

LOCKHILL LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 2000



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LOCKHILL LIMITED

COMPANY INFORMATION

Directors

Mr Michael Frederick Plummer
Mr David Ralph Tristram
Mr James Oliver Turner
Mr Geoffrey Needham
Mrs Jeanie McDiamid Gilford
Mr Christopher Paul Tellwright

Secretary

Mr Michael Guy Tristram

Company number

2213321

Registered office

36a Station Road
New Milton
Hampshire
BH25 6JX

Auditors

Terence L Smith & Co.
38a Station Road
New Milton
Hampshire
BH25 6JX

Solicitors

Brook Oliver & Co
10 Mallard Buildings
Station Road
New Milton
Hampshire
BH25 6HY

Bankers

National Westminster Bank plc
27 South Street
Worthing
West Sussex
BN11 3BG

LOCKHILL LIMITED

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LOCKHILL LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST AUGUST 2000

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

Principal activities and review of business

The company's principal activity continued to be that of a service company to an horticultural co-operative, and of a holding company, and no change to these activities is envisaged.

Results and dividends

The results for the year are set out in the profit and loss account on page 4.

The directors consider the profit achieved on ordinary activities before taxation to be £9,119.

The directors consider the state of the company's affairs to be satisfactory.

Dividends

The directors do not recommend a dividend.

Directors and their interests

The directors who held office during the year and their interests in the company's issued share capital are given below:

Name of director	Share type	At 31st August 2000	At 1st September 1999
Mr Michael Frederick Plummer	Ordinary	2,400	2,400
Mr David Ralph Tristram	Ordinary	4,950	4,950
Mr James Oliver Turner	Ordinary	2,250	2,250
Mr Geoffrey Needham	Ordinary	2,160	2,160
Mrs Jeanie McDiamid Gilford	Ordinary	-	-
Mr Christopher Paul Tellwright	Ordinary	1,080	1,080

Events since the end of the year

There were no post balance sheet events.

LOCKHILL LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST AUGUST 2000

Statement of 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 for that year. 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;

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.

Auditors

A resolution to re-appoint Terence L Smith & Co. Chartered Accountants as auditors will be put to the members at the Annual General Meeting.

By order of the Board



Mr Michael Guy Tristram, Secretary
1st March 2001

36a Station Road
New Milton
Hampshire
BH25 6JX

AUDITORS' REPORT TO THE SHAREHOLDERS OF LOCKHILL LIMITED

We have audited the financial statements on pages 4 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and 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 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 the 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 31st August 2000 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Terence L Smith & Co.
Chartered Accountants and Registered Auditors
38a Station Road
New Milton
Hampshire
BH25 6JX
Date: 1st March 2001

LOCKHILL LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST AUGUST 2000

	Notes	2000 £	1999 £
Turnover	2	206,468	183,419
Gross profit		206,468	183,419
Administrative expenses		(182,741)	(169,497)
Operating profit	3	23,727	13,922
Interest receivable	4	14	-
Interest payable and similar charges	5	(14,622)	(11,726)
Profit on ordinary activities before taxation		9,119	2,196
Tax on profit on ordinary activities	6	(140)	662
Profit for the financial year	7	8,979	2,858
Retained profit brought forward		31,408	28,550
Retained profit carried forward		40,387	31,408

All amounts relate to continuing activities.

There were no recognised gains or losses for 2000 or 1999 other than those included in the profit and loss account.

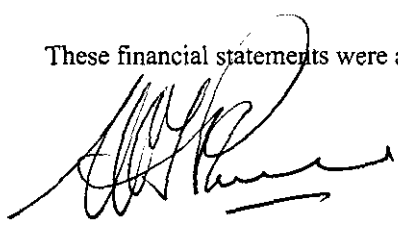
LOCKHILL LIMITED

BALANCE SHEET

AS AT 31ST AUGUST 2000

	Notes	£	2000 £	£	1999 £
Fixed assets					
Tangible assets	8		81,980		96,912
Investments	9		29,626		29,625
			<u>111,606</u>		<u>126,537</u>
Current assets					
Debtors	10	229,861		239,436	
Cash at bank and in hand		8,126		2,309	
		<u>237,987</u>		<u>241,745</u>	
Creditors: amounts falling due within one year	11	<u>(88,448)</u>		<u>(75,343)</u>	
Net current assets			<u>149,539</u>		<u>166,402</u>
Total assets less current liabilities			<u>261,145</u>		<u>292,939</u>
Creditors: amounts falling due after more than one year	12		<u>(190,758)</u>		<u>(231,531)</u>
			<u>70,387</u>		<u>61,408</u>
Capital and reserves					
Share capital	13		15,000		15,000
Redemption Reserve	7		15,000		15,000
Profit and loss account	7		40,387		31,408
Shareholders' funds	14		<u>70,387</u>		<u>61,408</u>

These financial statements were approved by the board on 1st March 2001 and signed on its behalf by:



Mr Michael Frederick Plummer
Director

LOCKHILL LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST AUGUST 2000

	Notes	2000 £	1999 £
Reconciliation of operating profit to net cash flow from operating activities			
Operating profit		23,727	13,922
Depreciation		38,332	26,449
Decrease/Increase in debtors		9,575	(53,835)
Decrease/Increase in creditors		(8,964)	11,792
Net cash inflow/outflow from operating activities		62,670	(1,672)
CASH FLOW STATEMENT			
Net cash inflow/outflow from operating activities		62,670	(1,672)
Returns on investments and servicing of finance	15	(14,608)	(11,726)
Taxation		-	-
Capital expenditure and financial investment	15	(23,401)	(69,697)
Cash inflow/outflow before use of liquid resources and financing		24,661	(83,095)
Financing	15	(18,844)	82,547
Increase/Decrease in cash		5,817	(548)
Reconciliation of net cash flow to movement in net debt			
Increase/Decrease in cash in the year		5,817	(548)
Decrease /Increase in loans	16	18,844	(82,547)
Decrease in net debt	16	24,661	(83,095)
Net debt at 1st September 1999		(243,353)	(160,258)
Net debt at 31st August 2000	16	(218,692)	(243,353)

LOCKHILL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST AUGUST 2000

1 Accounting policies

Basis of accounting

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

Consolidation

The financial statements contain information about Lockhill Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 248 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as the group it heads qualifies as a medium group.

Turnover

Turnover comprises the value of sales excluding value added tax and trade discounts.

Tangible fixed assets and depreciation

Depreciation is calculated to write down the cost or valuation less estimated residual value of all tangible fixed assets by reducing balance and straight line methods over their expected useful lives. The rates generally applicable are:

Buildings	4% Straight line
Plant and machinery	20% Reducing Balance
Motor vehicles	25% Reducing Balance
Furniture and equipment	15-25% Reducing Balance

Investments

Investments are included at cost less amounts written off. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

Contribution to pension funds

The company operates a defined contribution pension scheme. The amount charged to the profit and loss account in respect of pension costs is 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.

Associated Society

Services are provided for value to the company by the associated co-operative Farplants Limited, on an arms length basis.

2 Turnover

The geographical analysis of turnover is as follows:

	2000 £	1999 £
UK	206,468	183,419

LOCKHILL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST AUGUST 2000

3 Operating profit

The operating profit is stated after charging or crediting:

	2000	1999
	£	£
Depreciation of tangible fixed assets:		
-owned assets	38,332	26,449
Directors' fees	8,190	7,245
Auditors' remuneration	2,325	2,150

4 Interest receivable

	2000	1999
	£	£
Other interest receivable	14	-

5 Interest payable and similar charges

	2000	1999
	£	£
Interest payable on bank loans and overdrafts	14,470	11,726
Interest payable on other loans	152	-
	14,622	11,726

6 Taxation

	2000	1999
	£	£
Based on the profit for the year:		
UK corporation tax at applicable rates	140	-
	140	-
Prior periods		
UK corporation tax	-	(662)
	140	(662)

7 Reserves

	Other reserves equity £	Profit and loss account £
At 1st September 1998	15,000	28,550
Profit for the year	-	2,858
At 1st September 1999	15,000	31,408
Profit for the year	-	8,979
At 31st August 2000	15,000	40,387

LOCKHILL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST AUGUST 2000

8 Tangible fixed assets

	Buildings	Plant and machinery	Motor vehicles	Furniture and equipment	Total
Cost	£	£	£	£	£
At 1st September 1999	1,383	237,785	2,500	225,734	467,402
Additions	-	1,050	-	22,350	23,400
At 31st August 2000	1,383	238,835	2,500	248,084	490,802
Depreciation					
At 1st September 1999	122	217,010	1,446	151,912	370,490
Charge for the year	62	5,555	1,054	31,661	38,332
At 31st August 2000	184	222,565	2,500	183,573	408,822
Net book value					
At 31st August 2000	1,199	16,270	-	64,511	81,980
At 31st August 1999	1,261	20,775	1,054	73,822	96,912

9 Fixed asset investments

	Loans to group undertakings	Shares in group undertakings	Other investments other than loans	Total
Cost	£	£	£	£
At 1st September 1999	15,000	12,600	2,025	29,625
Additions	-	1	-	1
At 31st August 2000	15,000	12,601	2,025	29,626
Net book value				
At 31st August 2000	15,000	12,601	2,025	29,626
At 31st August 1999	15,000	12,600	2,025	29,625

Shares in group undertakings represent 100% (£7,601) of the issued share capital of the subsidiary Farplants Sales Limited, registered in England and 50% (£5,000) of the issued share capital of the associated company Wallock Limited, registered in England.

Other investments represent 3% (£25) of the issued share capital of Future Plants (UK) Limited, incorporated under the Industrial and Provident Societies Act and 20% (£2,000) of the issued share capital of Ballerina Trees Limited, registered in England.

LOCKHILL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST AUGUST 2000

10	Debtors	2000	1999
		£	£
	Trade debtors	110,964	106,325
	Amounts owed by associated undertakings	118,897	132,297
	Prepayments and accrued income	-	814
		<u>229,861</u>	<u>239,436</u>
11	Creditors: amounts falling due within one year	2000	1999
		£	£
	Bank loans (Note 17)	36,060	14,131
	Trade creditors	20,000	32,500
	Corporation tax	140	-
	Other taxes and social security	7,849	6,199
	Other creditors	1	-
	Accruals and deferred income	24,398	22,513
		<u>88,448</u>	<u>75,343</u>
12	Creditors: amounts falling due after more than one year	2000	1999
		£	£
	Other loans (Note 17)	49,878	49,878
	Bank loans and overdrafts (Note 17)	140,880	181,653
		<u>190,758</u>	<u>231,531</u>
 Bank borrowing is secured by:			
Unscheduled mortgage debenture dated 23rd August 1988 incorporating a fixed and floating charge over all current and future assets of the company.			
Specific Equitable Charge dated 5th May 1989 over Toddington Lane, Littlehampton.			
Legal mortgage dated 23rd January 1998 over Walberton Nursery, Yapton Lane, Walberton.			
Composite Guarantee dated 23 January 1998 by Farplants Limited, Farplants Sales Limited and Wallock Limited			
13	Share capital	2000	1999
		£	£
	Authorised		
	Equity shares		
	15,000 Ordinary shares of £1.00 each	<u>15,000</u>	<u>15,000</u>
	Allotted		
	Equity shares		
	15,000 Allotted, called up and fully paid ordinary shares of £1.00 each	<u>15,000</u>	<u>15,000</u>

LOCKHILL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST AUGUST 2000

14	Reconciliation of movement in shareholders' funds	2000	1999		
		£	£		
	Profit for the financial year	8,979	2,858		
	Increase in the shareholders' funds	8,979	2,858		
	Opening shareholders' funds	61,408	58,550		
	Closing shareholders' funds	70,387	61,408		
15	Gross cash flows	2000	1999		
		£	£		
	Returns on investments and servicing of finance				
	Interest received	14	-		
	Interest paid	(14,622)	(11,726)		
		(14,608)	(11,726)		
	Capital expenditure and financial investment				
	Payments to acquire tangible fixed assets	(23,400)	(69,697)		
	Purchase of investments	(1)	-		
		(23,401)	(69,697)		
	Financing				
	Increase/Decrease in other bank loans due within one year	21,929	(1,000)		
	Decrease in other loans due in more than one year	-	-		
	Decrease/Increase in bank loans due in more than one year	(40,773)	83,547		
		(18,844)	82,547		
16	Analysis of changes in net debt	1999	Cash flows	Non-cash changes	2000
		£	£	£	£
	Cash at bank and in hand	2,309	5,817	-	8,126
	Debt due within one year	(14,131)	14,131	(36,060)	(36,060)
	Debt due after one year	(231,531)	4,713	36,060	(190,758)
		(245,662)	18,844	-	(226,818)
		(243,353)	24,661	-	(218,692)

LOCKHILL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST AUGUST 2000

17	Loans and borrowings	2000	1999
		£	£
	Analysis of loans		
	Other loans	49,878	49,878
	Bank loans and overdraft	176,940	195,784
		<u>226,818</u>	<u>245,662</u>
	Maturity of debt		
	In one year or less, or on demand	36,060	14,131
	In more than two years, but not more than five years	140,880	177,305
	In more than five years	49,878	54,226
		<u>226,818</u>	<u>245,662</u>

18 Pension scheme

The company operates a defined contribution pension scheme for the benefit of the employees. The assets of the scheme are administered by trustees in a fund independent from those of the company.

The total contributions paid in the year amounted to £9,878 (1999 - £9,439).

There were outstanding contributions at the balance sheet date of £1,283 (1999 - £1,212)

19 Operating lease commitments

At 31st August 2000 the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings	
	2000	1999
	£	£
Operating leases which expire:		
After five years	<u>16,600</u>	<u>16,600</u>

20 Contingent assets/liabilities

The Company has entered into a cross guarantee and debenture in respect of bank borrowing of the subsidiary company Farplants Sales Limited, the associated co-operative Farplants Limited and the associated company Wallock Limited. The liability at the year end was £306,651 (1999 £275,117).

21 Shares in group undertakings

At 31st August 2000 the aggregate of the share capital and reserves of Farplants Sales Limited amounted to £236,990 (1999 - £171,957) and the profit for the year to that date was £65,033 (1999 - £25,463).

Wallock Limited has not commenced trading.

LOCKHILL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST AUGUST 2000

22 Related parties

During the year the company invoiced for service charge and recharges, a total of £242,418 (1999 - £218,554) to the subsidiary Farplants Sales Limited. At the balance sheet date the amount due from Farplants Sales Limited was £73,289 (1999 - £60,248) together with an inter company loan account balance of £118,897 (1999 - £132,297).

The company also invoiced the associate company Farplants Limited a total of £10,000 (1999 - £10,000) for service charge and recharges. At the balance sheet date the amount due was £NIL (1999 - £10,000).

23 Directors' remuneration

	2000	1999
	£	£
Aggregate emoluments	<u>8,190</u>	<u>7,245</u>

24 Material Interests of the Directors

All the Directors are interested as participants in and suppliers to, in the ordinary course of business, the associated horticultural co-operative Farplants Limited.

Messrs. Turner and Tellwright are directors of Farplants Sales Limited, with details of transactions noted in the related party note above.

No transactions took place during the period with the following related parties -

Messrs. Needham, Tristram and Plummer are directors of Pride of Place Plants Limited

Mr. Needham is a director of Ballerina Trees Limited

Messrs. Needham and Plummer are directors of Fargo Limited

Mr. Tristram is a director of Wallock Limited

• LOCKHILL LIMITED

MANAGEMENT PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST AUGUST 2000

	2000 £	1999 £	1998 £
Turnover			
Sales	<u>206,468</u>	<u>183,419</u>	<u>211,686</u>
Gross profit	<u>206,468</u>	<u>183,419</u>	<u>211,686</u>
Expenses			
Administrative expenses	182,741	169,497	198,615
Interest payable and similar charges	14,622	11,726	11,648
Interest receivable	(14)	-	-
	<u>197,349</u>	<u>181,223</u>	<u>210,263</u>
Profit for the financial year	<u>9,119</u>	<u>2,196</u>	<u>1,423</u>

LOCKHILL LIMITED

MANAGEMENT PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST AUGUST 2000

	2000 £	1999 £	1998 £
Administrative expenses			
Directors' fees	8,190	7,245	7,245
Wages and salaries	162,987	146,946	153,531
Legal and professional fees	2,070	2,920	6,596
Auditors' remuneration	2,325	2,150	2,115
Bank charges	174	3,242	182
Expenses refunded	(31,450)	(19,512)	(13,236)
Sundry expenses	113	57	15
Depreciation	38,332	26,449	42,167
	<u>182,741</u>	<u>169,497</u>	<u>198,615</u>
Interest payable and similar charges			
On bank loans and overdrafts repayable within five years	14,470	11,726	11,648
Other	152	-	-
	<u>14,622</u>	<u>11,726</u>	<u>11,648</u>
Interest receivable			
Other interest received	<u>14</u>	<u>-</u>	<u>-</u>