Company Registration Number 416607

Rowlinson Garden Products Limited

Financial Statements

30th April 2005



CLB COOPERS
Chartered Accountants & Registered Auditors
Century House
11 St Peters Square
Manchester
M2 3DN

ROWLINSON GARDEN PRODUCTS LIMITED

Financial Statements

Year ended 30th April 2005

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ROWLINSON GARDEN PRODUCTS LIMITED

The Directors' Report

Year ended 30th April 2005

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 30th April 2005.

Principal activities and business review
The principal activity of the company during the year was the manufacture and merchanting 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. The company will continue with the merchanting 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 trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

Directors
The directors who served the company during the year were as follows:

K P Douglas
R J Rowlinson
P A Taylor
C D Firth

The company is a wholly owned subsidiary and the interests of the group directors are disclosed in the financial statements of the parent company.

Directors' responsibilities
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 year. In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on pages 6 to 7, and then apply them consistently;

make judgements and estimates that are reasonable and prudent; 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. The directors 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.

Auditors
Deloitte and Touche LLP resigned as auditors during the year and CLB Coopers were appointed.

A resolution to re-appoint CLB Coopers as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
Coppice Road
Willaston
Nantwich
Cheshire
CW5 6QH

Signed by order of the directors

W St J Kiernan
Company Secretary

Approved by the directors on 24 January 2006

ROWLINSON GARDEN PRODUCTS LIMITED

Independent Auditors' Report to the Shareholders

Year ended 30th April 2005

We have audited the financial statements of Rowlinson Garden Products Limited for the year ended 30th April 2005 on pages 4 to 14 which have been prepared under the historical cost convention and the accounting policies set out on pages 6 to 7.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders 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.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom 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 and consider the implications for our report if we become aware of any apparent misstatements within it.

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 30th April 2005 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

CLB Coopers
Chartered Accountants
& Registered Auditors

Century House
11 St Peter's Square
Manchester
M2 3DN
24 January 2006

ROWLINSON GARDEN PRODUCTS LIMITED

Profit and Loss Account

Year ended 30th April 2005

	Note	2005 £	2004 £
Turnover	2	**15,788,334**	22,771,168
Cost of sales		**13,768,652**	19,538,924
Gross profit		**2,019,682**	3,232,244
Distribution costs		**1,308,604**	1,984,637
Administrative expenses		**2,398,747**	2,203,766
Other operating income		**–**	(3,764)
Operating loss	3	**(1,687,669)**	(952,395)
Intergroup loan waiver	6	**2,000,000**	–
		312,331	(952,395)
Interest payable and similar charges	7	**84,177**	233,882
Profit/(loss) on ordinary activities before taxation		**228,154**	(1,186,277)
Tax on profit/(loss) on ordinary activities	8	**(125,055)**	41,793
Retained profit/(loss) for the financial year		**353,209**	(1,228,070)
Balance brought forward		**952,056**	2,180,126
Balance carried forward		**1,305,265**	952,056

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

ROWLINSON GARDEN PRODUCTS LIMITED

Balance Sheet

30th April 2005

	Note	2005 £	2004 £
Fixed assets			
Tangible assets	9	**3,748,308**	4,330,135
Investments	10	**21,216**	21,216
		3,769,524	4,351,351
Current assets			
Stocks	11	**3,437,879**	4,740,160
Debtors	12	**5,361,585**	6,811,562
Cash at bank and in hand		**203**	736,203
		8,799,667	12,287,925
Creditors: Amounts falling due within one year	13	**5,943,926**	7,042,165
Net current assets		**2,855,741**	5,245,760
Total assets less current liabilities		**6,625,265**	9,597,111
Creditors: Amounts falling due after more than one year	14	**5,300,000**	8,500,000
		1,325,265	1,097,111
Provisions for liabilities and charges			
Deferred taxation	15	**–**	125,055
		1,325,265	972,056
Capital and reserves			
Called-up equity share capital	20	**20,000**	20,000
Profit and loss account		**1,305,265**	952,056
Shareholders' funds	21	**1,325,265**	972,056

These financial statements were approved by the directors on 24 January 2006 and are signed on their behalf by:

.....
R J Rowlinson

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Consolidation

The company was, at the end of the year, a wholly-owned subsidiary of another company incorporated in the EEC and in accordance with section 228 of the Companies Act 1985, is not required to produce, and has not published, consolidated accounts.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year.

Investments

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

Fixed Assets

Tangible fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold Property	-	2.5% straight line
Plant & Machinery	-	10% straight line
Motor Vehicles	-	25% straight line

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost includes materials, direct labour and 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.

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

1. Accounting policies *(continued)*

Operating lease agreements

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

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Deferred taxation

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

Deferred tax assets are recognised only to the extent that the directors consider that it is 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 measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

2. Turnover

The turnover and profit before tax are attributable to the one principal activity of the company.
An analysis of turnover is given below:

	2005 £	2004 £
United Kingdom	**15,788,334**	22,771,168

3. Operating loss

Operating loss is stated after charging/(crediting):

	2005 £	2004 £
Depreciation of owned fixed assets	**227,379**	241,830
Loss on disposal of fixed assets	**56,257**	–
Profit on disposal of fixed assets	–	(3,764)
Auditors' remuneration		
- as auditors	**8,500**	8,200
Operating lease costs:		
Plant and equipment	**137,693**	70,938

4. Particulars of employees

The average number of staff employed by the company during the financial year amounted to:

	2005 No	2004 No
Number of production staff	**84**	124
Number of selling and administrative staff	**43**	46
	127	170

The aggregate payroll costs of the above were:

	2005 £	2004 £
Wages and salaries	**2,446,605**	3,071,511
Social security costs	**252,450**	240,986
Staff pension costs	**32,915**	27,836
	2,731,970	3,340,333

5. Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	2005 £	2004 £
Emoluments receivable	**249,430**	216,710
Value of company pension contributions to money purchase schemes	**8,563**	9,242
	257,993	225,952

5. Directors' emoluments *(continued)*

Emoluments of highest paid director:

	2005 £	2004 £
Total emoluments (excluding pension contributions)	**96,566**	92,095
Value of company pension contributions to money purchase schemes	**3,013**	4,662
	99,579	96,757

The number of directors who accrued benefits under company pension schemes was as follows:

	2005 No	2004 No
Money purchase schemes	**3**	3

6. Intergroup loan waived

	2005 £	2004 £
Intergroup loan waived	**2,000,000**	–

7. Interest payable and similar charges

	2005 £	2004 £
Interest payable on bank borrowing	**29,953**	125,874
Other similar charges payable	**54,224**	108,008
	84,177	233,882

8. Taxation on ordinary activities

	2005 £	2004 £
Deferred tax:		
Origination and reversal of timing differences		
Capital allowances	**(125,055)**	41,793

Factors affecting current tax charge

The tax assessed on the profit/(loss) on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2004 - 30%).

	2005 £	2004 £
Profit/(loss) on ordinary activities before taxation	**228,154**	(1,186,277)
Profit/(loss)on ordinary activities by rate of tax	**68,446**	(355,883)
Expenses not deductible for tax purposes	**33,317**	49,272
Capital allowances in excess of depreciation	**–**	(41,793)
Group relief surrendered	**–**	348,404
Inter company loan waiver	**(600,000)**	–
Decrease in ACAs liability not provided for	**54,983**	–
Losses not provided for	**50,866**	–
Losses group relieved	**392,388**	–
Total current tax	**–**	–

9. Tangible fixed assets

	Freehold Property £	Plant & Machinery £	Motor Vehicles £	Total £
Cost				
At 1st May 2004	**4,183,756**	**1,159,376**	**227,227**	**5,570,359**
Additions	**25,334**	**5,750**	**28,251**	**59,335**
Disposals	**(313,821)**	**(283,106)**	**(58,396)**	**(655,323)**
At 30th April 2005	**3,895,269**	**882,020**	**197,082**	**4,974,371**
Depreciation				
At 1st May 2004	**505,938**	**604,441**	**129,845**	**1,240,224**
Charge for the year	**98,555**	**83,712**	**45,112**	**227,379**
On disposals	**(12,523)**	**(181,465)**	**(47,552)**	**(241,540)**
At 30th April 2005	**591,970**	**506,688**	**127,405**	**1,226,063**
Net book value				
At 30th April 2005	**3,303,299**	**375,332**	**69,677**	**3,748,308**
At 30th April 2004	3,677,818	554,935	97,382	4,330,135

10. Investments

Investment in subsidiary undertaking

	£
Cost	
At 1st May 2004 and 30th April 2005	**21,216**
Net book value	
At 30th April 2005	**21,216**
At 30th April 2004	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.

11. Stocks

	2005 £	2004 £
Raw materials	**355,888**	505,336
Work in progress	**320,374**	510,518
Finished goods	**2,761,617**	3,724,306
	3,437,879	4,740,160

12. Debtors

	2005 £	2004 £
Trade debtors	**4,781,507**	6,616,039
Amounts owed by group undertakings	**233,542**	7,033
Corporation tax repayable	**363**	–
Prepayments and accrued income	**346,173**	188,490
	5,361,585	6,811,562

13. Creditors: Amounts falling due within one year

	2005 £	2004 £
Bank loans and overdrafts	**80,295**	–
Trade creditors	**1,264,537**	3,034,032
Bills of exchange payable	**1,118,385**	679,799
Amounts owed to group undertakings	**–**	515,040
PAYE and social security	**509,306**	448,232
Other creditors	**1,983,807**	1,729,470
Accruals and deferred income	**987,596**	635,592
	5,943,926	7,042,165

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

Included within other creditors is £1,976,048 (2004:£1,704,733) of amounts advanced to the company under an invoice discounting arrangement. These amounts are secured on the assets of the company.

14. Creditors: Amounts falling due after more than one year

	2005 £	2004 £
Amounts owed to group undertakings	**5,300,000**	8,500,000

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

15. Deferred taxation

The movement in the deferred taxation provision during the year was:

	2005 £	2004 £
Provision brought forward	**125,055**	83,262
Profit and loss account movement arising during the year	**(125,055)**	41,793
Provision carried forward	**–**	125,055

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2005 £	2004 £
Excess of taxation allowances over depreciation on fixed assets	**–**	125,055
	–	125,055

16. Commitments under operating leases

At 30th April 2005 the company had annual commitments under non-cancellable operating leases as set out below.

	Assets Other Than Land & Buildings	
	2005	2004
	£	£
Operating leases which expire:		
Within 1 year	**–**	23,646

17. *Guarantees and financial commitments*

	2005	2004
	£	£
HM Revenue and Customs guarantees with recourse	**80,000**	80,000
Outstanding forward exchange contracts	**150,131**	31,577

There were no capital commitments at 30 April 2005 (2004 - £nil)

18. Contingencies

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 £3,094,224 (2004:£4,311,211).

19. Related party transactions

As a subsidiary undertaking of Rowlinson Group Limited, the company has taken advantage of the exemption under Financial Reporting Standard 8 from disclosing transactions with other members of the group.

20. Share capital

Authorised share capital:

	2005	2004
	£	£
20,000 Ordinary shares of £1 each	**20,000**	20,000

Allotted, called up and fully paid:

	2005		2004	
	No	**£**	No	£
Ordinary shares of £1 each	**20,000**	**20,000**	20,000	20,000

21. Reconciliation of movements in shareholders' funds

	2005 £	2004 £
Profit/(Loss) for the financial year	**353,209**	(1,228,070)
Opening shareholders' equity funds	**972,056**	2,200,126
Closing shareholders' equity funds	**1,325,265**	972,056

22. Ultimate parent company

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.