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WILLIAM SINCLAIR HORTICULTURE LIMITED
(formerly Sinclair Horticulture and Leisure Limited)

FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 1992



REGISTERED NO: 7633

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WILLIAM SINCLAIR HORTICULTURE LIMITED
(formerly Sinclair Horticulture and Leisure Limited)

FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 1992

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WILLIAM SINCLAIR HORTICULTURE LIMITED
(formerly Sinclair Horticulture and Leisure Limited)

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DIRECTORS' REPORT

The directors present their annual report and audited financial statements for the year ended 30 June 1992.

RESULTS AND DIVIDENDS

The trading profit for the year after taxation was £1,417,410.

Interim dividends were paid as follows:

Interim dividend of 53.92p per share	£
The directors now recommend a final dividend of £1.01p per share.	275,000
	515,000
	<hr/>
	790,000
	=====

The directors recommend the balance of retained profits totalling £627,410 be added to reserves.

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.

CHANGE OF NAME

On 14th May 1992, the company changed its name to William Sinclair Horticulture Limited.

DIRECTORS

The directors during the year were as follows:-

T H Sinclair
P J F Barton
E A Inchley
M J Smith (Resigned 21 November 1991)
S L McCarthy
S W Cartwright
P J Williams
N F Uzzell
J P Harrower (Resigned 31 May 1992)
M G Daw

WILLIAM SINCLAIR HORTICULTURE LIMITED
(formerly Sinclair Horticulture and Leisure Limited)

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DIRECTORS' REPORT (continued)

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

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

	<u>30 June 1992</u>		<u>30 June 1991</u>	
	<u>Beneficial holding</u>	<u>Share options</u>	<u>Beneficial holding</u>	<u>Share options</u>
S L McCarthy	2,850	15,261	3,611	15,261
S W Cartwright	8,115	35,353	7,832	35,353
P J Williams	3,512	-	3,207	14,722
N F Uzzell	2,365	13,423	2,155	13,423
M G Daw	-	-	-	-

E A Inchley, S L McCarthy and M G Daw, resigned as directors on the 1 July 1992

T R Dick, A E Everett were appointed directors on 1 July 1992

FIXED ASSETS

The movements on fixed assets are set out in note 8 on pages 10 and 11.

AUDITORS

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

BY ORDER OF THE BOARD



E W DAWE
Secretary

7th October 1992

WILLIAM SINCLAIR HORTICULTURE LIMITED

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AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 4 to 14 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 1992 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



7th October 1992
Lincoln

PANNELL KERR FORSTER
Chartered Accountants
Registered Auditor

WILLIAM SINCLAIR HORTICULTURE LIMITED

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PROFIT AND LOSS ACCOUNT

YEAR ENDED 30 JUNE 1992

	<u>Note</u>	<u>1992</u> £	<u>1991</u> £
TURNOVER	1	22,299,847	18,970,617
OPERATING CHARGES	2	<u>19,911,739</u>	<u>16,416,816</u>
OPERATING PROFIT		2,388,108	2,553,801
INTEREST PAYABLE AND SIMILAR CHARGES	4	<u>289,013</u>	<u>258,023</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,099,095	2,295,778
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	5	<u>681,685</u>	<u>722,393</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,417,410	1,573,385
DIVIDENDS	6	<u>790,000</u>	<u>850,000</u>
RETAINED PROFIT FOR THE YEAR		<u>627,410</u> =====	<u>723,385</u> =====

The movement on reserves is shown in note 14 to the financial statements.

WILLIAM SINCLAIR HORTICULTURE LIMITED

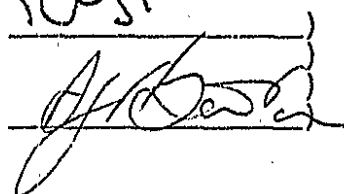
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BALANCE SHEET

30 JUNE 1992

	Note	<u>1992</u>		<u>1991</u>	
		£	£	£	£
FIXED ASSETS					
Tangible assets	7	6,984,844		6,487,684	
Investments	8	<u>100</u>		<u>100</u>	
			6,984,944		6,487,784
CURRENT ASSETS					
Stocks	9	3,351,862		2,428,493	
Debtors	10	3,015,946		3,479,728	
Cash at bank and in hand		<u>2,190,790</u>		<u>802,374</u>	
			8,558,598		6,710,595
CREDITORS:					
Amounts falling due within one year	11	<u>6,097,735</u>		<u>4,634,572</u>	
NET CURRENT ASSETS			<u>2,460,863</u>		<u>2,076,023</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			9,445,807		8,563,807
PROVISIONS FOR LIABILITIES AND CHARGES	12		<u>632,000</u>		<u>578,000</u>
			8,813,807		7,985,807
			=====		=====
CAPITAL AND RESERVES					
Called up share capital	13		510,000		510,000
Capital reserve	14	124,572		124,572	
General reserve	14	1,091,999		1,091,999	
Revaluation reserve	14	2,014,144		1,813,554	
Profit and loss account	14	<u>5,073,092</u>		<u>4,445,682</u>	
			8,303,807		7,475,807
			8,813,807		7,985,807
			=====		=====

Approved by the board on 7th October 1992

Directors

ACCOUNTING POLICIES

YEAR ENDED 30 JUNE 1992

1 ACCOUNTING CONVENTION

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, and in accordance with applicable accounting standards.

2 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.

3 TURNOVER

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

4 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 have been credited against the cost of the assets to which they relate, up to June 1991. All future government grants will be treated by crediting the grant to a deferred income account in the balance sheet and releasing equal instalments to profit and loss over the expected useful economic life of the asset.

5 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.

ACCOUNTING POLICIES

YEAR ENDED 30 JUNE 1992

7 RESEARCH AND DEVELOPMENT

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

8 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.

9 PENSIONS

The Group provides for and funds pension liabilities on a going concern basis on the advice of external actuaries by payments to insurance companies. Independent actuarial valuations, on a going concern basis are normally carried out every three years.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 1992

	<u>1992</u>	<u>1991</u>
	£	£
1 TURNOVER		
The analysis of turnover by geographical market was as follows:		
United Kingdom	20,198,648	17,823,698
Mainland Europe	85,724	81,864
Middle and Far East	1,998,461	1,038,803
Others	17,014	26,252
	<hr/>	<hr/>
	22,299,847	18,970,617
	=====	=====
2 OPERATING CHARGES		
(a) Operating profit is stated after charging (or crediting):		
Change in stocks of finished goods and work in progress	(168,724)	(53,921)
Raw materials and consumables	10,045,337	7,314,824
Staff costs (note 3)	2,761,231	2,453,262
Depreciation (note 8)	814,014	697,328
Other operating charges	6,459,881	6,005,323
	<hr/>	<hr/>
	19,911,739	16,416,816
	=====	=====
(b) Other operating charges include:		
Auditors' remuneration	18,420	17,000
Hire of plant and machinery	47,753	33,735
Loss on disposal of fixed assets	11,811	5,820
Research and development	104,187	104,559
	=====	=====
3 STAFF COSTS		
(a) Wages and salaries	2,447,676	2,156,377
Social security costs	195,869	179,078
Pension costs	59,709	60,696
Other life and sickness insurance	30,477	22,111
Employee profit sharing scheme	27,500	35,000
	<hr/>	<hr/>
	2,761,231	2,453,262
	=====	=====
	Number	Number
(b) The average weekly number of employees during the year was:	185	186
	===	===

WILLIAM SINCLAIR HORTICULTURE LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 1992

	<u>1992</u> £	<u>1991</u> £
3 STAFF COSTS (continued)	<u>Number</u>	<u>Number</u>
(c) Directors remuneration:		
Salaries as executives (including Pension contributions)	77,064 =====	94,052 =====
An analysis of the directors' remuneration excluding pension contributions was:		
Chairman	Nil ===	NIL ===
Highest paid director	34,572 =====	31,037 =====
Other directors	<u>Number</u>	<u>Number</u>
£Nil - £ 5,000	6	5
£5,001 - £10,000	1	1
£25,001 - £30,000	1 ===	2 =====
4 INTEREST PAYABLE AND SIMILAR CHARGES		
(a) Interest receivable from group companies	(33,834)	(54,084)
(b) Interest payable to group companies	<u>322,847</u>	<u>312,107</u>
	289,013 =====	258,023 =====
5 TAXATION ON PROFIT ON ORDINARY ACTIVITIES		
Corporation tax on profit for the year at 33%(1991 : 33.75%)	670,000	619,425
Deferred taxation	<u>29,000</u>	<u>142,000</u>
	699,000	761,425
Subvention payable	303	
Overprovision in previous year	<u>(17,618)</u>	<u>(39,032)</u>
	681,685 =====	722,393 =====

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 1992

6 DIVIDENDS

	£	£
Ordinary:		
First interim: Nil (1991: 19.6p) per share	-	100,000
Second interim 53.92p (1991:53.92p) per share	275,000	275,000
Proposed final £1.01p (1991:73.92p) per share	<u>515,000</u>	<u>475,000</u>
	790,000	850,000
	=====	=====

7 FIXED ASSETS - TANGIBLE

	Freehold property	Short leasehold property	Plant and machinery	Motor vehicles	Total
	£	£	£	£	£
<u>Cost or valuation</u>					
At 1 July 1991	3,244,997	235,792	5,366,813	472,767	9,320,369
Additions	111,609	-	835,448	225,626	1,172,683
Intra group transfers	-	-	59,509	(56,698)	2,811
Revaluation	104,429	-	-	-	104,429
Disposals	-	-	<u>(139,169)</u>	<u>(164,892)</u>	<u>(304,061)</u>
At 30 June 1992	<u>3,461,035</u>	<u>235,792</u>	<u>6,122,601</u>	<u>476,803</u>	<u>10,296,231</u>
	=====	=====	=====	=====	=====
<u>Depreciation</u>					
At 1 July 1991	61,817	92,167	2,484,683	194,018	2,832,685
Charge for year	34,381	9,575	662,137	107,921	814,014
Intra group transfers	-	-	16,053	(19,435)	(3,382)
Disposals/Revaluations	<u>(96,161)</u>	<u>-</u>	<u>(136,474)</u>	<u>(99,295)</u>	<u>(331,930)</u>
At 30 June 1992	<u>37</u>	<u>101,742</u>	<u>3,026,399</u>	<u>183,209</u>	<u>3,311,387</u>
	=====	=====	=====	=====	=====
<u>Net book amounts</u>					
At 30 June 1992	<u>3,460,998</u>	<u>134,050</u>	<u>3,096,202</u>	<u>293,594</u>	<u>6,984,844</u>
	=====	=====	=====	=====	=====
At 30 June 1991	<u>3,183,180</u>	<u>143,625</u>	<u>2,882,130</u>	<u>278,749</u>	<u>6,487,684</u>
	=====	=====	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 1992

7 FIXED ASSETS - TANGIBLE (continued)

	<u>1992</u> £	<u>1991</u> £
Analysis of cost and valuation		
Freehold property:		
At valuation	3,091,831	2,987,402
At cost	369,204	257,595
	<hr/>	<hr/>
	3,461,035	3,244,997
	=====	=====

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

Cost	2,162,795	1,972,593
Aggregate depreciation	323,083	183,666
	=====	=====

Freehold property was valued at open market value on an existing use basis by Michael J H Sawyer FRICS FAAV a chartered surveyor on the 30th June 1992.

All other tangible fixed assets are included at cost.

8 FIXED ASSET INVESTMENTS

Ordinary shares of £1 each		
Trade investment	100	100
	===	===

9 STOCKS

Raw materials and consumables	2,244,834	1,490,189
Finished goods and goods for resale	1,107,028	938,304
	<hr/>	<hr/>
	3,351,862	2,428,493
	=====	=====

10 DEBTORS

<i>Due within one year:</i>		
Trade debtors	2,480,741	2,181,666
Amounts due from group undertaking	317,594	1,053,677
Other debtors	2,274	5,430
Prepayments and accrued income	215,337	238,955
	<hr/>	<hr/>
	3,015,946	3,479,728
	=====	=====

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 1992

	<u>1992</u> £	<u>1991</u> £
11 CREDITORS		
Amounts falling due within one year:		
Trade creditors	2,768,176	1,833,065
Corporation tax payable 1 April 1993	823,685	809,761
Amounts due to group undertakings	784,128	480,664
Other taxation and social security	388,903	315,220
Dividends payable	515,000	475,000
Accruals and deferred income	696,861	614,725
Other creditors	120,982	106,137
	<hr/>	<hr/>
	6,097,735	4,634,572
	=====	=====

12 PROVISIONS FOR LIABILITIES AND CHARGES

	<u>1992</u> £	£	<u>1991</u> £	£
Provision for re-organisation costs		25,000		-
Deferred Taxation				
At 1 July 1991	578,000		436,000	
Charge to profit and loss account	29,000		142,000	
	<hr/>	607,000	<hr/>	578,000
At 30 June 1992		<hr/>		<hr/>
		632,000		578,000
		=====		=====

Deferred taxation provision and potential liability comprise:

	<u>1992</u>		<u>1991</u>	
	<u>Provision</u> £	<u>Potential Liability</u> £	<u>Provision</u> £	<u>Potential Liability</u> £
Accelerated capital allowances	582,000	582,000	553,000	553,000
Short term timing differences	25,000	25,000	25,000	25,000
Revaluation of land and buildings	-	664,000	-	598,000
	<hr/>	<hr/>	<hr/>	<hr/>
	607,000	1,271,000	578,000	1,176,000
	=====	=====	=====	=====

WILLIAM SINCLAIR HORTICULTURE LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 1992

13 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
	=====

14 RESERVES

	<u>Capital reserve</u> £	<u>Revaluation reserve</u> £	<u>General reserve</u> £	<u>Profit and loss account</u> £
At 1 July 1991	124,572	1,813,554	1,091,999	4,445,682
Retained profit	-	-	-	627,410
Revaluation	-	200,590	-	-
	-----	-----	-----	-----
At 30 June 1992	124,572	2,014,144	1,091,999	5,073,092
	=====	=====	=====	=====

15 CAPITAL COMMITMENTS

	<u>1992</u> £	<u>1991</u> £
Contracted but not provided for	NIL	390,213
	=====	=====
Authorised by the directors not contracted for	307,000	211,750
	=====	=====

16 CONTINGENT LIABILITY

There exists a contingent liability in the form of bond guarantee to the Customs and Excise for a maximum of £200,000 (1991 - £200,000).

17 PARENT COMPANY

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 1992

18 PENSION SCHEME

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

The scheme provides defined 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.