Registered No 221152

Joseph Metcalf Limited

Annual report and financial statements

For the year ended 30 September 2010

Registered No 221152

Directors

B P Burns
P D Williams

Secretary

P D Williams

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Donington Court
Pegasus Business Park
Castle Donington
East Midlands DE74 2UZ

Bankers

Lloyds TSB Bank Plc
3rd Floor
25 Gresham Street
London
EC2V 7MN

Registered office

Firth Road
Lincoln
LN6 7AH

Directors' report

The dırectors present theır annual report and audıted financıal statements of the company for the year ended 30 September 2010

Principal activities and review of the business

The company's prıncıpal actıvıty durıng the year contınued to be the productıon of peat and ıts supply ınto the hortıculture ındustry for use ın growıng medıa and related products

The company's performance ın the year reflects the dıfficultıes faced by the busıness wıth poor harvestıng weather The company contınues ıts prımary role of harvestıng and sellıng peat from ıts peat bog operatıons for use ın growıng medıa ın all sectors of the hortıculture ındustry

At the year end the company had shareholders' funds of £2,036,874 (2009 £2,068,254), ıncludıng dıstrıbutable profits of £994,462 (2009 £1,005,842)

The dırectors of Wıllıam Sınclaır Holdıngs plc manage the group's operatıons as a whole For thıs reason, the company's dırectors belıeve that analysıs usıng key performance ındıcators for the company ıs not necessary or approprıate for an understandıng of the development, performance or posıtıon of the busıness of Joseph Metcalf Lımıted The development, performance and posıtıon of the Wıllıam Sınclaır Group, whıch ıncludes thıs company, ıs dıscussed ın the group's annual report whıch does not form part of thıs report

Future developments

The company ıntends to develop ıts peat resources to ıncrease output through ımproved management of ıts sıtes It ıs workıng closely wıth relevant authorıtıes to ensure attractıve regeneratıon of ıts peat bogs wıll be achıeved ın the future

Results and dividends

The loss for the year amounted to £31,380 (2009 £175,531 profit) A dıvıdend of £nıl (2009 £2,000,000) has been paıd durıng the year

Principal risks and uncertainties

The dırectors of Wıllıam Sınclaır Holdıngs plc manage the group's rısks at a group level, rather than at an ındıvıdual busıness unıt level The company's dırectors belıeve that a dıscussıon of the group's rısks would not be approprıate for an understandıng of the development, performance or posıtıon of Joseph Metcalf Lımıted's busıness The prıncıpal rısks and uncertaıntıes of the Wıllıam Sınclaır Group, whıch ınclude those of the company, are dıscussed ın the group operatıng and financıal revıew whıch ıs contaıned ın the group's annual report whıch does not form part of thıs report

Financial risk management, objectives and policies

The company makes no use of financıal ınstruments other than an operatıonal bank account and so ıts exposure to credıt rısk, lıquıdıty rısk and cash flow rısk ıs not materıal for the assessment of the assets, lıabılıtıes, financıal posıtıon and profit or loss of the company

The company ıs exposed to changes ın the sellıng prıce of peat whıch ıs based on market values However, the market prıce has been relatıvely stable ın recent years and thıs ıs not consıdered to be a materıal rısk

Exceptional item

A charge of £459,700 was ıncurred ın the year and relates to the ımpaırment of the Oswaldtwıstle sıte, currently held for resale (see note 2)

Directors' report (continued)

Directors

The directors who served the company during the year and up to the date of signing the financial statements were as follows

B P Burns
P D Williams

Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 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

The directors are responsible for the maintenance and integrity of the company's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Disclosure of information to auditors

In addition the directors also confirm that

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

Directors' report (continued)

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting

By order of the board

P D Williams
Company Secretary
17 February 2011

Independent auditors' report

to the members of Joseph Metcalf Limited

We have audited the financial statements of Joseph Metcalf Limited for the year ended 30 September 2010 which comprise of the profit and loss account, the balance sheet, the statement of total recognised gains and losses, note of historical profit and losses and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 September 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements

Independent auditors report (continued)

to the members of Joseph Metcalf Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Neil Stephenson (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands
18 February 2011

Profit and loss account

for year ended 30 September 2010

Registered No 221152

	Notes	2010 £	2009 £
Turnover		1,929,273	2,172,887
Cost of sales		(379,435)	(935,809)
Gross profit		1,549,838	1,237,078
Distribution costs		(391,870)	(214,926)
Administrative expenses		(695,049)	(511,050)
Exceptional item – impairment of assets held for resale	2	(459,700)	(227,000)
Operating profit on ordinary activities	2	3,219	284,102
Loss on disposal of fixed assets		-	(292,246)
Net interest payable and similar charges	6	(58)	(6,409)
Profit / (loss) on ordinary activities before taxation		3,161	(14,553)
Tax (charge)/credit on profit/(loss) on ordinary activities	7	(34,541)	190,084
(Loss) / profit for the financial year		(31,380)	175,531

All of the activities of the company are classed as continuing

Statement of total recognised gains and losses

for the year ended 30 September 2010

	Notes	2010 £	2009 £
Surplus on revaluation of land and buildings	9	-	862,392
(Loss) / profit for the financial year		(31,380)	175,531
Total recognised gains and losses relating to the year		(31,380)	1,037,923

Note of historical cost profit and losses

for the year ended 30 September 2010

	2010 £	2009 £
Profit / (loss) on ordinary activities before tax	3,161	(14,553)
Difference between historical cost depreciation charge and depreciation charge based on revalued amounts	98,332	-
Historical cost profit / (loss) for the year	101,493	(14,553)

Balance sheet

as at 30 September 2010

	Notes	2010 £	2009 £
Fixed assets			
Tangible fixed assets	9	895,431	1,008,515
Investments	10	102	102
		895,533	1,008,617
Current assets			
Assets held for resale		1,651,051	2,151,051
Debtors	11	1,963,953	1,311,142
Cash at bank and in hand		5,900	7,695
		3,620,904	3,469,888
Creditors amounts falling due within one year	12	(2,479,563)	(2,410,251)
Net current assets		1,141,341	1,059,637
Total assets less current liabilities		2,036,874	2,068,254
Net assets		2,036,874	2,068,254
Capital and reserves			
Called up share capital	15	200,020	200,020
Revaluation reserve	16	764,060	862,392
Profit and loss account	16	1,072,794	1,005,842
Total shareholders' funds	17	2,036,874	2,068,254

The financial statements on pages 7 to 17 were approved by the Board of Directors on 17 February 2011 and were signed on its behalf by

P D Williams
Director

Notes to the financial statements

for the year ended 30 September 2010

1. Accounting policies

Basis of accounting

The financial statements are prepared on the going concern basis, under the historical cost convention, the Companies Act 2006 and in accordance with applicable accounting standards in the United Kingdom The principal accounting policies, which have been applied consistently throughout the year are set out below

Cash flow and related party disclosures

The company is a wholly-owned subsidiary of William Sinclair Holdings plc and is included in their consolidated financial statements, which are publicly available Consequently the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 revised

The company is also exempt from the requirements of FRS 8 to disclose transactions with other members of the group headed by William Sinclair Holdings plc where there is a wholly owned subsidiary

Turnover

The turnover shown in the profit and loss account represents the fair value of consideration for goods sold during the year, exclusive of VAT

Turnover on bill and hold sales is recognised when the buyer has taken title to the goods, accepted billing and acknowledged the deferred delivery

Tangible fixed assets

Properties, including peat bogs, are recognised initially at cost and thereafter carried at current value to the business less depreciation and impairment charged subsequent to the date of the revaluation The current value to the business is based on periodic valuations by an external independent valuer Valuations are performed frequently enough, and at a minimum of every three years, to ensure that the fair value of a revalued asset does not differ materially from its carrying amount

Any revaluation surplus is credited to the revaluation reserve in equity except to the extent that it reverses a decrease in the carrying value of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss A revaluation deficit is recognised in profit or loss, except to the extent of any existing surplus in respect of that asset in the revaluation reserve

A transfer is made from the revaluation reserve to retained earnings for the difference between depreciation based on the carrying amount of the assets and that based on the assets' original cost Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset Upon disposal any revaluation reserve relating to the particular asset being sold is transferred to retained earnings

Depreciation is provided on all property, including peat bogs, plant and equipment, other than freehold land, at rates calculated to write off the cost, less estimated residual value at the date of acquisition, of each asset evenly over its expected useful life as follows

Freehold property	-	2%-15% straight line
Leasehold property	-	over the lease term
Plant and machinery	-	12 5%-33% straight line
Motor vehicles	-	25% straight line

The carrying values of property, including peat bogs, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

Assets held for sale

Assets are classified as held for sale if their carrying amount will be recovered through sale rather than continuing use This condition is regarded as met only when the sale is highly probable, the asset is available for immediate sale in its present condition, the company is committed to the sale and it is expected to be completed within one year from the date of classification Assets held for sale are measured at the lower of carrying amount and fair value less costs to sell

Notes to the financial statements

for the year ended 30 September 2010

1. Accounting policies (continued)

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items Cost includes all costs incurred in bringing each product to its present location and condition on a first in first out basis Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the term of the lease

Fixed asset investments

Investments are included at cost less any provision for impairment

Taxation

The charge for taxation is based on the results for the year as adjusted for disallowable items and timing differences Full provision is made for deferred tax on all material timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in the obligation to pay more or the right to pay less tax in the future have occurred at the balance sheet date

Deferred tax assets are recognised to the extent that they are expected to be realised in the foreseeable future Deferred tax is calculated on a non discounted basis

2. Operating profit on ordinary activities

This is stated after charging

		2010	2009
		£	£
Depreciation on owned tangible fixed assets		**117,621**	16,436
Auditors' remuneration	- audit	**4,000**	4,000
	- non audit services	**-**	1,000
Operating lease payments		**108,766**	97,659
Exceptional items – impairment of assets held for resale (see below)		**459,700**	227,000

A charge of £459,700 (2009 £227,000) incurred in the year relates to the impairment of assets held for resale to write down the net book value of the empty Oswaldtwistle site to its net realisable value Following a review with the company's marketing agent the carrying vale of the assets has been reduced by £500,000 During the year a potential purchaser of the properties forfeited deposit monies of £40,300 leading to a net exceptional cost of £459,700 The tax impact of the exceptional item is a credit of £75,000

Notes to the financial statements

for the year ended 30 September 2010

3. Directors and employees

The average number of employees (excluding 2 unpaid directors) of the company during the year was

	2010	*2009*
	No.	*No*
Production	**14**	13

Staff costs during the year were as follows

	2010	*2009*
	£	*£*
Wages and salaries	**244,021**	255,112
Social security costs	**21,144**	24,877
	265,165	279,989

4. Directors' emoluments

No remuneration was paid to the two directors during the year (2009 £nil)

5. Pension scheme

The company no longer operates a pension scheme Employees are invited to join the Group Personal Pension Plan, a defined contribution pension scheme The assets of the scheme are administered by trustees in a fund independent from those of the company

The total contributions paid in the year amounted to £nil (2009 £nil)

6. Net interest payable and similar charges

	2010	*2009*
	£	*£*
Interest payable and similar charges		
Interest payable on bank borrowing	**58**	4,141
Finance charges	**-**	3,161
	58	7,302
Interest receivable and similar income		
Other interest receivable	**-**	(893)
	58	6,409

Notes to the financial statements

for the year ended 30 September 2010

7. Taxation profit / (loss) on ordinary activities

a) The tax charge / (credit) represents

	2010	*2009*
	£	*£*
Corporation tax	-	-
Adjustment in respect of prior period	**(904)**	(15,802)
Total current tax credit	**(904)**	(15,802)
Origination and reversal of timing differences	**29,221**	(41,137)
Adjustment in respect of prior period	**-**	(133,145)
Rate change	**6,224**	-
Total deferred tax charge / (credit) (note 13)	**35,445**	(174,282)
Tax charge / (credit) on profit / (loss) on ordinary activities	**34,541**	(190,084)

b) Factors affecting current tax credit

The tax credit assessed for the year is lower (2009 lower) than the standard rate of corporation tax in the UK of 28% (2009 28%) The differences are explained below

	2010	*2009*
	£	*£*
Profit / (loss) on ordinary activities before tax	**3,161**	(14,553)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 28%)	**865**	(4,075)
Expenses not deductible for tax purposes	**163,310**	70,275
Accelerated capital allowances	**(30,303)**	80,339
Other short term timing differences	**(133,892)**	(146,539)
Adjustment in respect of prior year	**(904)**	(15,802)
Current tax credit for the period	**(904)**	(15,802)

c) Factors which may affect future tax charge

The Finance (No 2) Act 2010, which was substantively enacted on 20 July 2010, includes legislation reducing the main rate of corporation tax from 28 per cent to 27 per cent from 1 April 2011 Further reductions to the main rate of corporation tax are proposed to reduce the rate by 1 per cent per annum to 24 per cent by 1 April 2014, however, these changes will be included in future Finance Acts and therefore have not been substantially enacted at the balance sheet date

It would be difficult to forecast accurately the timing and value of future profits and thus it is not possible to ascertain the timing for the unwind of the deferred tax balances The deferred tax balances have therefore been reflected at 27%

Notes to the financial statements

for the year ended 30 September 2010

8. Dividends

	2010	2009
	£	£
Paid during the year		
Dividends on ordinary shares	-	2,000,000

9. Tangible fixed assets

	Freehold property	Short leasehold	Plant and machinery	Motor vehicles	Total
	£	£	£	£	£
Cost / valuation					
At 1 October 2009	300,000	685,000	475,942	15,269	1,476,211
Additions	-	-	4,537	-	4,537
At 30 September 2010	**300,000**	**685,000**	**480,479**	**15,269**	**1,480,748**
Accumulated depreciation					
At 1 October 2009	-	-	453,314	14,382	467,696
Provided during year	40,000	70,456	6,278	887	117,621
At 30 September 2010	**40,000**	**70,456**	**459,592**	**15,269**	**585,317**
Net book value					
At 30 September 2010	**260,000**	**614,544**	**20,887**	**-**	**895,431**
At 30 September 2009	300,000	685,000	22,628	887	1,008,515

The company's freehold and leasehold properties were valued by external valuers, BNP Paribas Real Estate, Property Consultants and Chartered Surveyors, on 30 September 2009 The properties were valued on an existing use basis No value is attributed to unharvested peat deposits contained within the leasehold properties

If land and buildings had not been revalued, they would have been included at the following amounts

	Freehold properties		Short leasehold properties	
	2010	2009	2010	2009
	£	£	£	£
Cost	**181,874**	181,874	-	-
Accumulated depreciation	**(71,390)**	(59,266)	-	-
Net carrying amount	**110,484**	122,608	-	-

Notes to the financial statements

for the year ended 30 September 2010

10. Investments

	Shares in group undertakings £
Cost	
At 30 September 2009 and 2010	102

Shares in group undertakings relate to

Name of company	*Details of investments*	*Proportion held by company*	*Nature of business*
EFG (Horticultural Products) Limited	Ordinary £1	100%	Dormant

11. Debtors

	2010 £	*2009* £
Trade debtors	-	2,623
Amounts owed by group undertakings	**1,454,839**	782,100
Other debtors	**31,506**	16,463
Deferred tax asset (note 13)	**438,837**	474,282
Prepayments and accrued income	**38,771**	35,674
	1,963,953	1,311,142

12. Creditors: amounts falling due within one year

	2010 £	*2009* £
Trade creditors	**105,008**	33,282
Amounts owed to group undertakings	**2,000,609**	2,000,000
Other taxation and social security	-	6,344
Other creditors	**9,657**	5,079
Accruals and deferred income	**364,289**	365,546
	2,479,563	2,410,251

Notes to the financial statements

for the year ended 30 September 2010

13. Deferred taxation

A deferred tax asset has been recognised in the financial statements on amounts estimated to reverse in the foreseeable future in accordance with FRS19 The amounts recognised and unrecognised at the end of the year are as follows

	2010	*2009*
	£	*£*
Accelerated capital allowances	**138,837**	174,282
Tax losses available	**398,936**	540,259
	537,773	714,541
Deferred tax asset recognised in the financial statements (note 11)	**(438,837)**	(474,282)
Amount unprovided at the end of the year	**98,936**	240,259

The movements in recognised deferred tax during the year are as follows

	£
At 1 October 2009	474,282
Deferred tax charge (note 7)	(35,445)
At 30 September 2010 (note 11)	**438,837**

14. Commitments under operating leases

At 30 September 2010 the company had annual commitments under non-cancellable operating leases as set out below

	2010		*2009*	
	Land and buildings	***Other***	*Land and buildings*	*Other*
	£	*£*	*£*	*£*
Operating leases which expire				
Within one year	-	**2,065**	80,000	3,944
After more than five years	**100,000**	-	20,000	-
	100,000	**2,065**	100,000	3,944

15. Called up share capital

Authorised	**2010**	2009
	£	*£*
110,000 'A' ordinary shares of £1 each	**110,000**	110,000
90,000 'B' ordinary shares of £1 each	**90,000**	90,000
1,000 'C' ordinary shares of £0 01 each	**10**	10
1,000 'D' ordinary shares of £0 01 each	**10**	10
1,000 'E' ordinary shares of £0 01 each	**10**	10
	200,030	200,030

Notes to the financial statements

for the year ended 30 September 2010

15. Called up share capital (continued)

Allotted and fully paid		*2010*		*2009*
	No.	*£*	*No*	*£*
'A' ordinary shares of £1 each	**110,000**	**110,000**	110,000	110,000
'B' ordinary shares of £1 each	**90,000**	**90,000**	90,000	90,000
'C' ordinary shares of £0 01 each	**1,000**	**10**	1,000	10
'D' ordinary shares of £0 01 each	**1,000**	**10**	1,000	10
	202,000	**202,020**	202,000	200,020

'A' and 'B' shares rank pari passu on a return of assets on liquidation or otherwise and on a sale of the company The holders of 'A' and 'B' shares are also entitled to receive notice and attend any general meeting of the company and shall have one vote for every share held The directors may declare and authorise a dividend on one or both of the 'A' and 'B' shares subject to approval by ordinary resolution of the company

'C' shares, 'D' shares and 'E' shares do not entitle the holders to any right in the share of the profits, capital or proceeds of the sales of the company save for any dividend which is declared and authorised by the directors and subject to approval by ordinary resolution of the company

16. Reserves

	Revaluation reserve	*Profit and loss account*
	£	*£*
At 1 October 2009	862,392	1,005,842
Loss for the financial year	-	(31,380)
Depreciation transfer	(98,332)	98,332
At 30 September 2010	**764,060**	**1,072,794**

17. Reconciliation of movements in shareholders' funds

	2010	*2009*
	£	*£*
(Loss) / profit for the year	**(31,380)**	175,531
Dividends paid (note 8)	-	(2,000,000)
Loss for the financial year	**(31,380)**	(1,824,469)
Revaluation	-	862,392
Net reduction to shareholders' funds	**(31,380)**	(962,077)
Opening shareholders' funds	**2,068,254**	3,030,331
Closing shareholders' funds	**2,036,874**	2,068,254

Notes to the financial statements

for the year ended 30 September 2010

18. Ultimate parent undertaking

The directors consider that the ultimate parent undertaking of this company and its controlling party is its immediate parent company William Sinclair Holdings plc

The largest and smallest group of undertakings for which group accounts have been drawn up is that headed by William Sinclair Holdings plc Copies of the group accounts can be obtained from Firth Road, Lincoln, LN6 7AH