluation of certain freehold and leasehold properties.

The principal accounting policies of the company are unchanged from the previous year and are set out below:

(b) Deferred Taxation

Deferred taxation is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted at the balance sheet date.

(c) Turnover

Turnover, which excludes value added tax, is the value of goods supplied and other services provided. Revenue is recognised at the time of supply of goods or provision of the services.

(d) Depreciation

Depreciation is calculated to write down the cost or valuation, less residual value, of all tangible fixed assets other than freehold land by equal annual instalments over their expected useful economic lives as follows:

Freehold buildings	-	2%
Leasehold land and buildings	-	period of the lease
Plant and equipment	-	10% to 33%
Motor vehicles	-	20% to 33%

(e) Stocks

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

Cost comprises the direct cost of production and the attributable proportion of all overheads appropriate to location and condition. Stocks of harvested peat include the direct cost of production and overheads based on the long-run level of harvest activity.

Net realisable value is the estimated selling price reduced by all costs of completion, marketing, selling and distribution.

WILLIAM SINCLAIR HORTICULTURE LIMITED
NOTES TO FINANCIAL STATEMENTS
30 JUNE 2003

1 ACCOUNTING POLICIES (continued)

(f) Foreign Currencies

Current assets and liabilities for settlement in foreign currencies have been converted into sterling at the rates at which such currencies could have been sold or purchased at the year end except to the extent that overseas debts were covered by appropriate forward currency contracts.

(g) Pension Costs

The Group operates both a defined benefit pension scheme and a defined contribution pension scheme. The defined benefit scheme closed to new entrants in 1996. The contributions of eligible employees and employing companies are administered in funds independent from the company's assets.

The defined benefit scheme is funded on a going concern basis on the advice of external actuaries. Contributions are charged to the profit and loss account so as to spread the cost of pensions over employees working lives with the Group.

Contributions to the defined contribution scheme are charged to the profit and loss account as they arise.

(h) Cash Flow Statement

The company has not prepared a cash flow statement as the company has taken advantage of the exemption contained in Financial Reporting Standard No 1, in that the company is a wholly owned subsidiary of a parent undertaking which publishes a consolidated cash flow statement dealing with the cash flows of the Group.

(i) Leases and Hire Purchase Contracts

Finance leases relating to the purchase of equipment, plant and vehicles have been capitalised and depreciated in accordance with the company's depreciation policy. The capital element of future lease payments is included in creditors as obligations under finance leases. Interest costs under finance leases are charged to the profit and loss account at a constant rate of charge.

Operating lease rentals are charged to profit and loss account over the lease term.

(j) Investments

Investments are shown at cost less provision.

WILLIAM SINCLAIR HORTICULTURE LIMITED
NOTES TO FINANCIAL STATEMENTS
30 JUNE 2003

2 TURNOVER

	<u>2003</u> £000's	<u>2002</u> £000's
The analysis of turnover by geographical market was as follows:		
United Kingdom	42,702	40,941
Europe	234	213
Middle and Far East	2,690	2,490
Other	9	5
	<u>45,635</u>	<u>43,649</u>

3 OPERATING CHARGES

	<u>2003</u> £000's	<u>2002</u> £000's
Operating profit is stated after charging (or crediting):		
Change in stocks of finished goods	204	267
Raw materials and consumables	19,222	17,578
Staff costs (note 5)	7,156	7,228
Depreciation (note 9)	1,243	1,244
Income from joint arrangement	(40)	(121)
Other operating charges	15,495	15,744
	<u>43,280</u>	<u>41,940</u>

	<u>2003</u> £000's	<u>2002</u> £000's
Other operating charges include:-		
Auditors' remuneration - audit fee	18	18
- other services	12	22
Profit on disposal of fixed assets	(8)	(16)
Research and development	-	152
Operating lease rentals - plant	338	358
Operating lease rentals - other	218	135

Also included within other operating charges are exceptional items as follows:

	<u>2003</u> £000's	<u>2002</u> £000's
Provision against worked out peat mosses	-	246
Bad debts	-	268
Property revaluation	-	87
Provision against investments	-	625
	<u>-</u>	<u>1,226</u>

WILLIAM SINCLAIR HORTICULTURE LIMITED
NOTES TO FINANCIAL STATEMENTS
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4 EXCEPTIONAL ITEM

In August 2002 the Boothby factory was extensively damaged by fire. The facility has been rebuilt and the fire is the subject of an ongoing insurance claim. The results for the year include an exceptional profit of £1,000,000, arising from the insurance proceeds being in excess of the book value of the assets damaged by the fire.

5 STAFF COSTS

	<u>2003</u> £000's	<u>2002</u> £000's
Wages and salaries	6,245	6,296
Social security costs	546	559
Pension costs	263	269
Other life and sickness insurance	102	104
	7,156	7,228
	7,156	7,228
	<u>2003</u> <u>Number</u>	<u>2002</u> <u>Number</u>
Administration	112	112
Production	200	210
	312	322
	312	322
	<u>2003</u> £000's	<u>2002</u> £000's
Directors emoluments:		
Aggregate emoluments	368	495
	368	495
	368	495
Pension Contributions to Money Purchase Pension Scheme	5	4
	5	4
	5	4

The amount attributable in aggregate emoluments to the highest paid director is **£98,000** (2002: £111,000).

The amount attributable to accrued pension benefits for the highest paid director is **£12,000** (2002: £10,000).

There are **3** (2002: 4) directors for whom final salary retirement benefits are accruing.

There are **2** (2002: 2) directors for whom money purchase retirement benefits are accruing.

WILLIAM SINCLAIR HORTICULTURE LIMITED
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6 NET INTEREST PAYABLE

	<u>2003</u> £000's	<u>2002</u> £000's
Bank interest payable	15	7
Interest payable to group companies	68	132
Hire purchase interest	33	47
Other loan interest	-	3
	<u>116</u>	<u>189</u>

7 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

The tax charge represents:

	<u>2003</u> £000's	<u>2002</u> £000's
Current tax		
United Kingdom corporation tax at 30% (2002:30%)	115	497
Group relief	568	333
Adjustment in respect of prior period	(40)	(41)
Total current tax	<u>643</u>	<u>789</u>
Deferred tax		
Origination & reversal of timing differences	(62)	84
Total deferred tax (Note 15)	<u>(62)</u>	<u>84</u>
Tax on profit on ordinary activities	<u>581</u>	<u>873</u>

WILLIAM SINCLAIR HORTICULTURE LIMITED
NOTES TO FINANCIAL STATEMENTS
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7 TAXATION ON PROFIT ON ORDINARY ACTIVITIES (continued)

	<u>2003</u> £000's	<u>2002</u> £000's
The tax assessed for the period is higher than the standard rate of corporation tax in the UK 30% (2002:30%)		
The differences are explained below:		
Profit on ordinary activities before tax	3,239	1,520
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%(2002:30%)	972	456
Effect of:		
Expenses not deductible for tax purposes, non qualifying depreciation and other permanent differences	56	150
Depreciation for the period in excess of capital allowances	(328)	(33)
Other short term timing differences	(17)	-
Reduction in carrying value of investment in subsidiary	-	188
Permanent diminution in value of tangible fixed assets	-	69
Adjustments to tax charge in respect of prior periods	(40)	(41)
Current tax charge for the period	643	789

8 DIVIDENDS

	<u>2003</u> £000's	<u>2002</u> £000's
Interim dividend 49p (2002 : 75.69p) per ordinary share	249	386
Interim dividend £nil (2002 : £10.50) per ordinary share	-	5,354
Proposed final dividend £1.46 (2002 : £9.78) per ordinary share	745	4,986
	994	10,726

WILLIAM SINCLAIR HORTICULTURE LIMITED
NOTES TO FINANCIAL STATEMENTS
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9 FIXED ASSETS - TANGIBLE

	<u>Freehold property</u> £000's	<u>Short leasehold property</u> £000's	<u>Plant & equipment</u> £000's	<u>Motor vehicles</u> £000's	<u>Total</u> £000's
Cost or valuation					
At 1 July 2002	3,462	2,087	15,853	116	21,518
Additions	-	23	2,829	9	2,861
Disposals	-	-	(3,148)	(8)	(3,156)
At 30 June 2003	<u>3,462</u>	<u>2,110</u>	<u>15,534</u>	<u>117</u>	<u>21,223</u>
Depreciation					
At 1 July 2002	114	527	11,875	111	12,627
Charge for year	52	78	1,106	7	1,243
Disposals	-	-	(2,414)	(8)	(2,422)
At 30 June 2003	<u>166</u>	<u>605</u>	<u>10,567</u>	<u>110</u>	<u>11,448</u>
Net book amounts					
At 30 June 2003	<u>3,296</u>	<u>1,505</u>	<u>4,967</u>	<u>7</u>	<u>9,775</u>
At 30 June 2002	<u>3,348</u>	<u>1,560</u>	<u>3,978</u>	<u>5</u>	<u>8,891</u>

The net book amount of assets included **£417,000** (2002: £963,000) in respect of assets held under hire purchase contracts. Depreciation charged in the year on those assets amounted to **£61,000** (2002: £159,000).

Included in the cost or valuation of freehold property is an amount of **£1,500,000** (2002: £1,500,000) relating to land which has not been depreciated.

WILLIAM SINCLAIR HORTICULTURE LIMITED
NOTES TO FINANCIAL STATEMENTS
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9 FIXED ASSETS – TANGIBLE (continued)

	<u>2003</u> £000's	<u>2002</u> £000's
Analysis of cost and valuation		
Freehold property		
At cost	126	126
At valuation	3,336	3,336
	3,462	3,462
	<u>2003</u> £000's	<u>2002</u> £000's
Leasehold property:		
At cost	1,027	1,004
At valuation	1,083	1,083
	2,110	2,087

On an historical cost basis, freehold and leasehold property at valuation would have been included at:-

	<u>2003</u>		<u>2002</u>	
	<u>Freehold</u> £000's	<u>Leasehold</u> £000's	<u>Freehold</u> £000's	<u>Leasehold</u> £000's
Cost	3,440	842	3,440	899
Depreciation based on cost	(657)	(455)	(622)	(392)
Net historical cost value	2,783	387	2,818	507

The company's freehold properties, with the exception of the peat mosses, and the site at Bolton Fell, Cumbria, which is part leasehold and part freehold, were valued by Fuller Peiser, Chartered Surveyors, on 31 March 2002. The site at Bolton Fell was valued as a special operational property on the basis of depreciated replacement cost. The remaining properties were valued on the basis of existing use.

No value is attributed to unharvested peat deposits contained within the relevant freehold and leasehold properties.

WILLIAM SINCLAIR HORTICULTURE LIMITED
NOTES TO FINANCIAL STATEMENTS
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10 FIXED ASSET INVESTMENTS

	<u>2003</u> £000's	<u>2002</u> £000's
Boothby and Penicuik Peat Company Limited	600	600
Bark Products (Scotland) Limited	3	3
OU Alutaguse Turvas	104	104
Freeland Horticulture Limited	1,218	-
	<u>1,925</u>	<u>707</u>

The investment in Boothby and Penicuik Peat Company Limited is in 600,000 ordinary shares of £1 each. This represents 100% of the issued ordinary share capital of the company. The company did not trade during the year. Boothby and Penicuik Peat Company Limited is a subsidiary undertaking. The value of the investment has been written down to reflect the net asset value of the Boothby & Penicuik Peat Company.

The investment in Bark Products (Scotland) Limited is in 2,500 ordinary shares of £1 each. This represents 50% of the issued ordinary share capital of the company. The company is a pulverized bark processor. The aggregate of capital and reserves of the company at 30 June 2003 is **£243,000** (2002: £207,000). The investment in Bark Products (Scotland) Limited is accounted for as a joint venture in the consolidated financial statements of the Group.

The investment in OU Alutaguse Turvas is in 1 ordinary share of 20,000 Estonian Kroons. This represents 50% of the issued share capital of the company. The company's last year end was 31 December 2002. The aggregate of capital and reserves of the company at that date amounted to **£107,000** (2002: (£74,000)). The trading result for the year ended 31 December was a profit of **£33,000** (2002: loss of £11,000). Whilst this investment represents a joint venture within the meaning of FRS 9 it continues to be accounted for as a trade investment on the grounds of immateriality.

On 4 March 2003 the company acquired 50 ordinary shares of £1 each in Freeland Horticulture Limited. This represents 50% of the issued share capital of the company. The company specialises in the sourcing and supply of green waste to both the horticulture and landscape markets. The aggregate of capital and reserves of the company at 30 June 2003 is **£204,000**. The investment in Freeland Horticulture Limited is accounted for as a joint venture in the consolidated financial statements of the Group.

WILLIAM SINCLAIR HORTICULTURE LIMITED
NOTES TO FINANCIAL STATEMENTS
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11 STOCKS

	<u>2003</u> £000's	<u>2002</u> £000's
Raw materials and consumables	2,655	2,323
Finished goods and goods for resale	3,201	3,405
	5,856	5,728

12 DEBTORS

	<u>2003</u> £000's	<u>2002</u> £000's
Due within one year:		
Trade debtors	7,308	7,083
Amounts due from group undertakings	1,732	1,610
Other debtors	429	17
Prepayments and accrued income	878	912
	10,347	9,622

13 CREDITORS

	<u>2003</u> £000's	<u>2002</u> £000's
Amounts falling due within one year		
Trade creditors	8,002	4,759
Bank overdrafts	224	246
Amounts due to group undertakings	9,686	9,247
Amounts due to joint ventures	513	180
Amounts due to joint arrangement	163	259
Corporation tax	9	213
Other taxation and social security	992	1,103
Dividends payable	745	535
Other creditors	680	131
Hire purchase creditors	126	320
Accruals and deferred income	1,591	2,813
	22,731	19,806
Amounts falling due after more than one year:-	<u>£000's</u>	<u>£000's</u>
Hire purchase creditor	-	126
Amounts due to group undertakings	4,451	4,451
	4,451	4,577

Hire purchase creditors are secured on the assets to which they relate.

WILLIAM SINCLAIR HORTICULTURE LIMITED
NOTES TO FINANCIAL STATEMENTS
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14 LEASE COMMITMENTS

Finance leases and hire purchase contracts

The company had obligations under finance leases and hire purchase contracts net of finance charges at the balance sheet date as follows:

	<u>2003</u> £000's	<u>2002</u> £000's
Payable within one year	126	320
Payable between two and five years	-	126
	<u>126</u>	<u>446</u>

Operating leases

The company had operating lease commitments to pay during the next year of:

	<u>2003</u>		<u>2002</u>	
	Land and Buildings £000's	Other £000's	Land and Buildings £000's	Other £000's
Expiring in less than one year	32	53	-	126
Expiring between two and five years	27	206	128	-
Expiring after 5 years	107	-	28	-
	<u>166</u>	<u>259</u>	<u>156</u>	<u>126</u>

15 PROVISION FOR LIABILITIES AND CHARGES

	<u>2003</u> £000's	<u>2002</u> £000's
Deferred taxation	605	667
Provisions against worked out peat mosses	261	246
	<u>866</u>	<u>913</u>

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15 PROVISION FOR LIABILITIES AND CHARGES (continued)

	<u>Deferred</u> <u>Taxation</u> £000's	<u>Peat Moss</u> <u>Provision</u> £000's	<u>Total</u> £000's
At 1 July 2002	667	246	913
Charged to profit & loss account	(62)	15	(47)
At 30 June 2003	<u>605</u>	<u>261</u>	<u>866</u>

Deferred taxation provided comprises:

	<u>2003</u> £000's	<u>2002</u> £000's
Accelerated capital allowances	632	707
Short term timing differences	(27)	(40)
	<u>605</u>	<u>667</u>

16 CALLED UP SHARE CAPITAL

	<u>2003</u> £000's	<u>2002</u> £000's
Authorised:-		
630,000 ordinary shares of £1 each	<u>630</u>	<u>630</u>
Allotted, called up and fully paid		
510,000 ordinary shares of £1 each	<u>510</u>	<u>510</u>

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17 RESERVES

	<u>Capital reserve</u> £000's	<u>Revaluation reserve</u> £000's	<u>General reserve</u> £000's	<u>Profit and loss account</u> £000's	<u>Total reserves</u> £000's
At 1 July 2002	125	1,614	1,092	1,562	4,393
Retained profit for the financial year	-	-	-	1,664	1,664
At 30 June 2003	<u>125</u>	<u>1,614</u>	<u>1,092</u>	<u>3,226</u>	<u>6,057</u>

18 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	<u>2003</u> £000's	<u>2002</u> £000's
Profit for the financial year	2,658	647
Revaluation	-	(428)
Dividends	(994)	(10,726)
Net addition to shareholders' funds	<u>1,664</u>	<u>(10,507)</u>
Opening shareholders' funds	4,903	15,410
Closing shareholders' funds	<u>6,567</u>	<u>4,903</u>

19 CAPITAL COMMITMENTS

	<u>2003</u> £000's	<u>2002</u> £000's
Contracted but not provided for	<u>65</u>	<u>33</u>

20 PARENT AND CONTROLLING COMPANY

The company's controlling and ultimate parent company is William Sinclair Holdings plc, which is incorporated in Great Britain, and consequently the company is exempt from the obligation to prepare group accounts.

The only group in which the results of William Sinclair Horticulture Limited are consolidated is that headed by William Sinclair Holdings plc. The accounts of that company are available to the public and can be obtained from Firth Road, Lincoln.

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21 PENSION SCHEME

The company participates in the pension scheme operated by the parent company. The Group operates a single pension scheme that provides benefits based on final pensionable pay (defined benefit basis) for all eligible employees who joined the scheme prior to 18 November 1996. Eligible employees who joined the scheme after that date have been admitted with their benefits based on contributions made (defined contribution basis). The assets of the scheme are held separately from those of the Group.

The contributions to provide benefits under the defined contribution element of the scheme are decided by the Principal Employer while contributions to provide benefits under the defined benefit element are determined by a qualified actuary on the basis of regular valuations using the projected unit credit method.

Further details of the scheme are given in the financial statements of the parent company.

22 CONTINGENCIES

The company is party to an omnibus guarantee and set off agreement in respect of its own and all other group companies' bank accounts.

23 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in FRS8, paragraph 3(c) not to disclose transactions with the parent company, fellow subsidiaries or investees of the Group.

The company has had the following transactions with Bark Products (Scotland) Limited and Freeland Horticulture Limited which are 50% owned (see Note 10):

	<u>2003</u>		<u>2002</u>	
	<u>Value of</u> <u>transactions</u> £000's	<u>Outstanding</u> <u>at year end</u> £000's	<u>Value of</u> <u>transactions</u> £000's	<u>Outstanding</u> <u>at year end</u> £000's
Bark Products (Scotland) Limited				
Purchase of materials	(563)	(354)	(717)	(220)
Management charges receivable	40	40	40	40
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Freeland Horticulture Limited				
Purchase of materials	(277)	(199)		
	<u> </u>	<u> </u>		