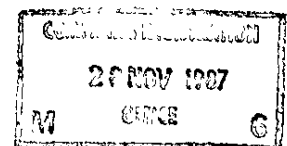


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SINCLAIR HORTICULTURE AND LEISURE LIMITED
REPORT AND ACCOUNTS
YEAR ENDED 30 JUNE 1987



SINCLAIR HORTICULTURE AND LEISURE LIMITED
REPORT AND ACCOUNTS
YEAR ENDED 30 JUNE 1987

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DIRECTORS' REPORT

The directors present their annual report and audited financial statements for the year ended 30 June 1987.

RESULTS AND DIVIDENDS

The trading profit for the year after taxation before extraordinary items was £449,619.

	£
A first interim dividend of 31.37p per share was paid on 19.11.86	160,000
A second interim dividend of 12.25p per share was paid on 16.4.87	62,500
	<u>222,500</u>

Making a total of 43.62p per share

The directors do not recommend the payment of a final dividend leaving a balance of profit for the year to be transferred to reserves

196,132

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.

POST BALANCE SHEET EVENT

On 1 July 1987 the trade and assets of Caledonian Peat Products Limited, a fellow subsidiary were transferred to Sinclair Horticulture and Leisure Limited.

RE-REGISTRATION OF COMPANY

On 13 October 1986 the company re-registered as a private company under the name of Sinclair Horticulture and Leisure Limited.

DIRECTORS

The directors during the year and their interests in the shares of the company were as follows:

	30 June 1987	30 June 1986
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	-	-

Mr N F Uzzell was appointed a director of the company on 26 March 1987.

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

DIRECTORS' REPORT

FIXED ASSETS

The movements on fixed assets are set out in note 8 on page 11.

STATUS

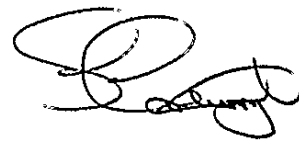
The company is not a close company within the provisions of the Taxes Acts.

AUDITORS

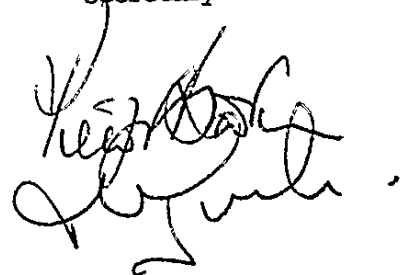
Beever and Struthers, Chartered Accountants, resigned as auditors on 11 March 1987 and the directors appointed Pannell Kerr Forster, Chartered Accountants, to fill the vacancy.

Pannell Kerr Forster have expressed their willingness to continue in office, consequently the members will be asked to confirm the appointment and a resolution for reappointment will be proposed at the annual general meeting.

BY ORDER OF THE BOARD


Secretary

12 October 1987



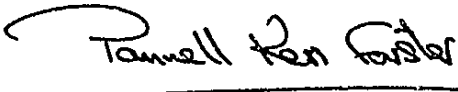
AUDITORS' REPORT TO THE MEMBERS

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 1987 and of its profit and source and application of funds for the year then ended and comply with the Companies Act 1985.

13 October 1987

Lincoln



Chartered Accountants

SINCLAIR HORTICULTURE AND LEISURE LIMITED

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PROFIT AND LOSS ACCOUNT

YEAR ENDED 30 JUNE 1987

	Note	1987	1986
		£	£
TURNOVER		<u>12,096,894</u>	<u>9,500,869</u>
OPERATING PROFIT	1	843,676	513,825
INTEREST PAYABLE AND SIMILAR CHARGES	3	<u>(2,834)</u>	<u>39,934</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		840,842	553,759
TAX ON PROFIT ON ORDINARY ACTIVITIES	4	(391,223)	(251,806)
PAYABLE FOR TAX LOSSES SURRENDERED	5	<u>-</u>	<u>(21,000)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		449,619	280,953
EXTRAORDINARY ITEMS	6	<u>(30,987)</u>	<u>(40,613)</u>
PROFIT FOR THE FINANCIAL YEAR		418,632	240,340
DIVIDENDS	7	<u>(222,500)</u>	<u>(110,000)</u>
RETAINED PROFIT FOR THE YEAR	15	<u>196,132</u>	<u>130,340</u>

SINCLAIR HORTICULTURE AND LEISURE LIMITED

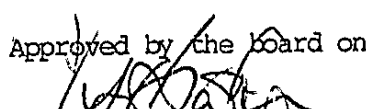
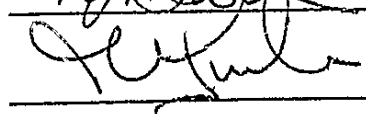
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BALANCE SHEET

30 JUNE 1987

	Note	1987		1986	
	----	£	£	£	£
FIXED ASSETS					
Tangible assets	8	2,488,446		2,165,038	
Investments	9	225		225	
		<u>2,488,671</u>		<u>2,165,263</u>	
CURRENT ASSETS					
Stocks	10	1,625,666		1,567,400	
Debtors	11	3,835,742		3,410,020	
Cash at bank and in hand		869,869		1,467	
		<u>6,331,277</u>		<u>4,978,887</u>	
CREDITORS: Amounts falling due within one year	12	<u>3,300,751</u>		<u>1,993,872</u>	
NET CURRENT ASSETS			<u>3,030,526</u>		<u>2,985,015</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			5,519,197		5,150,278
CREDITORS: Amounts falling due after more than one year	12		<u>324,538</u>		<u>201,751</u>
			5,194,659		4,948,527
PROVISIONS FOR LIABILITIES AND CHARGES	13		<u>152,000</u>		<u>102,000</u>
			<u>5,042,659</u>		<u>4,846,527</u>
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		1,588,412	
Revaluation reserve	15	1,090,243		593,830	
Profit and loss account	15	<u>2,225,845</u>		<u>2,029,713</u>	
			<u>4,532,659</u>		<u>4,336,527</u>
			<u>5,042,659</u>		<u>4,846,527</u>

Approved by the board on 12 October 1987


 } Directors

SINCLAIR HORTICULTURE AND LEISURE LIMITED

SOURCE AND APPLICATION OF FUNDS STATEMENT

YEAR ENDED 30 JUNE 1987

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	1987		1986	
	£	£	£	£
SOURCE OF FUNDS				
Profit on ordinary activities before taxation		840,842		553,759
Extraordinary items before taxation		(47,672)		(55,972)
Adjustment for items not involving the movement of funds:				
Depreciation	277,747		180,153	
(Profit) loss on disposal of tangible fixed assets	(40,663)		3,217	
		237,084		183,370
TOTAL GENERATED FROM OPERATIONS		1,030,254		681,157
FUNDS FROM OTHER SOURCES				
Proceeds from disposal of tangible fixed assets	49,222		5,865	
Transfer of tangible assets to group companies	6,408		7,954	
		55,630		13,819
		1,085,884		694,976
APPLICATION OF FUNDS				
Purchase of fixed assets	481,272		391,792	
Transfer of tangible assets from group companies	134,850		-	
Taxation paid	71,565		-	
Payment in respect of ACT surrendered by holding company	11,721		-	
Dividends paid	222,500		205,865	
Paid for tax losses surrendered	-		21,000	
		921,908		618,657
		163,976		76,319
INCREASE IN WORKING CAPITAL				
Increase in stocks		58,266		161,934
Increase in debtors		425,722		998,497
(Increase) decrease in creditors		(1,207,107)		476,349
		(723,119)		1,636,780
Movement in net liquid funds		887,095		(1,560,461)
Increase (decrease) in bank and cash		163,976		76,319

ACCOUNTING POLICIES

YEAR ENDED 30 JUNE 1987

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
Plant and machinery	-	10%, 20% and 33 1/3% on cost
Motor vehicles	-	30% on reducing 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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 1987

	<u>1987</u>	<u>1986</u>
	£	£
1 OPERATING PROFIT		
(a) Operating profit is stated after charging (or crediting):-		
Change in stocks of finished goods and work in progress	(58,266)	(423,719)
Raw materials and consumables	6,197,503	5,282,797
Staff costs (note 2)	1,511,684	1,304,361
Depreciation (note 8)	277,747	180,153
Other operating charges	3,324,550	2,643,452
	<u>11,253,218</u>	<u>8,987,044</u>
(b) Other operating charges include:-		
Auditors' remuneration	10,000	10,000
Hire of plant and machinery	125,495	159,397
(Profit) loss on disposal of fixed assets	(40,663)	3,217
Research and development	<u>3,430</u>	<u>849</u>
2 STAFF COSTS		
(a) Wages and salaries	1,344,942	1,148,911
Social security costs	98,711	88,189
Other pension, life insurance and sickness insurance costs	50,031	57,153
Employee profit sharing scheme	18,000	10,108
	<u>1,511,684</u>	<u>1,304,361</u>
(b) The average weekly number of employees during the year was:	Number	Number
	<u>164</u>	<u>155</u>

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 1987

	1987	1986
2 STAFF COSTS (continued)		
(c) Directors remuneration:		
	£	£
Fees	-	-
Other emoluments	121,893	47,133
Pension and life insurance contributions	5,858	4,092
	<u>127,751</u>	<u>51,225</u>
An analysis of the directors remuneration, excluding pension contributions was:		
Chairman	5,190	-
Highest paid director	<u>27,683</u>	<u>15,091</u>
Other directors		
	Number	Number
£Nil - £ 5,000	1	3
£ 5,001 - £10,000	2	1
£10,001 - £15,000	-	2
£20,001 - £25,000	2	-
£25,001 - £30,000	1	-
	<u>6</u>	<u>6</u>
3 INTEREST PAYABLE AND SIMILAR CHARGES		
(a) Interest receivable	-	80,148
(b) Interest payable on:		
Bank loans and overdrafts and other loans wholly repayable within five years	(2,834)	(40,214)
	<u>(2,834)</u>	<u>39,934</u>
4 TAX ON PROFIT ON ORDINARY ACTIVITIES		
Corporation tax on profit for the year at 35% (1986 : 35%)	341,223	217,110
Deferred taxation	50,000	39,000
	<u>391,223</u>	<u>256,110</u>
Corporation tax - prior year	-	(4,304)
	<u>391,223</u>	<u>251,806</u>

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 1987

5 PAYABLE FOR TAX LOSSES SURRENDERED

	1987	1986
	<u>£</u>	<u>£</u>
Amounts payable to other group companies for tax losses surrendered	-	21,000
	<u>-</u>	<u>21,000</u>

6 EXTRAORDINARY ITEMS

Extraordinary charges:

Settlement of ex gratia pensions	47,672	-
Loss on disposal of interest in subsidiary company	-	1,028
Termination payment to former employees less refunds	-	14,003
Termination payment to former director	-	23,000
Loss on disposal of associated company	-	16,334
Relocation expenses	-	1,607
	<u>47,672</u>	<u>55,972</u>
Taxation effect of the above	16,685	15,359
	<u>30,987</u>	<u>40,613</u>

7 DIVIDENDS

Ordinary:

First interim 31.37p (1986 : 21.57p) per share	160,000	110,000
Second interim 12.25p (1986 : Nil) per share	62,500	-
	<u>222,500</u>	<u>110,000</u>

SINCLAIR HORTICULTURE AND LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 1987

8 FIXED ASSETS - TANGIBLE

	Freehold land and buildings	Plant and machinery	Motor vehicles	Total
	£	£	£	£
Cost or valuation				
At 30 June 1986	1,405,223	1,229,238	35,635	2,670,096
Additions	167,742	179,084	134,446	481,272
	<u>1,572,965</u>	<u>1,408,322</u>	<u>170,081</u>	<u>3,151,368</u>
Inter company transfers	144,595	-	(10,515)	134,080
Disposals	(3,300)	-	(9,695)	(12,995)
	<u>1,714,260</u>	<u>1,408,322</u>	<u>149,871</u>	<u>3,272,453</u>
At 30 June 1987				
Depreciation				
At 30 June 1986	5,000	490,024	10,034	505,058
Charge for year	29,655	218,414	29,678	277,747
	<u>34,655</u>	<u>708,438</u>	<u>39,712</u>	<u>782,805</u>
Inter company transfers	9,745	-	(4,107)	5,638
Disposals	-	-	(4,436)	(4,436)
	<u>44,400</u>	<u>708,438</u>	<u>31,169</u>	<u>784,007</u>
At 30 June 1987				
Net book amounts				
At 30 June 1987	<u>1,669,860</u>	<u>699,884</u>	<u>118,702</u>	<u>2,488,446</u>
At 30 June 1986	<u>1,400,223</u>	<u>739,214</u>	<u>25,601</u>	<u>2,165,038</u>

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:

	1987	1986
	£	£
Cost	1,056,617	807,256
Aggregated depreciation	<u>48,633</u>	<u>20,237</u>

All other tangible fixed assets are included at cost.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 1987

9 FIXED ASSET INVESTMENTS

	1987	1986
	<u>£</u>	<u>£</u>
Shares in subsidiary companies at cost	225	225
Ordinary shares of £1 each		

The subsidiary companies are:

	Country of incorporation	Percentage owned
Sinclair Warehousing and Distribution Limited	England	100%
Fertiliser Placement Limited	England	100%

10 STOCKS

	1987	1986
	<u>£</u>	<u>£</u>
Raw materials and consumables	999,308	867,409
Finished goods and goods for resale	626,358	699,991
	<u>1,625,666</u>	<u>1,567,400</u>

11 DEBTORS

Due within one year:

Trade debtors	2,176,579	1,934,962
Amounts due from group companies	1,535,692	1,305,844
Other debtors	3,109	4,813
Prepayments and accrued income	120,362	164,401
	<u>3,835,742</u>	<u>3,410,020</u>

12 CREDITORS

Amounts falling due within one year:

Bank overdraft	-	18,693
Trade creditors	1,895,197	1,242,272
Corporation tax payable	201,751	83,286
Amounts due to group companies	292,311	172,407
Amounts due to own subsidiary companies	29,654	29,654
Other taxation and social security	268,301	99,314
Accruals and deferred income	294,585	157,016
Other creditors	318,952	191,230
	<u>3,300,751</u>	<u>1,993,872</u>

Amounts falling due after more than one year:

Corporation tax payable	<u>324,538</u>	<u>201,751</u>
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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 1987

13 PROVISIONS FOR LIABILITIES AND CHARGES
DEFERRED TAXATION

	£
At 30 June 1986	102,000
Charge to profit and loss account	50,000
	<u>152,000</u>
At 30 June 1987	<u>152,000</u>

Deferred taxation provision and potential liability comprise:

	1987		1986	
	Provision	Potential liability	Provision	Potential liability
	£	£	£	£
Accelerated capital allowances	152,000	330,530	102,000	366,000
Revaluation of land and buildings	-	327,000	-	179,000
Capital gains rolled over	-	14,000	-	-
	<u>152,000</u>	<u>671,530</u>	<u>102,000</u>	<u>545,000</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	<u>630,000</u>
Allotted, called up and fully paid	
510,000 ordinary shares of £1 each	<u>510,000</u>

15 RESERVES

	Capital reserve	Revaluation reserve	General reserve	Profit and loss account
	£	£	£	£
At 30 June 1986	124,572	593,830	1,588,412	2,029,713
Retained profit	-	-	-	196,132
Reclassification	-	496,413	(496,413)	-
At 30 June 1987	<u>124,572</u>	<u>1,090,243</u>	<u>1,091,999</u>	<u>2,225,845</u>

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 1987

16 CAPITAL COMMITMENTS

	1987	1986
	<u>£</u>	<u>£</u>
Contracted but not provided for	<u>143,000</u>	<u>-</u>
Authorised by the directors but not yet contracted for	<u>716,000</u>	<u>152,000</u>

17 LEASING COMMITMENTS

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

Within one year	71,338	122,705
Between one and five years	<u>35,897</u>	<u>116,160</u>
	<u>107,235</u>	<u>238,865</u>

18 HOLDING COMPANY

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