

**ROWLINSON GARDEN PRODUCTS
LIMITED**

Report and Financial Statements
30 April 2004



ROWLINSON GARDEN PRODUCTS LIMITED

REPORT AND FINANCIAL STATEMENTS 2004

CONTENTS	Page
Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	3
Independent auditors' report	4
Profit and loss account	5
Balance sheet	6
Notes to the accounts	7
Additional information	15
Trading account	16

ROWLINSON GARDEN PRODUCTS LIMITED

REPORT AND FINANCIAL STATEMENTS 2004

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

R J Rowlinson (Chairman)
K P Douglas
C Firth
P A Taylor

SECRETARY

W St. J Kiernan

REGISTERED OFFICE

Coppice Road
Willaston
Nantwich
Cheshire
CW5 6QH

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
Liverpool

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 April 2004.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company is engaged in the manufacture and merchandising of timber garden products. The directors are disappointed with the results for the year and have addressed the future prospects of the company accordingly.

On 5th November 2004, the directors announced their decision to cease production of goods at one of their sites, and hence the level of manufacture is expected to substantially reduce in the future (see note 18). The company will continue with the merchandising of timber garden products, and it is anticipated that the future profitability of the company will improve as a result of these actions.

RESULTS AND DIVIDENDS

The loss for the year after taxation was £1,228,070 (2003: loss £448,472).

The directors do not recommend the payment of a dividend.

DIRECTORS AND THEIR INTERESTS

The directors who served throughout the year were as follows:

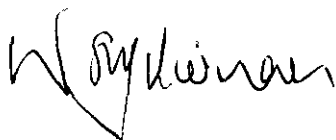
R J Rowlinson
K P Douglas
G Walters (resigned 3 February 2004)
C Firth
C Evans (resigned 31 October 2003)
P A Taylor (appointed 5 January 2004)

The directors' interests in shares in the ultimate parent company are set out in the financial statements 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

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



W St John Kiernan
Secretary

STATEMENT OF 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 as at the end of the financial year 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; 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, 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 ROWLINSON GARDEN PRODUCTS LIMITED

We have audited the financial statements of Rowlinson Garden Products Limited for the year ended 30 April 2004 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 22. 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 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 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.

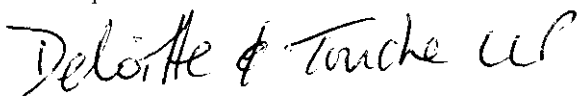
Basis of audit opinion

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 judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 April 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Liverpool

11/01/05

ROWLINSON GARDEN PRODUCTS LIMITED

PROFIT AND LOSS ACCOUNT **Year ended 30 April 2004**

	Note	2004 £	2003 £
TURNOVER		22,771,168	24,196,029
Cost of sales		(19,609,862)	(20,793,653)
GROSS PROFIT		3,161,306	3,402,376
Other operating expenses	2	(4,221,709)	(3,556,723)
OPERATING LOSS	3	(1,060,403)	(154,347)
Interest payable	4	(125,874)	(279,382)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,186,277)	(433,729)
Tax on loss on ordinary activities	7	(41,793)	(14,743)
RETAINED LOSS FOR THE FINANCIAL YEAR	16	(1,228,070)	(448,472)

All amounts have arisen from continuing operations.

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

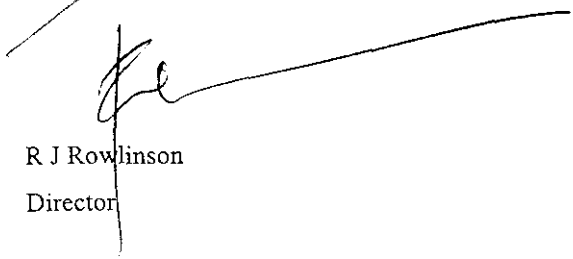
ROWLINSON GARDEN PRODUCTS LIMITED

BALANCE SHEET 30 April 2004

	Note	2004 £	2003 £
FIXED ASSETS			
Tangible assets	8	4,330,135	3,996,933
Investments	9	21,216	21,216
		<u>4,351,351</u>	<u>4,018,149</u>
CURRENT ASSETS			
Stocks	10	4,740,160	7,468,228
Debtors	11	6,811,562	10,111,802
Cash at bank and in hand		736,203	-
		<u>12,287,925</u>	<u>17,580,030</u>
CREDITORS: amounts falling due within one year	12	(7,042,165)	(14,814,791)
NET CURRENT ASSETS		<u>5,245,760</u>	<u>2,765,239</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		9,597,111	6,783,388
CREDITORS: amounts falling due after more than one year	13	(8,500,000)	(4,500,000)
PROVISIONS FOR LIABILITIES AND CHARGES	14	(125,055)	(83,262)
NET ASSETS		<u>972,056</u>	<u>2,200,126</u>
CAPITAL AND RESERVES			
Called up share capital	15	20,000	20,000
Profit and loss account	16	952,056	2,180,126
EQUITY SHAREHOLDERS' FUNDS	17	<u>972,056</u>	<u>2,200,126</u>

These financial statements were approved by the Board of Directors on ... 21st December 2004

Signed on behalf of the Board of Directors


R J Rowlinson
Director

NOTES TO THE ACCOUNTS

Year ended 30 April 2004

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable United Kingdom 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, therefore the information presented is that for the company and not the group. The company is also, on this basis, exempt from the requirement of FRS1 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 and work in progress 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.

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 substantively 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.

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 substantively 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.

The turnover, all of which arises in the United Kingdom, is attributable to the company's principal activity.

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.

NOTES TO THE ACCOUNTS

Year ended 30 April 2004

1. ACCOUNTING POLICIES (continued)

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.

2. OTHER OPERATING EXPENSES

	2004 £	2003 £
Distribution costs	1,984,637	1,795,507
Administrative expenses	2,237,072	1,761,216
	<u>4,221,709</u>	<u>3,556,723</u>

3. OPERATING LOSS

	2004 £	2003 £
Operating loss is after charging/(crediting)		
Depreciation		
- owned assets	241,830	219,800
Profit on sale of fixed assets	(3,764)	(4,416)
Auditors' remuneration		
- audit fees	8,200	8,200
Operating lease rentals		
- plant and machinery	70,938	189,839
	<u>70,938</u>	<u>189,839</u>

4. INTEREST PAYABLE

	2004 £	2003 £
Bank overdrafts	<u>125,874</u>	<u>279,382</u>

5. STAFF COSTS

	2004 No.	2003 No.
The average monthly number of employees (including executive directors) was:		
Production	124	124
Selling and administration	46	37
	<u>170</u>	<u>161</u>

ROWLINSON GARDEN PRODUCTS LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 April 2004

5. STAFF COSTS (continued)

	2004	2003
	£	£
Their aggregate remuneration comprised:		
Wages and salaries	3,071,511	3,067,183
Social security costs	240,986	290,937
Other pension costs (see note 20)	27,836	24,790
	<u>3,340,333</u>	<u>3,382,910</u>

6. DIRECTORS' REMUNERATION

Remuneration

The remuneration of directors was as follows:

	2004	2003
	£	£
Emoluments	216,710	209,236
Company contributions to money purchase pension schemes	9,242	11,306
	<u>225,952</u>	<u>220,542</u>

Pensions

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

	2004	2003
	No.	No.
Money purchase scheme	<u>3</u>	<u>3</u>

Highest paid director

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

	2004	2003
	£	£
Emoluments	92,095	92,098
Company contributions to money purchase schemes	4,662	4,930
	<u>96,757</u>	<u>97,028</u>

NOTES TO THE ACCOUNTS

Year ended 30 April 2004

7. TAX ON LOSS ON ORDINARY ACTIVITIES

The tax charge comprises:

	2004 £	2003 £
Current tax		
Adjustments in respect of prior years		
- UK corporation tax	-	(4,704)
Total current tax	-	(4,704)
Deferred tax		
Origination and reversal of timing differences	41,793	19,447
Total deferred tax (see note 14)	41,793	19,447
Total tax on loss on ordinary activities	41,793	14,743

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 are as follows:

	2004 £	2003 £
Loss on ordinary activities before tax	(1,186,277)	(433,729)
Tax on loss on ordinary activities at standard UK corporation tax rate of 30% (2003 - 30%)	(355,883)	(130,119)
Effects of:		
Expenses not deductible for tax purposes	49,272	22,726
Capital allowances in excess of depreciation	(41,793)	(19,447)
Group relief surrendered	348,404	126,840
Adjustments to tax charge in respect of previous periods	-	(4,704)
Current tax (credit) for period	-	(4,704)

ROWLINSON GARDEN PRODUCTS LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 April 2004

8. TANGIBLE FIXED ASSETS

	Freehold property £	Plant & equipment £	Motor vehicles £	Total £
Cost				
1 May 2003	3,712,164	1,079,941	235,429	5,027,534
Additions	471,592	84,435	30,291	586,318
Disposals	-	(5,000)	(38,493)	(43,493)
30 April 2004	4,183,756	1,159,376	227,227	5,570,359
Depreciation				
1 May 2003	398,334	524,795	107,472	1,030,601
Charge for the year	107,604	81,079	53,147	241,830
Disposals	-	(1,433)	(30,774)	(32,207)
30 April 2004	505,938	604,441	129,845	1,240,224
Net book value				
30 April 2004	3,677,818	554,935	97,382	4,330,135
30 April 2003	3,313,830	555,146	127,957	3,996,933

9. FIXED ASSET INVESTMENT

	2004 £	2003 £
Cost of investment in subsidiary undertaking	21,216	21,216

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.

10. STOCKS

	2004 £	2003 £
Raw materials and consumables	505,336	315,939
Work in progress	510,518	395,659
Finished goods and goods for resale	3,724,306	6,756,630
	4,740,160	7,468,228

ROWLINSON GARDEN PRODUCTS LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 April 2004

11. DEBTORS

	2004 £	2003 £
Trade debtors	6,616,039	9,888,605
Amounts owed by group undertakings	7,033	75,666
Prepayments and accrued income	188,490	147,531
	<u>6,811,562</u>	<u>10,111,802</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004 £	2003 £
Bank overdrafts	-	2,664,132
Trade creditors	3,034,032	3,382,002
Bills of exchange payable	679,799	885,670
Amounts owed to group undertakings	515,040	722,004
Other tax and social security	448,232	539,201
Other creditor	1,729,470	5,223,719
Accruals and deferred income	635,592	1,398,063
	<u>7,042,165</u>	<u>14,814,791</u>

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

Included in other creditors are £1,704,733 (2003: £5,194,853) secured on the assets of the company.

13. CREDITORS: AMOUNTS FALLING DUE OUTSIDE ONE YEAR

	2004 £	2003 £
Amounts owed to group undertakings	<u>8,500,000</u>	<u>4,500,000</u>

Other than due outside one year there are no fixed terms for repayment.

NOTES TO THE ACCOUNTS

Year ended 30 April 2004

14. PROVISIONS FOR LIABILITIES AND CHARGES

Provisions for liabilities and charges comprise:

		Deferred taxation £
At 1 May 2003		83,262
Charged to profit and loss account		41,793
At 30 April 2004		<u>125,055</u>
Deferred tax is provided as follows:	2004	2003
	£	£
Accelerated capital allowances	<u>125,055</u>	<u>83,262</u>

15. CALLED UP SHARE CAPITAL

	2004	2003
	£	£
Authorised, allotted, called up and fully paid 20,000 ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>

16. RESERVES

	Profit and loss account £
1 May 2003	2,180,126
Retained loss for the year	<u>(1,228,070)</u>
30 April 2004	<u>952,056</u>

17. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	2004	2003
	£	£
Loss for the financial year	(1,228,070)	(448,472)
Opening equity shareholders' funds	<u>2,200,126</u>	<u>2,648,598</u>
Closing equity shareholders' funds	<u>972,056</u>	<u>2,200,126</u>

18. POST BALANCE SHEET EVENTS

On 5th November 2004, the directors announced their intention to cease production at one of their sites in order to improve the future profitability of the company. As such it is expected that the level of manufacture by the company will be substantially reduced in the future. In addition, it is likely that significant redundancy costs may arise as a result of this decision; however an estimate of the financial impact is not practicable at this time.

NOTES TO THE ACCOUNTS

Year ended 30 April 2004

19. GUARANTEES AND FINANCIAL COMMITMENTS

There were no capital commitments at 30 April 2004 (2003: £nil).

Guarantees and financial commitments were as follows:

	2004 £	2003 £
HM Customs & Excise guarantees with recourse	80,000	800,000
Outstanding forward exchange contracts	31,577	1,401,622
Documentary credits	-	1,885,656

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

	2004 £	Other 2003 £
Expiry date		
- within less than one year	23,646	-
- between two and five years	-	60,374

20. PENSION ARRANGEMENTS

The company operates a defined contribution scheme for which the pension cost charge for the year amounted to £27,836 (2003: £24,490).

21. CONTINGENT LIABILITY

The company has guaranteed the bank loan and overdrafts of certain fellow group undertakings. The aggregate amount outstanding under these arrangements at the balance sheet date was £4,311,211 (2003: £12,674,983).

22. ULTIMATE CONTROLLING PARTY

The immediate parent company is Rowlinson Timber Limited a company incorporated in England and Wales. 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, CF4 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 Rowlinson Group Limited.