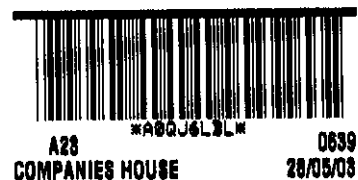


REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2002
FOR
LOCKHILL LIMITED

David Shores & Co Ltd
36A Station Road
New Milton
Hampshire
BH25 6JX



LOCKHILL LIMITED

CONTENTS OF THE FINANCIAL STATEMENTS
for the Year Ended 31 August 2002

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The following pages do not form part of the statutory financial statements:	
Profit and Loss Account	17
Profit and Loss Account Detail	18

LOCKHILL LIMITED

COMPANY INFORMATION
for the Year Ended 31 August 2002

DIRECTORS:

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

SECRETARY:

Mr Michael Guy Tristram

REGISTERED OFFICE:

36a Station Road
New Milton
Hampshire
BH25 6JX

REGISTERED NUMBER:

2213321 (England and Wales)

AUDITORS:

Terence L Smith & Co
Chartered Accountants
Registered Auditor
38a Station Road
New Milton
Hampshire
BH25 6JX

BANKERS:

National Westminster Bank Plc
27 South Street
Worthing
Sussex
BN11 3AR

SOLICITORS:

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

LOCKHILL LIMITED

REPORT OF THE DIRECTORS
for the Year Ended 31 August 2002

The directors present their report with the financial statements of the company for the year ended 31 August 2002.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of a service company to an Horticultural co-operative.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

DIVIDENDS

No dividends will be distributed for the year ended 31 August 2002.

DIRECTORS

The directors during the year under review were:

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

The beneficial interests of the directors holding office on 31 August 2002 in the issued share capital of the company were as follows:

	31.8.02	1.9.01
Ordinary shares £1 shares		
Mr James Oliver Turner	1,794	2,250
Mrs Jeanie McDiamid Gilford	2,754	2,160
Mr Geoffrey Needham	-	2,160
Mr Michael Frederick Plummer	2,306	2,400
Mr David Ralph Tristram	4,610	4,950
Mr Christopher Paul Tellwright	1,706	1,080
Mr John Charles Hall	1,830	-

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 of the company for that period. In preparing those financial statements, the directors are required to

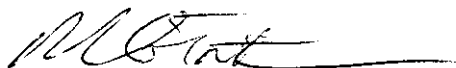
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

AUDITORS

The auditors, Terence L Smith & Co, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:



Mr Michael Guy Tristram - SECRETARY

Dated: 16 January 2003

LOCKHILL LIMITED

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
LOCKHILL LIMITED**

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

This report is made solely to the company's members, 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 members 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 members 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 on page two the company's directors are responsible for the preparation of 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 directors' 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 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 31 August 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Terence L Smith & Co
Chartered Accountants
Registered Auditor
38a Station Road
New Milton
Hampshire
BH25 6JX



22 May 2003.
Dated: 16 January 2003

LOCKHILL LIMITED

PROFIT AND LOSS ACCOUNT
for the Year Ended 31 August 2002

	Notes	2002 £	2001 £
TURNOVER		239,389	208,615
Administrative expenses		214,135	171,070
OPERATING PROFIT	3	25,254	37,545
Interest receivable and similar income		266	-
		25,520	37,545
Interest payable and similar charges	4	8,256	12,955
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		17,264	24,590
Tax on profit on ordinary activities	5	4,081	4,332
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		13,183	20,258
RETAINED PROFIT FOR THE YEAR		<u>£13,183</u>	<u>£20,258</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current and previous years.

The notes form part of these financial statements

LOCKHILL LIMITED

BALANCE SHEET
31 August 2002

		2002	2001
	Notes	£	£
FIXED ASSETS			
Tangible assets	6	92,982	97,840
Investments	7	69,642	29,127
		<u>162,624</u>	<u>126,967</u>
CURRENT ASSETS			
Debtors	8	130,630	178,505
Cash at bank		7,500	7,683
		<u>138,130</u>	<u>186,188</u>
CREDITORS			
Amounts falling due within one year	9	94,104	75,209
NET CURRENT ASSETS		<u>44,026</u>	<u>110,979</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>206,650</u>	<u>237,946</u>
CREDITORS			
Amounts falling due after more than one year	10	(102,822)	(146,360)
PROVISIONS FOR LIABILITIES AND CHARGES	14	-	(941)
		<u>£103,828</u>	<u>£90,645</u>
CAPITAL AND RESERVES			
Called up share capital	15	15,000	15,000
Capital redemption reserve	16	15,000	15,000
Profit and loss account	16	73,828	60,645
SHAREHOLDERS' FUNDS	20	<u>£103,828</u>	<u>£90,645</u>

ON BEHALF OF THE BOARD:

~~Mr Michael Frederick Plummer~~ DIRECTOR

Approved by the Board on 16 January 2003



MR JAMES TURNER - DIRECTOR

The notes form part of these financial statements

LOCKHILL LIMITED**CASH FLOW STATEMENT
for the Year Ended 31 August 2002**

	Notes	£	2002	£	£	2001	£
Net cash inflow from operating activities	1			136,303			98,896
Returns on investments and servicing of finance	2			(7,990)			(12,955)
Taxation				(3,391)			(140)
Capital expenditure and financial investment	2			(84,735)			(48,745)
				40,187			37,056
Financing	2			(40,370)			(37,499)
Decrease in cash in the period				<u>£(183)</u>			<u>£(443)</u>
Reconciliation of net cash flow to movement in net debt	3						
Decrease in cash in the period				(183)			(443)
Cash outflow from decrease in debt and lease financing				<u>40,370</u>			<u>37,499</u>
Change in net debt resulting from cash flows				<u>40,187</u>			<u>37,056</u>
Movement in net debt in the period				40,187			37,056
Net debt at 1 September				<u>(131,758)</u>			<u>(168,814)</u>
Net debt at 31 August				<u>£(91,571)</u>			<u>£(131,758)</u>

The notes form part of these financial statements

LOCKHILL LIMITED

NOTES TO THE CASH FLOW STATEMENT
for the Year Ended 31 August 2002

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2002 £	2001 £
Operating profit	25,254	37,545
Depreciation charges	49,078	31,447
Loss on disposal of fixed assets	-	1,937
Decrease in debtors	47,875	51,356
Increase/(Decrease) in creditors	14,096	(23,389)
Net cash inflow from operating activities	136,303	98,896

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2002 £	2001 £
Returns on investments and servicing of finance		
Interest received	266	-
Interest paid	(7,775)	(12,955)
Interest element of hire purchase payments	(481)	-
Net cash outflow for returns on investments and servicing of finance	(7,990)	(12,955)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(44,220)	(47,307)
Purchase of fixed asset investments	(40,515)	(1,501)
Sale of fixed asset investments	-	63
Net cash outflow for capital expenditure and financial investment	(84,735)	(48,745)
Financing		
Loan repayments in year	(46,370)	(37,499)
Capital repayments in year	6,000	-
Net cash outflow from financing	(40,370)	(37,499)

The notes form part of these financial statements

LOCKHILL LIMITED

NOTES TO THE CASH FLOW STATEMENT
for the Year Ended 31 August 2002

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.9.01 £	Cash flow £	At 31.8.02 £
Net cash:			
Cash at bank	7,683	(183)	7,500
	<u>7,683</u>	<u>(183)</u>	<u>7,500</u>
Debt:			
Hire purchase	-	(6,000)	(6,000)
Debts falling due within one year	(42,959)	2,832	(40,127)
Debts falling due after one year	(96,482)	43,538	(52,944)
	<u>(139,441)</u>	<u>40,370</u>	<u>(99,071)</u>
Total	<u>(131,758)</u>	<u>40,187</u>	<u>(91,571)</u>

The notes form part of these financial statements

LOCKHILL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 August 2002

1. ACCOUNTING POLICIES

Accounting convention

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

Turnover

Turnover represents net invoiced sales of services, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Long leasehold	- 4% on cost
Plant and machinery	- 20% on reducing balance
Fixtures and fittings	- 25% on reducing balance
Motor vehicles	- 25% on reducing balance

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions payable for the year are charged in the profit and loss account.

Investments

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

Associated Society

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

2. STAFF COSTS

	2002	2001
	£	£
Wages and salaries	177,514	151,075
Social security costs	16,272	15,030
Other pension costs	10,673	9,673
	<u>204,459</u>	<u>175,778</u>

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

	2002	2001
Management	<u>3</u>	<u>3</u>

LOCKHILL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 August 2002

3. OPERATING PROFIT

The operating profit is stated after charging:

	2002	2001
	£	£
Depreciation - owned assets	46,578	31,447
Depreciation - assets on hire purchase contracts	2,500	-
Loss on disposal of fixed assets	-	1,937
Auditors remuneration	2,836	3,207
	<u>12,885</u>	<u>8,388</u>
Directors' emoluments	<u>12,885</u>	<u>8,388</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2002	2001
	£	£
Bank interest	436	271
Bank loan interest	7,339	12,684
Hire purchase	481	-
	<u>8,256</u>	<u>12,955</u>

5. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	2002	2001
	£	£
Current tax:		
UK corporation tax	5,022	3,391
Deferred tax:		
Deferred taxation	(941)	941
Tax on profit on ordinary activities	<u>4,081</u>	<u>4,332</u>

Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2002	2001
	£	£
Profit on ordinary activities before tax	<u>17,264</u>	<u>24,590</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2001 - 30%)	5,179	7,377
Effects of:		
Timing Differences on the devaluation of fixed assets	2,517	(2,023)
Non taxable interest received	(2)	-
Reduction in tax charge for reduced rates	(2,672)	(1,784)
Marginal relief	-	(179)
Current tax charge	<u>5,022</u>	<u>3,391</u>

LOCKHILL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 August 2002

6. TANGIBLE FIXED ASSETS

	Long leasehold £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST:					
At 1 September 2001	1,383	239,731	294,495	2,500	538,109
Additions	-	-	44,220	-	44,220
Disposals	-	-	-	(2,500)	(2,500)
At 31 August 2002	<u>1,383</u>	<u>239,731</u>	<u>338,715</u>	<u>-</u>	<u>579,829</u>
DEPRECIATION:					
At 1 September 2001	245	225,991	211,533	2,500	440,269
Charge for year	61	9,798	39,219	-	49,078
Eliminated on disposal	-	-	-	(2,500)	(2,500)
At 31 August 2002	<u>306</u>	<u>235,789</u>	<u>250,752</u>	<u>-</u>	<u>486,847</u>
NET BOOK VALUE:					
At 31 August 2002	<u>1,077</u>	<u>3,942</u>	<u>87,963</u>	<u>-</u>	<u>92,982</u>
At 31 August 2001	<u>1,138</u>	<u>13,740</u>	<u>82,962</u>	<u>-</u>	<u>97,840</u>

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Fixtures and fittings £
COST:	
Additions	10,000
At 31 August 2002	<u>10,000</u>
DEPRECIATION:	
Charge for year	2,500
At 31 August 2002	<u>2,500</u>
NET BOOK VALUE:	
At 31 August 2002	<u>7,500</u>

7. FIXED ASSET INVESTMENTS

	2002 £	2001 £
Shares in group undertakings	14,102	14,102
Other investments not loans	25	25
Other loans	55,515	15,000
	<u>69,642</u>	<u>29,127</u>

LOCKHILL LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
for the Year Ended 31 August 2002**7. FIXED ASSET INVESTMENTS - continued**

Additional information is as follows:

	Shares in group undertakings £	Unlisted investments £	Totals £
COST:			
At 1 September 2001 and 31 August 2002	14,102	25	14,127
NET BOOK VALUE:			
At 31 August 2002	14,102	25	14,127
At 31 August 2001	14,102	25	14,127

The company's investments at the balance sheet date in the share capital of companies include the following:

Farplants Sales Limited

Nature of business: Horticultural co-operative

	% holding	2002 £	2001 £
Class of shares: Ordinary £1 shares	100.00		
Aggregate capital and reserves		323,820	271,547
Profit for the year		52,273	37,136

Wallock Limited

Nature of business: Dormant

	% holding	2002 £	2001 £
Class of shares: Ordinary £1 shares	50.00		
Aggregate capital and reserves		10,000	10,000

Pride of Place Plants Limited

Nature of business: Dormant

	% holding	2002 £	2001 £
Class of shares: Ordinary £1 shares	100.00		
Aggregate capital and reserves		2	2
At 1 September 2001 Addition			15,000 40,515
At 31 August 2002			55,515

Other
loans
£
15,000
40,515
55,515

LOCKHILL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 August 2002

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002	2001
	£	£
Trade debtors	97,089	106,510
Amounts owed by group undertakings	33,541	71,590
VAT	-	405
	<u>130,630</u>	<u>178,505</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002	2001
	£	£
Bank loans and overdrafts (see note 11)	40,127	42,959
Hire purchase contracts (see note 12)	6,000	-
Taxation	5,022	3,391
Social security and other taxes	7,326	6,688
VAT	1,740	-
Other creditors	1	2
Accrued expenses	<u>33,888</u>	<u>22,169</u>
	<u>94,104</u>	<u>75,209</u>

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2002	2001
	£	£
Bank loans (see note 11)	52,944	96,482
Other creditors - Members loan	49,878	49,878
	<u>102,822</u>	<u>146,360</u>

11. LOANS

An analysis of the maturity of loans is given below:

	2002	2001
	£	£
Amounts falling due within one year or on demand:		
Bank loans - less than 1 yr	<u>40,127</u>	<u>42,959</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>52,944</u>	<u>96,482</u>

12. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

	2002	2001
	£	£
Net obligations repayable:		
Within one year	<u>6,000</u>	<u>-</u>

LOCKHILL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 August 2002

12. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES - continued

The following payments are committed to be paid within one year:

	Land and buildings operating leases	
	2002	2001
	£	£
Expiring:		
Between one and five years	<u>15,500</u>	<u>15,500</u>

13. SECURED DEBTS

The following secured debts are included within creditors:

	2002	2001
	£	£
Bank loans	93,071	139,441
Hire purchase contracts	<u>6,000</u>	<u>-</u>
	<u>99,071</u>	<u>139,441</u>

Bank borrowing is secured by:

Unscheduled mortgage debenture dated 23 August 1988 incorporating a fixed and floating charge over all current and future assets of the company.

Specific equitable charge dated 5 May 1989 over Toddington Lane, Littlehampton.

Legal mortgage dated 23 January 1998 over Farplants building at Walberton Nursery, Yapton Lane, Walberton.

Composite guarantees dated 23 August 1988 and 23 January 1998 by Farplants Limited, Farplants Sales Limited and Wallock limited. Assets held under hire purchase are secured as to title in the particular asset.

14. PROVISION FOR LIABILITIES AND CHARGES

	2002	2001
	£	£
Deferred tax	<u>-</u>	<u>941</u>
	Deferred tax	
	£	
Balance at 1 September 2001	941	
Asset write off	<u>(941)</u>	
Balance at 31 August 2002	<u>-</u>	
	Deferred tax provision	
	2002	2001
	£	£
Deferred taxation	<u>-</u>	<u>941</u>
	<u>-</u>	<u>941</u>

LOCKHILL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 August 2002

15. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:

Number:	Class:	Nominal value:	2002 £	2001 £
15,000	Ordinary shares	£1	<u>15,000</u>	<u>15,000</u>

16. RESERVES

	Profit and loss account £	Capital redemption reserve £	Totals £
At 1 September 2001	60,645	15,000	75,645
Retained profit for the year	<u>13,183</u>	<u>-</u>	<u>13,183</u>
At 31 August 2002	<u>73,828</u>	<u>15,000</u>	<u>88,828</u>

17. CONTINGENT 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 £553,186(2001:£371,279).

The company is part of a VAT group with its subsidiary *Farplants Sales Limited*. At the balance sheet date the liability for the group was £3,942(2001:£47,231).

18. TRANSACTIONS WITH DIRECTORS

All of 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 noted in the related party note.

No transactions took place 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*.

19. RELATED PARTY DISCLOSURES

During the year the company invoiced for service charge and recharges a total of £260,469(2001:£257,304) to the subsidiary *Farplants Sales Limited*. At the balance sheet date the amount due from *Farplants Sales Limited* was £53,684(2001:£74,215), with a further inter company loan due of £33,541(2001:£71,590).

The company also invoiced the associate company *Farplants Limited* a total of £10,000(2001:£10,000) for service charge and recharges. At the balance sheet the amount due was £10,000(2001:£10,000).

LOCKHILL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 August 2002

20. **RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2002	2001
	£	£
Profit for the financial year	13,183	20,258
Share capital		
Capital redemption reserve		
Net addition to shareholders' funds	13,183	20,258
Opening shareholders' funds	90,645	70,387
Closing shareholders' funds	103,828	90,645
Equity interests	103,828	90,645