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SINCLAIR HORTICULTURE AND LEISURE LIMITED

REPORT AND ACCOUNTS

YEAR ENDED 30 JUNE 1990

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SINCLAIR HORTICULTURE AND LEISURE LIMITED

REPORT AND ACCOUNTS

YEAR ENDED 30 JUNE 1990

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DIRECTORS' REPORT

The directors present their annual report and audited financial statements for the year ended 30 June 1990.

RESULTS AND DIVIDENDS

The trading profit for the year after taxation was £1,392,551.

An interim dividend was paid as follows: £

Interim dividend of 53.92p per share paid 4.4.90	275,000
The directors now recommend a final dividend of 73.92p per share.	377,000
	<hr/>
	652,000
	<hr/>
Leaving a balance to be transferred to reserves	770,030
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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.

DIRECTORS

The directors during the year were as follows:-

T H Sinclair
 P J F Darton
 E A Inchley
 M J Smith
 S L McCarthy
 S W Cartwright
 P J Williams
 N F Uzzell
 J P Harrower (Appointed 1 April 1990)

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 in the holding company at the beginning and end of the year were as follows:

	<u>30 June 1990</u>		<u>30 June 1989</u>	
	<u>Beneficial holding</u>	<u>Share options</u>	<u>Beneficial holding</u>	<u>Share options</u>
H J Smith	22,049	-	3,375	21,600
S L McCarthy	3,318	14,780	2,924	24,480
S W Cartwright	6,282	17,100	1,401	21,600
P J Williams	2,889	-	469	24,480
N F Uzzell	1,946	21,600	1,661	21,600
J P Harrower	-	50,000	-	-

On 9th July 1990, Mr. N F Uzzell purchased and disposed of 8,600 shares which are included in his option shown above.

FIXED ASSETS

The movements on fixed assets are set out in note 8 on pages 11 and 12.

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

E. Inchley
E A INCHLEY
Secretary

1st October 1990

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 4 to 15 in accordance with 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 1990 and of its profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

1 October 1990

Lincoln

Pannell R.N. Foster

Chartered Accountants

SINCLAIR HORTICULTURE AND LEISURE LIMITED

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PROFIT AND LOSS ACCOUNT

YEAR ENDED 30 JUNE 1990

	<u>Note</u>	<u>1990</u> £	<u>1989</u> £
TURNOVER	1	19,280,214 =====	10,504,497 =====
OPERATING PROFIT	2	2,501,939	2,152,812
INTEREST PAYMENTS AND SIMILAR CHARGES	4	<u>(371,783)</u>	<u>(266,219)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,130,156	1,886,593
TAX ON PROFIT ON ORDINARY ACTIVITIES	5	<u>(737,603)</u>	<u>(704,631)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,392,553	1,181,962
EXTRAORDINARY ITEMS	6	<u>29,477</u>	<u>(221,000)</u>
PROFIT FOR THE FINANCIAL YEAR		1,422,030	960,962
DIVIDENDS	7	<u>(652,000)</u>	<u>(630,000)</u>
RETAINED PROFIT FOR THE YEAR		770,030 =====	330,962 =====

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

SINCLAIR HORTICULTURAL AND LEISURE LIMITED

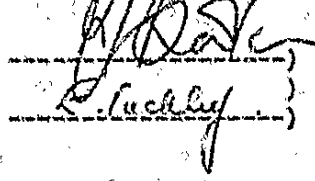
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BALANCE SHEET

30 JUNE 1990

	Note	£	1990	£	1989	£
FIXED ASSETS						
Tangible assets	8	6,368,479			5,661,047	
Investments	9	<u>100</u>			<u>325</u>	
			6,368,579			5,661,372
CURRENT ASSETS						
Stocks	10	2,243,717			2,602,534	
Debtors	11	3,247,788			3,669,537	
Cash at bank and in hand		<u>1,247,637</u>			<u>1,365,511</u>	
			6,739,142			7,637,582
CREDITORS:						
Amounts falling due within one year	12	<u>5,341,699</u>			<u>5,899,611</u>	
NET CURRENT ASSETS			<u>2,397,443</u>			<u>1,737,971</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			7,766,022			7,399,343
CREDITORS:						
Amounts falling due after more than one year	12		<u> </u>		<u>558,405</u>	
			7,766,022			6,840,938
PROVISIONS FOR LIABILITIES AND CHARGES	13		<u>(436,000)</u>		<u>(273,600)</u>	
			7,330,022			6,567,338
			=====			=====
CAPITAL AND RESERVES						
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	1,881,154			1,888,500	
Profit and loss account	15	<u>3,722,297</u>			<u>2,952,267</u>	
			6,820,022			6,057,338
			7,330,022			6,567,338
			=====			=====

Approved by the board on 1st October 1990



 R. Luckley } Directors

SINCLAIR HORTICULTURE AND LEISURE LIMITED

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STATEMENT OF SOURCE AND APPLICATION OF FUNDS

YEAR ENDED 30 JUNE 1990

SOURCE OF FUNDS	1990		1989	
	£	£	£	£
Profit on ordinary activities before taxation		2,130,156		1,886,593
Extraordinary items before taxation		29,477		(340,000)
Adjustment for items not involving the movement of funds:				
Surplus on liquidation of subsidiary companies	(29,477)		-	
Depreciation	652,239		513,251	
(Profit)/loss on disposal of tangible fixed assets	(4,503)		(2,946)	
Movement on revaluation reserve	<u>(7,346)</u>		-	
		<u>610,913</u>		<u>510,305</u>
TOTAL GENERATED FROM OPERATIONS		2,770,546		2,056,898
FUNDS FROM OTHER SOURCES				
Proceeds from disposal of tangible fixed assets	64,068		140,673	
Transfer of tangible assets to group companies	-		6,354	
Proceeds from sale of investments	<u>29,702</u>		-	
		<u>93,770</u>		<u>147,027</u>
		2,864,316		2,203,925
APPLICATION OF FUNDS				
Purchase of fixed assets	1,408,646		1,548,524	
Transfer of tangible assets from group companies	10,590		7,557	
Taxation paid	411,487		205,669	
Payment in respect of ACT surrendered by holding company	-		50,000	
Dividends paid	<u>755,000</u>		<u>300,000</u>	
		<u>2,585,723</u>		<u>2,111,750</u>
		278,593		92,175
		=====		=====
INCREASE IN WORKING CAPITAL				
(Decrease)/increase in stocks	(358,817)		405,918	
(Decrease)/increase in debtors	(421,749)		64,909	
Decrease/(increase) in creditors	<u>1,177,033</u>		<u>(1,102,741)</u>	
		396,467		(631,914)
Movement in net liquid funds				
(Decrease)/increase in bank and cash		<u>(117,874)</u>		<u>724,089</u>
		278,593		92,175
		=====		=====

ACCOUNTING POLICIES

YEAR ENDED 30 JUNE 1990

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 principal 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 in the year in which it is incurred.

ACCOUNTING POLICIES

YEAR ENDED 30 JUNE 1990

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

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 1990

	<u>1990</u>	<u>1989</u>
	£	£
1 TURNOVER		
The analysis of turnover by geographical market was as follows:		
United Kingdom	18,278,077	17,429,326
Mainland Europe	65,411	157,109
Middle and Far East	990,365	882,428
Others	46,361	35,634
	<u>19,280,214</u>	<u>18,504,497</u>
	=====	=====
2 OPERATING PROFIT		
(a) Operating profit is stated after charging (or crediting):		
Change in stocks of finished goods and work in progress	(88,127)	(206,244)
Raw materials and consumables	8,178,957	8,310,341
Staff costs (note 3)	2,603,955	2,668,750
Depreciation (note 8)	652,239	513,251
Other operating charges	<u>5,431,251</u>	<u>5,065,587</u>
	16,778,275	16,351,685
	=====	=====
(b) Other operating charges include:		
Auditors' remuneration	13,585	12,350
Hire of plant and machinery	43,481	29,807
(Profit)/loss on disposal of fixed assets	(4,503)	(2,946)
Research and development	<u>1,310</u>	<u>1,616</u>
	=====	=====
3 STAFF COSTS		
(a) Wages and salaries		
Wages and salaries	2,285,856	2,369,685
Social security costs	197,076	191,279
Pension costs	60,767	53,263
Other life and sickness insurance	20,256	18,523
Employee profit sharing scheme	<u>40,000</u>	<u>36,000</u>
	2,603,955	2,668,750
	=====	=====
(b) The average weekly number of employees during the year was:		
	210	236
	===	===

SINCLAIR HORTICULTURE AND LEISURE LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 1990

	<u>1990</u>	<u>1989</u>
	£	£
3 STAFF COSTS (continued)		
(c) Directors remuneration:		
Other emoluments	162,082	135,866
Pension and life		
Insurance contributions	<u>9,863</u>	<u>8,350</u>
	<u>171,945</u>	<u>144,216</u>
	=====	=====

An analysis of the directors' remuneration excluding pension contributions was:

Chairman	Nil	Nil
	===	===
Highest paid director	37,942	31,711
	=====	=====
Other directors:		
£Nil - £ 5,000	<u>Number</u>	<u>Number</u>
£10,001 - £15,000	2	2
£20,001 - £25,000	1	-
£25,001 - £30,000	-	2
£30,001 - £35,000	2	2
£35,001 - £40,000	1	-
	1	-
	===	===

4 INTEREST PAYABLE AND SIMILAR CHARGES

(a) Interest receivable from companies	28,592	30,143
(b) Interest payable to group companies	<u>(400,375)</u>	<u>(296,362)</u>
	<u>(371,783)</u>	<u>(266,219)</u>
	=====	=====

5 TAX ON PROFIT ON ORDINARY ACTIVITIES

Corporation tax on profit for the year at 35% (1989 : 35%)	588,238	677,405
Deferred taxation	<u>162,400</u>	<u>43,570</u>
	750,638	720,975
Subvention receivable	<u>(13,035)</u>	-
Overprovision in previous year	"	<u>(16,344)</u>
	<u>737,603</u>	<u>704,631</u>
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 1990

6 EXTRAORDINARY ITEMS

	<u>1990</u>	<u>1989</u>
	£	£
Extraordinary charges/receipts:		
Closure of Seeds Division	-	340,000
Surplus on liquidation of subsidiary companies	(29,477)	-
Taxation effect of the above	-	(119,000)
	<u>(29,477)</u>	<u>221,000</u>

7 DIVIDENDS

	£	£
Ordinary:		
Interim 53.92p (1989:29.41p) per share	275,000	150,000
Proposed final 73.92p (1989:94.11p) per share	<u>377,000</u>	<u>480,000</u>
	<u>652,000</u>	<u>630,000</u>

8 FIXED ASSETS - TANGIBLE

	Freehold property	Short leasehold property	Plant and machinery	Motor vehicles	Total
<u>Cost or valuation</u>	£	£	£	£	£
At 1 July 1989	3,061,572	218,828	3,639,870	355,852	7,276,122
Additions	224,834	-	979,851	203,961	1,408,646
Inter group transfers	-	-	1,938	15,747	17,685
Disposals	-	-	(1,016)	(118,877)	(119,893)
At 30 June 1990	<u>3,286,406</u>	<u>218,828</u>	<u>4,620,643</u>	<u>456,683</u>	<u>8,582,560</u>
<u>Depreciation</u>					
At 1 July 1989	131	72,255	1,418,781	123,908	1,615,075
Charge for year	31,774	9,160	518,148	93,157	652,239
Inter group transfers	-	-	129	6,966	7,095
Disposals	-	-	(609)	(59,719)	(60,328)
At 30 June 1990	<u>31,905</u>	<u>81,415</u>	<u>1,936,449</u>	<u>164,312</u>	<u>2,214,081</u>
<u>Net book amounts</u>					
At 30 June 1990	<u>3,254,501</u>	<u>137,413</u>	<u>2,684,194</u>	<u>292,371</u>	<u>6,368,479</u>
At 30 June 1989	<u>3,061,441</u>	<u>146,573</u>	<u>2,221,089</u>	<u>231,944</u>	<u>5,661,047</u>

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 1990

8 FIXED ASSETS - TANGIBLE (continued)

	<u>1990</u>	<u>1989</u>
	£	£
Analysis of cost and valuation		
Freehold property:		
At valuation	3,055,002	3,055,002
At cost	231,404	6,570
	<u>3,286,406</u>	<u>3,061,572</u>
	=====	=====

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

Cost	2,022,593	1,791,189
Aggregate depreciation	152,843	117,020
	<u>2,175,436</u>	<u>1,908,209</u>
	=====	=====

Freehold property was valued at open market value on an existing use basis by a chartered surveyor on the 30th June 1989.

All other tangible fixed assets are included at cost.

9 FIXED ASSET INVESTMENTS

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

10 STOCKS

Raw materials and consumables	1,359,334	1,806,278
Finished goods and goods for resale	884,383	796,256
	<u>2,243,717</u>	<u>2,602,534</u>
	=====	=====

11 DEBTORS

Due within one year:		
Trade debtors	2,536,769	3,024,699
Amounts due from group companies	636,781	431,339
Other debtors	8,336	59,936
Prepayments and accrued income	65,902	153,563
	<u>3,247,788</u>	<u>3,669,537</u>
	=====	=====

SINCLAIR HORTICULTURE AND LEISURE LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 1990

	<u>1990</u> £	<u>1989</u> £
12 CREDITORS		
Amounts falling due within one year:		
Trade creditors	2,212,298	2,966,901
Corporation tax payable 1 April 1991	1,127,266	405,145
Amounts due to group companies	469,981	689,157
Amounts due to own subsidiary companies	-	29,654
Other taxation and social security	283,542	163,885
Dividends payable	377,000	480,000
Accruals and deferred income	640,715	624,865
Other creditors	330,897	540,004
	<hr/>	<hr/>
	5,341,699	5,899,611
	=====	=====
Amounts falling due after more than one year:		
Corporation tax payable	-	558,405
	=====	=====

13 PROVISIONS FOR LIABILITIES AND CHARGES - DEFERRED TAXATION

	£
At 1 July 1989	273,600
Charge to profit and loss account	162,400
	<hr/>
At 30 June 1990	436,000
	=====

Deferred taxation provision and potential liability comprise:

	<u>1990</u>		<u>1989</u>	
	<u>Provision</u>	<u>Potential Liability</u>	<u>Provision</u>	<u>Potential Liability</u>
	£	£	£	£
Accelerated capital allowances	525,000	525,000	461,000	461,000
Short term timing differences	(92,000)	(92,000)	(190,700)	(190,700)
Revaluation of land and buildings	-	658,000	-	661,000
Capital gain rolled over	3,000	3,000	3,300	3,300
	<hr/>	<hr/>	<hr/>	<hr/>
	436,000	1,094,000	273,600	934,600
	=====	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 1990

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
	=====

15 RESERVES

	<u>Capital reserve</u> £	<u>Revaluation reserve</u> £	<u>General reserve</u> £	<u>Profit and loss account</u> £
At 1 July 1989	124,572	1,888,500	1,091,999	2,952,267
Retained profit	-	-	-	770,030
Revaluation	-	(7,346)	-	-
	-----	-----	-----	-----
At 30 June 1990	124,572	1,881,154	1,091,999	3,722,297
	=====	=====	=====	=====

16 CAPITAL COMMITMENTS

	<u>1990</u> £	<u>1989</u> £
Contracted but not provided for	19,000	861,000
	=====	=====
Authorised by the directors not contracted for	928,000	400,000
	=====	=====

17 CONTINGENT LIABILITY

There exists a contingent liability in the form of bonds guarantee to the Customs and Excise for a maximum of £200,000 (1989 - £200,000).

18. HOLDING COMPANY

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 1990

19 PENSION SCHEME

The company participates in the pension scheme operated by the holding company.

The scheme provides benefits based on final pensionable pay. The assets of the scheme are held in a fund separate from those of the group and are administered by trustees. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees working lives with the group. The contributions are determined by a qualified actuary on the basis of triennial valuations using the aggregate method allowing for future salary increases.