Registrar

REGISTERED NUMBER: 2213321 (England and Wales)

REPORT OF THE DIRECTORS AND

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2003

FOR

LOCKHILL LIMITED

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



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LOCKHILL LIMITED

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for the Year Ended 31 August 2003

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COMPANY INFORMATION
for the Year Ended 31 August 2003

DIRECTORS:	Mr James Turner *Mrs Jeanne McDiamid Gilford* Mr David Tristram Mr Christopher Tellwright *Mr John Charles Hall* Mr Patrick William Bastow
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

REPORT OF THE DIRECTORS
for the Year Ended 31 August 2003

The directors present their report with the financial statements of the company for the year ended 31 August 2003.

PRINCIPAL ACTIVITY
The principal activity of the company in the year under review was that of a service company to an Horticultural sales and distribution company.

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 2003.

DIRECTORS
The directors during the year under review were:

Mr James Turner	
Mrs Jeanne McDiamid Gilford	
Mr Geoffrey Needham	- resigned 25.10.02
Mr Michael Plummer	- resigned 16.1.03
Mr David Tristram	
Mr Christopher Tellwright	
Mr John Charles Hall	
Mr Patrick William Bastow	- appointed 16.1.03

The directors holding office at 31 August 2003 did not hold any beneficial interest in the issued share capital of the company at 1 September 2002 (or date of appointment if later) or 31 August 2003.

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

Date: 3 MARCH 2004

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 2003 on pages four to fifteen. 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 2003 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



7 January 2004

PROFIT AND LOSS ACCOUNT
for the Year Ended 31 August 2003

	Notes	2003 £	2002 £
TURNOVER		203,098	239,389
Administrative expenses		188,429	214,135
OPERATING PROFIT	3	14,669	25,254
Interest receivable and similar income		39	266
		14,708	25,520
Interest payable and similar charges	4	4,956	8,256
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		9,752	17,264
Tax on profit on ordinary activities	5	403	4,081
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		9,349	13,183
RETAINED PROFIT FOR THE YEAR		9,349	13,183

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

BALANCE SHEET
31 August 2003

	Notes	2003 £	£	2002 £	£
FIXED ASSETS					
Tangible assets	6		116,866		92,982
Investments	7		69,642		69,642
			186,508		162,624
CURRENT ASSETS					
Debtors	8	54,661		130,630	
Cash at bank		7,788		7,500	
		62,449		138,130	
CREDITORS					
Amounts falling due within one year	9	81,199		94,104	
NET CURRENT (LIABILITIES)/ASSETS			(18,750)		44,026
TOTAL ASSETS LESS CURRENT LIABILITIES			167,758		206,650
CREDITORS					
Amounts falling due after more than one year	10		(54,226)		(102,822)
PROVISIONS FOR LIABILITIES AND CHARGES	14		(355)		-
			113,177		103,828
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		83,177		73,828
SHAREHOLDERS' FUNDS	21		113,177		103,828

ON BEHALF OF THE BOARD:

.....
- Director

.....
- Director

Approved by the Board on 3 MARCH 2004

The notes form part of these financial statements

CASH FLOW STATEMENT
for the Year Ended 31 August 2003

	Notes	2003 £	£	2002 £	£
Net cash inflow from operating activities	1		136,162		136,303
Returns on investments and servicing of finance	2		(4,917)		(7,990)
Taxation			(5,022)		(3,391)
Capital expenditure and financial investment	2		(70,556)		(84,735)
			55,667		40,187
Financing	2		(55,379)		(40,370)
Increase/(Decrease) in cash in the period			288		(183)

Reconciliation of net cash flow to movement in net debt	3				
Increase/(Decrease) in cash in the period		288		(183)	
Cash outflow from decrease in debt and lease financing		55,379		40,370	
Change in net debt resulting from cash flows			55,667		40,187
Movement in net debt in the period			55,667		40,187
Net debt at 1 September			(91,571)		(131,758)
Net debt at 31 August			(35,904)		(91,571)

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT
for the Year Ended 31 August 2003

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

	2003 £	2002 £
Operating profit	14,669	25,254
Depreciation charges	46,672	49,078
Decrease in debtors	75,969	47,875
(Decrease)/Increase in creditors	(1,148)	14,096
Net cash inflow from operating activities	136,162	136,303

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

	2003 £	2002 £
Returns on investments and servicing of finance		
Interest received	39	266
Interest paid	(4,475)	(7,775)
Interest element of hire purchase payments	(481)	(481)
Net cash outflow for returns on investments and servicing of finance	(4,917)	(7,990)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(70,556)	(44,220)
Purchase of fixed asset investments	-	(40,515)
Net cash outflow for capital expenditure and financial investment	(70,556)	(84,735)
Financing		
Loan repayments in year	(52,379)	(46,370)
Capital repayments in year	(3,000)	6,000
Net cash outflow from financing	(55,379)	(40,370)

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.9.02 £	Cash flow £	At 31.8.03 £
Net cash:			
Cash at bank	7,500	288	7,788
	7,500	288	7,788
Debt:			
Hire purchase	(6,000)	3,000	(3,000)
Debts falling due within one year	(40,127)	3,783	(36,344)
Debts falling due after one year	(52,944)	48,596	(4,348)
	(99,071)	55,379	(43,692)
Total	(91,571)	55,667	(35,904)

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 August 2003

1. ACCOUNTING POLICIES

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

Exemption from preparing consolidated financial statements
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 requirements to prepare consolidated financial statements.

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

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

	2003	2002
	£	£
Wages and salaries	138,987	177,514
Social security costs	13,386	16,272
Other pension costs	8,055	10,673
	160,428	204,459

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

	2003	2002
Management	2	3

3. OPERATING PROFIT

The operating profit is stated after charging:

	2003 £	2002 £
Depreciation - owned assets	44,797	46,578
Depreciation - assets on hire purchase contracts	1,875	2,500
Auditors remuneration	3,000	2,836
Directors' emoluments	20,046	12,885
Compensation to director for loss of office	1,200	-

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2003 £	2002 £
Bank interest	332	436
Bank loan interest	4,143	7,339
Hire purchase	481	481
	4,956	8,256

5. TAXATION

Analysis of the tax charge

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

	2003 £	2002 £
Current tax:		
UK corporation tax	48	5,022
Deferred taxation	355	(941)
Tax on profit on ordinary activities	403	4,081

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:

	2003 £	2002 £
Profit on ordinary activities before tax	9,752	17,264
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2002 - 30%)	2,926	5,179
Effects of:		
Timing Differences on the devaluation of fixed assets	(1,630)	2,517
Non taxable interest received	(2)	(2)
Reduction in tax charge for reduced rates	(572)	(2,672)
Marginal relief	(940)	-
Entertainment add back	266	-
Current tax charge	48	5,022

6. TANGIBLE FIXED ASSETS

	Long leasehold £	Plant and machinery £	Fixtures and fittings £	Totals £
COST:				
At 1 September 2002	1,383	239,731	338,715	579,829
Additions	-	1,050	69,506	70,556
At 31 August 2003	1,383	240,781	408,221	650,385
DEPRECIATION:				
At 1 September 2002	306	235,789	250,752	486,847
Charge for year	62	1,416	45,194	46,672
At 31 August 2003	368	237,205	295,946	533,519
NET BOOK VALUE:				
At 31 August 2003	1,015	3,576	112,275	116,866
At 31 August 2002	1,077	3,942	87,963	92,982

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

	Fixtures and fittings £
COST:	
At 1 September 2002 and 31 August 2003	10,000
DEPRECIATION:	
At 1 September 2002	2,500
Charge for year	1,875
At 31 August 2003	4,375
NET BOOK VALUE:	
At 31 August 2003	5,625
At 31 August 2002	7,500

7. FIXED ASSET INVESTMENTS

	2003 £	2002 £
Shares in group undertakings	14,102	14,102
Other investments not loans	25	25
Other loans	55,515	55,515
	69,642	69,642

7. **FIXED ASSET INVESTMENTS - continued**

Additional information is as follows:

	Shares in group undertakings £	Unlisted investments £	Totals £
COST:			
At 1 September 2002 and 31 August 2003	14,102	25	14,127
NET BOOK VALUE:			
At 31 August 2003	14,102	25	14,127
At 31 August 2002	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

Class of shares:	% holding
Ordinary £1 shares	100.00

	2003 £	2002 £
Aggregate capital and reserves	403,805	323,820
Profit for the year	79,985	52,273

Wallock Limited
Nature of business: Dormant

Class of shares:	% holding
Ordinary £1 shares	50.00

	2003 £	2002 £
Aggregate capital and reserves	10,000	10,000

Pride of Place Plants Limited
Nature of business: Dormant

Class of shares:	% holding
Ordinary £1 shares	100.00

	2003 £	2002 £
Aggregate capital and reserves	2	2

	Other loans £
At 1 September 2002 and 31 August 2003	55,515

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003	2002
	£	£
Trade debtors	53,211	97,089
Amounts owed by group undertakings	103	33,541
VAT	1,347	-
	54,661	130,630

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003	2002
	£	£
Bank loans and overdrafts (see note 11)	36,344	40,127
Hire purchase contracts (see note 12)	3,000	6,000
Taxation	48	5,022
Social security and other taxes	4,610	7,326
VAT	-	1,740
Other creditors	1	1
Accrued expenses	37,196	33,888
	81,199	94,104

At the year end Social security and other taxes includes outstanding pension contributions of £1,164(2002:£1,585).

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

	2003	2002
	£	£
Bank loans (see note 11)	4,348	52,944
Other creditors - Members loan	49,878	49,878
	54,226	102,822

11. LOANS

An analysis of the maturity of loans is given below:

	2003	2002
	£	£
Amounts falling due within one year or on demand:		
Bank loans - less than 1 yr	36,344	40,127
Amounts falling due between two and five years:		
Bank loans - 2-5 years	4,348	52,944

12. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

	Hire purchase contracts	
	2003	2002
	£	£
Net obligations repayable:		
Within one year	3,000	6,000

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	
	2003	2002
	£	£
Expiring:		
Between one and five years	19,520	15,500

13. SECURED DEBTS

The following secured debts are included within creditors:

	2003	2002
	£	£
Bank loans	40,692	93,071
Hire purchase contracts	3,000	6,000
	43,692	99,071

Bank borrowing is secured by:

Unscheduled mortgage debenture dated 23 August 1998 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.

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

Composite guarantees dated 23 January 1998, 23 August 1998, 25 May 1989 and 14 April 1993 by Farplants Limited, Farplants Sales Limited, Lockhill Limited and Wallock Limited.

Assets held under hire purchase are secured as to title in the particular asset.

14. PROVISION FOR LIABILITIES AND CHARGES

	2003	2002
	£	£
Deferred taxation	355	-

	Deferred tax
	£
Timing differences	355
Balance at 31 August 2003	355

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 August 2003

15. CALLED UP SHARE CAPITAL

Authorised:

Number:	Class:	Nominal value:	2003 £	2002 £
15,000	Ordinary shares	£1	15,000	15,000

Allotted and issued:

Number:	Class:	Nominal value:	2003 £	2002 £
15,000	Ordinary shares	£1	15,000	15,000

16. RESERVES

	Profit and loss account £	Capital redemption reserve £	Totals £
At 1 September 2002	73,828	15,000	88,828
Retained profit for the year	9,349	-	9,349
At 31 August 2003	83,177	15,000	98,177

17. ULTIMATE PARENT COMPANY

The shareholdings of the members of Lockhill Limited at the Balance Sheet date are as follows-

Members' name	Director link	2003	2002
Kirin Agribio Toddington Limited	Mr Bastow	2,306 (16%)	2,306 (16%)
Star Nurseries Limited	Mr Turner	1,794 (12%)	1,794 (12%)
Walberton Nurseries Limited	Mr Tristram	4,610 (31%)	4,610 (31%)
Fleurie Nursery Limited	Mr Tellwright	1,706 (11%)	1,706 (11%)
Sandfield Plants Limited	Mrs JMcDiamid Gilford	2,754 (18%)	2,754 (18%)
Needham Growers Limited	Mr Hall	1,830 (12%)	1,830 (12%)

18. 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 £664,325(2002:£551,646).

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 £13,228(2002:£3,942).

19. TRANSACTIONS WITH DIRECTORS

All of the 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, Tellwright and Bastow are directors of Farplants Sales Limited, with details noted in the related party note.

Mr Plummer is a director of Fargro limited, with details noted in the related party note.

No transactions took place with the following related parties-

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

Messr Turner, Tellwright and Tristram are directors of Wallock Limited.

20. RELATED PARTY DISCLOSURES

During the year the company invoiced for service charge and recharges a total of £270,002(2002:£260,469) to the subsidiary Farplants Sales Limited. At the balance sheet date the amount due from Farplants Sales Limited was £31,686(2002: £53,684), with a further inter company loan due of £103(2002:£33,541).

The company also invoiced the associate company Farplants Limited a total of £10,000(2002:£10,000) for service charge and recharges. At the balance sheet the amount due was £10,000(2002:£10,000).

During the year Lockhill Limited paid rent to Fargro Limited of £15,504.(2002:£15,543). There was no outstanding balance at the year end(2002:£nil).

During the year the subsidiary Farplants Sales Limited made charitable donations of £455(2002:£386).

21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2003 £	2002 £
Profit for the financial year	9,349	13,183
Share capital		
Capital redemption reserve		
Net addition to shareholders' funds	9,349	13,183
Opening shareholders' funds	103,828	90,645
Closing shareholders' funds	113,177	103,828
Equity interests	113,177	103,828