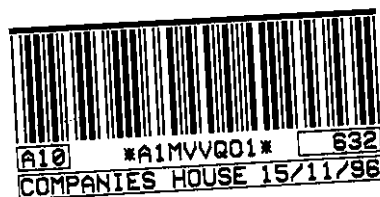


WILLIAM SINCLAIR HORTICULTURE LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 1996



REGISTERED NO: 7633

WILLIAM SINCLAIR HORTICULTURE LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 1996

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WILLIAM SINCLAIR HORTICULTURE LIMITED

DIRECTORS' REPORT

The directors present their annual report and audited financial statements for the year ended 30 June 1996.

RESULTS AND DIVIDENDS

The trading profit for the year after taxation was £2,356,118.

£

Dividends

Interim dividend of 70.58p per share (paid)	360,000
The directors now recommend a final dividend of £1.70 per share	868,000
	<hr/>
	1,228,000
	<hr/>

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)	A D J Laidlaw	(resigned 31 May 1996)
T H Sinclair	(resigned 3 October 1995)	S L McCarthy	
T R Dick		P J Williams	
S W Cartwright		P T Davenport	(appointed 31 May 1996)
A E Everett			
N F Uzzell			

WILLIAM SINCLAIR HORTICULTURE LIMITED

DIRECTORS' REPORT (continued)

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

Mr P J F Barton, Mr T H Sinclair, Mr T R Dick and Mr S W Cartwright are directors of the ultimate parent company in whose accounts their interests are shown.

The interests in the shares of William Sinclair Holdings plc of the other directors who held office during the year are as follows:-

	<u>30 June 1996</u>		<u>30 June 1995</u>	
	Beneficial	Share	Beneficial	Share
	<u>holding</u>	<u>options</u>	<u>holding</u>	<u>options</u>
S L McCarthy	9,708	-	2,189	15,261
P J Williams	4,297	14,722	3,998	14,722
N F Uzzell	2,896	13,423	2,692	13,423
A E Everett	21,956	25,000	27,753	25,000
A D J Laidlaw	-	-	-	-
P T Davenport	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

In addition to the above Mr N F Uzzell has a non-beneficial interest in 102,664 shares (1995: 85,942) arising from his role as trustee of an approved profit sharing scheme.

STATEMENTS 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.

WILLIAM SINCLAIR HORTICULTURE LIMITED**DIRECTORS' REPORT (continued)****POST BALANCE SHEET EVENT**

On 23 July 1996 the company acquired a 50% interest in Bark Products (Scotland) Limited. The interest was previously held by Bark Products Limited, another company within the William Sinclair Holdings Group.

AUDITORS

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

POLITICAL AND CHARITABLE GIFTS

The company has given charitable donations of £150 (1995 - £295) during the year.

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.

BY ORDER OF THE BOARD

E W DAWE
Secretary

1 October 1996
Lincoln

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

We have audited the financial statements on pages 5 to 18 which have been prepared under the accounting policies set out on pages 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.

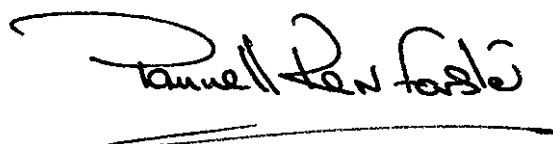
Basis of opinion

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 1996 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

1 October 1996
Lincoln

WILLIAM SINCLAIR HORTICULTURE LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 JUNE 1996

	<u>Note</u>	<u>1996</u> £	<u>1995</u> £
TURNOVER	1	31,161,256	31,002,398
OPERATING CHARGES	2	<u>27,289,676</u>	<u>27,175,223</u>
OPERATING PROFIT		3,871,580	3,827,175
NET INTEREST PAYABLE	4	<u>306,885</u>	<u>291,725</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		3,564,695	3,535,450
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	5	<u>1,208,577</u>	<u>1,178,000</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		2,356,118	2,357,450
DIVIDENDS	6	<u>1,228,000</u>	<u>1,315,000</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR		<u><u>1,128,118</u></u>	<u><u>1,042,450</u></u>

The movement on reserves is shown in note 15 to the financial statements.

All amounts relate to continuing operations.

WILLIAM SINCLAIR HORTICULTURE LIMITED**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES****YEAR ENDED 30 JUNE 1996**

	<u>1996</u> £	<u>1995</u> £
Profit for the financial year	2,356,118	2,357,450
Unrealised deficit on revaluation of properties	(30,301)	-
Total recognised gains	<u>2,325,817</u>	<u>2,537,450</u>

HISTORICAL COST PROFITS AND LOSSES

Reported profit on ordinary activities before taxation	3,564,695	3,535,450
Revaluation surplus realised	-	12,597
Difference between a historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	81,710	53,544
Historical cost profit on ordinary activities before taxation	<u>3,646,405</u>	<u>3,601,591</u>
Historical cost profit for the year retained after taxation and dividends	<u>1,209,828</u>	<u>1,108,591</u>

WILLIAM SINCLAIR HORTICULTURE LIMITED

BALANCE SHEET

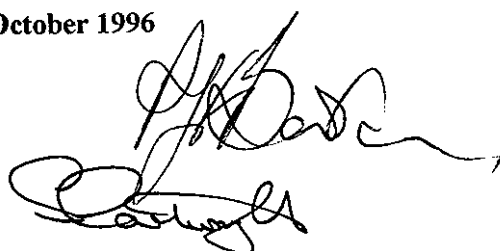
30 JUNE 1996

	<u>Note</u>	<u>1996</u>		<u>1995</u>	
		£	£	£	£
FIXED ASSETS					
Tangible assets	7	8,385,811		8,552,441	
Investments	8	2,475,028		2,475,028	
			10,860,839		11,027,469
CURRENT ASSETS					
Stocks	9	5,022,490		4,580,955	
Debtors	10	7,059,015		7,089,264	
Cash at bank and in hand		1,218,703		1,272,597	
		13,300,208		12,942,816	
CREDITORS					
Amounts falling due within one year	11	11,969,470		12,976,978	
NET CURRENT ASSETS/LIABILITIES			1,330,738		(34,162)
TOTAL ASSETS LESS CURRENT LIABILITIES			12,191,577		10,993,307
CREDITORS					
Amounts falling due after one year	11		166,386		4,925
PROVISION FOR LIABILITIES AND CHARGES	13		611,000		686,502
NET ASSETS			11,414,191		10,301,880
CAPITAL AND RESERVES					
Called up equity share capital	14		510,000		510,000
Capital reserve	15	124,572		124,572	
General reserve	15	1,091,999		1,091,999	
Revaluation reserve	15	1,942,688		1,958,495	
Profit and loss account	15	7,744,932		6,616,814	
			10,904,191		9,791,880
EQUITY SHAREHOLDERS FUNDS	16		11,414,191		10,301,880

Approved by the Board on 1 October 1996

P J F BARTON)

S W CARTWRIGHT)



WILLIAM SINCLAIR HORTICULTURE LIMITED

ACCOUNTING POLICIES

YEAR ENDED 30 JUNE 1996

1. ACCOUNTING CONVENTION

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

2. DEFERRED TAXATION

Provision is made for deferred tax using the liability method, to the extent that it is probable that a liability will crystallise in the foreseeable future.

3. TURNOVER

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

4. DEPRECIATION

Freehold land is not depreciated. Depreciation is charged on other tangible assets at fixed rates calculated to write off the cost as reduced by capital grants over the period of their expected useful lives. The principal rates are:

Freehold buildings	-	2%, 10% and 20% on cost
Short leasehold property	-	5 years, 10 years and over the period of the lease
Plant and machinery	-	10%, 20% and 33 ¹ / ₃ % on cost
Motor vehicles	-	30% straight line/reducing balance

5. STOCKS

Stocks are stated at the lower of cost and net realisable value.

Cost comprises the direct cost of production and the attributable proportion of all overheads appropriate to location and condition. Net realisable value is the estimated selling price reduced by all costs of completion, marketing, selling and distribution.

6. RESEARCH AND DEVELOPMENT

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

WILLIAM SINCLAIR HORTICULTURE LIMITED**ACCOUNTING POLICIES****YEAR ENDED 30 JUNE 1996****7. 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.

8. PENSION COSTS

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

9. 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.

10. 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.

WILLIAM SINCLAIR HORTICULTURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 1996

	<u>1996</u> £	<u>1995</u> £
1 TURNOVER		
The analysis of turnover by geographical market was as follows:		
United Kingdom	28,342,393	29,100,958
Europe	240,881	179,485
Middle and Far East	2,528,929	1,709,543
Others	49,053	12,412
	<u>31,161,256</u>	<u>31,002,398</u>
2 OPERATING CHARGES		
Operating profit is stated after charging (or crediting):		
Change in stocks of finished goods	(470,324)	(1,866)
Raw materials and consumables	11,833,903	12,255,904
Staff costs (note 3)	5,352,366	4,948,149
Depreciation (note 7)	1,384,249	1,349,158
Other operating charges	9,189,482	8,623,878
	<u>27,289,676</u>	<u>27,175,223</u>
Other operating charges include:		
Auditors' remuneration - audit fee	22,912	21,550
- other services	3,970	3,430
(Profit)/Loss on disposal of fixed assets	(33,052)	8,673
Research and development	67,407	86,996
	<u>67,407</u>	<u>86,996</u>

WILLIAM SINCLAIR HORTICULTURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 1996

	<u>1996</u> £	<u>1995</u> £
3 STAFF COSTS		
Wages and salaries	4,729,249	4,380,069
Social security costs	389,629	346,967
Pension costs	153,636	143,562
Other life and sickness insurance	79,852	77,551
	<u>5,352,366</u>	<u>4,948,149</u>
	<u>Number</u>	<u>Number</u>
The average weekly number of employees during the year was:		
Administration	177	169
Production	127	121
	<u>304</u>	<u>290</u>
	<u>£</u>	<u>£</u>
Directors' remuneration	236,645	284,208
Salaries as executives (including Pension Contributions)	<u>236,645</u>	<u>284,208</u>
An analysis of the directors' remuneration excluding pension contributions was:		
Chairman	Nil	Nil
	<u>£</u>	<u>£</u>
Highest paid director	<u>55,341</u>	<u>47,277</u>
	<u>Number</u>	<u>Number</u>
Other directors		
£ 0 - £ 5,000	3	2
£ 5,001 - £10,000	1	-
£30,001 - £35,000	-	2
£35,001 - £40,000	1	-
£40,001 - £45,000	2	3
£45,001 - £50,000	1	1

WILLIAM SINCLAIR HORTICULTURE LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30 JUNE 1996**

	<u>1996</u> £	<u>1995</u> £
4 NET INTEREST PAYABLE		
Interest receivable from group companies	(6,931)	(1,396)
Other interest receivable	(1,178)	(75)
Interest payable to group companies	308,484	293,196
Hire purchase interest payable	6,510	-
	<u>306,885</u>	<u>291,725</u>
5 TAXATION ON PROFIT ON ORDINARY ACTIVITIES		
Corporation tax on profit for the year at 33% (1995 : 33%)	1,223,000	1,126,000
Deferred taxation	(40,000)	42,000
	<u>1,183,000</u>	<u>1,168,000</u>
Under provision in previous year	25,577	10,000
	<u>1,208,577</u>	<u>1,178,000</u>
6 DIVIDENDS		
Interim 70.58p (1995 : 47.06p) per ordinary share	360,000	240,000
Proposed final dividend £1.70 (1995:£2.11) per ordinary share	868,000	1,075,000
	<u>1,228,000</u>	<u>1,315,000</u>

WILLIAM SINCLAIR HORTICULTURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 1996

7 FIXED ASSETS - TANGIBLE

	<u>Freehold property</u> £	<u>Short leasehold property</u> £	<u>Plant and machinery</u> £	<u>Motor Vehicles</u> £	<u>Total</u> £
<u>Cost or valuation</u>					
At 1 July 1995	3,640,678	1,234,340	9,969,988	513,414	15,358,420
Additions	68,728	73,553	527,192	185,384	854,857
Intra group transfers	459,348	-	1,584	9,060	469,992
Disposals	-	-	494,090	120,470	614,560
Revaluation	(311,754)	(284,242)	-	-	(595,996)
At 30 June 1996	<u>3,857,000</u>	<u>1,023,651</u>	<u>10,004,674</u>	<u>587,388</u>	<u>15,472,713</u>
<u>Depreciation</u>					
At 1 July 1995	255,510	344,222	5,948,197	258,050	6,805,979
Charge for year	101,324	100,376	1,040,775	141,774	1,358,455
Intra group transfers	1,377	-	556	2,601	4,534
Disposals	-	-	(446,834)	(95,331)	(542,165)
Revaluation	(358,211)	(207,484)	-	-	(539,901)
At 30 June 1996	<u>-</u>	<u>237,114</u>	<u>6,542,694</u>	<u>307,094</u>	<u>7,086,902</u>
<u>Net book amounts</u>					
At 30 June 1996	<u>3,857,000</u>	<u>786,537</u>	<u>3,461,980</u>	<u>280,294</u>	<u>8,385,811</u>
At 30 June 1995	<u>3,385,168</u>	<u>890,118</u>	<u>4,021,791</u>	<u>255,364</u>	<u>8,552,441</u>

The net book amount of assets included £322,894 (1995 £8,400) in respect of assets held under hire purchase contracts. Depreciation charged in the year on those assets amounted to £50,067 (1995 : £NIL).

Included in the cost of freehold property is an amount of £1,048,000, relating to land which has not been depreciated.

The revaluation adjustment includes an amount of £25,794 which reflects a permanent diminution in the value of a property. A provision for this diminution was made in the year ended 30 June 1994. Movement on this provision is shown in Note 13.

WILLIAM SINCLAIR HORTICULTURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 1996

7 FIXED ASSETS - TANGIBLE (continued)

	<u>1996</u> £	<u>1995</u> £
<u>Analysis of cost and valuation</u>		
Freehold property:		
At Cost	-	434,680
At Valuation	3,857,000	3,205,998
	<u>3,857,000</u>	<u>3,640,678</u>
Leasehold property		
At Cost	603,651	772,611
At Valuation	420,000	461,729
	<u>1,023,651</u>	<u>1,234,340</u>

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

	<u>1996</u>		<u>1995</u>	
	Freehold £	Leasehold £	Freehold £	Leasehold £
Cost	2,802,239	403,714	1,961,444	266,088
Depreciation based on cost	431,806	118,046	382,517	136,985
Net historical cost value	<u>2,370,433</u>	<u>285,668</u>	<u>1,578,927</u>	<u>129,103</u>

Freehold property was valued at open market value on an existing use basis by a Chartered Surveyor on 30 June 1996.

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

8 FIXED ASSET INVESTMENTS

	<u>1996</u> £	<u>1995</u> £
Investment in 600,000 Ordinary shares of £1 each of Boothby and Penicuik Peat Company Limited. This represents 100% of the issued ordinary share capital of the company.	<u>2,475,028</u>	<u>2,475,028</u>

The company did not trade during the year.

Aggregate of capital and reserves of the company at 30 June 1996 is £1,850,261 (1995 : £1,850,261)

The company is registered in Great Britain.

WILLIAM SINCLAIR HORTICULTURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 1996

	<u>1996</u> £	<u>1995</u> £
9 STOCKS		
Raw materials and consumables	3,330,421	3,359,210
Finished goods and goods for resale	1,692,069	1,221,745
	<u>5,022,490</u>	<u>4,580,955</u>
10 DEBTORS		
Due within one year:		
Trade debtors	6,696,205	6,648,519
Amounts due from group undertaking	107,993	369,017
Other debtors	65,369	1,268
Prepayments and accrued income	189,448	70,460
	<u>7,059,015</u>	<u>7,089,264</u>

Included in other debtors is an amount of £59,000 (1995 £Nil) which is receivable after more than one year.

11 CREDITORS		
Amounts falling due within one year:		
Trade creditors	3,903,145	4,011,424
Corporation tax payable 1 April 1997	1,217,880	847,232
Amounts due to group undertakings	3,599,599	4,129,542
Amounts due to associated undertaking	20,086	206,491
Other taxation and social security	802,296	926,197
Dividends payable	868,000	1,075,000
Accruals and deferred income	1,330,273	1,649,095
Other creditors	110,454	129,184
Hire purchase creditor	117,737	2,813
	<u>11,969,470</u>	<u>12,976,978</u>
Amounts falling due after more than one year:		
Hire purchase creditor	<u>166,386</u>	<u>4,925</u>

WILLIAM SINCLAIR HORTICULTURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 1996

	<u>1996</u>	<u>1995</u>
	£	£
12 LEASE COMMITMENTS		
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	117,737	2,813
Payable between two and five years	166,386	4,925
	<u>284,123</u>	<u>7,738</u>

Operating leases:

The Company has operating lease commitments to pay during the next year in respect of equipment leases which expire.

between two and five years	<u>38,264</u>	<u>-</u>
----------------------------	---------------	----------

13 PROVISION FOR LIABILITIES AND CHARGES

	<u>1996</u>		<u>1995</u>	
	£	£	£	£
Provision for reorganisation costs				
Opening balance	35,502		37,000	
Expenditure incurred	(544)		(1,498)	
Utilised to reflect permanent diminution in property	(25,794)		-	
Released to profit and loss account	<u>(9,164)</u>		<u>-</u>	
		-		35,502
Deferred Taxation:				
At 1 July 1995	651,000		609,000	
(Credit)/Charge to profit and loss account	<u>(40,000)</u>		<u>42,000</u>	
At 30 June 1996		611,000		651,000
		<u>611,000</u>		<u>686,502</u>

WILLIAM SINCLAIR HORTICULTURE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 1996
13 PROVISION FOR LIABILITIES AND CHARGES (Continued)

Deferred taxation provision and the amount unprovided comprise:

	<u>1996</u>		<u>1995</u>	
	<u>Provision</u>	<u>Not</u>	<u>Provision</u>	<u>Not</u>
	<u>£</u>	<u>Provided</u>	<u>£</u>	<u>Provided</u>
Accelerated capital allowances	629,300	-	728,000	-
Short term timing differences	(18,300)	-	(77,000)	-
	<u>611,000</u>	<u>-</u>	<u>651,000</u>	<u>-</u>
				<u>1996</u>
				<u>£</u>

14 CALLED UP EQUITY SHARE CAPITAL

Authorised

 630,000 ordinary shares of £1 each 630,000

Allotted, called up and fully paid

 510,000 ordinary shares of £1 each 510,000
15 RESERVES

	<u>Capital</u>	<u>Revaluation</u>	<u>General</u>	<u>Profit and</u>	<u>Total</u>
	<u>reserve</u>	<u>reserve</u>	<u>reserve</u>	<u>loss account</u>	<u>reserves</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
At 1 July 1995	124,572	1,958,495	1,091,999	6,616,814	9,791,880
Retained profit for the financial year	-	-	-	1,128,118	1,128,118
Transfers from other Group undertakings	-	14,494	-	-	14,494
Revaluation	-	(30,301)	-	-	(30,301)
At 30 June 1996	<u>124,572</u>	<u>1,942,688</u>	<u>1,091,999</u>	<u>7,744,932</u>	<u>10,904,191</u>

WILLIAM SINCLAIR HORTICULTURE LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30 JUNE 1996****16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<u>1996</u> £	<u>1995</u> £
Profit for the financial year	2,356,118	2,357,450
Dividends	1,228,000	1,315,000
	<u>1,128,118</u>	<u>1,042,450</u>
Other movements relating to the year - Revaluation Reserve	(15,807)	12,597
Net addition to shareholders' funds	1,112,311	1,055,047
Opening shareholders' funds	10,301,880	9,246,833
Closing shareholders' funds	<u>11,414,191</u>	<u>10,301,880</u>

17 CAPITAL COMMITMENTS

	<u>1996</u> £	<u>1995</u> £
Contracted but not provided for	83,000	117,000

18 PARENT COMPANY

The company's 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.

19 PENSION SCHEME

The company participates in the pension scheme operated by the parent company, details of which are given in that company's financial statements.

The scheme provides defined benefits based on final pensionable pay. The assets of the scheme are held in a fund separate from those of the group and are administered by trustees. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees working lives with the group. The contributions are determined by a qualified actuary on the basis of triennial valuations using the aggregate method allowing for future salary increases.

20 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.