

**Highgate Garden Centre
Limited**

Report and Financial Statements

Year Ended

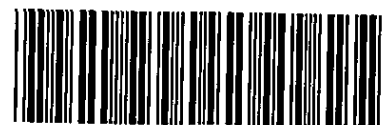
31 December 2006

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BDO Stoy Hayward
Chartered Accountants

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Highgate Garden Centre Limited

Annual report and financial statements
for the year ended 31 December 2006

Contents

Page

1	Report of the directors
3	Report of the independent auditors
5	Profit and loss account
6	Balance sheet
7	Notes forming part of the financial statements

Directors

C Campbell-Preston
M C Dalrymple

Secretary and registered office

C Campbell-Preston, Townsend Yard, Highgate High Street, London, N6 5JF

Company number

2002285

Auditors

BDO Stoy Hayward LLP, 8 Baker Street, London, W1U 3LL

Highgate Garden Centre Limited

Report of the directors for the year ended 31 December 2006

The directors present their report together with the audited financial statements for the year ended 31 December 2006

Results and dividends

The profit and loss account is set out on page 5. The company did not trade during the year.

The directors do not recommend the payment of a dividend on the ordinary shares (2005 - £Nil).

Principal activities, trading review and future developments

The principal activity of the company was that of a holding company.

Directors

The directors of the company during the year were

C Campbell-Preston
M C Dalrymple

None of the directors had any interest in the share capital of the company.

Their interests in the share capital of the ultimate parent company, Capital Gardens Limited, are disclosed in the financial statements of that company.

Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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, 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 that disclose with reasonable accuracy at any time the financial position of the company and 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.

Highgate Garden Centre Limited

Report of the directors for the year ended 31 December 2006 (*Continued*)

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the Board

C Campbell-Preston



Secretary

Date

30/10/2007

Highgate Garden Centre Limited

Report of the independent auditors

To the shareholders of Highgate Garden Centre Limited

We have audited the financial statements of Highgate Garden Centre Limited for the year ended 31 December 2006 which comprise the profit and 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 financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are 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 and have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the directors' report is consistent with those 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.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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.

Highgate Garden Centre Limited

Report of the independent auditors (*Continued*)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its results 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

BDO Stoy Hayward LLP

BDO STOY HAYWARD LLP

*Chartered Accountants
and Registered Auditors
London*

30 October 2007

Highgate Garden Centre Limited

Profit and loss account for the year ended 31 December 2006

	Note	2006 £	2005 £
Administrative expenses		-	(807,000)
Operating loss		-	(807,000)
Income from investment in subsidiary undertaking		-	-
Loss on ordinary activities before and after tax	2	-	(807,000)
Accumulated loss brought forward		(807,000)	-
Accumulated loss carried forward		(807,000)	(807,000)

All amounts relate to continuing activities

All recognised gains and losses are included in the profit and loss account

The notes on pages 7 and 8 form part of the financial statements

Highgate Garden Centre Limited

Balance sheet
at 31 December 2006

	Note	2006 £	2005 £
Fixed assets			
Investments	3	50,000	50,000
		<u>50,000</u>	<u>50,000</u>
Capital and reserves			
Called up share capital	4	50,000	50,000
Share premium account	5	807,000	807,000
Profit and loss account		(807,000)	(807,000)
		<u>50,000</u>	<u>50,000</u>
Shareholders' funds		<u>50,000</u>	<u>50,000</u>

The financial statements were approved by the Board of Directors and authorised for issue on 30 October 2007.

C Campbell-Preston
Director



The notes on pages 7 and 8 form part of these financial statements

Highgate Garden Centre Limited

Notes forming part of the financial statements for the year ended 31 December 2006

1 Accounting policies

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

Investment in subsidiary undertakings

The investment in subsidiary undertakings is stated at cost less any provision for impairment in value

2 Loss on ordinary activities before and after taxation

No taxation is payable on the result for the year (2005 - £Nil)

3 Investments

£

Shares in subsidiary undertakings at cost
At 1 January 2006 and 31 December 2006

69,074

Provision against investments
At 1 January 2006 and 31 December 2006

(19,074)

Net book value
At 31 December 2005 and 31 December 2006

50,000

The following were principal subsidiaries at the year end

Name	Country of incorporation	Proportion of ordinary share capital held	Nature of business
Cap G (Investments) Limited	England	100%	Dormant
Town & Country Garden Centres Limited	England	100% *	Dormant
Capital Garden Landscapes Limited	England	100% *	Landscape gardening
Morden Hall Garden Centre Limited	England	100% **	Dormant

* Owned by subsidiary companies

** 75% of ordinary share capital is held directly and the remaining 25% is held by Town & Country Garden Centres Limited

Highgate Garden Centre Limited

Notes forming part of the financial statements
for the year ended 31 December 2006

4 Called up share capital

	2006 £	2005 £
<i>Authorised</i>		
75,000 Ordinary shares of £1	75,000	75,000
	<hr/>	<hr/>
<i>Allotted, issued and fully paid</i>		
50,000 Ordinary shares of £1	50,000	50,000
	<hr/>	<hr/>

5 Share premium

	£
Balance at beginning and end of the financial year	807,000
	<hr/>

6 Ultimate parent company

The company is a wholly owned subsidiary undertaking of Capital Gardens Limited, a company incorporated in England

7 Cash flow statement

The company has taken advantage of the exemptions under Financial Reporting Standard 1 (Revised 2005) not to prepare a cash flow statement as the directors believe the company is a 'small entity' under Sections 246 to 249 Companies Act 1985

8 Group financial statements

Group financial statements have not been prepared because the group has taken advantage of the exemption under S248 of the Companies Act 1985. Thus, the results in these financial statements reflect information about the company as an individual undertaking and not about its group