Company Registration No. 441069 (England and Wales)

WHARTONS NURSERIES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2002



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 2002

The directors present their report and financial statements for the year ended 31 August 2002.

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 5.

The profit for the year after taxation amounted to £41,533 (2001:£54,083 profit).

Directors
The following directors have held office since 1 September 2001:

A K J Wharton
R J Wharton
M R Wharton

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

	Ordinary of £ 1 each	
	31 August 2002	**1 September 2001**
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 2002

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

23/01/03

LARKING GOWEN

CHARTERED ACCOUNTANTS

WHARTONS NURSERIES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF WHARTONS NURSERIES LIMITED

We have audited the financial statements of Whartons Nurseries Limited on pages 5 to 15 for the year ended 31 August 2002. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities on page 2 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.

LARKING GOWEN

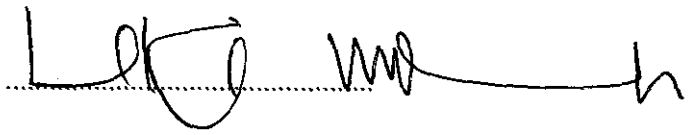
CHARTERED ACCOUNTANTS

WHARTONS NURSERIES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF WHARTONS NURSERIES LIMITED

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 2002 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

30/01/03

WHARTONS NURSERIES LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2002

	Notes	2002 £	2001 £
Turnover	2	4,956,791	4,962,179
Cost of sales		(3,780,683)	(3,800,957)
Gross profit		1,176,108	1,161,222
Distribution costs		(15,847)	(20,321)
Administrative expenses		(1,100,337)	(1,076,745)
Other operating income		1,385	2,332
Operating profit	3	61,309	66,488
Other interest receivable and similar income		33,606	51,992
Interest payable and similar charges	4	(41,944)	(48,346)
Profit on ordinary activities before taxation		52,971	70,134
Tax on profit on ordinary activities	5	(11,438)	(16,051)
Profit on ordinary activities after taxation		41,533	54,083
Dividends	6	(700,000)	-
Retained (loss)/profit for the year	13	(658,467)	54,083

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 2002

	Notes	2002 £	2002 £	2001 £	2001 £
Fixed assets					
Investments	7		25		5
Current assets					
Stocks	8	462,113		386,453	
Debtors	9	826,849		1,674,696	
Cash at bank and in hand		1,459,467		1,471,692	
		2,748,429		3,532,841	
Creditors: amounts falling due within one year	10	(1,701,399)		(1,827,324)	
Net current assets			1,047,030		1,705,517
Total assets less current liabilities			1,047,055		1,705,522
Capital and reserves					
Called up share capital	12		5,000		5,000
Profit and loss account	13		1,042,055		1,700,522
Shareholders' funds - equity interests	14		1,047,055		1,705,522

The financial statements were approved by the Board on 23/01/03

.....
R J Wharton
Director

.....
M R Wharton
Director

WHARTONS NURSERIES LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2002

	2002		2001	
	£	£	£	£
Net cash inflow/(outflow) from operating activities		723,945		(230,042)
Returns on investments and servicing of finance				
Interest received	33,606		51,992	
Interest paid	(41,944)		(48,346)	
Net cash (outflow)/inflow for returns on investments and servicing of finance		(8,338)		3,646
Taxation		(15,507)		(61,557)
Financial investment				
Payments to acquire investments	(20)		-	
Net cash outflow for capital expenditure		(20)		-
Equity dividends paid		(700,000)		-
Net cash inflow/(outflow) before management of liquid resources and financing		80		(287,953)
Increase/(decrease) in cash in the year		80		(287,953)

WHARTONS NURSERIES LIMITED

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2002

1	**Reconciliation of operating profit to net cash inflow/(outflow) from operating activities**	**2002**	**2001**
		£	**£**
	Operating profit	61,309	66,488
	Increase in stocks	(75,660)	(42,491)
	Decrease/(increase) in debtors	847,847	(612,157)
	(Decrease)/Increase in creditors within one year	(109,551)	358,118
	Net cash inflow/(outflow) from operating activities	723,945	(230,042)

2	**Analysis of net funds**	**1 September 2001**	**Cash flow**	**Other non-cash changes**	**31 August 2002**
		£	**£**	**£**	**£**
	Net cash:				
	Cash at bank and in hand	1,471,692	(12,225)	-	1,459,467
	Bank overdrafts	(68,483)	12,305	-	(56,178)
		1,403,209	80	-	1,403,289
	Net funds	1,403,209	80	-	1,403,289

3	**Reconciliation of net cash flow to movement in net funds**	**2002**	**2001**
		£	**£**
	Increase/(decrease) in cash in the year	80	(287,953)
	Movement in net funds in the year	80	(287,953)
	Opening net funds	1,403,209	1,691,162
	Closing net funds	1,403,289	1,403,209

WHARTONS NURSERIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2002

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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 permanent 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 FRS 17.

1.7 Deferred taxation

The accounting policy in respect of deferred tax has been changed to reflect the requirements of FRS19 - Deferred tax. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

The above amounts to a change in accounting policy. The previous policy was to provide deferred tax only to the extent that it was probable that liabilities would crystallise in the foreseeable future.

The adoption of the standard has not required a prior period adjustment. If the new policy had been in place in the previous period no asset or liability would have been recognised as the conditions for recognition would not have been satisfied.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2002

3	**Operating profit**	**2002**	**2001**
		£	**£**
	Operating profit is stated after charging:		
	Operating lease rentals	339,043	288,147
	Auditors' remuneration	20,500	19,315

4	**Interest payable**	**2002**	**2001**
		£	**£**
	On other loans wholly repayable within 5 years	41,944	48,346

5	**Taxation**	**2002**	**2001**
		£	**£**
	Domestic current year tax		
	U.K. corporation tax	11,427	15,496
	Adjustment for prior years	11	555
	Current tax charge	11,438	16,051
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	52,971	70,134
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.00% (2001: 20.00%)	10,594	14,027
	Effects of:		
	Non deductible expenses	1,077	1,469
	Adjustments to previous periods	11	555
	Other tax adjustments	(244)	-
		844	2,024
	Current tax charge	11,438	16,051

6	**Dividends**	**2002**	**2001**
		£	**£**
	Ordinary interim paid	700,000	-

An interim dividend of £140 per share (2001:£NIL) has been paid.

7 Fixed asset investments

	Unlisted investments	Shares in participating interests	Total
	£	£	£
Cost			
At 1 September 2001	-	5	5
Additions	20	-	20
At 31 August 2002	20	5	25

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	5,527	105

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 2002.

8 Stocks and work in progress

	2002	2001
	£	£
Root stocks for Autumn 2003 sales	179,866	166,698
Consumables	17,230	20,210
Rose bushes and other plants for resale	265,017	199,545
	462,113	386,453

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2002

9 Debtors	2002 £	2001 £
Trade debtors	793,972	871,947
Amounts owed by parent and fellow subsidiary undertakings	-	727,159
Amounts owed by participating interests	-	1,150
Prepayments and accrued income	32,877	74,440
	826,849	1,674,696

10 Creditors: amounts falling due within one year	2002 £	2001 £
Bank loans and overdrafts	56,178	68,483
Trade creditors	266,331	415,186
Amounts owed to parent and fellow subsidiary undertakings	45,426	-
Amounts owed to participating interests	-	71
Corporation tax	11,427	15,496
Other taxes and social security costs	142,716	192,627
Directors' current accounts	717,749	599,660
Other creditors	3,290	16,875
Accruals and deferred income	458,282	518,926
	1,701,399	1,827,324

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

11 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 £17,564 (2001- £18,361)

Directors scheme £104,933 (2001- £108,300)

Contributions totalling £3,290 (2001- £4,693) were payable to the employees fund at the year end and are included in creditors.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2002

12 Share capital

	2002 £	2001 £
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

13 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 September 2001	1,700,522
Retained loss for the year	(658,467)
Balance at 31 August 2002	1,042,055

14 Reconciliation of movements in shareholders' funds

	2002 £	2001 £
Profit for the financial year	41,533	54,083
Dividends	(700,000)	-
Net (depletion in)/addition to shareholders' funds	(658,467)	54,083
Opening shareholders' funds	1,705,522	1,651,439
Closing shareholders' funds	1,047,055	1,705,522

15 Financial commitments

At 31 August 2002 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2002 £	2001 £	2002 £	2001 £
Expiry date:				
Within one year	-	-	296,502	240,476
Between two and five years	48,358	47,722	-	-
	48,358	47,722	296,502	240,476

16 Directors' emoluments

	2002 £	2001 £
Emoluments for qualifying services	293,129	304,233
Company pension contributions to money purchase schemes	104,933	108,300
	398,062	412,533

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 2 (2001- 2).

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

Emoluments for qualifying services	134,781	137,440
Company pension contributions to money purchase schemes	62,071	102,000

17 Employees

Number of employees

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

	2002 Number	2001 Number
Office and management	10	10
Production	94	97
	104	107

Employment costs

	£	£
Wages and salaries	1,422,786	1,410,832
Social security costs	118,058	116,979
Other pension costs	122,497	126,661
	1,663,341	1,654,472

18 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.

19 Related party transactions

a. The company has a creditor balance as at 31 August 2002 with its parent company of £45,426 (2001: £727,159 debtor).

Transactions during the year amounted to the transfer of fixed asset purchases of £162,990 (2001:£196,774), the transfer of sale proceeds from fixed asset disposals amounting to £1,150 (2001:£42,145), the provision of a hire charge from Whartons Holdings Limited for the use of fixed assets amounting to £296,503 (2001:£240,476) and a dividend paid to the holding company of £700,000.The remaining movements relate to amounts paid by Whartons Nurseries Limited on the behalf of Whartons Holdings Limited and small cash transfers.

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 2002, the company had a creditor balance of £NIL (2001: £71) and a debtor balance of £NIL (2001: £1,150) with The Anglia Group of Nurseries Limited.

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 £23,896 per annum (2001: £28,896 per annum).

Outstanding contributions to the employees pension scheme amount to £3,290 (2001:£4,693) as at the year end.

d. The directors accounts' were in credit as at 31 August 2002 in total of £717,749 (2001:£599,660) ,split as follows :-

R J Wharton £369,529 (2001 : £313,715)

M R Wharton £332,888 (2001 : £273,472)

A K J Wharton £15,332 (2001 : £12,473).