



SCT STJ8L7IM 1120
COMPANIES HOUSE 16/01/02

**BARK PRODUCTS (SCOTLAND) LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2001
REG NO. SC92002**

PKF

BARK PRODUCTS (SCOTLAND) LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2001

CONTENTS	PAGES
DIRECTORS' REPORT	1 – 2
AUDITORS' REPORT	3
PROFIT AND LOSS ACCOUNT	4
BALANCE SHEET	5
NOTES TO THE FINANCIAL STATEMENTS	6 – 11

BARK PRODUCTS (SCOTLAND) LIMITED
DIRECTORS' REPORT
YEAR ENDED 30 JUNE 2001

The directors present their annual report and audited financial statements for the year ended 30 June 2001.

RESULTS AND DIVIDENDS

The trading profit for the year after taxation was £31,642 (2000 : £29,113). 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 and sale 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.

DIRECTORS AND THEIR INTERESTS

The directors during the year were as follows:-

P J F Barton	(Chairman)
I A Bannerman	
R R Bannerman	
T R Dick	
P T Davenport	(Appointed 11 th January 2001)

No director had any declarable interest in the shares of the company during the year, except by virtue of their connection with the shareholding companies described below.

TRANSACTIONS INVOLVING DIRECTORS

During the year, the company traded on a normal commercial basis with William Sinclair Horticulture Limited (a subsidiary of William Sinclair Holdings plc) and Bannerman Company Limited. These companies bought bark and provided haulage services respectively and each held 50% of the issued share capital of Bark Products (Scotland) Limited throughout the year.

P J F Barton , T R Dick and P T Davenport are directors of William Sinclair Horticulture Limited and I A Bannerman and R R Bannerman are directors of Bannerman Company Limited.

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.

**BARK PRODUCTS (SCOTLAND) LIMITED
DIRECTORS' REPORT
YEAR ENDED 30 JUNE 2001**

AUDITORS

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

BY ORDER OF THE BOARD


S ROWLAND
Secretary

Lincoln 7th December 2001

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
BARK PRODUCTS (SCOTLAND) LIMITED**

We have audited the financial statements of Bark Products (Scotland) Limited for the year ended 30 June 2001 which comprise the Profit & Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors Responsibilities.

Our responsibility is to audit the financial statements in accordance with the 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 Directors' Report 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 Directors' Report 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 affairs of the company as at 30 June 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PKF
Registered Auditors

9 January 2002
Lincoln, UK

BARK PRODUCTS (SCOTLAND) LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 JUNE 2001

	<u>Notes</u>	<u>2001</u> £	<u>2000</u> £
TURNOVER		848,172	978,188
OPERATING CHARGES	2	816,833	956,561
OPERATING PROFIT		31,339	21,627
INTEREST RECEIVABLE	4	7,003	5,346
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		38,342	26,973
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	5	(6,700)	2,140
RETAINED PROFIT FOR THE FINANCIAL YEAR		31,642	29,113

The movement on reserves is shown in note 12 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.

BARK PRODUCTS (SCOTLAND) LIMITED
BALANCE SHEET
30 JUNE 2001

	<u>Notes</u>	<u>2001</u>	<u>2000</u>
		£	£
FIXED ASSETS			
Tangible assets	6	214,623	168,041
CURRENT ASSETS			
Stocks	7	127,887	103,866
Debtors	8	438,492	491,136
Cash at bank and in hand		-	0
		<u>566,379</u>	<u>595,002</u>
CREDITORS			
Amounts falling due within one year	9	<u>525,333</u>	<u>539,016</u>
NET CURRENT ASSETS		<u>41,046</u>	<u>55,986</u>
TOTAL ASSETS LESS			
CURRENT LIABILITIES		<u>255,669</u>	<u>224,027</u>
CREDITORS			
Amounts falling due after one year	9	83,500	83,500
PROVISION FOR LIABILITIES			
AND CHARGES	10	<u>1,000</u>	<u>1,000</u>
		<u>84,500</u>	<u>84,500</u>
NET ASSETS		<u><u>171,169</u></u>	<u><u>139,527</u></u>
CAPITAL AND RESERVES			
Called up equity share capital	11	5,000	5,000
Profit and loss account	12	<u>166,169</u>	<u>134,527</u>
EQUITY SHAREHOLDERS			
FUNDS	13	<u><u>171,169</u></u>	<u><u>139,527</u></u>

Approved by the Board on

P J F BARTON

I A BANNERMAN

[Handwritten signatures]

BARK PRODUCTS (SCOTLAND) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2001

1 ACCOUNTING POLICIES

(a) Accounting convention

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

(b) Turnover

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

(c) Depreciation

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

Freehold buildings	-	2% - 20%	On cost
Plant and machinery	-	10% - 20%	On cost
Motor vehicles	-	30%	Reducing Balance Method
Office equipment	-	20% - 33%	On cost

(d) 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.

(e) 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.

(f) Pension costs

Contributions payable to the company's defined benefit scheme are charged to the profit and loss account so far to spread the cost of pensions over the service lives of employees in the scheme. The pension charge is calculated on the basis of actuarial advice.

Contributions payable under the company's defined contribution scheme are charged to the profit and loss account in the period to which they relate.

BARK PRODUCTS (SCOTLAND) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2001

2 OPERATING CHARGES

	<u>2001</u>	<u>2000</u>
	£	£
Operating profit is stated after charging (or crediting):		
Change in stocks of finished goods	(28,021)	(40,620)
Raw materials and consumables	574,135	647,339
Staff costs (note 3)	117,830	103,864
Depreciation (note 6)	32,518	39,141
Other operating charges	120,371	206,837
	<u>816,833</u>	<u>956,561</u>
Other operating charges include:		
Auditors remuneration - audit fee	2,475	2,475
- other services	525	510
	<u>2,475</u>	<u>2,475</u>

3 STAFF COSTS

	<u>2001</u>	<u>2000</u>
	£	£
Wages and salaries	107,718	94,833
Social security costs	8,292	7,215
Pension costs	1,086	1,097
Other life and sickness insurance	734	719
	<u>117,830</u>	<u>103,864</u>

	<u>Number</u>	<u>Number</u>
The average weekly number of employees during the year was:		
Factory	8	7
Sales and administration	1	1
	<u>9</u>	<u>8</u>
	£	£
Directors emoluments:-		
Aggregate emoluments	<u>-</u>	<u>-</u>

BARK PRODUCTS (SCOTLAND) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2001

4 INTEREST RECEIVABLE

	<u>2001</u> £	<u>2000</u> £
Bank interest receivable	7,003	5,346

5 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	<u>2001</u> £	<u>2000</u> £
Corporation tax on the profit for the year at 20% (2000 : 20%)	6,700	8,000
Over provision in previous year	-	(1,140)
Deferred taxation	-	(9,000)
	<u>6,700</u>	<u>(2,140)</u>

6 FIXED ASSETS - TANGIBLE

	<u>Freehold property</u> £	<u>Plant & machinery</u> £	<u>Motor vehicles</u> £	<u>Office equipment</u> £	<u>Total</u> £
Cost					
At 1 July 2000	127,733	449,837	8,826	4,451	590,847
Additions	-	79,100	-	-	79,100
At 30 June 2001	<u>127,733</u>	<u>528,937</u>	<u>8,826</u>	<u>4,451</u>	<u>669,947</u>
Depreciation					
At 1 July 2000	17,084	394,131	8,826	2,765	422,806
Charge for year	1,781	29,430	-	1,307	32,518
At 30 June 2001	<u>18,865</u>	<u>423,561</u>	<u>8,826</u>	<u>4,072</u>	<u>455,324</u>
Net book amounts					
At 30 June 2001	<u>108,868</u>	<u>105,376</u>	<u>-</u>	<u>379</u>	<u>214,623</u>
At 30 June 2000	<u>110,649</u>	<u>55,706</u>	<u>-</u>	<u>1,686</u>	<u>168,041</u>

BARK PRODUCTS (SCOTLAND) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2001

7 STOCKS

	<u>2001</u> £	<u>2000</u> £
Raw materials and consumables	18,365	22,365
Finished goods and goods for resale	109,522	81,501
	<u>127,887</u>	<u>103,866</u>

8 DEBTORS

	<u>2001</u> £	<u>2000</u> £
Due within one year:-		
Trade debtors	70,218	112,885
Amounts due from associated undertakings	193,741	226,477
Prepayments and accrued income	174,533	151,774
	<u>438,492</u>	<u>491,136</u>

9 CREDITORS

	<u>2001</u> £	<u>2000</u> £
Amounts falling due within one year:-		
Bank overdraft	43,213	4,791
Trade creditors	74,143	73,482
Amounts due to associated undertakings	294,302	368,869
Corporation tax	6,700	8,000
Other taxation and social security	21,640	21,835
Other creditors	1,270	1,155
Accruals and deferred income	84,065	60,884
	<u>525,333</u>	<u>539,016</u>
	£	£
Amounts falling due after more than one year:-		
Other creditors:		
Other loans	<u>83,500</u>	<u>83,500</u>

Other loans represent initial shareholder advances are interest free and have no fixed terms for repayment.

BARK PRODUCTS (SCOTLAND) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2001

10 PROVISION FOR LIABILITIES AND CHARGES

Deferred taxation:	<u>2001</u> £
At 1 July 2000	1,000
Movement in Year	0
At 30 June 2001	<u>1,000</u>

Deferred taxation provision and the amount unprovided comprise:-

	<u>2001</u>		<u>2000</u>	
	<u>Provision</u>	<u>Not</u>	<u>Provision</u>	<u>Not</u>
	£	provided	£	provided
		£		£
Accelerated capital allowances	1,000	-	1,000	-

11 CALLED UP SHARE CAPITAL

	<u>2001</u> £	<u>2000</u> £
Authorised:-		
5,000 ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>
Allotted, called up and fully paid		
5,000 ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>

12 RESERVES

	<u>Profit and loss account</u> £
At 1 July 2000	134,527
Retained profit for the financial year	31,642
At 30 June 2001	<u>166,169</u>

BARK PRODUCTS (SCOTLAND) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2001

13 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	<u>2001</u>	<u>2000</u>
	£	£
Profit for the financial year	31,642	29,113
Opening shareholders' funds	139,527	110,414
Closing shareholders' funds	<u>171,169</u>	<u>139,527</u>

14 PENSION SCHEME

The company participates in the pension scheme operated by William Sinclair Holdings plc, details of which are given in that company's financial statements.

The Group operates a single pension scheme which provides benefits based on final pensionable pay (defined benefit basis) for all eligible employees who joined the scheme prior to 18 November 1997. Eligible employees who joined the scheme after that date have been admitted with their benefits based on contributions made (defined contribution basis). The assets of the scheme are held separately from those of the Group.

The contributions to provide benefits under the defined contribution element of the scheme are decided by the Principal Employer while contributions to provide benefits under the defined benefit element are determined by a qualified actuary on the basis of regular valuations using the projected unit credit method.

15 RELATED PARTY TRANSACTIONS

As described on page 1, the company has traded on a normal commercial basis with associated undertakings. Purchases in the year amounted to £332,662 (2000: £643,795) and sales amounted to £512,902 (1999 : £599,959). The amounts outstanding at the balance sheet date are shown in notes 8 and 9.

BARK PRODUCTS (SCOTLAND) LIMITED
MANAGEMENT INFORMATION SCHEDULE A
TRADING AND PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 JUNE 2001

	<u>2001</u>	<u>2000</u>
	£	£
SALES (less returns and allowances)	848,172	978,188
Less:		
Carriage outward	178,133	271,311
	<u>670,039</u>	<u>706,877</u>
COST OF SALES		
Opening stock	103,866	51,306
Purchases	392,002	387,969
	<u>495,868</u>	<u>439,275</u>
Closing stock	127,887	103,866
	<u>367,981</u>	<u>335,409</u>
	302,058	371,468
DIRECT OVERHEADS (Schedule B)	149,053	153,921
	<u>153,005</u>	<u>217,547</u>
GROSS PROFIT		
	7,003	5,346
INTEREST RECEIVABLE	<u>160,008</u>	<u>222,893</u>
OVERHEADS		
Establishment expenses (Schedule B)	15,126	14,688
Administration expenses (Schedule B)	40,835	35,431
Other operating expenses (Schedule B)	65,705	145,801
	<u>121,666</u>	<u>195,920</u>
PROFIT ON ORDINARY		
ACTIVITIES BEFORE TAXATION	<u><u>38,342</u></u>	<u><u>26,973</u></u>

BARK PRODUCTS (SCOTLAND) LIMITED
MANAGEMENT INFORMATION SCHEDULE B
TRADING AND PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 JUNE 2001

	<u>2001</u> £	<u>2000</u> £
DIRECT OVERHEADS		
Wages	92,443	79,118
Salaries	23,567	22,929
Repairs and maintenance	16,939	18,784
Heat, light and power	16,604	16,224
Maintenance charges	(2,456)	15,836
Machinery hire	1,956	1,030
	<u>149,053</u>	<u>153,921</u>
ESTABLISHMENT EXPENSES		
Rent, rates and water	13,345	12,906
Depreciation of buildings	1,781	1,782
	<u>15,126</u>	<u>14,688</u>
ADMINISTRATION EXPENSES		
Pension premium and life assurance	1,820	1,816
Insurance	3,477	3,055
Motor expenses	1,856	1,738
Travel and entertaining	600	(200)
Telephone and telex	1,073	1,031
Printing, stationery and postage	462	524
Audit and professional	3,353	3,065
Advertising and promotional costs	2,024	87
Depreciation	30,737	37,359
Sundries	(449)	881
Commissions	6,778	5,552
Grant released	(6,696)	(6,877)
Trailer rental	(4,200)	(12,600)
	<u>40,835</u>	<u>35,431</u>
OTHER OPERATING EXPENSES		
Bank charges	224	197
Bad debts	-	-
Management charges	65,481	145,604
	<u>65,705</u>	<u>145,801</u>