Company Registration No. 441069 (England and Wales)

WHARTONS NURSERIES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2000

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WHARTONS NURSERIES LIMITED

COMPANY INFORMATION

Directors	A K J Wharton R J Wharton M R Wharton
Secretary	M R Wharton
Company number	441069
Registered office	Station Road Harleston Norfolk IP20 9AX
Auditors	Larking Gowen King Street House 15 Upper King Street Norwich NR3 1RB
Business address	Station Road Harleston Norfolk IP20 9AX
Bankers	Barclays Bank Plc Norfolk & Suffolk Agricultural Centre P O Box 103 Wymondham Norfolk NR18 0UX
Solicitors	Steele & Co 2 The Norwich Business Park Whiting Road Norwich Norfolk NR4 6DJ

WHARTONS NURSERIES LIMITED

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WHARTONS NURSERIES LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2000

The directors present their report and financial statements for the year ended 31 August 2000.

Principal activities and review of the business
The principal activity of the company continued to be that of horticultural nurserymen.

The directors consider the profit achieved on ordinary activities before taxation to be satisfactory.

The company's affairs remain in a satisfactory state and there has been no material change since the balance sheet date.

Results and dividends
The results for the year are set out on page 4.

The profit for the year after taxation amounted to £182,368 (1999 : £145,786).

Directors
The following directors have held office since 1 September 1999:

A K J Wharton
R J Wharton
M R Wharton

Directors' interests
The directors' beneficial interests in the shares of the company were as stated below:

	Ordinary of £ 1 each	
	31 August 2000	1 September 1999
R J Wharton	-	-
M R Wharton	-	-
A K J Wharton	-	-

R J Wharton, M R Wharton, and A K J Wharton are also directors of the ultimate parent company, Whartons Holdings Limited, and have disclosed their interest in the shares of that company in its financial statements.

Auditors
In accordance with section 385 of the Companies Act 1985, a resolution proposing that Larking Gowen be reappointed as auditors of the company will be put to the Annual General Meeting.

WHARTONS NURSERIES LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2000

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 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;
- 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board

M R Wharton

Director

13 February 2001

LARKING GOWEN

CHARTERED ACCOUNTANTS

AUDITORS' REPORT TO THE SHAREHOLDERS OF WHARTONS NURSERIES LIMITED

We have audited the financial statements on pages 4 to 14 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

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 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 31 August 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Larking Gowen

Chartered Accountants
Registered Auditors
Norwich

13 February 2001

WHARTONS NURSERIES LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2000

	Notes	Year ended 31 August 2000 £	Period ended 31 August 1999 £
Turnover	2	5,075,130	5,406,429
Cost of sales		(3,741,009)	(3,820,054)
Gross profit		1,334,121	1,586,375
Distribution costs		(18,223)	(17,597)
Administrative expenses		(1,112,193)	(1,284,936)
Other operating income		15,468	2,184
Operating profit	3	219,173	286,026
Other interest receivable and similar income		69,398	114,973
Interest payable and similar charges	4	(45,201)	(56,929)
Profit on ordinary activities before taxation		243,370	344,070
Tax on profit on ordinary activities	5	(61,002)	(198,284)
Profit on ordinary activities after taxation	12	182,368	145,786

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

WHARTONS NURSERIES LIMITED

BALANCE SHEET
AS AT 31 AUGUST 2000

	Notes	2000 £	2000 £	1999 £	1999 £
Fixed assets					
Investments	6		5		5
Current assets					
Stocks	7	343,962		441,477	
Debtors	8	1,062,539		969,584	
Cash at bank and in hand		1,751,627		1,582,342	
		3,158,128		2,993,403	
Creditors: amounts falling due within one year	9	(1,506,694)		(1,524,337)	
Net current assets			1,651,434		1,469,066
Total assets less current liabilities			1,651,439		1,469,071
Capital and reserves					
Called up share capital	11		5,000		5,000
Profit and loss account	12		1,646,439		1,464,071
Shareholders' funds - equity interests	13		1,651,439		1,469,071

The financial statements were approved by the Board on 13 February 2001

R J Wharton
Director

M R Wharton
Director

WHARTONS NURSERIES LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2000

		Year ended 31 August 2000 £		Period ended 31 August 1999 £
Net cash inflow from operating activities		177,672		142,454
Returns on investments and servicing of finance				
Interest received	69,398		114,973	
Interest paid	(45,201)		(56,929)	
Net cash inflow for returns on investments and servicing of finance		24,197		58,044
Taxation		(93,049)		(22,377)
Net cash inflow before management of liquid resources and financing		108,820		178,121
Increase in cash in the year		108,820		178,121

WHARTONS NURSERIES LIMITED

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2000

1 Reconciliation of operating profit to net cash inflow from operating activities

	2000	1999
	£	£
Operating profit	219,173	286,026
Decrease/(increase) in stocks	97,515	(96,937)
(Increase)/decrease in debtors	(92,955)	359,126
Decrease in creditors within one year	(46,061)	(405,761)
Net cash inflow from operating activities	177,672	142,454

2 Analysis of net funds

	1 September 1999	Cash flow	Other non-cash changes	31 August 2000
	£	£	£	£
Net cash:				
Cash at bank and in hand	1,582,342	169,285		1,751,627
Bank overdrafts	-	(60,465)		(60,465)
	1,582,342	108,820		1,691,162
Net funds	1,582,342	108,820	-	1,691,162

3 Reconciliation of net cash flow to movement in net funds

	2000	1999
	£	£
Increase in cash in the year	108,820	178,121
Movement in net funds in the year	108,820	178,121
Opening net funds	1,582,342	1,404,221
Closing net funds	1,691,162	1,582,342

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2000

1 Accounting policies

1.1 Accounting convention
The financial statements are prepared under the historical cost convention.

1.2 Turnover
Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.3 Leasing
Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.4 Investments
Fixed asset investments are stated at cost less provision for diminution in value.

1.5 Stock and work in progress
Stock and work in progress are valued at the lower of cost and net realisable value.

1.6 Pensions
The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with SSAP 24.

1.7 Deferred taxation
Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.8 Government grants
Grants are credited to deferred revenue. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

1.9 Foreign currency translation
Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating profit

	2000	1999
	£	£
Operating profit is stated after charging:		
Operating lease rentals	350,849	479,552
Auditors' remuneration	19,700	21,745

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2000

4 Interest payable	2000	1999
	£	£
On other loans wholly repayable within 5 years	45,201	50,894
On overdue tax	-	6,035
	45,201	56,929

5 Taxation	2000	1999
	£	£
U.K. current year taxation		
U.K. corporation tax at 25% (1999 - 27%)	61,002	93,049
Prior years		
U.K. corporation tax	-	105,235
	61,002	198,284

6 Fixed asset investments

	Shares in participating interests
	£
Cost	
At 1 September 1999 & at 31 August 2000	5

Holdings of more than 20%
The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held Class	%
Participating interests			
The Anglia Group of Nurseries Limited	England	Ordinary	20

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves	Profit for the year
The Anglia Group of Nurseries Limited	4,413	(685)

The company owns 20% of the share capital of The Anglia Group of Nurseries Limited. The results of this company have been omitted from the Financial Statements since they are immaterial and inclusion would involve expenses out of proportion to the value to the members of Whartons Nurseries Limited.

In the event of the winding up of The Anglia Group of Nurseries Limited, any surplus would be distributed to the shareholders in accordance with recent levels of trading with the company. The latest accounts of The Anglia Group of Nurseries are made up to 30 June 2000.

7 Stocks and work in progress

	2000	1999
	£	£
Root stocks for Autumn 2001 sales	152,905	193,558
Consumables	4,700	4,500
Rose bushes and other plants for resale	186,357	243,419
	343,962	441,477

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2000

8 Debtors	2000 £	1999 £
Trade debtors	768,142	642,702
Amounts owed by parent and fellow subsidiary undertakings	216,410	251,350
Other debtors	3,089	12,329
Prepayments and accrued income	74,898	63,203
	1,062,539	969,584

9 Creditors: amounts falling due within one year	2000 £	1999 £
Bank loans and overdrafts	60,465	-
Trade creditors	260,707	347,415
Corporation tax	61,002	93,049
Other taxes and social security costs	28,648	26,377
Directors' current accounts	581,346	522,233
Other creditors	3,744	14,785
Accruals and deferred income	510,782	520,478
	1,506,694	1,524,337

No security is required for the bank overdraft as the overdraft has only been created by a timing difference.

10 Pension costs

The company operates two defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charges represents contributions payable by the company to the fund and amounted to:

Employees scheme £17,997 (1999 -£21,522)

Directors scheme £90,416 (1999 -£67,000)

Contributions totalling £3,744 (1999 - £3,736) were payable to the employees fund at the year end and are included in creditors.

11 Share capital	2000 £	1999 £
Authorised		
10,000 Ordinary of £ 1 each	10,000	10,000
Allotted, called up and fully paid		
5,000 Ordinary of £ 1 each	5,000	5,000

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2000

12 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 September 1999	1,464,071
Retained profit for the period	182,368
Balance at 31 August 2000	1,646,439

13 Reconciliation of movements in shareholders' funds

	2000 £	1999 £
Profit for the financial year	182,368	145,786
Opening shareholders' funds	1,469,071	1,323,285
Closing shareholders' funds	1,651,439	1,469,071

14 Financial commitments

At 31 August 2000 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2000 £	1999 £	2000 £	1999 £
Expiry date:				
Within one year	-	-	298,243	419,766
In over five years	34,477	29,330	-	-
	34,477	29,330	298,243	419,766

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2000

15 Directors' emoluments

	2000	1999
	£	£
Emoluments for qualifying services	300,284	299,890
Company pension contributions to money purchase schemes	90,416	67,000
	390,700	366,890

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 2 (1999 - 2).

Emoluments disclosed above include the following amounts paid to the highest paid director:

Emoluments for qualifying services	136,795	137,160
Company pension contributions to money purchase schemes	10,208	29,182

16 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2000 Number	1999 Number
Office and management	8	8
Production	102	102
	110	110

Employment costs

	£	£
Wages and salaries	1,386,618	1,627,752
Social security costs	112,887	138,112
Other pension costs	108,413	88,521
	1,607,918	1,854,385

17 Control

The ultimate parent company is Whartons Holdings Limited, a company registered in England and Wales.

The ultimate controlling party is R J Wharton, a director and shareholder of Whartons Holdings Limited and a director of Whartons Nurseries Limited, and his close family.

18 Related party transactions

a. The company has a debtor balance as at 31 August 2000 with its parent company of £216,410 (1999: £251,350).

Transactions during the year amounted to the transfer of fixed asset purchases of £157,496 (1999:£164,407) , the transfer of sales proceeds from fixed asset disposals amounting to £2,000 (1999:£4,400) and the provision of a hire charge from Whartons Holdings Limited for the use of fixed assets amounting to £298,243 (1999:£419,766).

b. As detailed in note 6 ,The Anglia Group of Nurseries Limited is an associate of Whartons Nurseries Limited and is therefore a related party.

As at 31 August 2000 , the company had a creditor balance of £520 (1999:debtor of £656) with The Anglia Group of Nurseries Limited.Transactions during the year amounted to purchases of £35,817 (1999:£38,991).

c. As described in note 10 pension schemes exist for the benefit of both employees and directors.

The directors pension scheme holds land which is leased to the company for rent of £18,875 per annum.

Outstanding contributions to the employees pension scheme amount to £3,744 (1999:£3,736) as at the year end.

d. The directors accounts were in credit as at 31 August 2000 in total of £581,346 ,split as follows :-

R J Wharton £313,281 (1999 : £251,895)

M R Wharton £237,120 (1999 : £241,559)

A K J Wharton £30,945 (1999 : £28,778).