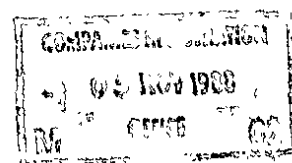


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SINCLAIR HORTICULTURE AND LEISURE LIMITED

REPORT AND ACCOUNTS

YEAR ENDED 30 JUNE 1988



SINCLAIR HORTICULTURE AND LEISURE LIMITED  
REPORTS AND ACCOUNTS  
YEAR ENDED 30 JUNE 1988

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6	STATEMENT OF SOURCE AND APPLICATION OF FUNDS
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8	NOTES TO THE FINANCIAL STATEMENTS

# SINCLAIR HORTICULTURE AND LEISURE LIMITED

## DIRECTORS' REPORT

The directors present their annual report and audited financial statements for the year ended 30 June 1988.

### RESULTS AND DIVIDENDS

The trading profit for the year after taxation was £876,160.

Two interim dividends were paid as follows:

	£
First interim dividend of 35.43p per share paid 17.11.87	180,700
Second interim dividend of 29.41p per share paid 30.6.88	150,000
The directors now recommend a final dividend of 29.41p per share.	<u>150,000</u>
	480,700
	=====
Leaving a balance to be transferred to reserves	395,460
	=====

### REVIEW OF THE BUSINESS

The company's principal activities during the year were those of a horticultural and fertiliser merchant, packet seed producer and garden centre proprietor.

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.

### TRANSFER OF TRADES

The trades of Caledonian Peat Products Limited and Garotta Products Limited were transferred to the company on 1 July 1987 and 30 September 1987 respectively.

### DIRECTORS

The directors during the year were as follows:-

T H Sinclair  
 P J F Barton  
 E A Inchley  
 M J Smith  
 S L McCarthy  
 S W Cartwright  
 P J Williams  
 N F Uzzell

## SINCLAIR HORTICULTURE AND LEISURE LIMITED

## DIRECTORS' REPORT (continued)

The directors have no interests in the shares of the company. The interests of the directors of the holding company in the shares and share options of that company are disclosed in the group financial statements.

The share interests of the remaining directors at the beginning and end of the year were as follows:

	<u>30 June 1988</u>		<u>30 June 1987</u>	
	<u>Beneficial holding</u>	<u>Share options</u>	<u>Beneficial holding</u>	<u>Share options</u>
M J Smith	1,501	10,800	1,109	9,000
S L McCarthy	1,240	12,240	856	10,200
S W Cartwright	494	10,800	123	9,000
P J Williams	-	12,240	-	10,200
N F Uzzell	695	10,800	446	-

## FIXED ASSETS

The movement on fixed assets are set out in note 8 and 9 on page 10 and 11.

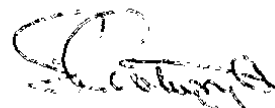
## STATUS

The company is not a close company within the provisions of the Taxes Acts.

## AUDITORS

A resolution to reappoint the auditors, Pannell Kerr Forster will be proposed at the annual general meeting.

BY ORDER OF THE BOARD



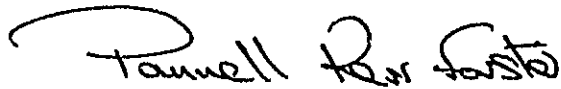
S W CARTWRIGHT  
Secretary

10<sup>th</sup> October 1988

SINCLAIR HORTICULTURE AND LEISURE LIMITED  
AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 4 to 14 in accordance with approved Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 30 June 1988 and of its profit and source and application of funds for the year then ended and comply with the Companies Act 1985.



---

PANNELL KERR FORSTER

Chartered Accountants

16 October 1988

Lincoln

SINCLAIR HORTICULTURE AND LEISURE LIMITED  
 PROFIT AND LOSS ACCOUNT  
 YEAR ENDED 30 JUNE 1988

	<u>Note</u>	<u>1988</u> £	<u>1987</u> £
TURNOVER	1	14,388,555 =====	12,096,894 =====
OPERATING PROFIT	2	1,563,696	843,676
INTEREST PAYABLE AND SIMILAR CHARGES	4	<u>(51,263)</u>	<u>( 2,834)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,512,633	840,842
TAX ON PROFIT ON ORDINARY ACTIVITIES	5	<u>(620,792)</u>	<u>(391,223)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		891,841	449,619
EXTRAORDINARY ITEMS	6	<u>(15,681)</u>	<u>( 30,987)</u>
PROFIT FOR THE FINANCIAL YEAR		876,160	418,632
DIVIDENDS	7	<u>(480,700)</u>	<u>(222,500)</u>
RETAINED PROFIT FOR THE YEAR		395,460 =====	196,132 =====

The movement on reserves is shown in note 15 to the financial statements.

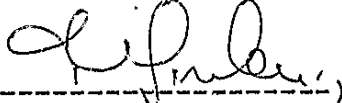
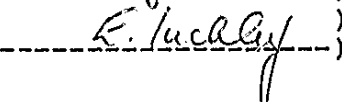
SINCLAIR HORTICULTURE AND LEISURE LIMITED

BALANCE SHEET

30 JUNE 1988

	<u>Note</u>	£	<u>1988</u>	£	£	<u>1987</u>	£
<b>FIXED ASSETS</b>							
Tangible assets	8	3,964,041			2,488,446		
Investments	9	<u>325</u>			<u>225</u>		
			3,964,366			2,488,671	
<b>CURRENT ASSETS</b>							
Stocks	10	2,196,616			1,625,666		
Debtors	11	3,604,628			3,835,742		
Cash at bank and in hand		<u>641,422</u>			<u>869,869</u>		
			6,442,666			6,331,277	
<b>CREDITORS:</b>							
Amounts falling due within one year	12	<u>4,296,567</u>			<u>3,300,751</u>		
<b>NET CURRENT ASSETS</b>			<u>2,146,099</u>			<u>3,030,526</u>	
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			6,110,465			5,519,197	
<b>CREDITORS:</b>							
Amounts falling due after more than one year	12		<u>442,316</u>			<u>324,538</u>	
			5,668,149			5,194,659	
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	13		<u>230,030</u>			<u>152,000</u>	
			5,438,119			5,042,659	
			=====			=====	
<b>CAPITAL AND RESERVES</b>							
Called up share capital	14		510,000			510,000	
Capital reserve	15	124,572			124,572		
General reserve	15	1,091,999			1,091,999		
Revaluation reserve	15	1,090,243			1,090,243		
Profit and loss account	15	<u>2,621,305</u>			<u>2,225,845</u>		
			4,928,119			4,532,659	
			5,438,119			5,042,659	
			=====			=====	

Approved by the board on 10<sup>th</sup> October 1988

  
 ----- )  
  
 ----- ) Directors

## SINCLAIR HORTICULTURE AND LEISURE LIMITED

## STATEMENT OF SOURCE AND APPLICATION OF FUNDS

YEAR ENDED 30 JUNE 1988

	£	<u>1988</u>	£	£	<u>1987</u>	£
<b>SOURCE OF FUNDS</b>						
Profit on ordinary activities before taxation		1,512,633			840,842	
Extraordinary items before taxation		( 24,125)			( 47,672)	
Adjustment for items not involving the movement of funds:						
Depreciation	421,333			277,747		
Loss (profit) on disposal of tangible fixed assets	<u>4,655</u>			<u>(40,663)</u>		
		<u>425,988</u>			<u>237,084</u>	
<b>TOTAL GENERATED FROM OPERATIONS</b>		<b>1,914,496</b>			<b>1,030,254</b>	
<b>FUNDS FROM OTHER SOURCES</b>						
Proceeds from disposal of tangible fixed assets	193,467			49,222		
Transfer of tangible assets to group companies	-			6,408		
		<u>193,467</u>			<u>55,630</u>	
		<b>2,107,963</b>			<b>1,085,884</b>	
<b>APPLICATION OF FUNDS</b>						
Purchase of fixed assets	1,392,539			481,272		
Transfer of tangible assets from group companies	702,511			134,850		
Taxation paid	155,757			71,565		
Payment in respect of ACT surrendered by holding company	347,344			11,721		
Dividends paid	330,700			222,500		
Purchase of trade investment	100			-		
		<u>2,928,951</u>			<u>921,908</u>	
		<u>( 820,988)</u>			<u>163,976</u>	
		=====			=====	
<b>(DECREASE) INCREASE IN WORKING CAPITAL</b>						
Increase in stocks		570,950			58,266	
(Decrease) increase in debtors		( 231,114)			425,722	
(Increase) in creditors		( 932,377)			(1,207,107)	
		<u>( 592,541)</u>			<u>(723,119)</u>	
<b>Movement in net liquid funds</b>		<b>( 228,447)</b>			<b>887,095</b>	
(Decrease) increase in bank and cash		<u>( 820,988)</u>			<u>163,976</u>	
		=====			=====	



## ACCOUNTING POLICIES

YEAR ENDED 30 JUNE 1988

## ACCOUNTING CONVENTION

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings.

## GROUP ACCOUNTS

Group accounts consolidating the results of Sinclair Horticulture and Leisure Limited and its subsidiaries are not prepared, as permitted by s.229 Companies Act 1985.

## DEFERRED TAXATION

Provision is made for deferred tax using the liability method, to the extent that it is probable that a liability will crystallise in the foreseeable future.

## TURNOVER

Turnover represents sales at invoice value less trade discounts allowed and excluding value added tax.

## DEPRECIATION

Freehold land is not depreciated. Depreciation is charged on other tangible assets at fixed rates calculated to write off the cost as reduced by capital grants over the period of their expected useful lives. The principle rates are:

Freehold buildings	-	2% on cost
Short leasehold property	-	over the period of the lease
Plant and machinery	-	10%, 20% and 33 1/3% on cost
Motor vehicles	-	30% on a reducing balance basis

Government grants in respect of capital expenditure are credited against the cost of the assets to which they relate.

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

## RESEARCH AND DEVELOPMENT

Expenditure on research and development is charged in the profit and loss account the year in which it is incurred.

## FOREIGN CURRENCIES

Assets and liabilities expressed in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Normal fluctuations on trading items are dealt with as part of results for the year.

## SINCLAIR HORTICULTURE AND LEISURE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 1988

	<u>1988</u> £	<u>1987</u> £
1	TURNOVER	
	The analysis of turnover by geographical market was as follows:	
	13,738,679	11,258,392
	65,148	32,022
	554,939	743,609
	29,789	62,871
	<u>14,388,555</u>	<u>12,096,894</u>
	=====	=====
2	OPERATING PROFIT	
	(a) Operating profit is stated after charging (or crediting):	
	( 570,950)	( 58,266)
	6,844,461	6,197,503
	2,166,809	1,511,684
	421,333	277,747
	20,000	-
	3,943,006	3,324,550
	<u>12,824,659</u>	<u>11,253,218</u>
	=====	=====
	(b) Other operating charges include:	
	11,000	10,000
	63,569	125,495
	4,655	(40,663)
	1,372	3,430
	=====	=====
3	STAFF COSTS	
	1,921,140	1,344,942
	158,050	98,711
	60,619	50,031
	27,000	18,000
	<u>2,166,809</u>	<u>1,511,684</u>
	=====	=====
	<u>Number</u>	<u>Number</u>
	204	164
	===	===
	(b) The average weekly number of employees during the year was:	

## SINCLAIR HORTICULTURE AND LEISURE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 1988

	<u>1988</u>	<u>1987</u>
3 STAFF COSTS (continued)		
(c) Directors remuneration:	£	£
Fees	-	-
Other emoluments	134,252	121,893
Pension and life insurance contributions	6,732	5,858
	<hr/>	<hr/>
	140,984	127,751
	=====	=====
An analysis of the directors remuneration, excluding pension contribution was:		
Chairman	Nil	5,190
	=====	=====
Highest paid director	31,700	27,683
	=====	=====
Other directors	<u>Number</u>	<u>Number</u>
£Nil - £ 5,000	2	1
£ 5,001 - £10,000	-	2
£15,001 - £20,000	1	-
£20,001 - £25,000	1	2
£25,001 - £30,000	2	1
	=====	=====
4 INTEREST PAYABLE AND SIMILAR CHARGES		
(a) Interest receivable from group group companies	44,885	-
(b) Interest payable to group companies	(96,148)	(2,834)
	<hr/>	<hr/>
	(51,263)	(2,834)
	=====	=====
5 TAX ON PROFIT ON ORDINARY ACTIVITIES		
Corporation tax on profit for the year at 35%(1987 : 35%)	567,594	341,223
Deferred taxation	70,000	50,000
	<hr/>	<hr/>
	637,594	391,223
Overprovision in previous year	(16,802)	-
	<hr/>	<hr/>
	620,792	391,223
	=====	=====

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 1988

6 EXTRAORDINARY ITEMS		1988	1987		
		£	£		
Extraordinary charges:					
Settlement of ex gratia pensions		-	47,672		
Garotta closure costs		24,125	-		
		<u>24,125</u>	<u>47,672</u>		
Taxation effect of the above		8,444	16,685		
		<u>15,681</u>	<u>30,987</u>		
		=====	=====		
7 DIVIDENDS					
Ordinary:					
First interim 35.43p (1987:31.37p) per share		180,700	160,000		
Second interim 29.41p (1987:12.25p) per share		150,000	62,500		
Proposed final 29.41p (1987:Nil) per share		150,000	-		
		<u>480,700</u>	<u>222,500</u>		
		=====	=====		
8 FIXED ASSETS - TANGIBLE					
	Freehold property	Short lease -hold property	Plant and machinery	Motor vehicles	Total
	£	£	£	£	£
<u>Cost or valuation</u>					
At 1 July 1987	1,714,260	-	1,408,322	149,871	3,272,453
Additions	423,638	-	816,688	152,213	1,392,539
	<u>2,137,898</u>	<u>-</u>	<u>2,225,010</u>	<u>302,084</u>	<u>4,664,992</u>
Inter group transfers	227,238	269,580	698,504	55,192	1,250,514
Disposals	(170,000)	-	(63,881)	(33,181)	(267,062)
At 30 June 1988	<u>2,195,136</u>	<u>269,580</u>	<u>2,859,633</u>	<u>324,095</u>	<u>5,648,444</u>
	=====	=====	=====	=====	=====
<u>Depreciation</u>					
At 1 July 1987	42,400	-	708,438	31,169	784,007
Charge for year	39,065	10,685	300,668	70,915	421,333
	<u>83,465</u>	<u>10,685</u>	<u>1,009,106</u>	<u>102,084</u>	<u>1,205,340</u>
Inter group transfers	4,893	103,162	419,424	20,524	548,003
Disposals	(375)	-	(53,930)	(14,635)	(68,940)
At 30 June 1988	<u>87,983</u>	<u>113,847</u>	<u>1,374,600</u>	<u>107,973</u>	<u>1,684,403</u>
	=====	=====	=====	=====	=====
<u>Net book amounts</u>					
At 30 June 1988	<u>2,107,153</u>	<u>155,733</u>	<u>1,485,033</u>	<u>216,122</u>	<u>3,964,041</u>
	=====	=====	=====	=====	=====
At 30 June 1987	<u>1,669,860</u>	<u>-</u>	<u>699,884</u>	<u>118,702</u>	<u>2,488,446</u>
	=====	=====	=====	=====	=====

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 1988

	<u>1988</u> £	<u>1987</u> £
8 FIXED ASSETS - TANGIBLE (continued)		
Analysis of cost and valuation		
Freehold property:		
At valuation	1,321,295	1,341,295
At cost	873,841	372,965
	<hr/>	<hr/>
	2,195,136	1,714,260
	=====	=====

Freehold properties of the company were professionally revalued on 31 March 1986. The basis of valuation was principally depreciated replacement cost, with land and domestic properties on a vacant possession basis.

On an historical cost basis the freehold properties would have been included at:

	<u>1988</u> £	<u>1987</u> £
Cost	1,537,493	1,056,617
Aggregate depreciation	75,994	48,633
	=====	=====

All other tangible fixed assets are included at cost.

## 9 FIXED ASSET INVESTMENTS

Shares in subsidiary companies at cost		
Ordinary shares of £1 each	225	225
Trade investment	100	..
	<hr/>	<hr/>
	325	225
	===	===

The subsidiary companies are:

	<u>Country of incorporation</u>	<u>Percentage owned</u>
Sinclair Warehousing and Distribution Limited	England	100%
Fertiliser Placement Limited	England	100%

SINCLAIR HORTICULTURE AND LEISURE LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED 30 JUNE 1988

	<u>1988</u> £	<u>1987</u> £
10 STOCKS		
Raw materials and consumables	1,606,604	999,308
Finished goods and goods for resale	590,012	626,358
	<u>2,196,616</u>	<u>1,625,666</u>
	=====	=====
11 DEBTORS		
Due within one year:		
Trade debtors	2,496,499	2,176,579
Amounts due from group companies	886,512	1,535,692
Other debtors	6,501	3,109
Prepayments and accrued income	<u>215,116</u>	<u>120,362</u>
	<u>3,604,628</u>	<u>3,835,742</u>
	=====	=====
12 CREDITORS		
Amounts falling due within one year:		
Trade creditors	2,352,780	1,895,197
Corporation tax payable	234,842	201,751
Amounts due to group companies	644,991	292,311
Amounts due to own subsidiary companies	29,654	29,654
Other taxation and social security	52,588	268,301
Dividends payable	150,000	-
Accruals and deferred income	449,441	294,585
Other creditors	<u>382,271</u>	<u>318,952</u>
	<u>4,296,567</u>	<u>3,300,751</u>
	=====	=====
Amounts falling due after more than one year:		
Corporation tax payable	442,316	324,538
	=====	=====
13 PROVISIONS FOR LIABILITIES AND CHARGES - DEFERRED TAXATION		£
At 1 July 1987		152,000
Charge to profit and loss account		70,000
Inter group transfers		8,030
		<u>230,030</u>
At 30 June 1988		=====

## SINCLAIR HORTICULTURE AND LEISURE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 1988

## 13 DEFERRED TAXATION (continued)

Deferred taxation provision and potential liability comprise:

	<u>1988</u>		<u>1987</u>	
	<u>Provision</u>	<u>Potential</u>	<u>Provision</u>	<u>Potential</u>
	£	Liability	£	Liability
		£		£
Accelerated capital allowances	230,030	433,000	152,000	330,530
Short term timing differences	-	(112,800)	-	-
Revaluation of land and buildings	-	381,000	-	327,000
Capital gain rolled over	-	7,500	-	14,000
	<u>230,030</u>	<u>708,700</u>	<u>152,000</u>	<u>671,530</u>
	=====	=====	=====	=====

## 14 CALLED UP SHARE CAPITAL

There has been no change in share capital during the year.

Authorised	£
630,000 ordinary shares of £1 each	630,000
	=====
Allotted, called up and fully paid	
510,000 ordinary shares of £1 each	510,000
	=====

## SINCLAIR HORTICULTURE AND LEISURE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 1988

## 15 RESERVES

	<u>Capital reserve</u> £	<u>Revaluation reserve</u> £	<u>General reserve</u> £	<u>Profit and loss account</u> £
At 1 July 1987	124,572	1,090,243	1,091,999	2,225,845
Retained profit	-	-	-	395,460
	<u>124,572</u>	<u>1,090,243</u>	<u>1,091,999</u>	<u>2,621,305</u>
At 30 June 1988	124,572	1,090,243	1,091,999	2,621,305
	=====	=====	=====	=====

## 16 CAPITAL COMMITMENTS

	<u>1988</u> £	<u>1987</u> £
Contracted but not provided for	106,000	143,000
	=====	=====
Authorised by the directors not contracted for	468,000	716,000
	=====	=====

## 17 LEASING COMMITMENTS

Future payments in respect of leasing agreements in operation at the year end:

Within one year	34,635	71,338
	=====	=====
Between one and five years	9,436	35,897
	=====	=====

## 18 HOLDING COMPANY

The Company's ultimate holding company is William Sinclair Holdings plc which is incorporated in England.