

**WILLIAM SINCLAIR
HORTICULTURE LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2001
REG NO. 7633**



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**WILLIAM SINCLAIR HORTICULTURE LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2001**

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WILLIAM SINCLAIR HORTICULTURE LIMITED

DIRECTORS' REPORT

The directors present their report and audited financial statements for the year ended 30 June 2001.

RESULTS AND DIVIDENDS

The trading profit for the year after taxation was £1,229,000

Dividends	£
Interim dividends of 68.63p per share (paid)	350,000
The directors now recommend a final dividend of £1.02 per share	<u>521,000</u>
	<u><u>871,000</u></u>

REVIEW OF THE BUSINESS

The company's principal activities during the year were those of a horticultural and fertiliser merchant, pulverised 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.

DIRECTORS AND THEIR INTERESTS

The directors during the year were as follows:-

P J F Barton	Resigned 1 May 2001
R S D Feaviour	Appointed 1 May 2001 (Chairman)
T R Dick	
N F Uzzell	
P T Davenport	
I P Yarrow	
F S Carrington	
R Barlow	
S D Harper	

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

Mr R S D Feaviour and Mr P T Davenport are directors of the ultimate parent company in whose accounts their interests are shown.

WILLIAM SINCLAIR HORTICULTURE LIMITED
DIRECTORS' REPORT

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 2001</u>		<u>30 June 2000</u>	
	<u>Beneficial holding</u>	<u>Share option</u>	<u>Beneficial holding</u>	<u>Share option</u>
T R Dick	4,464	50,000	4,070	50,000
N F Uzzell	13,741	-	13,539	-
R Barlow	2,067	15,000	1,858	15,000
F S Carrington	-	15,000	-	15,000
S D Harper	-	15,000	-	15,000
I P Yarrow	1,403	15,000	1,154	15,000

In addition to the above Mr N F Uzzell has a non-beneficial interest in 22,106 shares (2000 : 57,178) arising from his role as trustee of an approved profit sharing scheme.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

A resolution to reappoint the auditors, PKF, will be proposed at the Annual General Meeting.

POLITICAL AND CHARITABLE CONTRIBUTIONS

The company has given charitable donations of £350 (2000 : £250) during the year.

**WILLIAM SINCLAIR HORTICULTURE LIMITED
DIRECTORS' REPORT**

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 days purchases outstanding at 30 June 2001 was 49.

BY ORDER OF THE BOARD



E W DAWE
Secretary

21 September 2001
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 2001 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom 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 the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

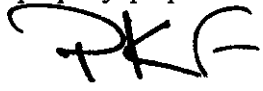
Basis of audit opinion

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 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PKF
Registered Auditors

21 September 2001
Lincoln

WILLIAM SINCLAIR HORTICULTURE LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 JUNE 2001

	<u>Notes</u>	<u>2001</u> £	<u>2000</u> £
TURNOVER	2	39,622,856	37,777,022
OPERATING CHARGES	3	37,497,146	34,539,270
OPERATING PROFIT		2,125,710	3,237,752
NET INTEREST PAYABLE	5	284,710	217,549
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,841,000	3,020,203
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	6	612,000	904,347
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,229,000	2,115,856
DIVIDENDS	7	871,000	1,408,000
RETAINED PROFIT FOR THE FINANCIAL YEAR		358,000	707,856

The movement on reserves is shown in note 16 to the financial statements.

All amounts relate to continuing operations.

The company had no recognised gains or losses other than the profit for the financial year.

WILLIAM SINCLAIR HORTICULTURE LIMITED
YEAR ENDED 30 JUNE 2001

STATEMENT OF HISTORICAL COST PROFITS AND LOSSES

	<u>2001</u>	<u>2000</u>
	£	£
Reported profit on ordinary activities before taxation	1,841,000	3,020,203
Differences between a historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	<u>(3,131)</u>	<u>20,336</u>
Historical cost profit on ordinary activities before taxation	<u>1,837,869</u>	<u>3,040,539</u>
Historical cost profit for the year retained after taxation and dividends	<u>354,869</u>	<u>728,192</u>

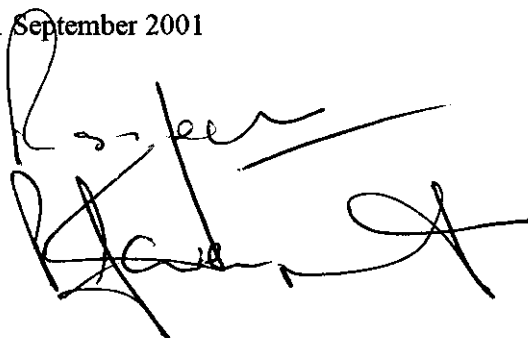
WILLIAM SINCLAIR HORTICULTURE LIMITED
BALANCE SHEET
30 JUNE 2001

	<u>Notes</u>	<u>2001</u>		<u>2000</u>	
		£	£	£	£
FIXED ASSETS					
Tangible assets	8	9,348,013		8,953,035	
Investments	9	1,331,224		2,581,485	
			<u>10,679,237</u>		<u>11,534,520</u>
CURRENT ASSETS					
Stocks	10	5,190,258		5,039,744	
Debtors	11	12,318,366		10,265,413	
Cash at bank and in hand		2,243,602		2,892,958	
		<u>19,752,226</u>		<u>18,198,115</u>	
CREDITORS					
Amounts falling due within one year	12	14,016,990		14,011,320	
NET CURRENT ASSETS			<u>5,735,236</u>		<u>4,186,795</u>
TOTAL ASSETS LESS					
CURRENT LIABILITIES			<u>16,414,473</u>		<u>15,721,315</u>
CREDITORS					
Amounts falling due after one year	12		426,215		158,057
PROVISION FOR LIABILITIES					
AND CHARGES	14		<u>578,000</u>		<u>511,000</u>
NET ASSETS			<u><u>15,410,258</u></u>		<u><u>15,052,258</u></u>
CAPITAL AND RESERVES					
Called up equity share capital	15		510,000		510,000
Capital reserve	16	124,572		124,572	
General reserve	16	1,091,999		1,091,999	
Revaluation reserve	16	2,462,079		2,462,079	
Profit and loss account	16	11,221,608		10,863,608	
			<u>14,900,258</u>		<u>14,542,258</u>
EQUITY SHAREHOLDERS FUNDS	17		<u><u>15,410,258</u></u>		<u><u>15,052,258</u></u>

Approved by the Board on 21 September 2001

R S D FEAVIOUR)

P T DAVENPORT)



WILLIAM SINCLAIR HORTICULTURE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2001

1 ACCOUNTING POLICIES

(a) Accounting Convention

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

(b) 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.

(c) Turnover

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

(d) Depreciation

Freehold land is not depreciated except where the operations carried out suggest land values will decrease. Depreciation is charged on other tangible assets at fixed rates calculated to write off the cost or valuation over the period of their expected useful lives. The principal rates are:

Freehold land and buildings	-	2% and 10% on cost
Short leasehold property	-	5 years, 10 years and over the period of the lease
Plant and machinery	-	10%, 12½%, 20% and 33 % on cost
Motor vehicles	-	30% straight line/reducing balance

(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. With regard to stocks of harvested peat, the accounting policy has changed in the year to include direct costs of production and overheads based on the long-run level of harvest activity. This is considered to better reflect the fair value of harvested peat at any point in time. The effect of this change at 30 June 2000 and 30 June 2001 is not significant.

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

(f) Research and Development

Expenditure on pure and applied research is written off in the year in which it is incurred.

Development expenditure incurred against a clearly defined project is carried forward to the extent that costs are recoverable against future revenues and if the project is assessed as commercially viable. The amortisation period for such expenditure is limited to a maximum of five years. All other expenditure is written off in the year in which it is incurred.

WILLIAM SINCLAIR HORTICULTURE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2001

1 ACCOUNTING POLICIES (continued)

(g) 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.

(h) Pension Costs

Contributions payable to the group's defined benefit scheme are charged to the profit and loss account so far to spread the cost of pensions over the service lives of employees in the scheme. The pension charge is calculated on the basis of actuarial advice.

Contributions payable under the group's defined contribution scheme are charged to the profit and loss account in the period to which they relate.

(i) Cashflow Statement

The company has not prepared a cashflow 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 cashflow statement dealing with the cashflows of the group.

(j) Leases and Hire Purchase Contracts

Assets acquired under finance leases and hire purchase contracts are treated as tangible fixed assets and depreciation is provided accordingly. The present value of future rentals is shown as a liability and the interest element of rental obligations is charged to the profit and loss account over the period of the lease in proportion to the capital balance outstanding.

Rentals payable under operating leases are charged to profit and loss account on a straight line basis over the lease term.

(k) Investments

Investments are shown at cost.

2 TURNOVER

The analysis of turnover by geographical market was as follows:	<u>2001</u>	<u>2000</u>
	£	£
United Kingdom	36,398,251	34,684,398
Europe	222,812	272,887
Middle and Far East	2,999,046	2,787,828
Other	2,747	31,909
	<u>39,622,856</u>	<u>37,777,022</u>

WILLIAM SINCLAIR HORTICULTURE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2001

3 OPERATING CHARGES

	<u>2001</u>	<u>2000</u>
	£	£
Operating profit is stated after charging (or crediting):		
Change in stocks of finished goods	162,325	201,278
Raw materials and consumables	16,046,035	14,663,976
Staff costs (note 4)	6,207,189	5,894,131
Depreciation (note 8)	1,171,370	1,178,433
Income from joint arrangement	(81,359)	(95,993)
Other operating charges	13,991,586	12,697,445
	<u>37,497,146</u>	<u>34,539,270</u>

	<u>2001</u>	<u>2000</u>
	£	£
Other operating charges include:-		
Auditors' remuneration - audit fee	25,545	25,208
- other services	5,080	6,410
(Profit) on disposal of fixed assets	(17,842)	(57,595)
Research and development	108,057	102,010
Operating lease rentals - plant	322,429	287,521
	<u>322,429</u>	<u>287,521</u>

4 STAFF COSTS

	<u>2001</u>	<u>2000</u>
	£	£
Wages and salaries	5,438,951	5,179,674
Social security costs	519,179	478,114
Pension costs	146,992	142,844
Other life and sickness insurance	102,067	93,499
	<u>6,207,189</u>	<u>5,894,131</u>

WILLIAM SINCLAIR HORTICULTURE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2001

4 STAFF COSTS (continued)

	<u>2001</u> <u>Number</u>	<u>2000</u> <u>Number</u>
The average weekly number of employees during the year was made up as follows:		
Administration	128	127
Production	165	170
	293	297
	293	297
	<u>2001</u> £	<u>2000</u> £
Directors emoluments:-		
Aggregate emoluments	449,859	344,895
	449,859	344,895
	449,859	344,895

The amount attributable in aggregate emoluments to the highest paid director is **£94,818** (2000 : £89,663).

The amount attributable to accrued pension benefits for the highest paid director is **£8,190** (2000 : £11,569).

There are 5 (2000 : 6) directors for whom final salary retirement benefits are accruing.

There are 2 (2000 : 2) directors for whom money purchase retirement benefits are accruing.

5 NET INTEREST PAYABLE

	<u>2001</u> £	<u>2000</u> £
Bank interest payable (receivable)	6,053	(6,728)
Interest payable to group companies	235,556	188,918
Hire purchase interest	29,735	22,795
Other loan interest	13,366	12,564
	284,710	217,549
	284,710	217,549

WILLIAM SINCLAIR HORTICULTURE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2001

6 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	<u>2001</u>	<u>2000</u>
	£	£
Corporation tax on the profit for the year at 30% (2000 : 30.00%)	500,000	924,000
Deferred taxation	112,000	(14,000)
	<u>612,000</u>	<u>910,000</u>
Over provision in previous year	-	(5,653)
	<u><u>612,000</u></u>	<u><u>904,347</u></u>

7 DIVIDENDS

	<u>2001</u>	<u>2000</u>
	£	£
Interim dividend 68.63p (2000 : 66.86p) per ordinary share	350,000	341,000
Proposed final dividend £1.02 (2000 : £2.09) per ordinary share	521,000	1,067,000
	<u>871,000</u>	<u>1,408,000</u>

WILLIAM SINCLAIR HORTICULTURE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2001

8 FIXED ASSETS - TANGIBLE

	<u>Freehold property</u> £	<u>Short leasehold property</u> £	<u>Plant & equipment</u> £	<u>Motor vehicles</u> £	<u>Total</u> £
Cost or valuation					
At 1 July 2000	4,424,290	1,701,191	13,182,642	203,183	19,511,306
Additions	17,685	69,593	1,478,435	-	1,565,713
Inter group transfers	-	-	2,592	-	2,592
Disposals	-	-	(60,366)	(66,345)	(126,711)
At 30 June 2001	<u>4,441,975</u>	<u>1,770,784</u>	<u>14,603,303</u>	<u>136,838</u>	<u>20,952,900</u>
Depreciation					
At 1 July 2000	104,817	512,719	9,768,231	172,504	10,558,271
Charge for year	81,359	98,593	977,925	13,493	1,171,370
Inter group transfers	-	-	529	-	529
Disposals	-	-	(60,365)	(64,918)	(125,283)
At 30 June 2001	<u>186,176</u>	<u>611,312</u>	<u>10,686,320</u>	<u>121,079</u>	<u>11,604,887</u>
Net book amounts					
At 30 June 2001	<u>4,255,799</u>	<u>1,159,472</u>	<u>3,916,983</u>	<u>15,759</u>	<u>9,348,013</u>
At 30 June 2000	<u>4,319,473</u>	<u>1,188,472</u>	<u>3,414,411</u>	<u>30,679</u>	<u>8,953,035</u>

The net book amount of assets included **£1,063,523** (2000 : £463,780) in respect of assets held under hire purchase contracts. Depreciation charged in the year on those assets amounted to **£89,697** (2000 : £106,291).

Included in the cost or valuation of freehold property is an amount of **£1,100,000** (2000 : £1,100,000) relating to land which has not been depreciated.

WILLIAM SINCLAIR HORTICULTURE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2001

8 FIXED ASSETS – TANGIBLE (continued)

	<u>2001</u>	<u>2000</u>
	£	£
Analysis of cost and valuation		
Freehold property		
At cost	450,975	433,290
At valuation	3,991,000	3,991,000
	4,441,975	4,424,290
	<u>2001</u>	<u>2000</u>
	£	£
Leasehold property:		
At cost	1,300,784	1,231,191
At valuation	470,000	470,000
	1,770,784	1,701,191

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

	<u>2001</u>		<u>2000</u>	
	<u>Freehold</u>	<u>Leasehold</u>	<u>Freehold</u>	<u>Leasehold</u>
	£	£	£	£
Cost	3,113,128	786,153	3,095,443	726,479
Depreciation based on cost	(721,544)	(328,106)	(657,587)	(270,186)
Net historical cost value	2,391,584	458,047	2,437,856	456,293

Freehold and leasehold property were externally valued at open market value on an existing use basis by a Chartered Surveyor on 30 June 1999. The directors are not aware of any factors that would impact on the valuation undertaken.

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

WILLIAM SINCLAIR HORTICULTURE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2001

9 FIXED ASSET INVESTMENTS

	<u>2001</u>	<u>2000</u>
	£	£
Boothby and Penicuik Peat Company Limited	1,224,767	2,475,028
Bark Products (Scotland) Limited	2,500	2,500
OU Alutaguse Turvas	103,957	103,957
	<u>1,331,224</u>	<u>2,581,485</u>
		£
Analysis of movement in year		
At 1 July 2000		2,475,028
Distribution of reserves at acquisition		(1,250,261)
At 30 June 2001		1,224,767

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 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 pulverised bark processor. The aggregate of capital and reserves of the company at 30 June 2001 is £171,169 (2000: £139,527). The investment in Bark Products (Scotland) Limited is treated as a participating interest.

The investment in OU Alutaguse Turvas is in 20,000 (2000: 20,000) ordinary shares of one Estonian Kroon each. This represents 50% of the issued share capital of the company. The company's year-end was 31 December 2000. The aggregate of capital and reserves of the company at that date amounted to £95,000 (2000: (£70,000)). The trading result for the year ended 31 December was £9,000 (2000: £5,000). The company is incorporated in Estonia and due to the lack of significant influence over the operational and financial policies by William Sinclair Horticulture Limited, the investment is treated as a trade investment.

10 STOCKS

	<u>2001</u>	<u>2000</u>
	£	£
Raw materials and consumables	3,133,840	3,145,651
Finished goods and goods for resale	2,056,418	1,894,093
	<u>5,190,258</u>	<u>5,039,744</u>

WILLIAM SINCLAIR HORTICULTURE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2001

11 DEBTORS

	<u>2001</u>	<u>2000</u>
	£	£
Due within one year		
Trade debtors	11,069,256	9,186,875
Amounts due from group undertakings	151,447	120,495
Other debtors	211,099	139,153
Prepayments and accrued income	886,564	818,890
	<u>12,318,366</u>	<u>10,265,413</u>

Other debtors include amounts due from a joint arrangement of £207,352 (2000 : £125,993). This joint arrangement was established to promote select lines in the company's product range.

12 CREDITORS

	<u>2001</u>	<u>2000</u>
	£	£
Amounts falling due within one year		
Trade creditors	4,753,097	4,603,855
Amounts due to group undertakings	3,046,196	4,086,255
Amounts due to participating interest	193,741	226,477
Amounts due to joint arrangement	294,551	183,541
Corporation tax	292,444	635,382
Other taxation and social security	1,144,641	876,077
Dividends payable	521,000	1,067,000
Other creditors	164,215	224,411
Hire purchase creditors	394,370	152,560
Accruals and deferred income	3,212,735	1,955,762
	<u>14,016,990</u>	<u>14,011,320</u>
Amounts falling due after more than one year:-	£	£
Hire purchase creditor	426,215	124,502
Other creditors	-	33,555
	<u>426,215</u>	<u>158,057</u>

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

Other creditors include £122,412 (2000 : £122,412) due within one year and £Nil (2000 : £33,555) due after more than one year secured on plant and machinery.

WILLIAM SINCLAIR HORTICULTURE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2001

13 LEASE COMMITMENTS

	<u>2001</u>	<u>2000</u>
	£	£
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:		
Payable within one year	394,370	152,560
Payable between two and five years	426,215	124,502
	820,585	277,062
 Operating leases		
The company had operating lease commitments to pay during the next year in respect of equipment leases:		
Expiring between two and five years	256,499	215,565

14 PROVISION FOR LIABILITIES AND CHARGES

	<u>2001</u>
	£
Deferred taxation	
At 1 July 2000	511,000
Transfer from other group undertaking	(45,000)
Charged to the Profit & Loss Account	112,000
At 30 June 2001	578,000

Deferred taxation provision and the amount unprovided comprise:-

	<u>2001</u>		<u>2000</u>	
	<u>Provision</u>	Not <u>provided</u>	<u>Provision</u>	Not <u>provided</u>
	£	£	£	£
Accelerated capital allowances	590,000	-	527,000	-
Short term timing differences	(12,000)	-	(16,000)	-
	578,000	-	511,000	-

WILLIAM SINCLAIR HORTICULTURE LIMITED
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15 CALLED UP SHARE CAPITAL

	<u>2001</u>	<u>2000</u>
	£	£
Authorised:-		
630,000 ordinary shares of £1 each	<u>630,000</u>	<u>630,000</u>
Allotted, called up and fully paid		
510,000 ordinary shares of £1 each	<u>510,000</u>	<u>510,000</u>

16 RESERVES

	<u>Capital reserve</u>	<u>Revaluation reserve</u>	<u>General reserve</u>	<u>Profit and loss account</u>	<u>Total reserves</u>
	£	£	£	£	£
At 1 July 2000	124,572	2,462,079	1,091,999	10,863,608	14,542,258
Retained profit for the financial year	-	-	-	358,000	358,000
At 30 June 2001	<u>124,572</u>	<u>2,462,079</u>	<u>1,091,999</u>	<u>11,221,608</u>	<u>14,900,258</u>

17 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	<u>2001</u>	<u>2000</u>
	£	£
Profit for the financial year	1,229,000	2,115,856
Dividends	<u>(871,000)</u>	<u>(1,408,000)</u>
Net addition to shareholders' funds	358,000	707,856
Opening shareholders' funds	<u>15,052,258</u>	<u>14,344,402</u>
Closing shareholders' funds	<u>15,410,258</u>	<u>15,052,258</u>

WILLIAM SINCLAIR HORTICULTURE LIMITED
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18 CAPITAL COMMITMENTS

	<u>2001</u>	<u>2000</u>
	£	£
Contracted but not provided for	<u>560,000</u>	<u>720,000</u>

19 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.

20 PENSION SCHEME

The company participates in the pension scheme operated by the parent company. The Group operates a single pension scheme which 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.

21 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.

22 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.