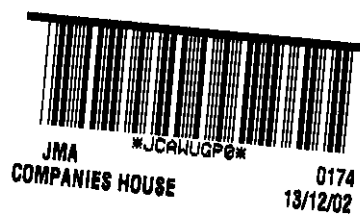


**Rowlinson Garden Products Limited**

Annual report and financial statements  
for the year ended 30 April 2002

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 2002

The directors present their annual report on the affairs of the company, together with the financial statements and auditors' report, for the year ended 30 April 2002.

### **Principal activities and business review**

The company is engaged in the manufacture and merchandising of timber garden products. The directors consider the results for the year to be satisfactory.

The directors are confident of maintaining the company's present level of activity in the forthcoming year.

### **Results and dividends**

The audited financial statements for the year ended 30 April 2002 are set out on pages 7 to 19. The profit for the year after taxation was £388,899 (2001 - £399,437).

The directors do not recommend the payment of a dividend.

### **Directors and their interests**

The directors who served during the year were as follows:-

R.J. Rowlinson

K.P. Douglas

G. Walters

C. Firth

C. Evans

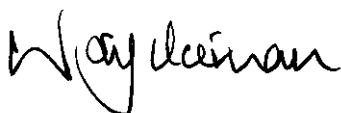
The directors' interests in shares in the ultimate parent company are shown in the accounts of that company. None of the other directors have any other interests required to be disclosed under Schedule 7 of the Companies Act 1985.

## Directors' report (continued)

### Auditors

On 31 July 2002 Arthur Andersen resigned as auditors of the company and the directors appointed Deloitte & Touche to fill the casual vacancy. A resolution re-appointing Deloitte & Touche as auditors for the ensuing year will be proposed at the Annual General Meeting.

By order of the Board,



W. St. J. Kiernan  
Secretary

Coppice Road  
Willaston  
Nantwich  
Cheshire, CW5 6QH

12 Dec 2002

## Directors' responsibilities

United Kingdom 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; and
- 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 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.

**To the shareholders of Rowlinson Garden Products Limited**

We have audited the financial statements of Rowlinson Garden Products Limited for the year ended 30 April 2002 which comprise the Profit and loss account, the Balance sheet, the Statement of accounting policies and the related notes numbered 1 to 19. These financial statements have been prepared under the accounting policies set out therein.

**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 United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

**Basis of audit opinion**

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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 at 30 April 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche*

**Deloitte & Touche**

Chartered Accountants and Registered Auditors

Manchester

*12 December* 2002

## Profit and loss account

For the year ended 30 April 2002

|                                                      | Notes | 2002<br>£           | 2001<br>£           |
|------------------------------------------------------|-------|---------------------|---------------------|
| <b>Turnover</b>                                      |       | 18,377,236          | 16,165,548          |
| Cost of sales                                        |       | <u>(14,795,143)</u> | <u>(12,731,566)</u> |
| <b>Gross profit</b>                                  |       | 3,582,093           | 3,433,982           |
| Other operating expenses                             | 1     | <u>(2,725,670)</u>  | <u>(2,469,700)</u>  |
| <b>Operating profit</b>                              |       | 856,423             | 964,282             |
| Interest payable                                     | 2     | <u>(281,644)</u>    | <u>(360,626)</u>    |
| <b>Profit on ordinary activities before taxation</b> | 3     | 574,779             | 603,656             |
| Tax on profit on ordinary activities                 | 6     | <u>(185,880)</u>    | <u>(204,219)</u>    |
| <b>Retained profit for the financial year</b>        | 14    | <u>388,899</u>      | <u>399,437</u>      |

All amounts have arisen from continuing operations.

The company has no recognised gains or losses and accordingly a Statement of Total Recognised Gains and Losses has not been prepared.

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

# Balance sheet

30 April 2002

|                                                       | Notes | 2002<br>£           | 2001<br>£           |
|-------------------------------------------------------|-------|---------------------|---------------------|
| <b>Fixed assets</b>                                   |       |                     |                     |
| Tangible assets                                       | 7     | 3,551,713           | 3,127,778           |
| Investments                                           | 8     | 21,216              | 21,216              |
|                                                       |       | <u>3,572,929</u>    | <u>3,148,994</u>    |
| <b>Current assets</b>                                 |       |                     |                     |
| Stocks                                                | 9     | 5,386,111           | 3,232,075           |
| Debtors                                               | 10    | 8,855,245           | 5,761,236           |
| Cash at bank and in hand                              |       | -                   | 411,344             |
|                                                       |       | <u>14,241,356</u>   | <u>9,404,655</u>    |
| <b>Creditors: Amounts falling due within one year</b> | 11    | <u>(15,101,872)</u> | <u>(10,252,950)</u> |
| <b>Net current liabilities</b>                        |       | <u>(860,516)</u>    | <u>(848,296)</u>    |
| <b>Total assets less current liabilities</b>          |       | <u>2,712,413</u>    | <u>2,300,699</u>    |
| <b>Provisions for liabilities and charges</b>         | 12    | <u>(63,815)</u>     | <u>(41,000)</u>     |
| <b>Net assets</b>                                     |       | <u>2,648,598</u>    | <u>2,259,699</u>    |
| <b>Capital and reserves</b>                           |       |                     |                     |
| Called-up share capital                               | 13    | 20,000              | 20,000              |
| Profit and loss account                               | 14    | 2,628,598           | 2,239,699           |
| <b>Equity shareholders' funds</b>                     | 15    | <u>2,648,598</u>    | <u>2,259,699</u>    |

The financial statements on pages 7 to 19 were approved by the board of directors on and signed on its behalf by:

R.J. Rowlinson  
Director

K.P. Douglas  
Director

12 Dec 2002

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

## Statement of accounting policies

30 April 2002

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year with the exception of FRS 19 "Deferred taxation". The implementation of FRS 19 has had no significant effect on the balance sheet or the profit and loss account in the current or preceding year and consequently no prior year adjustment is necessary.

### **Basis of accounting**

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

The company has taken advantage of the exemption from preparing consolidated financial statements afforded by Section 228 of the Companies Act 1985 because it is a wholly owned subsidiary of Rowlinson Group Limited which prepares consolidated financial statements which are publicly available. The company is also, on this basis, exempt from the requirement of FRS 1 to present a cash flow statement.

### **Tangible fixed assets**

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  |

Residual value is calculated on prices prevailing at the date of acquisition or revaluation.

### **Investments**

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

### **Stocks**

Stocks are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels 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.

## Statement of accounting policies (continued)

### **Taxation**

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

### **Turnover**

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

### **Pension costs**

Amounts charged to the profit and loss account in respect of defined contribution schemes are the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

### **Foreign currency**

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate. All exchange differences are included in the profit and loss account.

### **Operating leases**

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

# Notes to financial statements

30 April 2002

## 1 Other operating expenses

|                             | 2002<br>£        | 2001<br>£        |
|-----------------------------|------------------|------------------|
| Selling and marketing costs | 1,247,093        | 1,134,589        |
| Administrative expenses     | 1,478,577        | 1,335,111        |
|                             | <u>2,725,670</u> | <u>2,469,700</u> |

## 2 Interest payable

|                           | 2002<br>£      | 2001<br>£      |
|---------------------------|----------------|----------------|
| Bank loans and overdrafts | <u>281,644</u> | <u>360,626</u> |

## 3 Profit on ordinary activities before taxation

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

|                                                            | 2002<br>£        | 2001<br>£        |
|------------------------------------------------------------|------------------|------------------|
| Depreciation and amounts written off tangible fixed assets |                  |                  |
| - owned                                                    | 180,672          | 161,792          |
| (Profit) loss on sale of fixed assets                      | (6,989)          | 23,831           |
| Auditors' remuneration                                     |                  |                  |
| - audit fees                                               | 8,000            | 7,000            |
| Operating lease rentals                                    |                  |                  |
| - plant and machinery                                      | 119,911          | 125,576          |
| Staff costs (note 4)                                       | <u>2,166,694</u> | <u>2,421,187</u> |

## Notes to financial statements (continued)

### 4 Staff costs

The average monthly number of employees (including executive directors) was:

|                            | 2002<br>Number | 2001<br>Number |
|----------------------------|----------------|----------------|
| Production                 | 109            | 109            |
| Selling and administration | 32             | 30             |
|                            | <u>141</u>     | <u>139</u>     |

Their aggregate remuneration comprised:

|                                   | 2002<br>£        | 2001<br>£        |
|-----------------------------------|------------------|------------------|
| Wages and salaries                | 1,959,647        | 2,244,033        |
| Social security costs             | 185,882          | 161,037          |
| Other pension costs (see note 17) | 21,165           | 16,117           |
|                                   | <u>2,166,694</u> | <u>2,421,187</u> |

### 5 Directors' remuneration

#### *Remuneration*

The remuneration of directors was as follows:

|                                                         | 2002<br>£      | 2001<br>£      |
|---------------------------------------------------------|----------------|----------------|
| Emoluments                                              | 266,839        | 236,481        |
| Company contributions to money purchase pension schemes | 9,461          | 7,894          |
|                                                         | <u>276,300</u> | <u>244,375</u> |

#### *Pensions*

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

|                        | 2002<br>Number | 2001<br>Number |
|------------------------|----------------|----------------|
| Money purchase schemes | <u>3</u>       | <u>2</u>       |

## Notes to financial statements (continued)

### 5 Directors' remuneration (continued)

#### *Highest paid director*

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

|                                                 | 2002<br>£      | 2001<br>£      |
|-------------------------------------------------|----------------|----------------|
| Emoluments                                      | 130,480        | 106,768        |
| Company contributions to money purchase schemes | 4,409          | 4,848          |
|                                                 | <u>134,889</u> | <u>111,616</u> |

### 6 Tax on profit on ordinary activities

The tax charge comprises:

|                                                   | 2002<br>£       | 2001<br>£      |
|---------------------------------------------------|-----------------|----------------|
| <b>Current tax</b>                                |                 |                |
| UK corporation tax                                | <u>173,390</u>  | <u>195,839</u> |
| Adjustments in respect of prior years             |                 |                |
| - UK corporation tax                              | <u>(10,325)</u> | <u>(120)</u>   |
| <b>Total current tax</b>                          | <u>163,065</u>  | <u>195,719</u> |
| <b>Deferred tax</b>                               |                 |                |
| Origination and reversal of timing differences    | 18,358          | 8,500          |
| Adjustment in respect of prior years              | 4,457           | -              |
| <b>Total deferred tax (see note 12)</b>           | <u>22,815</u>   | <u>8,500</u>   |
| <b>Total tax on profit on ordinary activities</b> | <u>185,880</u>  | <u>204,219</u> |

## Notes to financial statements (continued)

### 6 Tax on profit on ordinary activities (continued)

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows.

|                                                                                                 | 2002<br>£      | 2001<br>£      |
|-------------------------------------------------------------------------------------------------|----------------|----------------|
| <b>Profit on ordinary activities before tax</b>                                                 | <b>574,779</b> | <b>603,656</b> |
| Tax on profit on ordinary activities at standard UK corporation tax rate of 30%<br>(2001 - 30%) | 172,434        | 181,097        |
| Effects of:                                                                                     |                |                |
| Expenses not deductible for tax purposes                                                        | 19,314         | 13,188         |
| Capital allowances in excess of depreciation                                                    | (18,358)       | 1,554          |
| Adjustments to tax charge in respect of previous periods                                        | (10,325)       | (120)          |
| <b>Current tax charge for period</b>                                                            | <b>163,065</b> | <b>195,719</b> |

The company earns its profits primarily in the UK, therefore the tax rate used for tax on profit on ordinary activities is the standard rate for UK corporation tax, currently 30%.

### 7 Tangible fixed assets

|                                  | 2002<br>£        | 2001<br>£        |
|----------------------------------|------------------|------------------|
| Land and buildings               |                  |                  |
| - freehold                       | 2,930,413        | 2,606,798        |
| Plant and equipment              | 459,497          | 433,213          |
| Motor vehicles                   | 161,803          | 87,767           |
| <b>Net tangible fixed assets</b> | <b>3,551,713</b> | <b>3,127,778</b> |

# Notes to financial statements (continued)

## 7 Tangible fixed assets (continued)

|                       | Freehold<br>property<br>£ | Plant and<br>equipment<br>£ | Motor<br>vehicles<br>£ | Total<br>£       |
|-----------------------|---------------------------|-----------------------------|------------------------|------------------|
| <b>Cost</b>           |                           |                             |                        |                  |
| Beginning of year     | 2,844,799                 | 832,819                     | 143,285                | 3,820,903        |
| Additions             | 397,606                   | 94,236                      | 129,627                | 621,469          |
| Disposals             | -                         | (12,050)                    | (33,545)               | (45,595)         |
| End of year           | <u>3,242,405</u>          | <u>915,005</u>              | <u>239,367</u>         | <u>4,396,777</u> |
| <b>Depreciation</b>   |                           |                             |                        |                  |
| Beginning of year     | 238,001                   | 399,606                     | 55,518                 | 693,125          |
| Charge for the year   | 73,991                    | 66,191                      | 40,490                 | 180,672          |
| Disposals             | -                         | (10,289)                    | (18,444)               | (28,733)         |
| End of year           | <u>311,992</u>            | <u>455,508</u>              | <u>77,564</u>          | <u>845,064</u>   |
| <b>Net book value</b> |                           |                             |                        |                  |
| Beginning of year     | <u>2,606,798</u>          | <u>433,213</u>              | <u>87,767</u>          | <u>3,127,778</u> |
| End of year           | <u>2,930,413</u>          | <u>459,497</u>              | <u>161,803</u>         | <u>3,551,713</u> |

## 8 Fixed asset investment

|                                              | 2002<br>£     | 2001<br>£     |
|----------------------------------------------|---------------|---------------|
| 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 which is incorporated in England and Wales.

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 financial statements (continued)

### 9 Stocks

|                                     | 2002<br>£        | 2001<br>£        |
|-------------------------------------|------------------|------------------|
| Raw materials and consumables       | 288,391          | 493,242          |
| Work-in-progress                    | 344,509          | 526,369          |
| Finished goods and goods for resale | 4,753,211        | 2,212,464        |
|                                     | <u>5,386,111</u> | <u>3,232,075</u> |

### 10 Debtors

|                                    | 2002<br>£        | 2001<br>£        |
|------------------------------------|------------------|------------------|
| Trade debtors                      | 8,603,415        | 5,563,804        |
| Amounts owed by group undertakings | 77,776           | 1,398            |
| Prepayments and accrued income     | 174,054          | 194,295          |
| Other debtors                      | -                | 1,739            |
|                                    | <u>8,855,245</u> | <u>5,761,236</u> |

### 11 Creditors: Amounts falling due within one year

|                                    | 2002<br>£         | 2001<br>£         |
|------------------------------------|-------------------|-------------------|
| Bank overdrafts                    | 9,734,808         | 7,221,318         |
| Trade creditors                    | 2,506,509         | 1,175,819         |
| Amounts owed to group undertakings | 152,821           | 224,325           |
| Other creditors                    |                   |                   |
| - UK corporation tax payable       | 179,394           | 104,595           |
| - social security and PAYE         | 51,855            | 43,258            |
| - VAT                              | 253,779           | 259,137           |
| - other                            | 1,225,007         | -                 |
| Accruals and deferred income       | 997,699           | 1,224,498         |
|                                    | <u>15,101,872</u> | <u>10,252,950</u> |

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

Other creditors in 2002 consist of Bank of Ireland promissory notes, used to finance the purchase of stock, prior to year end.

## Notes to financial statements (continued)

### 12 Provisions for liabilities and charges

Provisions for liabilities and charges comprise:

|                                    | Deferred<br>taxation<br>£ |
|------------------------------------|---------------------------|
| At 1 May 2001                      | 41,000                    |
| Charged to profit and loss account | 22,815                    |
| At 30 April 2002                   | <u>63,815</u>             |

Deferred tax is provided as follows:

|                                | 2002<br>£     | 2001<br>£     |
|--------------------------------|---------------|---------------|
| Accelerated capital allowances | <u>63,815</u> | <u>41,000</u> |

### 13 Called-up share capital

|                                                                                            | 2002<br>£     | 2001<br>£     |
|--------------------------------------------------------------------------------------------|---------------|---------------|
| <i>Authorised, allotted, called-up and fully paid</i><br>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:

|                              | 2002<br>£        | 2001<br>£                       |
|------------------------------|------------------|---------------------------------|
| Distributable                |                  |                                 |
| - profit and loss account    | <u>2,628,598</u> | <u>2,239,699</u>                |
|                              |                  | Profit and<br>loss account<br>£ |
| Beginning of year            |                  | 2,239,699                       |
| Retained profit for the year |                  | <u>388,899</u>                  |
| End of year                  |                  | <u>2,628,598</u>                |

## Notes to financial statements (continued)

### 15 Reconciliation of movements in equity shareholders' funds

|                                    | 2002<br>£        | 2001<br>£        |
|------------------------------------|------------------|------------------|
| Profit for the financial year      | 388,899          | 399,437          |
| Opening equity shareholders' funds | 2,259,699        | 1,860,262        |
| Closing equity shareholders' funds | <u>2,648,598</u> | <u>2,259,699</u> |

### 16 Guarantees and financial commitments

There were no capital commitments at 30 April 2002 (2001 - £nil).

Guarantees and financial commitments were as follows:

|                                              | 2002<br>£        | 2001<br>£     |
|----------------------------------------------|------------------|---------------|
| HM Customs & Excise guarantees with recourse | 530,000          | 165,000       |
| Outstanding forward exchange contracts       | <u>2,701,627</u> | <u>57,919</u> |
| Documentary credits                          | <u>1,354,442</u> | <u>-</u>      |

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

|                              | Other         |               |
|------------------------------|---------------|---------------|
|                              | 2002<br>£     | 2001<br>£     |
| Expiry date                  |               |               |
| - between two and five years | <u>60,374</u> | <u>60,374</u> |

### 17 Pension arrangements

The company operates a defined contribution scheme for which the pension cost charge for the year amounted to £21,165 (2001 - £16,117).

### 18 Contingent liability

The company has guaranteed the bank overdrafts of certain fellow subsidiary undertakings. The aggregate amount outstanding under these arrangements at the balance sheet date was £6,546,841.

## Notes to financial statements (continued)

### **19 Ultimate controlling party**

The directors regard Rowlinson 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 financial statements are drawn up. Copies of the financial statements 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.