

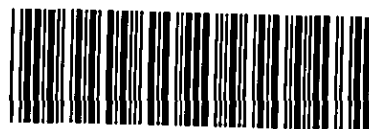
Foster Nurseries Limited

Report and Financial Statements

28 December 2008

Registered Company Number : 1787362

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Foster Nurseries Limited

Report and financial statements 2008

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Foster Nurseries Limited

Report and financial statements 2008

Officers and professional advisors

Directors

David Pierpoint
Antonia Jenkinson
Nicholas Marshall
Richard Kozlowski

Registered office

c/o Wyevale Garden Centres Limited
258 Bath Road
Slough
Berkshire
SL1 4DX

Auditors

Deloitte LLP
Chartered Accountants & Registered Auditors
Birmingham
U.K.

Directors' report

The directors present their annual report on the affairs of the Company together with the financial statements for the year ended 28 December 2008.

Principal activities & business review

The Company has not traded during the year. The only item showing in the income statement for the year is the depreciation charge relating to the short leasehold buildings.

The Directors' report has been prepared in accordance with the special provisions relating to small companies under section 246(4) of the Companies Act 1985.

The principal activities of the Company are to hold assets for other Group companies.

Going concern

The directors have considered the appropriateness of adopting the going concern basis in the preparation of these financial statements.

On 24 February 2009, West Coast Capital (Hortis) Group Limited and its subsidiaries ("the Group") completed a refinancing exercise. As a result of this refinancing, the level of debt has been significantly reduced following a debt to equity conversion. The loans and facility arrangements entered into as part of the refinancing will be used to meet the day to day working capital requirements of the Group, and are not due for repayment until February 2012. The new loans and facility arrangements include two financial covenants based on the ratio of EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) to interest, and the ratio of CFADS (Cash Flows Available For Debt Servicing) to interest.

The current economic conditions, and the retail sector in which the Group operates, create uncertainty particularly over the level of demand for the Group's products. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its facilities, and comply with the financial covenants.

After making enquiries, based on financial projections and facilities available, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors consider it is appropriate that the financial statements should be prepared on a going concern basis.

Events after the balance sheet date

As disclosed in note 15, the debt facilities of the Group in which the Company is a member, matured on 20 December 2008, and were temporarily rolled forward until a new restructuring agreement was signed on 24 February 2009. As a result of the restructuring agreement, the Company's assets are now used as cross collateral for external borrowings for the following Group undertakings:

West Coast Capital (Hortis) Limited
Wyevale Acquisition Borrower Limited.

Directors

The directors who served during the year and subsequently were as follows:

James Hodgkinson (resigned 09/01/08)
Barry Stephenson (resigned 9/01/08)
William Livingston (resigned 24/02/09)
Sarah Ratcliffe (resigned 03/11/08)
Peter Brigden (resigned 20/03/09)
Antonia Jenkinson (appointed 24/02/09)
Nicholas Marshall (appointed 24/02/09)
Richard Kozlowski (appointed 24/04/09)
David Pierpoint (appointed 12/02/09)

The directors had no interests in shares of this Company. The interests of the directors in the shares of other Group companies are disclosed in the financial statements of West Coast Capital (Hortis) Group Limited.

Directors' report

Disclosure of information to auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- (1) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- (2) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Auditors

Deloitte LLP have expressed their willingness to continue in office as auditors. A resolution to reappoint them will be proposed at the forthcoming Annual General Meeting. It should be noted that audit fees are paid by another Company within the Group.

Approved by the Board of Directors on **22** May 2009 and signed on its behalf by:



Richard Kozlowski
Director

Foster Nurseries Limited

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial statements are required by law to be properly prepared in accordance with IFRSs as adopted by the European Union and the Companies Act 1985.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The directors are responsible for keeping proper accounting records that 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 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.

Independent auditors' report to the members of Foster Nurseries Limited

We have audited the financial statements of Foster Nurseries Limited for the year ended 28 December 2008 which comprise the income statement, the statement of recognised income and expense, the balance sheet, the cash flow statement, the statement of accounting policies and the related notes 1 to 15. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities the Company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the directors' report is consistent with the financial statements. In addition, we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

Independent auditors' report to the members of Foster Nurseries Limited (continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Company's affairs as at 28 December 2008 and of the loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

Deloitte LLP

Deloitte LLP

**Chartered Accountants and Registered Auditors
Birmingham, United Kingdom**

22 May 2009

Foster Nurseries Limited**Income Statement****For the year ended 28 December 2008**

		2008	2007
	Notes	£'000	£'000
Continuing operations			
Administrative expenses	2	(58)	(58)
Operating loss before tax		<u>(58)</u>	<u>(58)</u>
Tax on loss on ordinary activities	3	<u>41</u>	<u>23</u>
Loss on ordinary activities after taxation, being retained loss for the financial year		<u><u>(17)</u></u>	<u><u>(35)</u></u>

Foster Nurseries Limited

**Statement of Recognised Income and Expense
for the year ended 28 December 2008**

	2008	2007
	£'000	£'000
Loss for the year	<u>(17)</u>	<u>(35)</u>
Total recognised income and expense for the year	<u><u>(17)</u></u>	<u><u>(35)</u></u>

Foster Nurseries Limited

Balance sheet As at 28 December 2008

	Notes	2008 £'000	2007 £'000
Non-current assets			
Investments	5	-	-
Property, plant and equipment	4	<u>2,573</u>	<u>2,631</u>
		<u>2,573</u>	<u>2,631</u>
Current assets			
Trade and other receivables	6	<u>1,968</u>	<u>1,969</u>
Total assets		<u>4,541</u>	<u>4,600</u>
Current liabilities			
Trade and other payables	7	<u>(1,389)</u>	<u>(1,390)</u>
Net current assets		<u>579</u>	<u>579</u>
Non-current liabilities			
Deferred taxation	8	<u>(100)</u>	<u>(141)</u>
Net Assets		<u>3,052</u>	<u>3,069</u>
Equity			
Share capital	10	-	-
Retained earnings	11	<u>3,052</u>	<u>3,069</u>
Total Equity		<u>3,052</u>	<u>3,069</u>

The financial statements were approved by the board of directors on **22** May 2009 and signed on its behalf by:



Richard Kozlowski
Director

Foster Nurseries Limited

**Cash flow statement
as at 28 December 2008**

		2008	2007
		£'000	£'000
Net cash from operating activities	9	-	-
Cash and cash equivalents at beginning of year		-	-
Cash and cash equivalents at end of year	9	<u>-</u>	<u>-</u>

**Notes to the Financial Statements
for the year ended 28 December 2008**

1 Accounting Policies

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) for the first time. The financial statements have also been prepared in accordance with the IFRSs adopted by the European Union and therefore comply with Article 4 of the EU IAS Regulation.

General Information.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

IFRS8	Operating Segments
IFRIC 11	IFRS 2 - Group and Treasury Share Transactions
IFRIC 12	Service Concession Agreements
IFRIC 13	Customer loyalty programmes
IFRIC 14	The limit on a Defined Benefit asset, minimum funding requirements and their interaction
IAS 1	(Revised) Presentation of Financial Statements
IAS 23	(Revised) Borrowing Costs
IFRS 3	(Revised) Business Combinations
IFRS 2	(Amendment) Share based payments
IAS 27	(Revised) Consolidated and separate financial statements
IAS 32	(Amendment) Financial Instruments presentation
IAS 39	(Amendment) Eligible hedged items
IFRIC 15	Agreements for the construction of real estate
IFRIC 16	Hedges of a net investment in a foreign operation
IFRIC 17	Distributions of non cash assets to owners
IFRIC 18	Transfers of assets from customers

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Company except for additional disclosures on capital and financial instruments when the relevant standards come into effect for periods commencing on or after 1 January 2007.

The Company has opted to apply Section 223 of the Companies Act 1985. This permits the Company to end its financial year on 30 December 2007 as it is not more than 7 days after or before the end of the year dated 31 December 2007. The financial statements have been prepared on the historic cost basis.

The directors have considered the appropriateness of adopting the going concern basis in the preparation of these financial statements.

On 24 February 2009, West Coast Capital (Hortis) Group Limited and its subsidiaries ("the Group") completed a refinancing exercise. As a result of this refinancing, the level of debt has been significantly reduced following a debt to equity conversion. The loans and facility arrangements entered into as part of the refinancing will be used to meet the day to day working capital requirements of the Group, and are not due for repayment until February 2012. The new loans and facility arrangements include two financial covenants based on the ratio of EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) to interest, and the ratio of CFADS (Cash Flows Available For Debt Servicing) to interest.

The current economic conditions, and the retail sector in which the Group operates, create uncertainty particularly over the level of demand for the Group's products. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its facilities, and comply with the financial covenants.

After making enquiries, based on financial projections and facilities available, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors consider it is appropriate that the financial statements should be prepared on a going concern basis.

Foster Nurseries Limited

Notes to the Financial Statements for the year ended 28 December 2008

1 Accounting policies (continued)

Exemption from consolidation

The Company is a wholly owned subsidiary of another company incorporated in the EU and in accordance with section 228 of the Companies Act 1985 is not required to produce consolidated accounts.

Investments

Investments in subsidiaries and associates are shown at cost less provision for impairment.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The corporation tax currently payable is based on taxable profit for the year at a rate of 28%. Taxable profit differs from profit before tax as reported in the income statement because it excludes some items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Property, Plant and Equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and any provision for impairment.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation, less residual value of each asset on a straight line basis over its expected useful life as follows:

Freehold buildings Over 50 years on cost less residual value

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Assets held under finance leases are depreciated over the expected useful lives on the same basis as owned assets, or where shorter, over the term of the relevant lease.

Financial instruments

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes party to the contractual provisions of the instrument.

Financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty
- default in interest or principal payments
- it becoming probable that the borrower will enter bankruptcy

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account.

Trade and other receivables

Trade receivables are measured at initial recognition at their fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.

Foster Nurseries Limited

Notes to the Financial Statements for the year ended 28 December 2008

1 Accounting policies (continued)

Share capital

Equity share capital represents the ordinary shares issued by the Company and are recorded at the proceeds received, less direct issue costs.

Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the Group's accounting policies which are described above, management have not made any significant judgements that effect on the amounts recognised in the financial statements.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are those in respect of depreciation policy (stated above) and impairment.

Depreciation and carrying amounts of property, plant and equipment

Calculating the depreciation charge and hence the carrying value for property, plant and equipment requires estimates to be made of the useful lives of the assets. The estimates are based on the Group's experience of similar assets. Details are set earlier in note 1.

Tax provisions

Assessing the outcome of uncertain tax positions requires judgments to be made regarding the result of negotiations with and enquiries from tax authorities in a number of jurisdictions. The assessments made are based on advice from independent tax advisers and the status of ongoing discussions with the relevant tax authorities.

2 Operating loss

The operating loss is stated after charging:

	2008 £'000	2007 £'000
Depreciation	<u>58</u>	<u>58</u>

Fees payable to the Company's auditors for the audit of the Company's annual accounts were borne by another Group company. There were no non-audit fees.

3 Tax

	2008 £'000	2007 £'000
Deferred tax:		
Deferred tax credit	(17)	(23)
Adjustment in respect of prior years	<u>(24)</u>	<u>-</u>
Total deferred tax	<u>(41)</u>	<u>(23)</u>

The charge for the year can be reconciled to the loss per the income statement as follows:

Loss for the year	<u>(58)</u>	<u>(58)</u>
Current tax @ 28.5%	(17)	(17)
Effects of expenses not deductible for tax purposes		
Deferred tax credit		
Adjustment in respect of prior years	<u>(24)</u>	<u>(6)</u>
Tax credit for the period	<u>(41)</u>	<u>(23)</u>

Foster Nurseries Limited

Notes to the financial statements for the year ended 28 December 2008

4 Property, plant and equipment

	Short leashold buildings £'000
Cost	
Brought forward and carried forward	3,105
Accumulated depreciation	
At 30 December 2007	474
Charge for the year	58
At 28 December 2008	532
Carrying amount	
At 28 December 2008	2,573
At 30 December 2007	2,631

The opening net book value at 1 January 2007 was £2,689,000. During the previous year the Company had additions of £Nil and depreciation charge of £58,000. There were no disposals during the previous year.

5 Investments

	Interests in Group undertakings £
Cost or valuation	
Brought forward and carried forward	1
	1

Name of undertaking	Country of incorporation	% Shareholding	Business activity
Foster Garden Centres Limited	England	100%	Dormant

6 Trade and other receivables

	2008 £'000	2007 £'000
Amount due from Group undertaking	1,968	1,968
Corporation tax	-	1
	1,968	1,969

The directors consider the fair value of the loans to Group undertakings equates to their fair value.

The directors consider they are not exposed to credit risk as the receivables are due from other Group companies.

Interest is not chargeable on amounts due from Group undertakings. The directors consider that credit risk is immaterial as all receivables are with other Group companies and there are no impairment losses noted in the year.

Foster Nurseries Limited

Notes to the financial statements for the year ended 28 December 2008

7 Trade and other payables

	2008 £'000	2007 £'000
Amount due to Group undertaking	1,389	1,390
	<u>1,389</u>	<u>1,390</u>

All Group payables relate to trading balances and are non interest bearing and repayable on demand, accordingly the directors consider that their carrying value equates to their fair value.

8 Deferred tax

The following is the analysis of the deferred tax liability for financial reporting purposes.

	Revaluation gains	
	2008 £'000	2007 £'000
At 30 December 2007	141	164
Credit to income	(41)	(23)
Balance at 28 December 2008	<u>100</u>	<u>141</u>

9 Notes to the cash flow Statement

	2008 £'000	2007 £'000
Operating loss from continuing operations	(58)	(58)
Adjustments for:		
Depreciation of plant and equipment	58	58
Net cash inflow from operating activities	<u>-</u>	<u>-</u>

10 Share capital

	2008 £	2007 £
Authorised, issued, allotted and fully paid: 100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

11 Reserves

	Retained Earnings £
Balance at 1 January 2007	3,104
Total recognised income and expenses	<u>(35)</u>
Balance at 30 December 2007	3,069
Total recognised income and expenses	<u>(17)</u>
Balance at 28 December 2008	<u>3,052</u>

Foster Nurseries Limited

Notes to the financial statements for the year ended 28 December 2008

12 Reconciliation of movement in shareholders' funds

	2008 £'000	2007 £'000
Retained loss for the year	(17)	(35)
Opening shareholders' funds	3,069	3,104
Closing shareholders' funds	<u>3,052</u>	<u>3,069</u>

13 Directors' remuneration

The directors received no remuneration for their services to the Company in either the current or prior year as they did not provide any services to the Company.

14 Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking is Wyevale Garden Centres Limited, a company registered in England and Wales.

The Company's ultimate parent undertaking is West Coast Capital (Hortis) Group Limited, a company registered in Scotland.

The Group into which the results of the Company are consolidated is West Coast Capital (Hortis) Group Limited.

15 Events after the balance sheet date

The debt facilities of the Group in which the Company is a member, matured on 20 December 2008, and were temporarily rolled forward until a new restructuring agreement was signed on 24 February 2009. As a result of the restructuring agreement, the Company
West Coast Capital (Hortis) Limited
Wyevale Acquisition Borrower Limited.