

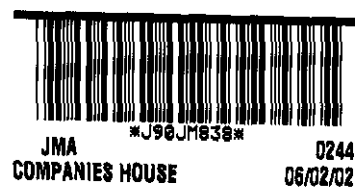


Rowlinson Garden Products Limited

Accounts 30 April 2001

together with directors' and auditors' reports

Registered number: 416607



DIRECTORS

R.J. Rowlinson Chairman
K.P. Douglas
C. Firth
G. Walters
C. Evans

SECRETARY

W. St. J. Kiernan

REGISTERED OFFICE

Coppice Road
Willaston
Nantwich
Cheshire
CW5 6QH

Directors' report

For the year ended 30 April 2001

The directors present their annual report on the affairs of the company, together with the accounts and auditors' report, for the year ended 30 April 2001.

Directors' responsibilities

Company law requires the directors to prepare accounts 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 accounts, 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 accounts; and
- prepare the accounts 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 accounts 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.

Principal activities and business review

The company is engaged in the manufacture and merchanting of timber garden products.

Results and dividends

Results are as follows:

	£
Retained profit at 1 May 2000	1,840,262
Profit for the financial year	399,437
Retained profit at 30 April 2001	<u>2,239,699</u>

The directors do not recommend the payment of a dividend.

Directors' report (continued)

Directors and their interests

The directors who served during the year are as shown below:

R.J. Rowlinson
K.P. Douglas
G. Walters
C. Firth
C. Evans

R.J. Rowlinson is a director of the ultimate parent undertaking, Rowlinson Group Limited (formerly Rowlinson Timber Group Limited). His shareholding in Rowlinson Group Limited is set out in the accounts of that company. None of the other directors have any other interests required to be disclosed under Schedule 7 of the Companies Act 1985.

Auditors

The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing year.

By order of the Board,



W. St. J. Kiernan
Secretary

Coppice Road
Willaston
Nantwich
Cheshire
CW5 6QH

23/11/2001

To the Shareholders of Rowlinson Garden Products Limited:

We have audited the accounts on pages 5 to 15 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

Basis of opinion

We conducted our audit in accordance with 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the company's state of affairs at 30 April 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen
Chartered Accountants and Registered Auditors

Bank House
9 Charlotte Street
Manchester
M1 4EU

23 November 2001

Profit and loss account
For the year ended 30 April 2001

	Notes	2001 £	2000 £
Turnover		16,165,548	15,499,900
Cost of sales		<u>(12,731,566)</u>	<u>(11,947,072)</u>
Gross profit		3,433,982	3,552,828
Other operating expenses	2	<u>(2,469,700)</u>	<u>(2,687,207)</u>
Operating profit		964,282	865,621
Interest payable	3	<u>(360,626)</u>	<u>(275,096)</u>
Profit on ordinary activities before taxation	4	603,656	590,525
Tax on profit on ordinary activities	6	<u>(204,219)</u>	<u>(201,345)</u>
Retained profit for the financial year	14	<u>399,437</u>	<u>389,180</u>

All activity has arisen from continuing operations. The company has no recognised gains or losses other than the profit for the financial year.

A statement of movements in reserves is given in note 14.

The accompanying notes are an integral part of this profit and loss account.

Balance sheet

30 April 2001

	Notes	2001 £	2000 £
Fixed assets			
Tangible assets	7	3,127,778	3,119,158
Investments	8	21,216	21,216
		<u>3,148,994</u>	<u>3,140,374</u>
Current assets			
Stocks	9	3,232,075	3,098,958
Debtors	10	5,761,236	6,555,022
Cash at bank and in hand		411,344	37,644
		<u>9,404,654</u>	<u>9,691,624</u>
Creditors: Amounts falling due within one year	11	<u>(10,252,950)</u>	<u>(10,939,236)</u>
Net current liabilities		<u>(848,296)</u>	<u>(1,247,612)</u>
Total assets less current liabilities		<u>2,300,699</u>	<u>1,892,762</u>
Provisions for liabilities and charges	12	<u>(41,000)</u>	<u>(32,500)</u>
Net assets		<u>2,259,699</u>	<u>1,860,262</u>
Capital and reserves			
Called-up share capital	13	20,000	20,000
Profit and loss account	14	2,239,699	1,840,262
Equity shareholders' funds	15	<u>2,259,699</u>	<u>1,860,262</u>

Signed on behalf of the Board

R.J. Rowlinson

Director

K.P. Douglas

Director

23/11/2001

The accompanying notes are an integral part of this balance sheet.

Notes to accounts

30 April 2001

1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the current year and the preceding year, is set out below.

a) *Basis of accounting*

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

b) *Turnover*

Turnover represents amounts receivable for goods and services provided in the UK net of trade discounts, VAT and other related taxes.

c) *Tangible fixed assets and depreciation*

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Freehold property	-	2.5% per annum
Plant and equipment	-	10% per annum
Motor vehicles	-	25% per annum

d) *Operating leases*

Rentals paid under operating leases are charged against income on a straight line basis over the lease term, even if the payments are not made on such a basis.

e) *Investments*

Fixed asset investments are shown at cost less provision for impairment.

f) *Stocks and work in progress*

Stocks are stated at the lower of cost and net realisable value. Cost is arrived at as follows:

Raw materials and goods for resale	-	purchase cost on a first-in, first-out basis.
Work in progress and finished goods	-	cost of direct materials and labour plus attributable overheads based on a normal level of activity.

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

g) *Pension costs*

The regular cost of providing retirement pensions and related benefits is charged to the profit and loss account over the employees' service lives on the basis of a constant percentage of earnings.

Notes to accounts (continued)

1 Accounting policies (continued)

h) Taxation

UK corporation tax is provided at amounts expected to paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to crystallise.

i) Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rate of exchange ruling at that date. All exchange differences are included in the profit and loss account.

2 Other operating expenses

	2001 £	2000 £
Selling and marketing costs	1,134,589	1,485,605
Administrative expenses	1,335,111	1,201,602
	<u>2,469,700</u>	<u>2,687,207</u>

3 Interest payable

	2001 £	2000 £
Bank loans and overdrafts	<u>360,626</u>	<u>275,096</u>

4 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging (crediting):

	2001 £	2000 £
Depreciation and amounts written off tangible fixed assets		
- owned	161,792	140,390
Loss (profit) on sale of fixed assets	23,831	(3,519)
Auditors' remuneration		
- audit fees	7,000	6,000
Operating leases	28,547	23,876
Staff costs (note 5)	<u>2,421,187</u>	<u>2,396,828</u>

Notes to accounts (continued)

5 Staff costs

Particulars of employees (including executive directors) are as shown below:

	2001 £	2000 £
Employee costs during the year amounted to:		
Wages and salaries	2,244,033	2,215,520
Social security costs	161,037	167,636
Other pension costs	16,117	13,672
	<u>2,421,187</u>	<u>2,396,828</u>

The average monthly number of persons employed by the company during the year was as follows:

	2001 Number	2000 Number
Production	109	99
Selling and administration	30	28
	<u>139</u>	<u>127</u>

Directors' remuneration:

Directors' remuneration was paid in respect of directors of the company as follows:

	2001 £	2000 £
Emoluments	236,481	330,252
Company contributions to money purchase pension schemes	7,894	3,727
	<u>244,375</u>	<u>333,979</u>

Pensions:

The number of directors who were members of pension schemes was as follows:

	2001 Number	2000 Number
Money purchase schemes	<u>2</u>	<u>2</u>

Notes to accounts (continued)

5 Staff costs (continued)

Highest paid director:

The above amounts for remuneration include the following in respect of the highest paid director:

	2001 £	2000 £
Emoluments and long term incentive schemes	106,768	199,256
Company contributions to money purchase schemes	4,848	2,127
	<u>111,616</u>	<u>201,383</u>

6 Tax on profit on ordinary activities

The tax charge comprises:

	2001 £	2000 £
Corporation tax at 30% (2000 – 30%)	195,839	187,845
Deferred taxation arising from - capital allowances	8,500	13,500
	<u>204,339</u>	<u>201,345</u>
Adjustment of current taxation in respect of prior years	(120)	-
	<u>204,219</u>	<u>201,345</u>

7 Tangible fixed assets

	2001 £	2000 £
Land and buildings - freehold	2,606,798	2,670,442
Plant and equipment	433,213	370,661
Motor vehicles	87,767	78,055
Net tangible fixed assets	<u>3,127,778</u>	<u>3,119,158</u>

Notes to accounts (continued)

7 Tangible fixed assets (continued)

The movement in the year was as follows:

	Freehold property £	Plant and equipment £	Motor vehicles £	Total £
Cost or valuation				
Beginning of year	2,837,730	711,059	131,185	3,679,974
Additions	7,069	127,260	49,399	183,728
Disposals	-	(5,500)	(37,299)	(42,799)
End of year	<u>2,844,799</u>	<u>832,819</u>	<u>143,285</u>	<u>3,820,903</u>
Depreciation				
Beginning of year	167,288	340,398	53,130	560,816
Charge	70,713	60,170	30,909	161,792
Disposals	-	(962)	(28,521)	(29,483)
End of year	<u>238,001</u>	<u>399,606</u>	<u>55,518</u>	<u>693,125</u>
Net book value				
Beginning of year	<u>2,670,442</u>	<u>370,661</u>	<u>78,055</u>	<u>3,119,158</u>
End of year	<u>2,606,798</u>	<u>433,213</u>	<u>87,767</u>	<u>3,127,778</u>

8 Fixed asset investment

	2001 £	2000 £
Cost of investment in subsidiary undertaking	<u>21,216</u>	<u>21,216</u>

The company owns the whole of the issued ordinary share capital of Rowlinson (Wirebound Containers) Limited, a dormant company.

In the opinion of the directors the aggregate value of the company's investment in the subsidiary undertaking is not less than the amount included in the balance sheet.

Notes to accounts (continued)

9 Stocks

	2001 £	2000 £
Raw materials and consumables	493,242	566,068
Work-in-progress	526,369	337,991
Finished goods and goods for resale	2,212,464	2,194,899
	<u>3,232,075</u>	<u>3,098,958</u>

10 Debtors

	2001 £	2000 £
Trade debtors	5,563,804	6,382,205
Amounts owed by group undertakings	1,398	11,533
Prepayments and accrued income	194,295	153,869
Other debtors	1,739	7,415
	<u>5,761,236</u>	<u>6,555,022</u>

11 Creditors: Amounts falling due within one year

	2001 £	2000 £
Bank overdrafts	7,221,318	5,037,116
Trade creditors	1,175,819	1,654,136
Amounts owed to group undertakings	224,325	529,025
Other creditors		
- UK corporation tax payable	104,595	237,240
- social security and PAYE	43,258	46,082
- VAT	259,137	482,838
- other	-	1,104,477
Accruals and deferred income	1,224,498	1,848,322
	<u>10,252,950</u>	<u>10,939,236</u>

The company has granted a fixed and floating charge on its assets to secure the bank overdrafts.

Other creditors in 2000 consist of Bank of Ireland promissory notes, used to finance the purchase of stock, prior to year end.

Notes to accounts (continued)

12 Provisions for liabilities and charges

Provisions for liabilities and charges comprise:

a) *Deferred taxation*

	2001 £	2000 £
Excess of tax allowances over book depreciation of fixed assets	<u>41,000</u>	<u>32,500</u>

The movement on deferred taxation comprises:

	2001 £	2000 £
Beginning of year	32,500	19,000
Charged to profit and loss, in respect of - capital allowances	<u>8,500</u>	<u>13,500</u>
End of year	<u>41,000</u>	<u>32,500</u>

13 Called-up share capital

	2001 £	2000 £
<i>Authorised, allotted, called-up and fully paid</i> 20,000 Ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>

14 Reserves

Of total reserves shown in the balance sheet, the following amounts are regarded as distributable or otherwise:

	2001 £	2000 £
Distributable - profit and loss account	<u>2,239,699</u>	<u>1,840,262</u>
		Profit and loss account £
Beginning of year		1,840,262
Retained profit for the year		<u>399,437</u>
End of year		<u>2,239,699</u>

Notes to accounts (continued)

15 Reconciliation of movements in equity shareholders' funds

	2001 £	2000 £
Profit for the financial year	399,437	389,180
Opening equity shareholders' funds	1,860,262	1,471,082
Closing equity shareholders' funds	<u>2,259,699</u>	<u>1,860,262</u>

16 Guarantees and other financial commitments

a) *Contingent liabilities*

The company has given an unlimited guarantee in respect of certain bank overdrafts of certain fellow group undertakings. At 30 April 2001 these amounted to £15,099,397 (2000 - £8,933,800).

At 30 April 2001 the company had outstanding documentary credits of £326,173 (2000 - £279,209).

b) *Pension arrangements*

The group operates a defined contribution money purchase scheme for certain group employees. The assets of the scheme are held separately from those of the group in an independently administered scheme.

c) *Financial commitments*

Annual commitments under non-cancellable operating leases are as follows:

	2001 Other £	2000 Other £
Expiry date		
- between two and five years	<u>-</u>	<u>37,488</u>

d) *Guarantees*

	2001 £	2000 £
HM Customs and Excise guarantees with recourse	<u>165,000</u>	<u>70,000</u>
Outstanding forward exchange contracts denominated in Canadian dollars	<u>57,919</u>	<u>847,940</u>

Notes to accounts (continued)

17 Cash flow statement

As permitted by FRS 1 (Revised 1996), the company has not produced a cash flow statement as it is a subsidiary undertaking of Rowlinson Group Limited (formerly Rowlinson Timber Group Limited) which has produced a group cash flow statement in its accounts.

18 Net liabilities

Under section 123 of the Insolvency Act 1986, any creditor of the company could petition for it to be wound up on the grounds that it has net liabilities. However, the directors have drawn up the accounts on a going concern basis because they have received confirmation from the ultimate parent company that it will provide such financial support as is necessary to enable the company to meet its liabilities as they fall due.

19 Ultimate controlling party

The directors regard Rowlinson Group Limited (formerly Rowlinson Timber Group Limited), a company incorporated in England and Wales as the ultimate parent company and the ultimate controlling party.

Rowlinson Group Limited is the parent company of the largest and smallest group of which the company is a member and for which group accounts are drawn up. Copies of the accounts are available from the Registrar of Companies, Companies Registration Office, Crown Way, Maindy, Cardiff, CR4 3UZ.

As a subsidiary undertaking of Rowlinson Group Limited, the company has taken advantage of the exemption in FRS 8 "Related party disclosures" from disclosing transactions with other members of the group headed by Rowlinsons Group Limited.