

REGISTRAR

Bark Products (Scotland) Limited

Report and Financial Statements

30 June 2007

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COMPANIES HOUSE

Bark Products (Scotland) Limited

Registered No Sc092002

Directors

I A Bannerman
R R Bannerman
P D Williams

Secretary

P D Williams

Auditors

Ernst & Young LLP
P O Box 3
Lowgate House
Lowgate
Hull
HU1 1JJ

Registered office

The Burbage
2 Knockbreck Road
Tain
Ross shire
IV19 1BW

Directors' report

The directors present their report and financial statements for the year ended 30 June 2007

Results and dividends

The profit for the year, after taxation, amounted to £43,223 (2006 £27,294) The directors do not recommend the payment of any dividends

Principal activities and review of the business

The principal activity of the company during the year continued to be the preparation and sale of pulverised bark products The directors consider the result for the year to be satisfactory and the business is expected to operate satisfactorily in the future

Directors and their interests

The directors at 30 June 2007 and their interests in the share capital of the company were as follows

	<i>At 30 June 2007</i>	<i>At 1 July 2006</i>
	<i>Ordinary shares</i>	<i>Ordinary shares</i>
I A Bannerman		
R R Bannerman		
P D Williams		

Directors' statement as to disclosure of information to auditors

The directors who were members of the Board at the time of approving the directors' report are listed on page 1 Having made enquiries of fellow directors and of the company's auditors, each of these directors confirms that to the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware and that each director has taken all steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting

By order of the board



P D Williams
Secretary

11 January 2008

Statement of directors' responsibilities in respect of the financial statements

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, and
- 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.

Independent auditors' report

to the members of Bark Products (Scotland) Limited

We have audited the company's financial statements for the year ended 30 June 2007 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 16. These financial statements have been prepared under the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities.

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

The directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with the financial statements.

We also report to you if, in our opinion, 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 other transactions is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

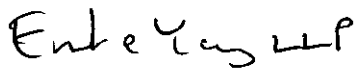
Independent auditors' report

to the members of Bark Products (Scotland) Limited (continued)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 30 June 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements



Ernst & Young LLP
Registered auditor
Hull

11 Jan 2008

Profit and loss account

for the year ended 30 June 2007

	Notes	2007 £	2006 £
Turnover	2	714,645	658,614
Change in stocks of finished goods		(4,333)	(69,230)
Raw materials and consumables		331,158	339,495
Other external charges		200,838	207,579
Staff costs	4	117,939	132,122
Depreciation	3	19,904	19,903
		<u>665,506</u>	<u>629,869</u>
Operating profit	3	49,139	28,745
Bank interest receivable	5	4,685	2,755
		<u>53,824</u>	<u>31,500</u>
Profit on ordinary activities before taxation		53,824	31,500
Tax on profit on ordinary activities	6	10,601	4,206
		<u>43,223</u>	<u>27,294</u>
Profit for the financial year transferred to reserves		<u>43,223</u>	<u>27,294</u>

Statement of total recognised gains and losses

There are no recognised gains or losses other than the profit of £43,223 attributable to the shareholders for the year ended 30 June 2007 (2006 £27,294)

Balance sheet

at 30 June 2007

	Notes	2007 £	2006 £
Fixed assets			
Tangible assets	7	126,507	146,411
Current assets			
Stocks	8	221,865	178,002
Debtors	9	342,204	472,663
Cash at bank		51,603	53,720
		615,672	704,385
Creditors amounts falling due within one year	10	231,720	(382,278)
Net current assets		383,952	322,107
Total assets less current liabilities		510,459	468,518
Creditors amounts falling due after more than one year	11	83,500	83,500
Provisions for liabilities and charges	12		1,282
		426,959	383,736
Capital and reserves			
Called up share capital	14	5,000	5,000
Profit and loss account	15	421,959	378,736
Equity shareholders' funds	15	426,959	383,736



I A Bannerman
Director



P D Williams
Director

11 January 2008

Notes to the financial statements

at 30 June 2007

1. Accounting policies

Basis of preparation basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities

The principal accounting policies of the company have remained unchanged from the previous year and are set out below

Cash flow statement

The company has taken advantage of the concession in FRS 1 "Cash Flow Statements" which exempts a company from the requirement to prepare a statement of cash flows on the grounds that the company is small as defined in companies legislation

Fixed assets

All fixed assets are initially recorded at cost

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows

Freehold property	2% 20% straight line
Plant & machinery	10% 20% straight line
Motor vehicles	30% reducing balance
Office equipment	20% 33% straight line

Stocks

Stocks are stated at the lower of cost and net realisable value, after making allowance for obsolete and slow moving items

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

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Notes to the financial statements

at 30 June 2007

1. Accounting policies (continued)

Pension costs

Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme

2. Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts

An analysis of turnover by geographical market is given below

	2007 £	2006 £
United Kingdom	<u>714,645</u>	<u>658,614</u>

3. Operating profit

This is stated after charging

	2007 £	2006 £
Auditors' remuneration		
audit services	4,500	4,500
non audit services	<u>1,030</u>	<u>1,000</u>
Directors' emoluments	<u>—</u>	<u>—</u>
Depreciation of owned fixed assets	<u>19,904</u>	<u>19,903</u>

4. Staff costs

	2007 £	2006 £
Wages and salaries	103,069	118,783
Social security costs	8,333	9,344
Other pension costs	<u>6,537</u>	<u>3,995</u>
	<u>117,939</u>	<u>132,122</u>

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

	2007 No	2006 No
Production staff	5	8
Administrative staff	<u>1</u>	<u>1</u>
	<u>6</u>	<u>9</u>

Notes to the financial statements

at 30 June 2007

5. Interest receivable

	2007 £	2006 £
Bank interest receivable	<u>4,685</u>	<u>2,755</u>

6. Taxation on ordinary activities

(a) Tax on profit on ordinary activities

The tax charge is made up as follows

	2007 £	2006 £
<i>Current tax</i>		
UK corporation tax	12,288	7,647
Adjustments in respect of previous periods	(197)	
Total current tax (note 6(b))	<u>12,091</u>	<u>7,647</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	(1,744)	(1,709)
Effect of changes in tax rate on opening liability	77	(1,732)
Adjustments in respect of previous periods	177	
Deferred tax (credit)/charge (note 12)	<u>(1,490)</u>	<u>(3,441)</u>
Tax on profit ordinary activities	<u>10,601</u>	<u>4,206</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is different to the standard rate of corporation tax in the UK of 20% (2006 – 19%)

The differences are reconciled below

	2007 £	2006 £
Profit on ordinary activities before tax	<u>53,824</u>	<u>31,500</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax of 20% (2006 – 19%)	10,765	5,985
Expenses not deductible for tax purposes	259	246
Capital allowances for the period in excess of depreciation	1,744	1,715
Other short term timing differences		(6)
Adjustments in respect of changes to the rate of corporation tax	(480)	(293)
Adjustments in respect of previous periods	(197)	
Total current tax (note 6(a))	<u>12,091</u>	<u>7,647</u>

(c) Factors affecting future tax charges

The Finance Act 2007 achieved Royal Assent on 19 July 2007. The lower rate of corporation tax has increased from 19% to 20% as of 1 April 2007 and it is currently expected this will increase to 21% and 22% in subsequent periods.

Notes to the financial statements

at 30 June 2007

6. Taxation on ordinary activities (continued)

(d) Deferred tax

	2007 £	2006 £
Capital allowances in advance of depreciation	(85)	(1,560)
Other timing differences	293	278
Provision for deferred taxation (note 12)	<u>208</u>	<u>(1,282)</u>

7. Tangible fixed assets

	<i>Freehold Property</i> £	<i>Plant & Machinery</i> £	<i>Motor Vehicles</i> £	<i>Office equipment</i> £	<i>Total</i> £
Cost					
At 1 July 2006	127,733	549,295	18,495	4,451	699,974
Additions	-	-	-	-	-
At 30 June 2007	<u>127,733</u>	<u>549,295</u>	<u>18,495</u>	<u>4,451</u>	<u>699,974</u>
Depreciation					
At 1 July 2006	26,912	503,705	18,495	4,451	553,563
Provided during the year	1,503	18,401	-	-	19,904
At 30 June 2007	<u>28,415</u>	<u>522,106</u>	<u>18,495</u>	<u>4,451</u>	<u>573,467</u>
Net book value					
At 30 June 2007	<u>99,318</u>	<u>27,189</u>	<u>-</u>	<u>-</u>	<u>126,507</u>
At 1 July 2006	<u>100,821</u>	<u>45,590</u>	<u>-</u>	<u>-</u>	<u>146,411</u>

8. Stocks

	2007 £	2006 £
Raw materials	59,101	19,571
Finished goods	162,764	158,431
	<u>221,865</u>	<u>178,002</u>

9 Debtors

	2007 £	2006 £
Trade debtors	95,272	74,673
Amounts owed by group undertakings	241,615	388,725
Other debtors	2,974	-
Prepayments and accrued income	2,135	9,265
Deferred tax asset	208	-
	<u>342,204</u>	<u>472,663</u>

Notes to the financial statements

at 30 June 2007

10. Creditors' amounts falling due within one year

	2007 £	2006 £
Trade creditors	49,369	42,426
Amounts owed to group undertakings	112,830	280,798
Taxation and social security	38,401	17,800
Other creditors	896	40
Accruals and deferred income	30,224	41,214
	<u>231,720</u>	<u>382,278</u>

11. Creditors: amounts falling due after more than one year

	2007 £	2006 £
Other creditors	<u>83,500</u>	<u>83,500</u>

Other creditors represent shareholder advances which are interest free and have no fixed repayment terms

12. Provisions for liabilities and charges

	Deferred tax £
At 1 July 2006	1,282
Deferred tax charge in profit and loss account (note 6(a))	(1,490)
At 30 June 2007 (notes 6(c) and 9)	<u>(208)</u>

13. Related party transactions

	2007 Sales to/ (purchases from) related party £	2007 Amounts receivable from/ (payable to) related party £	2006 Sales to/ (purchases from) related party £	2006 Amounts receivable from/ (payable to) related party £
William Sinclair Horticulture Limited				
Sale of goods	359,738	241,615	357,933	388,160
Management charges	(15,000)		(15,000)	
Bannerman Company Limited				
Provision of haulage services	(196,458)	(51,764)	(217,603)	(280,233)

William Sinclair Horticulture Limited and Bannerman Company Limited each own 50% of the ordinary shares of the company

Notes to the financial statements

at 30 June 2007

14. Share capital

	2007	Authorised 2006
	£	£
Ordinary shares of £1 each	5,000	5,000

	Allotted, called up and fully paid			
	2007		2006	
	No	£	No	£
Ordinary shares of £1 each	5,000	5,000	5,000	5,000

15. Reconciliation of shareholders' funds and movement on reserves

	Share capital	Profit and loss account	Total share holders' funds
	£	£	£
At 1 July 2005	5,000	351,442	356,442
Profit for the year	–	27,294	27,294
At 30 June 2006	5,000	378,736	383,736
Profit for the year	–	43,223	43,223
At 30 June 2007	5,000	421,959	426,959

16. Pension commitments

One of the company's employees is a member of the William Sinclair Pension Plan, which is a fully funded defined benefit scheme. The scheme is funded by the payment of contributions to a separately administered trust fund. The pension costs are determined with the advice of independent qualified actuaries. Details of the most recent actuarial valuation are given in the financial statements of William Sinclair Holdings plc.

The company has been unable to identify its share of the underlying assets and liabilities of the group scheme on a consistent and reasonable basis and hence under the multi-employer scheme rules of FRS 17 Retirement Benefits, has treated the scheme as a defined contribution scheme. The total pension costs for the year was £6,537 (2006: £3,995).

No other employees are members of company pension schemes.