Leisuregrow Products Limited

(formerly Broomco (1782) Limited)

Directors' report and financial statements

Period ended 30 June 2000

Registered number: 3711684

AFM3SYW0
A01
COMPANIES HOUSE
0425
13/03/01

Leisuregrow Products Limited

(formerly Broomco (1782) Limited)

Directors' report and financial statements

Contents *Page*

Directors and other information	1
Directors' report	2
Statement of directors' responsibilities	4
Auditors' report	5
Statement of accounting policies	7
Profit and loss account	9
Balance sheet	10
Notes forming part of the financial statements	11

Leisuregrow Products Limited

(formerly Broomco (1782) Limited)

Directors and other information

Directors	R. P. Grimmer R. Lynch J. Travis
Secretary	R. Lynch
Bankers	HSBC Danestrete Stevenage SG1 1BY
Solicitors	Dibb Lupton Alsop India Buildings Water Street Liverpool L2 OMH
Auditors	KPMG Chartered Accountants 1 Stokes Place St. Stephen's Green Dublin 2
Registered office	WRM Logistics Centre Knowl Piece Wilbury Way Hitchin Herts SG4 OTY

Leisuregrow Products Limited

(formerly Broomco (1782) Limited)

Directors' report

The directors present their annual report and audited financial statements of the company for the period from incorporation, 11 February 1999 to 30 June 2000.

Principal activities, business review and future developments

The principal activity of the company for the period was the marketing of a range of products for the leisure and professional grower markets.

The company was incorporated on 11 February 1999 and commenced trading on 1 July 1999.

The company made a loss of £18,229 in the period. The directors anticipate that business volumes will increase as the company becomes more established.

Change of name

The company changed name from Broomco (1782) Limited to Leisuregrow Products Limited on 19 July 1999.

Directors and secretary and their interests

The first directors of the company were DLA Nominees Limited and DLA Secretarial Services Limited who were appointed as directors of the company on 11 February 1999 and resigned as directors on 11 March 1999.

Richard Grimmer and Richard Lynch were appointed as directors of the company on 11 March 1999. James Travis was appointed as director on 21 September 2000.

DLA Secretarial Services Limited were appointed as company secretary on 11 February 1999 and resigned on 11 March 1999, being replaced as company secretary on 11 March 1999 by Richard Lynch.

In accordance with the Articles of Association the directors are not required to retire by rotation. The directors had no interests in the company notifiable under section 234 of the Companies Act, 1985. The interests of the directors in the ultimate parent company, Broomco (1356) Limited, are disclosed in the directors' report of that company.

Policy on payment of creditors

The company is responsible for agreeing the terms and conditions under which business transactions with suppliers are conducted. It is the company's policy that payments to suppliers are made in accordance with these terms, normally between 30 and 60 days, provided that the supplier is also complying with all relevant terms and conditions.

Leisuregrow Products Limited
(formerly Broomco (1782) Limited)

Directors' report *(continued)*

Post balance sheet events

No significant events have taken place since the period end that would result in adjustment to the financial statements or inclusion of a note thereto.

Auditors

On 11 March 1999 KPMG were appointed as auditors to the company.

In accordance with Section 385 of the Companies Act, 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

On behalf of the board

7 March 2001

R. Lynch
Secretary

Leisuregrow Products Limited

(formerly Broomco (1782) Limited)

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 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
- 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 books of account 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to detect and prevent fraud and other irregularities.

On behalf of the board

R. P. Grimmer
Director

KPMG

Chartered Accountants

1 Stokes Place
St. Stephen's Green
Dublin 2
Ireland

Auditors' report to the members of Leisuregrow Products Limited

We have audited the financial statements on pages 7 to 16.

Respective responsibilities of directors and auditors in relation to the financial statements

As described on page 4 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to 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 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.

Going concern

In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements concerning the validity of the going concern basis in the preparation of the financial statements.

The company is a member of the Broomco (1356) group ("the group"). The validity of the going concern assumption for the group is dependent on its ability to achieve its financial forecasts and on the continued support of its bankers and shareholders to enable it to meet its obligations as they fall due. Details of this are described in the basis of preparation note on page 7.

In light of these circumstances we consider that it should be drawn to your attention, however, our opinion is not qualified in this respect.

Auditors' report to the members of Leisuregrow Products Limited *(continued)*

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the company as at 30 June 2000 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Acts 1985.

KPMG

Chartered Accountants
Registered Auditors

7 March 2001.

Statement of accounting policies *(continued)*
for the period ended 30 June 2000

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

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

The company is a member of the Broomco (1356) group ("the group"). The financial statements have also been prepared on a going concern basis which assumes that the group will continue to trade for the foreseeable future. In reviewing the going concern status of the group the directors have considered, inter alia, the following:

- The forecast results of the group covering the period to 30 June 2002 including cash flows. These forecasts show the group earning a profit before tax and generating positive cash flows. The forecasts include a number of assumptions - the most significant of which concerns projected sales and the timing of cash receipts. The directors are satisfied that these forecasts have been prepared on a prudent basis taking into account all of the information currently available to them.
- The various banking facilities currently available to the group and the facilities that the directors expect will be available to the group during the period to June 2002.
- The group continues to receive the existing level of financial support from its shareholders

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to third party customers during the period.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. No depreciation is provided on freehold land. Depreciation is calculated to write off the cost less the estimated residual value, of tangible assets on a reducing balance basis over their expected useful lives which are as follows:-

Fixtures and fittings	-	4 to 10 years
Computer equipment	-	4 years

Stocks

Stocks are stated at the lower of cost and net realisable value.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transactions or at a contracted rate. The resulting monetary assets and liabilities are translated at the balance sheet rate or the contracted rate and the exchange differences are dealt with in the profit and loss account.

Statement of accounting policies *(continued)*
for the period ended 30 June 2000

Taxation

Corporation tax payable is provided on taxable profits at current rates.

Tax deferred or accelerated is accounted for in respect of all material timing differences only to the extent that it is probable that a liability or asset will crystallise in the foreseeable future. Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the accounts. Provision is made at the rate which is expected to be applied when the liability or asset is expected to crystallise.

Financial Reporting Standard 1 - Cash Flow Statement ("FRS 1")

The company is a wholly owned subsidiary of a company, established under the law of another member of the European Community, which is preparing a consolidated cash flow statement. Consequently, the company is availing of the exemption under FRS1 and is not preparing a cash flow statement.

Leisuregrow Products Limited

(formerly Broomco (1782) Limited)

Profit and loss account

for the period ended 30 June 2000

	Note	17 months ended 30 June 2000
Turnover - continuing operations	*1*	**3,707,577**
Cost of sales		**(2,969,269)**
Gross profit		**738,308**
Distribution costs		**(48,510)**
Administrative expenses		**(666,160)**
Interest income		**203**
Operating profit	*2-4*	**23,841**
Interest payable and similar charges	*5*	**(42,070)**
Loss on ordinary activities before taxation		**(18,229)**
Tax on profit on ordinary activities	*6*	**-**
Retained loss for the financial period		**(18,229)**

There were no recognised gains or losses for the period other than those stated above and, accordingly, no statement of total recognised gains and losses has been presented.

Leisuregrow Products Limited

(formerly Broomco (1782) Limited)

Balance sheet

as at 30 June 2000

	Note		30 June 2000
Fixed assets			
Tangible assets	*7*		**19,161**
Current assets			
Stock	*8*	**106,931**	
Debtors	*9*	**1,238,638**	
Cash at bank and in hand		**113,938**	
		1,459,507	
Creditors: amounts falling due within one year	*10*	**(1,496,895)**	
Net current liabilities			**(37,388)**
Net liabilities			**(18,227)**
Capital and reserves			
Called up share capital	*12*		**2**
Profit and loss account			**(18,229)**
Shareholder's deficit - equity	*13*		**(18,227)**

These financial statements were approved by the board of directors on 7 MARCH 2001 and were signed on its behalf by:

R. P. Grimmer
Director

Notes *(continued)*

1 Turnover

The directors are of the opinion that disclosure of the analysis of turnover would be seriously prejudicial to the interests of the company.

2 Statutory and other information

	17 months ended 30 June 2000 £
Auditors' remuneration	**4,500**
Depreciation of tangible fixed assets	**5,952**
Operating lease rentals	
Land & buildings	**21,372**
Other assets	**33,518**

3 Staff numbers and costs

The average number of persons employed by the company (including executive directors) during the period, analysed by category, was as follows:

	17 months ended 30 June 2000 Average No.
Selling	**7**
Administration	**3**
	10

3 Staff numbers and costs *(continued)*

The aggregate payroll costs of these persons were as follows:

	17 months ended 30 June 2000 £
Wages and salaries	**299,747**
Social security costs	**26,957**
Pension costs	**18,373**
	345,077

4 Directors emoluments

	17 months ended 30 June 2000 £
Management remuneration (including pension contributions)	**130,422**
Ex gratia payment to the highest paid director	**28,000**
Other emoluments (excluding pension contributions) of the highest paid director	**47,239**

	No.	
Other directors' emoluments (excluding pension contributions) fell within the following range	1	**40,001 - 45,000**

Notes *(continued)*

5 Interest payable and similar charges

	17 months ended 30 June 2000 £
On bank loans and overdrafts	**11,501**
Factoring interest and charges	**30,569**
	42,070

6 Taxation

There was no taxation charge in the accounts period due to the company making a loss.

7 Fixed assets

	Fixtures and fittings £	Computer equipment £	Total £
Cost			
At beginning of period	-	-	-
Additions	24,333	780	25,113
At end of period	24,333	780	25,113
Depreciation			
At beginning of period	-	-	-
Charge for period	5,757	195	5,952
At end of period	5,757	195	5,952
Net book value			
At 30 June 2000	**18,576**	**585**	**19,161**

Notes *(continued)*

8 Stock

	30 June 2000 £
Goods for resale	**106,931**

9 Debtors

	30 June 2000 £
Amounts falling due within one year	
Trade debtors subject to financing arrangements	**1,105,972**
Amounts owed by group undertakings	**79,878**
Other debtors	**24,795**
Prepayments and accrued income	**27,993**
	1,238,638

10 Creditors: amounts falling due within one year

	30 June 2000 £
Debt factoring advance (see below)	**288,971**
Trade creditors	**358,338**
Amounts owed to group undertakings	**573,172**
Other creditors including taxation and social security	**65,652**
Accruals and deferred income	**210,762**
	1,496,895

The debt factoring advance relates to an agreement with HSBC Invoice Finance Limited for the purchase of debts which the company entered into on 27 August 1999.

Notes *(continued)*

10 Creditors: amounts falling due within one year *(continued)*

Under the terms of this agreement Leisuregrow Products Limited has agreed to sell up to 75% of certain trade debtor balances to HSBC Invoice Finance Limited. The debt factoring advance is subject to a discounting charge of 2% over base rate. Although the company has taken out credit protection service in respect of the trade debtors sold to HSBC, it is still liable to HSBC in relation to the non-recovery of these trade debtor balances for the first £5,000 of any loss as well as for the whole amount of any losses in respect of customers located outside the United Kingdom. The company has taken out separate insurance in respect of these non-United Kingdom based customers.

11 Share capital

	30 June 2000 £
Authorised	
Ordinary shares of £1 each	**1,000**
Allotted, called up and fully paid	
2 ordinary shares of £1 each	**2**

12 Reconciliation of movements in shareholders' funds

	30 June 2000 £
Total recognised gains and losses for the period	**(18,229)**
Nominal value of shares issued	**2**
Opening shareholders' funds	**-**
Closing shareholders' funds	**(18,227)**

13 Commitments

At the period end the company had annual commitments under operating leases as set out below:

	Land and buildings £	**Other £**
Operating leases which expire:		
Within one year	7	-
Within two to five years	-	14
	7	**14**

Notes *(continued)*

14 Post balance sheet events

There have been no events requiring disclosure since the period end.

15 Related party transactions

The company has availed of the exemption under Financial Reporting Standard No. 8 - *Related party disclosures* not to give details of related party transactions with group companies as it is a wholly owned subsidiary of Broomco (1356) Limited which is preparing consolidated financial statements which include this company and such statements are publicly available.

16 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a subsidiary undertaking of Broomco (1356) Limited.

The largest and smallest group in which the results of the company are consolidated is that headed by Broomco (1356) Limited, incorporated in England and registered in England and Wales. The consolidated accounts of this company are available to the public and may be obtained from Companies House.

17 Approval of the financial statements

The financial statements of the company were approved by the board on 7 March 2001.