

**WILLIAM SINCLAIR
HORTICULTURE LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 1999
REGISTERED NO: 7633**



PANNELL KERR FORSTER
Chartered Accountants

**WILLIAM SINCLAIR HORTICULTURE LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 1999**

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**WILLIAM SINCLAIR HORTICULTURE LIMITED
DIRECTORS REPORT
YEAR ENDED 30 JUNE 1999**

The directors present their annual report and audited financial statements for the year ended 30 June 1999.

RESULTS AND DIVIDENDS

The trading profit for the year after taxation was £1,703,743.

Dividends

£

Interim dividend of 61.96p per share (paid)

316,000

The directors now recommend a final dividend of £1.6275 per share

830,000

1,146,000

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 (Chairman)

T R Dick

S W Cartwright (resigned 27 April 1999)

A E Everett (resigned 2 December 1998)

N F Uzzell

P J Williams

P T Davenport

Mr I Yarrow was appointed as a director on 1 July 1999.

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

Mr P J F Barton 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
YEAR ENDED 30 JUNE 1999

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 1999</u>		<u>30 June 1998</u>	
	<u>Beneficial holding</u>	<u>Share option</u>	<u>Beneficial holding</u>	<u>Share option</u>
T R Dick	4,070	50,000	4,070	50,000
P J Williams	5,148	14,722	5,148	14,722
N F Uzzell	13,539	-	13,539	-

In addition to the above Mr N F Uzzell has a non-beneficial interest in 90,285 shares (1998 : 111,361) 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, Pannell Kerr Forster, will be proposed at the Annual General Meeting.

POLITICAL AND CHARITABLE CONTRIBUTIONS

The company has given charitable donations of **£245** (1998 : £100) during the year.

**WILLIAM SINCLAIR HORTICULTURE LIMITED
DIRECTORS REPORT
YEAR ENDED 30 JUNE 1999**

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 1999 was 50.

THE YEAR 2000 ISSUE

The company has considered the risks and uncertainties associated with the year 2000 issue and has determined that the effect on the company's business and operations will not be material.

The company has an ongoing programme of upgrading information technology resources where this is necessary, the costs of which are written off to profit and loss as incurred.

BY ORDER OF THE BOARD



E W DAWE
Secretary

28 September 1999
Lincoln

**WILLIAM SINCLAIR HORTICULTURE LIMITED
AUDITORS' REPORT TO THE SHAREHOLDERS**

We have audited the financial statements on pages 5 to 19 which have been prepared under the accounting policies set out on page 8 and 9.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards. 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 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PANNELL KERR FORSTER
Chartered Accountants
Registered Auditors

28 September 1999
Lincoln

WILLIAM SINCLAIR HORTICULTURE LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 JUNE 1999

	<u>Notes</u>	<u>1999</u>	<u>1998</u>
		£	£
TURNOVER	2	35,955,123	34,357,041
OPERATING CHARGES	3	33,285,383	31,266,719
OPERATING PROFIT		2,669,740	3,090,322
NET INTEREST PAYABLE	5	173,472	301,506
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,496,268	2,788,816
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	6	792,525	905,200
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,703,743	1,883,616
DIVIDENDS	7	1,146,000	1,109,000
RETAINED PROFIT FOR THE FINANCIAL YEAR		557,743	774,616

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

All amounts relate to continuing operations.

WILLIAM SINCLAIR HORTICULTURE LIMITED
YEAR ENDED 30 JUNE 1999

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	<u>1999</u>	<u>1998</u>
	£	£
Profit for the financial year	1,703,743	1,883,616
Unrealised surplus on revaluation of properties	426,164	-
Unrealised revaluation surplus on group asset transfer	57,147	-
Total recognised gains	<u>2,187,054</u>	<u>1,883,616</u>

STATEMENT OF HISTORICAL COST PROFITS AND LOSSES

	<u>1999</u>	<u>1998</u>
	£	£
Reported profit on ordinary activities before taxation	2,496,268	2,788,816
Difference between a historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	(650)	(32,871)
Historical cost profit on ordinary activities before taxation	<u>2,495,618</u>	<u>2,755,945</u>
Historical cost profit for the year retained after taxation and dividends	<u>557,093</u>	<u>741,745</u>

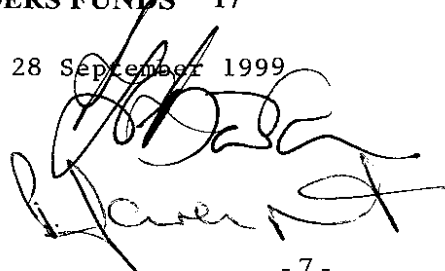
WILLIAM SINCLAIR HORTICULTURE LIMITED
BALANCE SHEET
30 JUNE 1999

	<u>Notes</u>	<u>1999</u>	<u>1998</u>
		£	£
FIXED ASSETS			
Tangible assets	8	8,332,924	7,817,862
Investments	9	2,561,020	2,477,528
		<u>10,893,944</u>	<u>10,295,390</u>
CURRENT ASSETS			
Stocks	10	4,281,536	4,703,225
Debtors	11	9,795,392	10,081,728
Cash at bank and in hand		3,536,917	1,509,697
		<u>17,613,845</u>	<u>16,294,650</u>
CREDITORS			
Amounts falling due within one year	12	13,427,512	12,649,048
NET CURRENT ASSETS		<u>4,186,333</u>	<u>3,645,602</u>
TOTAL ASSETS LESS			
CURRENT LIABILITIES		<u>15,080,277</u>	<u>13,940,992</u>
CREDITORS			
Amounts falling due after one year	12	210,875	142,644
PROVISION FOR LIABILITIES			
AND CHARGES	14	<u>525,000</u>	<u>495,000</u>
NET ASSETS		<u><u>14,344,402</u></u>	<u><u>13,303,348</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	1,942,688
Profit and loss account	16	10,155,752	9,634,089
		<u>13,834,402</u>	<u>12,793,348</u>
EQUITY SHAREHOLDERS FUNDS	17	<u><u>14,344,402</u></u>	<u><u>13,303,348</u></u>

Approved by the board on 28 September 1999

P J F BARTON)

P T DAVENPORT)



WILLIAM SINCLAIR HORTICULTURE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 1999

1 ACCOUNTING POLICIES

(a) Accounting Policies

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 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%, 20% and 33 $\frac{1}{3}$ % 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. 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.

(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 at the year end except to the extent that overseas debts were covered by appropriate currencies bought forward.

WILLIAM SINCLAIR HORTICULTURE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 1999

(h) Pension Costs

The Group provides for and funds pension liabilities on a going concern basis on the advice of external actuaries by payments to an independent trust. Independent actuarial valuations on a going concern basis are normally carried out every three years. Contributions to the group scheme are charged to the profit and loss account so as to spread the cost of the pensions over employees' working lives with the group.

(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

Subsidiary and associated undertakings are shown at cost.

2 TURNOVER

	<u>1999</u>	<u>1998</u>
	£	£
The analysis of turnover by geographical market was as follows:-		
United Kingdom	32,387,247	30,442,694
Europe	240,851	209,234
Middle and Far East	3,177,539	3,677,922
Other	149,486	27,191
	<u>35,955,123</u>	<u>34,357,041</u>

WILLIAM SINCLAIR HORTICULTURE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 1999

3 OPERATING CHARGES

	<u>1999</u>	<u>1998</u>
	£	£
Operating profit is stated after charging (or crediting):-		
Change in stocks of finished goods	(128,803)	(61,134)
Raw materials and consumables	14,925,512	13,471,696
Staff costs (note 4)	5,609,659	5,731,656
Depreciation (note 8)	1,060,645	1,271,710
Income from joint arrangement	(140,184)	(129,241)
Other operating charges	11,958,554	10,982,032
	<u>33,285,383</u>	<u>31,266,719</u>

	<u>1999</u>	<u>1998</u>
	£	£
Other operating charges include:-		
Auditors' remuneration - audit fee	24,850	23,720
- other services	3,850	3,300
(Profit) on disposal of fixed assets	(45,440)	(176,518)
Research and development	94,217	79,264
Operating lease rentals - plant	292,342	168,431
	<u>292,342</u>	<u>168,431</u>

4 STAFF COSTS

	<u>1999</u>	<u>1998</u>
	£	£
Wages and salaries	4,935,749	5,031,610
Social security costs	435,643	448,558
Pension costs	143,959	152,241
Other life and sickness insurance	94,308	99,247
	<u>5,609,659</u>	<u>5,731,656</u>

WILLIAM SINCLAIR HORTICULTURE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 1999

4 STAFF COSTS (continued)

	<u>1999</u> <u>Number</u>	<u>1998</u> <u>Number</u>
The average weekly number of employees during the year was made up as follows:-		
Administration	126	134
Production	180	188
	<u>306</u>	<u>322</u>
	<u>1999</u> <u>£</u>	<u>1998</u> <u>£</u>
Directors emoluments:-		
Aggregate emoluments	<u>255,734</u>	<u>254,338</u>

The amount attributable in aggregate emoluments to the highest paid director is **£90,187** (1998 : £57,605).

The amount attributable to accrued pension benefits for the highest paid director is **£9,715**. (1998 : £10,288).

There are **5** (1998 : 7) directors for whom defined retirement benefits are accruing.

During the year no (1998 : 1) director(s) exercised their share options.

5 NET INTEREST PAYABLE

	<u>1999</u> <u>£</u>	<u>1998</u> <u>£</u>
Interest receivable	(34,102)	(32,942)
Net interest payable to group companies	177,675	302,093
Hire purchase interest payable	22,536	32,355
Other loan interest	7,363	-
	<u>173,472</u>	<u>301,506</u>

WILLIAM SINCLAIR HORTICULTURE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 1999

6 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	<u>1999</u>	<u>1998</u>
	£	£
Corporation tax on the profit for the year at 30.75% (1998 : 31%)	778,000	923,700
Deferred taxation	30,000	(18,500)
	<u>808,000</u>	<u>905,200</u>
Over provision in previous year	(15,475)	-
	<u><u>792,525</u></u>	<u><u>905,200</u></u>

7 DIVIDENDS

	<u>1999</u>	<u>1998</u>
	£	£
Interim dividend 61.96p (1998 : 57.84p) per ordinary share	316,000	295,000
Proposed final dividend £1.6275 (1998 : £1.5961) per ordinary share	830,000	814,000
	<u><u>1,146,000</u></u>	<u><u>1,109,000</u></u>

WILLIAM SINCLAIR HORTICULTURE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 1999

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 1998	4,068,068	1,075,734	11,373,210	419,834	16,936,846
Additions	56,901	212,757	862,501	20,340	1,152,499
Inter group transfers	(3,000)	-	-	24,011	21,011
Disposals	-	-	(201,503)	(204,832)	(406,335)
Revaluation	122,058	53,661	-	-	175,719
At 30 June 1999	<u>4,244,027</u>	<u>1,342,152</u>	<u>12,034,208</u>	<u>259,353</u>	<u>17,879,740</u>
Depreciation					
At 1 July 1998	126,764	390,249	8,257,704	344,267	9,118,984
Charge for the year	67,769	84,045	858,390	50,441	1,060,645
Inter group transfers	-	-	-	21,604	21,604
Disposals	-	-	(199,642)	(204,330)	(403,972)
Revaluation	(169,794)	(80,651)	-	-	(250,445)
At 30 June 1999	<u>24,739</u>	<u>393,643</u>	<u>8,916,452</u>	<u>211,982</u>	<u>9,546,816</u>
Net book amounts					
At 30 June 1999	<u>4,219,288</u>	<u>948,509</u>	<u>3,117,756</u>	<u>47,371</u>	<u>8,332,924</u>
At 30 June 1998	<u>3,941,304</u>	<u>685,485</u>	<u>3,115,506</u>	<u>75,567</u>	<u>7,817,862</u>

The net book amount of assets included £279,005 (1998 : £474,640) in respect of assets held under hire purchase contracts. Depreciation charged in the year on those assets amounted to £70,808 (1998 : £90,485).

Included in the cost or valuation of freehold property is an amount of £1,080,000 (1998 : £1,048,000) relating to land which has not been depreciated.

WILLIAM SINCLAIR HORTICULTURE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 1999

8 FIXED ASSETS - TANGIBLE (continued)

	<u>1999</u>	<u>1998</u>
	£	£
Analysis of cost and valuation		
Freehold property		
At cost	253,027	211,068
At valuation	3,991,000	3,857,000
	<u>4,244,027</u>	<u>4,068,068</u>
	<u>1999</u>	<u>1998</u>
	£	£
Leasehold property:		
At cost	872,152	655,734
At valuation	470,000	420,000
	<u>1,342,152</u>	<u>1,075,734</u>

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

	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
	<u>Freehold</u>	<u>Leasehold</u>	<u>Freehold</u>	<u>Leasehold</u>
	£	£	£	£
Cost	2,915,181	437,853	2,802,239	403,714
Depreciation based on cost	(594,912)	(218,655)	(536,488)	(185,022)
Net historical cost value	<u>2,320,269</u>	<u>219,198</u>	<u>2,265,751</u>	<u>218,692</u>

Freehold property was valued at open market value on an existing use basis by a Chartered Surveyor on 30 June 1999.

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 1999

9 FIXED ASSET INVESTMENTS

	<u>1999</u>	<u>1998</u>
	£	£
Boothby & Penicuik Peat Co. Limited	2,475,028	2,475,028
Bark Products (Scotland) Limited	2,500	2,500
OU Alutaguse Turvas	83,492	-
	<u>2,561,020</u>	<u>2,477,528</u>

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 Co. 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 1999 is £110,863 (1998: £80,573). Bark Products (Scotland) Limited is a participating interest.

In June 1999 the company purchased a 50% interest in the shares of OU Alutaguse Turvas. The investment is in 10,000 ordinary shares of 1 Estonian Kroon each. The company's year end was 31 December 1998. The aggregate of capital and reserves of the company at that date amounted to £(7,000). The trading result for the year ended 31 December 1998 was £(15,000). The company is incorporated in Estonia and is treated as a trade investment.

10 STOCKS

	<u>1999</u>	<u>1998</u>
	£	£
Raw materials and consumables	2,186,165	2,736,657
Finished goods and goods for resale	2,095,371	1,966,568
	<u>4,281,536</u>	<u>4,703,225</u>

11 DEBTORS

	<u>1999</u>	<u>1998</u>
	£	£
Due within one year:-		
Trade debtors	9,149,359	9,258,808
Amounts due from group undertakings	83,450	96,449
Other debtors	150,194	210,041
Prepayments and accrued income	412,389	516,430
	<u>9,795,392</u>	<u>10,081,728</u>

WILLIAM SINCLAIR HORTICULTURE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 1999

12 CREDITORS

	<u>1999</u>	<u>1998</u>
	£	£
Amounts falling due within one year:-		
Trade creditors	3,848,316	3,509,626
Amounts due to group undertakings	4,052,814	4,071,835
Amounts due to participating interest	308,670	200,244
Amounts due to joint arrangement	271,009	291,247
Corporation tax	784,743	921,591
Other taxation and social security	942,403	805,248
Dividends payable	830,000	814,000
Other creditors	296,785	75,924
Hire purchase creditor	108,752	197,899
Accruals and deferred income	1,984,020	1,761,434
	<u>13,427,512</u>	<u>12,649,048</u>

Amounts falling due after more than one year:-

	£	£
Hire purchase creditor	61,821	142,644
Other creditors	149,054	-
	<u>210,875</u>	<u>142,644</u>

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

13 LEASE COMMITMENTS

	<u>1999</u>	<u>1998</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	108,752	197,899
Payable between two and five years	61,821	142,644
	<u>170,573</u>	<u>340,543</u>

WILLIAM SINCLAIR HORTICULTURE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 1999

13 LEASE COMMITMENTS (continued)

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	326,120	219,852

14 PROVISION FOR LIABILITIES AND CHARGES

	<u>1999</u>
Deferred taxation:-	£
At 1 July 1998	495,000
Charged to profit and loss account	30,000
At 30 June 1999	<u>525,000</u>

Deferred taxation provision and the amount unprovided comprise:-

	<u>1999</u>		<u>1998</u>
	<u>Provision</u>	<u>Not provided</u>	<u>Provision</u>
	£	£	£
Accelerated capital allowances	539,000	-	528,000
Short term timing difference	(14,000)	-	(33,000)
	<u>525,000</u>	<u>-</u>	<u>495,000</u>

15 CALLED UP EQUITY SHARE CAPITAL

	<u>1999</u>	<u>1998</u>
	£	£
Authorised:-		
630,000 ordinary shares of £1 each	630,000	630,000
Allotted, called up and fully paid		
510,000 ordinary shares of £1 each	<u>510,000</u>	<u>510,000</u>

WILLIAM SINCLAIR HORTICULTURE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 1999

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 1998	124,572	1,942,688	1,091,999	9,634,089	12,793,348
Retained profit for the financial year	-	-	-	557,743	557,743
Reclassification	-	36,080	-	(36,080)	-
Group transfers	-	57,147	-	-	57,147
Revaluation	-	426,164	-	-	426,164
At 30 June 1999	<u>124,572</u>	<u>2,462,079</u>	<u>1,091,999</u>	<u>10,155,752</u>	<u>13,834,402</u>

17 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	<u>1999</u>	<u>1998</u>
	£	£
Profit for the financial year	1,703,743	1,883,616
Dividends	(1,146,000)	(1,109,000)
	<u>557,743</u>	<u>774,616</u>
Other recognised gains	483,311	-
Net addition to shareholders' funds	<u>1,041,054</u>	<u>774,616</u>
Opening shareholders' funds	13,303,348	12,528,732
Closing shareholders' funds	<u>14,344,402</u>	<u>13,303,348</u>

18 CAPITAL COMMITMENTS

	<u>1999</u>	<u>1998</u>
	£	£
Contracted but not provided for	<u>219,500</u>	<u>185,000</u>

**WILLIAM SINCLAIR HORTICULTURE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 1999**

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 the 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. At the present time there is no difference between the contribution rates, either employer or employee, for the two bases of provision.

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.