

BARK PRODUCTS (SCOTLAND) LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 1995



REGISTERED NO: 92002

BARK PRODUCTS (SCOTLAND) LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 1995

CONTENTS

Page

1. DIRECTORS' REPORT
3. AUDITORS' REPORT
4. PROFIT AND LOSS ACCOUNT
5. BALANCE SHEET
6. ACCOUNTING POLICIES
8. NOTES TO THE FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors present their annual report and audited financial statements for the year ended 30 June 1995.

RESULTS AND DIVIDENDS

The trading profit for the year after taxation was £16,558 which the directors recommend be transferred to reserves. The directors do not recommend the payment of a dividend.

REVIEW OF THE BUSINESS

The company's principal activity during the year was the preparation of pulverised bark products. Both the level of the business and the year end financial position were satisfactory and the directors expect that the present level of activity will be sustained for the foreseeable future. The company's principle activity is located in the United Kingdom.

DIRECTORS AND THEIR INTERESTS

The directors during the year were as follows:-

P J F Barton (Chairman)
TH Sinclair (resigned 29 November 1994)
I A Bannerman
R R Bannerman
T R Dick (appointed 29 November 1994)
R G Sinclair

No director had any declarable interest in the shares of the company during the year.

TRANSACTIONS INVOLVING DIRECTORS

During the year, the company traded on a normal commercial basis with William Sinclair Horticulture Limited and Bannerman Company Limited. Both companies held 50% of the issued share capital of Bark Products (Scotland) Limited throughout the year.

TH Sinclair, PJF Barton and TR Dick are directors of William Sinclair Horticulture Limited and IABannerman and RR Bannerman are directors of Bannerman Company Limited.

DIRECTORS' REPORT (continued)

STATEMENTS 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.

FIXED ASSETS

In the directors' opinion the current value of the company's land and buildings has not changed significantly since the revaluation carried out on 30 June 1992.

The movements in fixed assets are set out in note 5 on page 9.

AUDITORS

A resolution to re-appoint the auditors, Pannell Kerr Forster, will be proposed at the annual general meeting.

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to be 'E W Dawe', written over a horizontal line.

E W DAWE
Secretary

8 December 1995
Lincoln

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the financial statements on pages 4 to 12 which have been prepared under the accounting policies set out on pages 6 and 7.

Respective responsibilities of directors and auditors

As described on page 2 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.

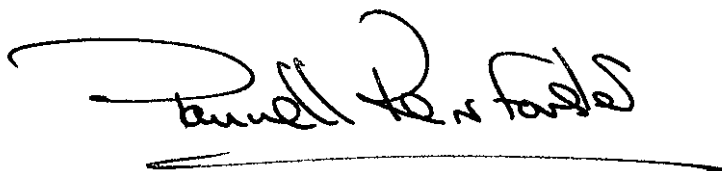
Basis of opinion

We conducted our audit in accordance with Auditing Standards. 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 affairs of the company as at 30 June 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, reading "Pannell Kerr Forster", with a long horizontal flourish underneath.

8 December 1995
Lincoln

PANNELL KERR FORSTER
Chartered Accountants
Registered Auditors

BARK PRODUCTS (SCOTLAND) LIMITED**4****PROFIT AND LOSS ACCOUNT****YEAR ENDED 30 JUNE 1995**

	<u>Note</u>	<u>1995</u> £	<u>1994</u> £
TURNOVER		1,045,351	940,552
OPERATING CHARGES	1	1,028,289	923,118
OPERATING PROFIT		17,062	17,434
NET INTEREST RECEIVABLE	3	5,242	4,709
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		22,304	22,143
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	4	5,746	5,717
RETAINED PROFIT FOR THE FINANCIAL YEAR		16,558	16,426

The movement on reserves is shown in note 11 to the financial statements.

All amounts relate to continuing operations.

The company had no recognised gains or losses other than the profit for the financial year.

BALANCE SHEET

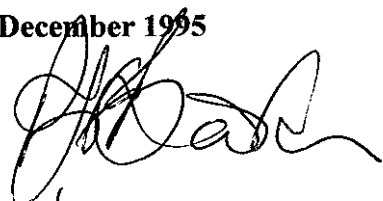
30 JUNE 1995

	<u>Note</u>	<u>1995</u>	<u>1994</u>
		£	£
FIXED ASSETS			
Tangible assets	5	236,019	272,173
CURRENT ASSETS			
Stocks	6	146,722	82,244
Debtors	7	436,017	214,712
Cash at bank		-	122,824
		<u>582,739</u>	<u>419,780</u>
CREDITORS			
Amounts falling due within one year	8	<u>678,388</u>	<u>566,941</u>
NET CURRENT LIABILITIES		<u>(95,649)</u>	<u>(147,161)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>140,370</u>	<u>125,012</u>
CREDITORS			
Amounts falling due after more than one year	8	83,500	83,500
PROVISIONS FOR LIABILITIES AND CHARGES	9	14,500	15,700
		<u>98,000</u>	<u>99,200</u>
NET ASSETS		<u><u>42,370</u></u>	<u><u>25,812</u></u>
CAPITAL AND RESERVES			
Called up equity share capital	10	5,000	5,000
Profit and loss account	11	<u>37,370</u>	<u>20,812</u>
EQUITY SHAREHOLDERS' FUNDS	12	<u><u>42,370</u></u>	<u><u>25,812</u></u>

Approved by the board on 8 December 1995

P J F BARTON)

I A BANNERMAN)




ACCOUNTING POLICIES**YEAR ENDED 30 JUNE 1995****1. ACCOUNTING CONVENTION**

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

2. TURNOVER

Turnover represents sales at invoice value less trade discounts allowed and excluding value added tax. Turnover arose wholly in the UK.

3. DEPRECIATION

Depreciation is charged on tangible assets at fixed rates calculated to write off the cost over the period of their expected useful lives. The principal rates are:

Freehold buildings	-	2% straight line
Plant and machinery	-	10% - 20% straight line
Motor vehicles	-	30% on a reducing balance basis
Office equipment	-	20% straight line

New capital grants are treated as deferred income and transferred to the profit and loss account in relief of depreciation charged over the life of the relevant assets.

4. STOCKS

Stocks are stated at the lower of cost and net realisable value using the first in first out method.

Cost comprises the direct cost of production and the attributable proportion of all overheads appropriate to location and condition. Net realisable value is the estimated selling price reduced by all costs of completion, marketing, selling and distribution.

5. DEFERRED TAXATION

Provision is made for deferred tax, using the liability method, to the extent that it is probable that a liability will crystallise in the foreseeable future.

6. PENSION COSTS

The company provides for and funds pension liabilities on a going concern basis on the advice of external actuaries. Independent actuarial valuations on a going concern basis are normally carried out every three years. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of the pensions over employees working lives with the company.

ACCOUNTING POLICIES

YEAR ENDED 30 JUNE 1995

7 CASHFLOW STATEMENT

The company has not prepared a cashflow statement, as the company has taken advantage of the exemption contained in Section 246 of the Companies Act 1985, on the grounds that the company is a small company.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 1995

		<u>1995</u> £	<u>1994</u> £
1	OPERATING CHARGES		
	Operating profit is stated after charging (or crediting):		
	Change in stocks of finished goods and work in progress	(44,379)	30,407
	Raw materials and consumables	834,882	685,823
	Staff costs (Note 2)	83,212	79,655
	Depreciation (Note 5)	44,350	36,569
	Other operating charges	110,224	90,664
		<u>1,028,289</u>	<u>923,118</u>
	Other operating charges include:		
	Auditors' remuneration - audit fee	2,100	2,100
	- other services	550	500
		<u></u>	<u></u>
2	STAFF COSTS		
	Wages and salaries	75,989	72,618
	Social security costs	5,903	6,037
	Pension costs	907	918
	Other life and sickness insurance	413	82
		<u>83,212</u>	<u>79,655</u>
		<u></u>	<u></u>
		<u>Number</u>	<u>Number</u>
	The average weekly number of employees during the year was:		
	Factory	6	6
	Sales and administration	1	1
		<u>7</u>	<u>7</u>
		<u></u>	<u></u>
	Directors' emoluments	£	£
	Directors remuneration included in Staff Costs	NIL	NIL
		<u></u>	<u></u>

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 1995

	<u>1995</u> £	<u>1994</u> £			
3 NET INTEREST (RECEIVABLE)/PAYABLE					
Interest receivable	(5,271)	(4,710)			
Interest payable	29	1			
	<u>(5,242)</u>	<u>(4,709)</u>			
4 TAXATION ON PROFIT ON ORDINARY ACTIVITIES					
Corporation tax on profit for the year at 25% (1994: 25%)	7,000	2,900			
Adjustment in respect of previous years	(54)	117			
Deferred taxation (Note 9)	(1,200)	2,700			
	<u>5,746</u>	<u>5,717</u>			
5 FIXED ASSETS - TANGIBLE					
	<u>Freehold property</u> £	<u>Plant and machinery</u> £	<u>Motor vehicles</u> £	<u>Office equipment</u> £	<u>Total</u> £
<u>Cost</u>					
At 1 July 1994	120,582	312,034	8,826	575	442,017
Additions	-	9,538	-	-	9,538
Disposals	-	(3,500)	-	-	(3,500)
At 30 June 1995	<u>120,582</u>	<u>318,072</u>	<u>8,826</u>	<u>575</u>	<u>448,055</u>
<u>Depreciation</u>					
At 1 July 1994	7,677	155,163	6,480	524	169,844
Charge for year	1,387	42,210	704	49	44,350
Disposals	-	(2,158)	-	-	(2,158)
At 30 June 1995	<u>9,064</u>	<u>195,215</u>	<u>7,184</u>	<u>573</u>	<u>212,036</u>
<u>Net book amounts</u>					
At 30 June 1995	<u>111,518</u>	<u>122,857</u>	<u>1,642</u>	<u>2</u>	<u>236,019</u>
At 30 June 1994	<u>112,905</u>	<u>156,871</u>	<u>2,346</u>	<u>51</u>	<u>272,173</u>

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 1995

	<u>1995</u> £	<u>1994</u> £
6 STOCKS		
Raw materials and consumables	81,274	61,175
Finished goods and goods for resale	65,448	21,069
	<u>146,722</u>	<u>82,244</u>
7 DEBTORS		
Due within one year:		
Trade debtors	178,494	208,879
Amounts due from associated undertakings	246,491	-
Prepayments and accrued income	11,032	5,833
	<u>436,017</u>	<u>214,712</u>
8 CREDITORS		
Amounts falling due within one year:		
Trade creditors	271,162	82,903
Amounts due to associated undertakings	286,090	423,855
Corporation tax payable 1 April 1996	7,000	2,900
Other taxation and social security	25,073	1,170
Accruals and deferred income	60,596	48,012
Other creditors	6,580	8,101
Bank overdraft	21,887	-
	<u>678,388</u>	<u>566,941</u>
Amounts falling due after more than one year:		
Other creditors:		
Shareholders loans	<u>83,500</u>	<u>83,500</u>

The loans are interest free and have no fixed terms for repayment.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 1995

9 PROVISION FOR LIABILITIES AND CHARGES -
DEFERRED TAXATION

	<u>1995</u> £
At 1 July 1994	15,700
Charged in year	1,200
At 30 June 1995	<u>14,500</u>

Deferred taxation provision and the amount unprovided comprises:

	<u>1995</u>	Not	<u>1994</u>	Not
	<u>Provision</u>	<u>Provided</u>	<u>Provision</u>	<u>Provided</u>
	£	£	£	£
Accelerated capital allowances	14,500	-	15,700	-
Short term timing differences	-	-	-	-
	<u>14,500</u>	<u>-</u>	<u>15,700</u>	<u>-</u>

10 CALLED UP EQUITY SHARE CAPITAL

There has been no change in share capital during the year.

Authorised

5,000 ordinary shares of £1 each	5,000
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Allotted, called up and fully paid

5,000 ordinary shares of £1 each	5,000
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11 RESERVES

	<u>Profit and</u> <u>loss account</u> £
At 1 July 1994	20,812
Profit for the financial year	16,558
At 30 June 1995	<u>37,370</u>

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 1995

12 RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS

	<u>1995</u>	<u>1994</u>
	£	£
Profit for the financial year	16,558	16,426
Opening shareholders' funds	25,812	9,386
Closing shareholders' funds	<u>42,370</u>	<u>25,812</u>

13 PENSION SCHEME

The company participates in the pension scheme operated by Bark Products Limited and its parent company, details of which are contained in that parent company's financial statements.

The scheme provides defined benefits based on final pensionable pay. The assets of the scheme are held in a fund separate from those of the group and are administered by trustees. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees working lives with the group. The contributions are determined by a qualified actuary on the basis of triennial valuations using the aggregate method allowing for future salary increases.

BARK PRODUCTS (SCOTLAND) LIMITED

MANAGEMENT INFORMATION

YEAR ENDED 30 JUNE 1995

BARK PRODUCTS (SCOTLAND) LIMITED**MANAGEMENT INFORMATION****TRADING AND PROFIT AND LOSS ACCOUNT****SCHEDULE 'A'****YEAR ENDED 30 JUNE 1995**

	<u>1995</u>	<u>1994</u>
	£	£
SALES		
(less returns and allowances)	1,045,351	940,552
COST OF SALES		
Opening stock	82,244	69,547
Purchases	586,991	453,369
	<u>669,235</u>	<u>522,916</u>
Closing stock	(146,722)	(82,244)
	<u>522,513</u>	<u>440,672</u>
	522,838	499,880
Production Wages and N.I.	62,515	60,873
Production Overheads (Schedule B)	72,297	51,818
Depreciation - Plant and machinery	42,210	34,091
	<u>177,022</u>	<u>146,782</u>
GROSS PROFIT	345,816	353,098
DISTRIBUTION COSTS - (Schedule B)	267,990	275,558
ADMINISTRATIVE EXPENSES (Schedule B)	60,764	60,106
INTEREST RECEIVABLE	(5,271)	(4,710)
INTEREST PAYABLE	29	1
	<u>323,512</u>	<u>330,955</u>
NET PROFIT BEFORE TAXATION	<u>22,304</u>	<u>22,143</u>

BARK PRODUCTS (SCOTLAND) LIMITED**MANAGEMENT INFORMATION****TRADING AND PROFIT AND LOSS ACCOUNT****SCHEDULE 'B'****YEAR ENDED 30 JUNE 1995**

	<u>1995</u> £	<u>1994</u> £
PRODUCTION OVERHEADS		
Salaries	19,377	17,782
Plant repairs and maintenance	21,334	18,603
Heat, light and power	13,748	13,876
Rent and rates	5,512	1,557
Plant Hire	1,625	-
Maintenance Charges	10,701	-
	<u>72,297</u>	<u>51,818</u>
DISTRIBUTION COSTS		
Carriage outwards	<u>267,990</u>	<u>275,558</u>
ADMINISTRATIVE EXPENSES		
Commissions	-	300
Insurances	3,503	2,661
Administration charge	47,500	47,500
Accountancy and audit	2,650	2,600
Postage, printing and stationery	423	395
Telephone	849	961
Bank charges	(171)	336
Motor expenses	1,009	1,921
General expenses	903	866
Depreciation	2,140	2,478
Miscellaneous income	-	(1,647)
Travel and entertaining	223	399
Advertising	908	287
Pension costs	1,320	1,000
Professional fees	15	49
Asset disposal	(658)	-
Bad debts	150	-
	<u>60,764</u>	<u>60,106</u>