Company No. 2213321

LOCKHILL LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST AUGUST 2001



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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 Mr John Charles Hall
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 3AR

LOCKHILL LIMITED

CONTENTS

	Page
Directors' report	1 to 2
Auditors' report	3
Profit and loss account	4
Balance sheet	5
Cash flow statement	6
Notes to the financial statements	7 to 15
The following pages do not form part of the statutory financial statements	
Management profit and loss account	16 to 17

LOCKHILL LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST AUGUST 2001

The directors present their report and the audited financial statements for the company for the year ended 31st August 2001.

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 £24,590.

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 beneficial interests in the company's issued share capital are given below:

Name of director	Share type	At 31st August 2001	At 1st September 2000
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
Mr John Charles Hall	Ordinary	-	-

Mr John Charles Hall was appointed a director on 4 October 2000.

Events since the end of the year

There were no post balance sheet events.

LOCKHILL LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST AUGUST 2001

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 and Registered Auditors as auditors will be put to the members at the Annual General Meeting.

By order of the Board

Mr Michael Guy Tristram, Secretary
36a Station Road
New Milton
Hampshire
BH25 6JX
26th February 2002

INDEPENDENT AUDITORS' REPORT TO THE

SHAREHOLDERS OF LOCKHILL LIMITED

We have audited the financial statements on pages 4 to 15 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 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 Report of the Directors 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 director's remuneration and transactions with the company is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of 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 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 2001 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: 26th February 2002

LOCKHILL LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST AUGUST 2001

	Notes	2001	*2000*
		£	*£*
Turnover	2	**208,615**	*206,468*
Gross profit		**208,615**	*206,468*
Administrative expenses		**(171,070)**	*(182,741)*
Operating profit	3	**37,545**	*23,727*
Interest receivable	4	**-**	*14*
Interest payable and similar charges	5	**(12,955)**	*(14,622)*
Profit on ordinary activities before taxation		**24,590**	*9,119*
Tax on profit on ordinary activities	6	**(4,332)**	*(140)*
Profit for the financial year	7	**20,258**	*8,979*
Retained profit brought forward		**40,387**	*31,408*
Retained profit carried forward		**60,645**	*40,387*

All amounts relate to continuing activities.

There were no recognised gains or losses for 2001 or 2000 other than those included in the profit and loss account.

LOCKHILL LIMITED

BALANCE SHEET

AS AT 31ST AUGUST 2001

	Notes		2001		*2000*
		£	£	£	*£*
Fixed assets					
Tangible assets	8		**97,840**		*81,980*
Investments	9		**29,127**		*29,626*
			126,967		*111,606*
Current assets					
Debtors	10	**178,505**		*229,861*	
Cash at bank and in hand		**7,683**		*8,126*	
		186,188		*237,987*	
Creditors: amounts falling due within one year	11	**(75,209)**		*(88,448)*	
Net current assets			**110,979**		*149,539*
Total assets less current liabilities			**237,946**		*261,145*
Creditors: amounts falling due after more than one year	12		**(146,360)**		*(190,758)*
Provisions for liabilities and charges					
Deferred taxation	13		**(941)**		*-*
			90,645		*70,387*
Capital and reserves					
Share capital	14		**15,000**		*15,000*
Redemption Reserve	7		**15,000**		*15,000*
Profit and loss account	7		**60,645**		*40,387*
Shareholders' funds	15		**90,645**		*70,387*

These financial statements were approved by the board on 26th February 2002 and signed on its behalf by:

Mr Michael Frederick Plummer
Director

The notes on pages 7 to 15 form part of these financial statements.

LOCKHILL LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST AUGUST 2001

	Notes	2001	*2000*
		£	*£*
Reconciliation of operating profit to net cash flow from operating activities			
Operating profit		**37,545**	*23,727*
Depreciation		**31,447**	*38,332*
Loss on sale of fixed assets		**1,937**	*-*
Decrease in debtors		**51,356**	*9,575*
Decrease in creditors		**(23,389)**	*(8,964)*
Net cash inflow from operating activities		**98,896**	*62,670*
CASH FLOW STATEMENT			
Net cash inflow from operating activities		**98,896**	*62,670*
Returns on investments and servicing of finance	16	**(12,955)**	*(14,608)*
Taxation		**(140)**	*-*
Capital expenditure and financial investment	16	**(48,745)**	*(23,401)*
Cash inflow before use of liquid resources and financing		**37,056**	*24,661*
Financing	16	**(37,499)**	*(18,844)*
Decrease/Increase in cash		**(443)**	*5,817*
Reconciliation of net cash flow to movement in net debt			
Decrease/Increase in cash in the year		**(443)**	*5,817*
Cash outflow from decrease in net debt and lease financing	17	**37,499**	*18,844*
Decrease in net debt		**37,056**	*24,661*
Net debt at 1st September 2000	17	**(218,692)**	*(243,353)*
Net debt at 31st August 2001		**(181,636)**	*(218,692)*

The notes on pages 7 to 15 form part of these financial statements.

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:

	2001	2000
	£	£
UK	208,615	206,468

3 Operating profit

The operating profit is stated after charging or crediting:

	2001	2000
	£	£
Depreciation of tangible fixed assets:		
-owned assets	31,447	38,332
Loss on disposal of fixed assets	1,937	-
Directors' fees	8,388	8,190
Auditors' remuneration	3,207	2,325

4 Interest receivable

	2001	2000
	£	£
Other interest receivable	-	14

5 Interest payable and similar charges

	2001	2000
	£	£
Interest payable on bank loans and overdrafts	12,955	14,470
Interest payable on other loans	-	152
	12,955	14,622

6 Taxation

	2001	2000
	£	£
Based on the profit for the year:		
UK corporation tax at applicable rates	3,391	140
Deferred tax charge	941	-
	4,332	140

7 Reserves

	Other reserves equity	Profit and loss account
	£	£
At 1st September 1999	15,000	31,408
Profit for the year	-	8,979
At 1st September 2000	15,000	40,387
Profit for the year	-	20,258
At 31st August 2001	**15,000**	**60,645**

8 Tangible fixed assets

	Buildings	Plant and machinery	Motor vehicles	Furniture and equipment	Total
Cost	£	£	£	£	£
At 1st September 2000	1,383	238,835	2,500	248,084	490,802
Additions	-	896	-	46,411	47,307
At 31st August 2001	**1,383**	**239,731**	**2,500**	**294,495**	**538,109**
Depreciation					
At 1st September 2000	184	222,565	2,500	183,573	408,822
Charge for the year	61	3,426	-	27,960	31,447
At 31st August 2001	**245**	**225,991**	**2,500**	**211,533**	**440,269**
Net book value					
At 31st August 2001	**1,138**	**13,740**	**-**	**82,962**	**97,840**
At 31st August 2000	*1,199*	*16,270*	*-*	*64,511*	*81,980*

9 Fixed asset investments

	Loans to group undertakings	Shares in group undertakings	Other investments other than loans	Total
Cost	**£**	**£**	**£**	**£**
At 1st September 2000	15,000	12,601	2,025	29,626
Additions	-	1,501	-	1,501
Disposals	-	-	(2,000)	(2,000)
At 31st August 2001	**15,000**	**14,102**	**25**	**29,127**
Net book value				
At 31st August 2001	**15,000**	**14,102**	**25**	**29,127**
At 31st August 2000	*15,000*	*12,601*	*2,025*	*29,626*

Shares in group undertakings represent 100% (£7,601) of the issued share capital of the subsidiary Farplants Sales Limited, registered in England, 50%(£5,000) of the issued share capital of the associated company Wallock Limited, registered in England and 100% (£1,501) of the issued share capital of Pride of Place Plants 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 The holding of 20% (£2,000) of the issued share capital of Ballerina Trees Limited, registered in England, has been written off in the trading period as the company has ceased trading.

10 Debtors

	2001	*2000*
	£	*£*
Trade debtors	**106,510**	*110,964*
Amounts owed by associated undertakings	**71,590**	*118,897*
Other debtors	**405**	-
	178,505	*229,861*

11 Creditors: amounts falling due within one year

	2001	*2000*
	£	*£*
Bank loans (Note 18)	42,959	*36,060*
Trade creditors	-	*20,000*
Corporation tax	3,391	*140*
Other taxes and social security	6,688	*7,849*
Other creditors	2	*1*
Accruals and deferred income	22,169	*24,398*
	75,209	*88,448*

The company meets its day to day working capital requirements through an overdraft facility which is repayable on demand. The company expects to operate within the facility currently agreed and within that expected to be agreed in April 2002, when the company's bankers are due to consider its renewal for a further year. These views are based on the company's plans and of the successful outcome of discussions with the company's bankers.

12 Creditors: amounts falling due after more than one year

	2001	*2000*
	£	*£*
Other loans (Note 18)	49,878	*49,878*
Bank loans and overdrafts (Note 18)	96,482	*140,880*
	146,360	*190,758*

13 Deferred taxation

The movements in deferred taxation during the current and previous years are as follows:

	2001	*2000*
	£	*£*
At 1st September 2000	-	-
Movement in the year	941	-
At 31st August 2001	941	-

Deferred taxation provided for in the financial statements is set out below.

	Amount provided	
	2001	*2000*
	£	*£*
Accelerated capital allowances	941	-

14 Share capital

	2001	2000
	£	£
Authorised		
Equity shares		
15,000 Ordinary shares of £1.00 each	**15,000**	*15,000*
Allotted		
Equity shares		
15,000 Allotted, called up and fully paid ordinary shares of £1.00 each	**15,000**	*15,000*

15 Reconciliation of movement in shareholders' funds

	2001	2000
	£	£
Profit for the financial year	**20,258**	*8,979*
Increase in the shareholders' funds	**20,258**	*8,979*
Opening shareholders' funds	**70,387**	*61,408*
Closing shareholders' funds	**90,645**	*70,387*

16 Gross cash flows

	2001	2000
	£	£
Returns on investments and servicing of finance		
Interest received	**-**	*14*
Interest paid	**(12,955)**	*(14,622)*
	(12,955)	*(14,608)*
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	**(47,307)**	*(23,400)*
Proceeds from the sale of tangible fixed assets	**(1,937)**	**-**
Proceeds from the sale of investment	**2,000**	**-**
Purchase of investments	**(1,501)**	*(1)*
	(48,745)	*(23,401)*
Financing		
Increase in other bank loans due within one year	**6,899**	*21,929*
Decrease in other loans due in more than one year	**-**	**-**
Decrease in bank loans due in more than one year	**(44,398)**	*(40,773)*
	(37,499)	*(18,844)*

17 Analysis of changes in net debt

	2000	Cash flows	Non-cash changes	2001
	£	£	£	£
Cash at bank and in hand	8,126	(443)	-	7,683
Debt due within one year	(36,060)	37,499	(44,398)	(42,959)
Debt due after one year	(190,758)	-	44,398	(146,360)
	(226,818)	37,499	-	(189,319)
	(218,692)	**37,056**	-	**(181,636)**

18 Loans and borrowings

	2001	*2000*
	£	*£*
Analysis of loans		
Other loans	**49,878**	*49,878*
Bank loans and overdraft	**139,441**	*176,940*
	189,319	*226,818*
Maturity of debt		
In one year or less, or on demand	**42,959**	*36,060*
In more than two years, but not more than five years	**96,482**	*140,880*
In more than five years	**49,878**	*49,878*
	189,319	*226,818*

19 Secured creditors

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 the Farplants building at Walberton Nursery, Yapton Lane, Walberton.

Composite Guarantee dated 23 January 1998 by Farplants Limited, Farplants Sales Limited and Wallock Limited

20 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 £9,673 (2000 - £9,878).

There were outstanding contributions at the balance sheet date of £1,283 (2000 - £1,212)

21 Operating lease commitments

At 31st August 2001 the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings	
	2001	*2000*
Operating leases which expire:	**£**	*£*
After five years	**16,600**	*16,600*

22 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 £371,279 (2000: £306,651).

23 Shares in group undertakings

At 31st August 2001 the aggregate of the share capital and reserves of Farplants Sales Limited (see note 9) amounted to £271,547 (2000: £234,411) and the profit for the year to that date was £37,136 (2000: £62,454).

At 30th September 2001 the aggregate of the share capital and reserves of Pride of Place Plants Limited (see note 9) amounted to £2 (2000: £2).

Wallock Limited has not commenced trading.

24 Related parties

During the year the company invoiced for service charge and recharges, a total of £257,304(2000 - £242,418) to the subsidiary Farplants Sales Limited. At the balance sheet date the amount due from Farplants Sales Limited was £74,215 (2000 - £73,289) together with an inter company loan account balance of £71,590 (2000 - £118,897).
The company also invoiced the associate company Farplants Limited a total of £10,000 (2000 - £10,000) for service charge and recharges. At the balance sheet date the amount due was £10,000 (2000 - £NIL).

25 Directors and employees

These costs consist of remuneration for the directors of Farplants Sales Limited and fees for the directors of Lockhill Limited:

	2001	*2000*
	£	*£*
Wages and salaries	142,687	*136,481*
Social security costs	15,030	*16,628*
Other pension costs	9,673	*9,878*
	167,390	*162,987*

The average monthly number of employees, including directors, during the year was as follows:

	2001	*2000*
	Number	*Number*
Management	3	*3*

Directors' remuneration

	2001	*2000*
	£	*£*
Fees	8,388	*8,190*
	8,388	*8,190*

26 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

Messrs. Needham and Plummer are directors of Fargro Limited

Mr. Tristram is a director of Wallock Limited

LOCKHILL LIMITED

MANAGEMENT PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST AUGUST 2001

	2001	*2000*	*1999*
	£	£	£
Turnover			
Sales	**208,615**	*206,468*	*183,419*
Gross profit	**208,615**	*206,468*	*183,419*
Expenses			
Administrative expenses	**171,070**	*182,741*	*169,497*
Interest payable and similar charges	**12,955**	*14,622*	*11,726*
Interest receivable	**-**	*(14)*	*-*
	184,025	*197,349*	*181,223*
Profit for the financial year	**24,590**	*9,119*	*2,196*

LOCKHILL LIMITED

MANAGEMENT PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST AUGUST 2001

	2001	2000	1999
	£	£	£
Administrative expenses			
Directors' fees	**8,388**	*8,190*	*7,245*
Wages and salaries	**167,390**	*162,987*	*146,946*
Legal and professional fees	**-**	*2,070*	*2,920*
Auditors' remuneration	**3,207**	*2,325*	*2,150*
Bank charges	**158**	*174*	*3,242*
Expenses refunded	**(40,880)**	*(31,450)*	*(19,512)*
Sundry expenses	**(577)**	*113*	*57*
Depreciation	**31,447**	*38,332*	*26,449*
Loss on sale of fixed assets	**1,937**	*-*	*-*
	171,070	*182,741*	*169,497*
Interest payable and similar charges			
On bank loans and overdrafts repayable within five years	**12,955**	*14,470*	*11,726*
Other	**-**	*152*	*-*
	12,955	*14,622*	*11,726*
Interest receivable			
Other interest received	**-**	*14*	*-*