

**WILLIAM SINCLAIR  
HORTICULTURE LIMITED  
FINANCIAL STATEMENTS  
YEAR ENDED 30 JUNE 2002  
REG NO. 7633**



**GRANT THORNTON**

**WILLIAM SINCLAIR HORTICULTURE LIMITED**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 30 JUNE 2002**

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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 2002.

### **RESULTS AND DIVIDENDS**

The trading profit for the year after taxation was **£647,000 (2001:£1,229,000)**

<b>Dividends</b>	<b>£000's</b>
Interim dividends of 75.69p per share (paid)	386
Interim dividends of £10.50 per share (paid)	5,354
The directors now recommend a final dividend of £9.78 per share	4,986
	<hr/>
	10,726
	<hr/>

### **REVIEW OF THE BUSINESS**

The company's principal activities during the year were those of a horticultural and fertilizer merchant, pulverized 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:-

R S D Feaviour	(Chairman)
T R Dick	(Resigned 1 <sup>st</sup> May 2002)
N F Uzzell	
P T Davenport	
I P Yarrow	(Resigned 9 <sup>th</sup> July 2002)
F S Carrington	
R Barlow	
S D Harper	
S Rowland	(Appointed 30 <sup>th</sup> November 2001)

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

Mr. R S D Feaviour, Mr. P T Davenport and Mr. S Rowland 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 2002</u>		<u>30 June 2001</u>	
	<u>Beneficial</u>	<u>Share</u>	<u>Beneficial</u>	<u>Share</u>
	<u>holding</u>	<u>option</u>	<u>holding</u>	<u>option</u>
T R Dick	-	-	4,464	50,000
N F Uzzell	13,741	-	13,741	-
R Barlow	2,067	15,000	2,067	15,000
F S Carrington	-	15,000	-	15,000
S D Harper	-	15,000	-	15,000
I P Yarrow	1,403	15,000	1,403	15,000

In addition to the above Mr. N F Uzzell has a non-beneficial interest in 22,106 shares (2001: 22,106) 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

Grant Thornton were appointed auditors on 26 February 2002 to fill a casual vacancy in accordance with Section 388 (1) of the Companies Act 1985. Special notice pursuant to Section 388 (3) having been given, a resolution to re-appoint Grant Thornton as Auditors will be proposed at the Annual General Meeting.

### POLITICAL AND CHARITABLE CONTRIBUTIONS

The company has given charitable donations of £725 (2001: £350) 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 day's purchases outstanding at 30 June 2002 was 44 days

**BY ORDER OF THE BOARD**

  
**S ROWLAND**  
Secretary

25th September 2002  
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 2002 which comprise the principal accounting policies, the profit and loss account, and the balance sheet, the statement of total recognized gains & losses, the statement of historical profits & losses and notes 1 to 22. 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 directors report and the financial statements in accordance with United Kingdom law and 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 other information contained in the directors' report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

**Basis of audit opinion**

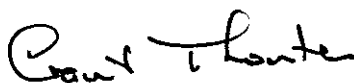
We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates 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 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**GRANT THORNTON  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS**  
25th September 2002  
Leeds



**WILLIAM SINCLAIR HORTICULTURE LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 30 JUNE 2002**

	<u>Notes</u>	<u>2002</u> £000's	<u>2001</u> £000's
<b>TURNOVER</b>	<b>2</b>	<b>43,649</b>	39,623
<b>OPERATING CHARGES</b>	<b>3</b>	<b>41,940</b>	37,497
<b>OPERATING PROFIT</b>		<b>1,709</b>	2,126
<b>NET INTEREST PAYABLE</b>	<b>5</b>	<b>189</b>	285
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>1,520</b>	1,841
<b>TAXATION ON PROFIT ON ORDINARY ACTIVITIES</b>	<b>6</b>	<b>873</b>	612
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<b>647</b>	1,229
<b>DIVIDENDS</b>	<b>7</b>	<b>10,726</b>	871
<b>RETAINED (LOSS) PROFIT FOR THE FINANCIAL YEAR</b>		<b>(10,079)</b>	358

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

All amounts relate to continuing operations.

The accompanying accounting policies and notes form an integral part of these financial statements.

**WILLIAM SINCLAIR HORTICULTURE LIMITED**  
**OTHER PRIMARY STATEMENTS**  
**YEAR ENDED 30 JUNE 2002**

**STATEMENT OF HISTORICAL COST PROFITS AND LOSSES**

	<u>2002</u> £000's	<u>2001</u> £000's
Reported profit on ordinary activities before taxation	1,520	1,841
Differences between a historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	(2)	(3)
Historical cost profit on ordinary activities before taxation	<u>1,518</u>	<u>1,838</u>
Historical cost (loss)/profit for the year retained after taxation and dividends	<u>(10,081)</u>	<u>355</u>

**STATEMENT OF TOTAL RECOGNISED GAINS & LOSSES**

Profit for the financial year	647	1,229
Unrealised deficit on revaluation of properties	(428)	-
Total recognised gains & losses	<u>219</u>	<u>1,229</u>

The accompanying accounting policies and notes form an integral part of these financial statements.



**WILLIAM SINCLAIR HORTICULTURE LIMITED**  
**BALANCE SHEET**  
**30 JUNE 2002**

	<u>Notes</u>	<u>2002</u>	<u>2001</u>
		£000's	£000's
<b>FIXED ASSETS</b>			
Tangible assets	8	8,892	9,348
Investments	9	706	1,331
		<u>9,598</u>	<u>10,679</u>
<b>CURRENT ASSETS</b>			
Stocks	10	5,728	5,190
Debtors	11	9,622	12,318
Cash at bank and in hand		5,251	2,244
		<u>20,601</u>	<u>19,752</u>
<b>CREDITORS</b>			
Amounts falling due within one year	12	19,806	14,017
<b>NET CURRENT LIABILITIES (ASSETS)</b>		<u>795</u>	<u>5,735</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>10,393</u>	<u>16,414</u>
<b>CREDITORS</b>			
Amounts falling due after one year	12	4,577	426
<b>PROVISION FOR LIABILITIES AND CHARGES</b>	14	913	578
<b>NET ASSETS</b>		<u>4,903</u>	<u>15,410</u>
<b>CAPITAL AND RESERVES</b>			
Called up equity share capital	15	510	510
Capital reserve	16	125	125
General reserve	16	1,092	1,092
Revaluation reserve	16	1,614	2,462
Profit and loss account	16	1,562	11,221
		<u>4,393</u>	<u>14,900</u>
<b>EQUITY SHAREHOLDERS FUNDS</b>	17	<u>4,903</u>	<u>15,410</u>

Approved by the Board on 25th September 2002

R S D FEAVIOUR )

P T DAVENPORT )

The accompanying accounting policies and notes form an integral part of these financial statements.

**WILLIAM SINCLAIR HORTICULTURE LIMITED**  
**NOTES TO FINANCIAL STATEMENTS**  
**30 JUNE 2002**

**1 ACCOUNTING POLICIES**

**(a) Basis of Preparation**

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 United Kingdom accounting standards.

The principal accounting policies of the company are set out below. Financial Reporting Standard No 19 (Deferred Tax) has been adopted this year.

**(b) Deferred Taxation**

Deferred taxation is recognized on all timing differences where the transactions or events that give the company, an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognized when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted at the balance sheet date.

**(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 or valuation
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 realizable value.

Cost comprises the direct cost of production and the attributable proportion of all overheads appropriate to location and condition. Stocks of harvested peat include production and other 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.

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

**WILLIAM SINCLAIR HORTICULTURE LIMITED**  
**NOTES TO FINANCIAL STATEMENTS**  
**30 JUNE 2002**

**1 ACCOUNTING POLICIES (continued)**

**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 amortization 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 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 less provisions.

**WILLIAM SINCLAIR HORTICULTURE LIMITED**  
**NOTES TO FINANCIAL STATEMENTS**  
**30 JUNE 2002**

**2 TURNOVER**

	<u>2002</u> £000's	<u>2001</u> £000's
The analysis of turnover by geographical market was as follows:		
United Kingdom	40,941	36,398
Europe	213	223
Middle and Far East	2,490	2,999
Other	5	3
	<u>43,649</u>	<u>39,623</u>

**3 OPERATING CHARGES**

	<u>2002</u> £000's	<u>2001</u> £000's
Operating profit is stated after charging (or crediting):		
Change in stocks of finished goods	267	162
Raw materials and consumables	17,578	16,046
Staff costs (note 4)	7,228	6,207
Depreciation (note 8)	1,244	1,171
Income from joint arrangement	(121)	(81)
Other operating charges	15,744	13,992
	<u>41,940</u>	<u>37,497</u>
	<u>2002</u> £000's	<u>2001</u> £000's
Other operating charges include:-		
Auditors' remuneration - audit fee	30	26
- other services	10	5
(Profit) on disposal of fixed assets	(16)	(18)
Research and development	152	108
Operating lease rentals - plant	358	322

Also included within other operating charges are exceptional items as follows:

	<u>2002</u> £000's	<u>2001</u> £000's
Provision against worked out peat mosses	246	-
Bad debts	268	371
Property Revaluation	87	-
Provision against Investments	625	-
Stock Provision	-	30
	<u>1,226</u>	<u>401</u>

**WILLIAM SINCLAIR HORTICULTURE LIMITED**  
**NOTES TO FINANCIAL STATEMENTS**  
**30 JUNE 2002**

**4 STAFF COSTS**

	<u>2002</u> £000's	<u>2001</u> £000's
Wages and salaries	6,296	5,439
Social security costs	559	519
Pension costs	269	147
Other life and sickness insurance	104	102
	<u>7,228</u>	<u>6,207</u>

	<u>2002</u> Number	<u>2001</u> Number
The average weekly number of employees during the year was made up as follows:		

Administration	112	128
Production	210	165
	<u>322</u>	<u>293</u>

	<u>2002</u> £000's	<u>2001</u> £000's
Directors emoluments:-		
Aggregate emoluments	495	450

The amount attributable in aggregate emoluments to the highest paid director is **£111,000** (2001: £95,000).

The amount attributable to accrued pension benefits for the highest paid director is **£10,000** (2001: £8,000).

There are 4 (2001:5) directors for whom final salary retirement benefits are accruing.

There are 2 (2001: 2) directors for whom money purchase retirement benefits are accruing.

**5 NET INTEREST PAYABLE**

	<u>2002</u> £000's	<u>2001</u> £000's
Bank interest payable (receivable)	7	6
Interest payable to group companies	132	236
Hire purchase interest	47	30
Other loan interest	3	13
	<u>189</u>	<u>285</u>

**WILLIAM SINCLAIR HORTICULTURE LIMITED**  
**NOTES TO FINANCIAL STATEMENTS**  
**30 JUNE 2002**

**6 TAXATION ON PROFIT ON ORDINARY ACTIVITIES**

The tax charge represents:

	<u>2002</u> £000's	<u>2001</u> £000's
United Kingdom corporation tax at 30% (2001:30%)	497	300
Group Relief	333	200
	<u>830</u>	<u>500</u>
Adjustment in respect of prior period	(41)	-
Total Current Tax	<u>789</u>	<u>500</u>
Origination and reversal of timing differences	84	112
Total Deferred Tax (Note 14)	<u>84</u>	<u>112</u>
Tax on Profit on ordinary activities	<u>873</u>	<u>612</u>
	<u>2002</u> £000's	<u>2001</u> £000's

The tax assessed for the period is higher than the standard rate of corporation tax in the UK 30% (2001:30%)

The differences are explained below:

Profit on ordinary activities before tax	<u>1,520</u>	<u>1,841</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%(2001:30%)	456	552
Effect of:		
Expenses not deductible for tax purposes, non qualifying depreciation and other permanent differences	150	49
Capital allowances for the period in excess of depreciation and movement in other timing differences	(33)	(101)
Reduction in carrying value of investment in subsidiary	188	-
Permanent diminution in value of tangible fixed assets	69	-
Adjustments to tax charge in respect of prior periods	(41)	-
Current tax charge for the period	<u>789</u>	<u>500</u>

**WILLIAM SINCLAIR HORTICULTURE LIMITED**  
**NOTES TO FINANCIAL STATEMENTS**  
**30 JUNE 2002**

**7 DIVIDENDS**

	<u>2002</u> £000's	<u>2001</u> £000's
Interim dividend 75.69p (2001 : 68.63p) per ordinary share	386	350
Interim dividend £10.50 (2001 : Nil) per ordinary share	5,354	-
Proposed final dividend £9.78 (2001 : £1.02) per ordinary share	4,986	521
	<u>10,726</u>	<u>871</u>

**8 FIXED ASSETS - TANGIBLE**

	<u>Freehold property</u> £000's	<u>Short leasehold property</u> £000's	<u>Plant &amp; equipment</u> £000's	<u>Motor vehicles</u> £000's	<u>Total</u> £000's
<b>Cost or valuation</b>					
At 1 July 2001	4,442	1,771	14,603	137	20,953
Additions	-	-	1,146	-	1,146
Inter group transfers	180	-	235	-	415
Disposals	-	-	(130)	(21)	(151)
Revaluation	(1,160)	316	-	-	(844)
At 30 June 2002	<u>3,462</u>	<u>2,087</u>	<u>15,854</u>	<u>116</u>	<u>21,519</u>
<b>Depreciation</b>					
At 1 July 2001	186	612	10,686	121	11,605
Charge for year	76	90	1,067	11	1,244
Inter group transfers	6	-	211	-	217
Disposals	-	-	(89)	(21)	(110)
Revaluation	(154)	(175)	-	-	(329)
At 30 June 2002	<u>114</u>	<u>527</u>	<u>11,875</u>	<u>111</u>	<u>12,627</u>
<b>Net book amounts</b>					
At 30 June 2002	<u>3,348</u>	<u>1,560</u>	<u>3,979</u>	<u>5</u>	<u>8,892</u>
At 30 June 2001	<u>4,256</u>	<u>1,159</u>	<u>3,917</u>	<u>16</u>	<u>9,348</u>

The net book amount of assets included **£963,000** (2001: £1,063,000) in respect of assets held under hire purchase contracts. Depreciation charged in the year on those assets amounted to **£159,000** (2001: £90,000).

Included in the cost or valuation of freehold property is an amount of £1,500,000 (2001: £1,100,000) relating to land which has not been depreciated.

**WILLIAM SINCLAIR HORTICULTURE LIMITED**  
**NOTES TO FINANCIAL STATEMENTS**  
**30 JUNE 2002**

**8 FIXED ASSETS – TANGIBLE (continued)**

	<u>2002</u> £000's	<u>2001</u> £000's
<b>Analysis of cost and valuation</b>		
Freehold property		
At cost	126	451
At valuation	3,336	3,991
	<u>3,462</u>	<u>4,442</u>
	<u>2002</u> £000's	<u>2001</u> £000's
Leasehold property:		
At cost	1,004	1,301
At valuation	1,083	470
	<u>2,087</u>	<u>1,771</u>

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

	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	<u>Freehold</u> £000's	<u>Leasehold</u> £000's	<u>Freehold</u> £000's	<u>Leasehold</u> £000's
Cost	3,467	750	3,113	786
Depreciation based on cost	(622)	(364)	(722)	(328)
Net historical cost value	<u>2,845</u>	<u>386</u>	<u>2,391</u>	<u>458</u>

Freehold and leasehold property was valued on 31 March 2002 by Fuller Peiser, Chartered Surveyors. The basis of valuation used was existing use.

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



**WILLIAM SINCLAIR HORTICULTURE LIMITED**  
**NOTES TO FINANCIAL STATEMENTS**  
**30 JUNE 2002**

**9 FIXED ASSET INVESTMENTS**

	<u>2002</u> £000's	<u>2001</u> £000's
Boothby and Penicuik Peat Company Limited	600	1,225
Bark Products (Scotland) Limited	3	3
OU Alutaguse Turvas	104	104
	<u>707</u>	<u>1,332</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 Company Limited is a subsidiary undertaking. The value of the investment has been written down to reflect the net asset value of the Boothby & Penicuik Peat Company Limited and this amount is the only movement year on year.

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 pulverized bark processor. The aggregate of capital and reserves of the company at 30 June 2002 is **£207,000** (2001: £171,000). 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 2001. The aggregate of capital and reserves of the company at that date amounted to **£84,000** (2001: (£95,000)). The trading result for the year ended 31 December was a loss of **£11,000** (2001: profit of £9,000). Whilst this investment represents a joint venture within the meaning of FRS 9 it continues to be accounted for as a trade investment on the grounds of immateriality.

**10 STOCKS**

	<u>2002</u> £000's	<u>2001</u> £000's
Raw materials and consumables	3,405	3,134
Finished goods and goods for resale	2,323	2,056
	<u>5,728</u>	<u>5,190</u>

**WILLIAM SINCLAIR HORTICULTURE LIMITED**  
**NOTES TO FINANCIAL STATEMENTS**  
**30 JUNE 2002**

**11 DEBTORS**

	<u>2002</u> £000's	<u>2001</u> £000's
Due within one year:		
Trade Debtors	7,083	8,453
Amounts due from group undertakings	1,610	2,767
Other Debtors	17	211
Prepayments and accrued income	912	887
	<u>9,622</u>	<u>12,318</u>

**12 CREDITORS**

	<u>2002</u> £000's	<u>2001</u> £000's
Amounts falling due within one year		
Trade creditors	4,759	4,753
Bank Overdrafts	246	-
Amounts due to group undertakings	9,247	3,046
Amounts due to participating interest	180	194
Amounts due to joint arrangement	259	295
Corporation tax	213	292
Other taxation and social security	1,103	1,145
Dividends payable	535	521
Other creditors	131	164
Hire purchase creditors	320	394
Accruals and deferred income	2,813	3,213
	<u>19,806</u>	<u>14,017</u>

	£000's	£000's
Amounts falling due after more than one year:-		
Hire purchase creditor	126	426
Amounts due to group undertakings	4,451	-
	<u>4,577</u>	<u>426</u>

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

Other creditors include £Nil (2001: £122,000) secured on plant and machinery.

## 13 LEASE COMMITMENTS

## 14 PROVISION FOR LIABILITIES AND CHARGES

**Deferred taxation provision and the amount unprovided comprise:-**

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**WILLIAM SINCLAIR HORTICULTURE LIMITED**  
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**15 CALLED UP SHARE CAPITAL**

	<u>2002</u> £000's	<u>2001</u> £000's
<b>Authorised:-</b>		
630,000 ordinary shares of £1 each	<u>630</u>	<u>630</u>
<b>Allotted, called up and fully paid</b>		
510,000 ordinary shares of £1 each	<u>510</u>	<u>510</u>

**16 RESERVES**

	<u>Capital reserve</u> £000's	<u>Revaluation reserve</u> £000's	<u>General reserve</u> £000's	<u>Profit and loss account</u> £000's	<u>Total reserves</u> £000's
At 1 July 2001	125	2,462	1,092	11,221	14,900
Transfer		(420)		420	-
Revaluation		(428)			(428)
Retained profit for the financial year	-	-	-	(10,079)	(10,079)
At 30 June 2002	<u>125</u>	<u>1,614</u>	<u>1,092</u>	<u>1,562</u>	<u>4,393</u>

**17 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	<u>2002</u> £000's	<u>2001</u> £000's
Profit for the financial year	647	1,229
Revaluation	(428)	-
Dividends	<u>(10,726)</u>	<u>(871)</u>
Net addition to shareholders' funds	(10,507)	358
Opening shareholders' funds	<u>15,410</u>	<u>15,052</u>
Closing shareholders' funds	<u>4,903</u>	<u>15,410</u>

**WILLIAM SINCLAIR HORTICULTURE LIMITED**  
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**18 CAPITAL COMMITMENTS**

	<u>2002</u> £000's	<u>2001</u> £000's
Contracted but not provided for	<u>33</u>	<u>560</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.

The company has had the following transactions with Bark Products (Scotland) Limited which is 50% owned (see Note 9):

	<u>2002</u>		<u>2001</u>	
	<u>Value of</u> <u>Transactions</u> £000's	<u>Outstanding</u> <u>At Year End</u> £000's	<u>Value of</u> <u>Transactions</u> £000's	<u>Outstanding</u> <u>At Year End</u> £000's
Purchase of materials	717	220	507	219
Management charges receivable	40	40	40	25