

**REGISTRAR OF  
COMPANIES**

**Highgate Garden Centre Limited**

**Report and Financial Statements**

**Year Ended**

**31 December 1994**

**BDO**

**BDO Stoy Hayward**  
Chartered Accountants



# **HIGHGATE GARDEN CENTRE LIMITED**

**Annual report and financial statements for the year ended 31 December 1994**

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Directors

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## **Directors**

C Campbell-Preston  
M C Dalrymple  
E Schneider

## **Secretary and registered office**

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

## **Company number**

2002285

## **Auditors**

BDO Stoy Hayward, 8 Baker Street, London, W1M 1DA.

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## HIGHGATE GARDEN CENTRE LIMITED

### Report of the directors for the year ended 31 December 1994

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The directors present their report together with the audited financial statements for the year ended 31 December 1994.

#### Results and dividends

The profit and loss account of the group for the year is set out on page 3 and shows the result for the year.

The directors do not recommend the payment of a dividend.

#### Principal activities, trading review and future developments

The group is engaged in the development and operation of urban garden centres together with landscape gardening.

The group incurred a loss during the year. Substantial cost reductions have been implemented during the period in order to bring the cost base more in line with achievable income.

The directors are at an advanced stage of negotiations with the group's bankers. This should result in the conversion of a substantial element of borrowings to equity and the agreement of facilities which will enable the group to trade on a stable financial basis.

This will strengthen the group's financial position and enable it to benefit from any upturn in sales.

#### Fixed assets

The movements in fixed assets are shown in notes 8 and 9 to the financial statements.

The directors are of the opinion that there is no significant difference between the book value of fixed assets at 31 December 1994 and their current market value.

#### Directors

The directors of the company during the year and their interests in the ordinary share capital of the company were:

	Ordinary shares of £1 each	
	1994	1993
C Campbell-Preston	21,750	21,750
M C Dalrymple	6,500	6,500
E Schneider	-	-

E Schneider is beneficially interested in Perfinter BV, which owns 21,750 shares.

## HIGHGATE GARDEN CENTRE LIMITED

### Report of the directors for the year ended 31 December 1994 (*Continued*)

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#### 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;
- 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 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.

#### Auditors

BDO Stoy Hayward 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

27/7/95.

# HIGHGATE GARDEN CENTRE LIMITED

## Consolidated profit and loss account for the year ended 31 December 1994

	Note	1994 £	1993 £
Turnover	2	4,158,782	4,023,281
Cost of sales		2,543,478	2,408,680
Gross profit		1,615,304	1,614,601
Distribution costs		66,981	76,337
Administrative expenses		1,667,952	1,491,900
		(119,629)	46,364
Other operating income		108,122	79,072
Operating (loss)/profit		(11,507)	125,436
Interest payable	5	542,574	571,103
Loss on ordinary activities for the year before and after taxation	6,7	(554,081)	(445,667)
Retained loss brought forward		(5,300,206)	(4,853,506)
Goodwill written off		-	(1,033)
Retained loss carried forward		(5,854,287)	(5,300,206)

The parent company has taken advantage of the exemption allowing it not to produce its own profit and loss account. Its loss for the financial year was £276,631.

All amounts relate to continuing activities.

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

The retained loss for the year, together with the goodwill written off represents the movement in shareholders' funds.

The notes on pages 7 to 16 form part of these financial statements

# HIGHGATE GARDEN CENTRE LIMITED

## Consolidated balance sheet at 31 December 1994

	Note	1994	1993
		£	£
<b>Fixed assets</b>			
Tangible assets	8	3,608,922	3,750,903
<b>Current assets</b>			
Stocks	10	429,317	425,706
Debtors	11	285,393	413,202
Cash at bank and in hand		529,986	356,740
		<u>1,244,696</u>	<u>1,195,648</u>
<b>Creditors: amounts falling due within one year</b>	12	<u>9,850,905</u>	<u>9,389,757</u>
<b>Net current liabilities</b>		<u>(8,606,209)</u>	<u>(8,194,109)</u>
<b>Total assets less current liabilities</b>		<u>(4,997,287)</u>	<u>(4,443,206)</u>
<b>Capital and reserves</b>			
Called up share capital	13	50,000	50,000
Share premium account	14	807,000	807,000
Profit and loss account	15	(5,854,287)	(5,300,206)
<b>Shareholders' funds</b>		<u>(4,997,287)</u>	<u>(4,443,206)</u>

All amounts within shareholders' funds are equity.

The financial statements were approved by the Board on 27/7/95.

C Campbell-Preston  
Director

*C Campbell-Preston*

The notes on pages 7 to 16 form part of these financial statements

# HIGHGATE GARDEN CENTRE LIMITED

Balance sheet at 31 December 1994

	Note	1994	1993
		£	£
<b>Fixed assets</b>			
Tangible assets	8	1,162,049	1,174,680
Investments	9	51,783	51,783
		<u>1,213,832</u>	<u>1,226,463</u>
<b>Current assets</b>			
Stocks	10	62,964	75,473
Debtors	11	1,408,103	1,086,230
Cash at bank and in hand		<u>510</u>	<u>500</u>
		1,471,577	1,162,203
<b>Creditors: amounts falling due within one year</b>	12	<u>4,077,548</u>	<u>3,504,174</u>
<b>Net current liabilities</b>		(2,605,971)	(2,341,971)
<b>Total assets less current liabilities</b>		<u>(1,392,139)</u>	<u>(1,115,508)</u>
<b>Capital and reserves</b>			
Called up share capital	13	50,000	50,000
Share premium account	14	807,000	807,000
Profit and loss account	15	(2,249,139)	(1,972,508)
<b>Shareholders' funds</b>		<u>(1,392,139)</u>	<u>(1,115,508)</u>

All amounts within shareholders' funds are equity.

The financial statements were approved by the Board on 27/7/95.

C Campbell-Preston  
Director

*C Campbell-Preston*

The notes on pages 7 to 16 form part of these financial statements

# HIGHGATE GARDEN CENTRE LIMITED

## Consolidated cash flow statement for the year ended 31 December 1994

	Note	1994	1993
		£	£
Net cash inflow/(outflow) from operating activities	19	187,497	(128,737)
Returns on investments and servicing of finance			
Interest paid		-	(1,134)
		187,497	(129,871)
Taxation refunded		-	2,601
		187,497	(127,270)
Investing activities			
Purchase of fixed assets	(55,189)		(64,150)
Sale of fixed assets	3,832		335,273
Purchase of shares in subsidiaries	-		(1,200)
Net cash (outflow)/inflow from investing activities		(51,357)	269,923
Net cash inflow before financing		136,140	142,653
Financing			
Finance leases paid	-		(8,996)
Loans repaid	-		(330,000)
Loans taken out	-		300,000
Net cash outflow from financing		-	(38,996)
Increase in cash and cash equivalents	20,21	136,140	103,657

The notes on pages 7 to 16 form part of these financial statements



# HIGHGATE GARDEN CENTRE LIMITED

Notes forming part of the financial statements for the year ended 31 December 1994

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## 1 Accounting policies

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and are in accordance with applicable accounting standards.

The consolidated accounts comprise the accounts of the company and all its subsidiary undertakings at 31 December 1994. The results of subsidiary undertakings are accounted for in the profit and loss account from the effective date of acquisition.

Upon the acquisition of a business fair values are attributed to the separable net assets acquired. Where the consideration paid for a business exceeds such net assets, the difference is treated as goodwill and is written off directly to reserves.

### *Turnover*

Turnover represents sales to outside customers at invoiced amounts less value added tax.

### *Depreciation*

No depreciation is provided on freehold land. For all other tangible fixed assets depreciation is provided to write down their cost or valuation to their estimated residual values over their estimated useful lives. It is calculated at the following rates:

Leasehold land and buildings	- Over the term of the lease (or such shorter period as is considered appropriate)
Motor vehicles	- 20% per annum
Plant and equipment	- 20% per annum

### *Stocks*

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

### *Deferred taxation*

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes to the extent that it is probable that a liability or asset will crystallise.

# HIGHGATE GARDEN CENTRE LIMITED

Notes forming part of the financial statements for the year ended 31 December 1994 (Continued)

## 1 Accounting policies (Continued)

### *Leased assets*

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are split between capital and interest using the actuarial method, interest is charged to the profit and loss account and the capital element reduces the amounts payable to the lessor.

All other leases are treated as 'operating leases', their annual rentals are charged to the profit and loss account on a straight-line basis over the lease term.

## 2 Turnover and results

The turnover and result before tax are derived totally from the group's continuing principal activities within the United Kingdom.

## 3 Employees

	1994 £	1993 £
Staff costs for all employees, including directors, consist of:		
Wages and salaries	937,410	900,795
Social security costs	83,638	81,534
Pension costs	-	8,180
	<hr/>	<hr/>
	1,021,048	990,509
	<hr/>	<hr/>

The average number of employees, including directors, during the year was:

	Number	Number
Sales and distribution staff	59	57
Production staff	23	22
Administration staff	15	15
	<hr/>	<hr/>

# HIGHGATE GARDEN CENTRE LIMITED

Notes forming part of the financial statements for the year ended 31 December 1994 *(Continued)*

## 4 Directors' remuneration

	1994 £	1993 £
Directors' remuneration (including pension contributions)	56,000	84,924
Highest paid director (excluding pension contributions)	30,000	30,779
Other directors (excluding pension contributions)	Number	Number
£ 0 - £ 5,000	1	3
£10,001 - £15,000	-	1
£15,001 - £20,000	1	1
£20,001 - £25,000	-	1

## 5 Interest payable

	£	£
Bank loans and overdrafts and other loans repayable within 5 years	542,574	571,606
Other interest	-	(503)
	542,574	571,103

## 6 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:

Directors' remuneration	56,000	84,924
Auditors' remuneration - audit services	18,750	18,750
- non audit services	3,250	2,274
Depreciation and amortisation	189,480	190,015
Hire of equipment	15,054	21,325
Loss on ordinary activities before taxation dealt with in the books of the parent company	276,631	268,787

## 7 Taxation

No taxation arises due to the loss for the year.

# HIGHGATE GARDEN CENTRE LIMITED

Notes forming part of the financial statements for the year ended 31 December 1994 (Continued)

## 8 Tangible fixed assets

	Freehold land £	Leasehold land and buildings £	Motor vehicles £	Plant and equipment £	Total £
<b>Group</b>					
<i>Cost or valuation</i>					
At 1 January 1994	1,100,000	2,565,061	114,817	263,367	4,043,245
Additions during year	-	1,000	16,192	37,997	55,189
Disposals during year	-	-	(32,193)	-	(32,193)
At 31 December 1994	1,100,000	2,566,061	98,816	301,364	4,066,241
<i>Made up</i>					
Directors' valuation (1992)	1,100,000	2,520,000	-	-	3,652,563
Cost	-	46,061	98,816	301,364	413,678
	1,100,000	2,566,061	98,816	301,364	4,066,241
<i>Depreciation</i>					
At 1 January 1994	-	121,266	59,162	111,914	292,342
Eliminated on disposals	-	-	(24,503)	-	(24,503)
Charge for year	-	125,664	17,361	46,455	189,480
At 31 December 1994	-	246,930	52,020	158,369	457,319
<i>Net book value</i>					
At 31 December 1994	1,100,000	2,319,131	46,796	142,995	3,608,922
At 31 December 1993	1,100,000	2,443,795	55,655	151,453	3,750,903
				<b>1994</b>	<b>1993</b>
				£	£

If stated under historical cost principles the comparable amounts for land and buildings would be:

Cost	5,304,367	5,303,367
Accumulated depreciation	249,468	183,911
	<u>5,054,899</u>	<u>5,119,456</u>

# HIGHGATE GARDEN CENTRE LIMITED

Notes forming part of the financial statements for the year ended 31 December 1994 (*Continued*)

## 8 Tangible fixed assets

### Company

	Freehold land £	Motor vehicles £	Plant and equipment £	Total £
<i>Cost or valuation</i>				
At 1 January 1994	1,100,000	26,103	120,385	1,246,488
Additions	-	4,112	8,801	12,913
Disposals	-	(5,500)	-	(5,500)
At 31 December 1994	1,100,000	24,715	129,186	1,253,901
<i>Made up</i>				
Directors' valuation (1992)	1,100,000	-	-	1,100,000
Cost	-	24,715	129,186	153,901
	1,100,000	24,715	129,186	1,253,901
<i>Depreciation</i>				
At 1 January 1994	-	15,666	56,142	71,808
Eliminated on disposal	-	(3,593)	-	(3,593)
Charge for year	-	2,283	21,354	23,637
At 31 December 1994	-	14,356	77,496	91,852
<i>Net book value</i>				
At 31 December 1994	1,100,000	10,359	51,690	1,162,049
At 31 December 1993	1,100,000	10,437	64,243	1,174,680

# HIGHGATE GARDEN CENTRE LIMITED

Notes forming part of the financial statements for the year ended 31 December 1994 (*Continued*)

## 8 Tangible fixed assets (*Continued*)

	1994 £	1993 £
If stated under historical cost principles the comparable amounts for freehold land would be:		
Cost	1,537,460	1,537,460

## 9 Investments

	1994 £
Shares in subsidiary undertakings at cost at beginning and end of year	51,783

Principal subsidiary undertakings are listed in note 18.

## 10 Stocks

	Group		Company	
	1994 £	1993 £	1994 £	1993 £
Goods held for resale	429,317	425,706	62,964	75,473

The replacement value of stock is not significantly different from cost.

# HIGHGATE GARDEN CENTRE LIMITED

Notes forming part of the financial statements for the year ended 31 December 1994 (Continued)

## 11 Debtors

	Group		Company	
	1994	1993	1994	1993
	£	£	£	£
Trade debtors	186,010	313,155	11,077	938
Amounts owed by group undertakings	-	-	1,372,288	1,048,917
Other debtors	32,811	39,949	7,994	525
Prepayments and accrued income	66,572	60,098	16,744	35,850
	<u>285,393</u>	<u>413,202</u>	<u>1,408,103</u>	<u>1,086,230</u>

All amounts are due within one year.

At 31 December 1994 an amount of £179,839 (1993 - £116,635) was due from a company in which a director has a material interest. During the year the group supplied goods and services amounting to £236,717 (1993 - £244,611) to that company on an arms length basis.

## 12 Creditors: amounts falling due within one year

	Group		Company	
	1994	1993	1994	1993
	£	£	£	£
Bank overdraft	6,802,616	6,765,510	2,190,737	1,759,734
Trade creditors	472,063	547,188	68,254	116,452
Other creditors	-	3,391	-	-
Amounts owed to group undertakings	-	-	614,199	614,671
Other taxation and social security	55,363	74,814	13,428	29,306
Accruals and deferred income	1,937,863	1,415,854	607,930	438,011
Secured loan	300,000	300,000	300,000	300,000
Unsecured loan	283,000	283,000	283,000	283,000
	<u>9,850,905</u>	<u>9,389,757</u>	<u>4,077,548</u>	<u>3,504,174</u>

The bank overdrafts are secured by a bond over the freehold land and buildings together with a fixed and floating charge over the other assets of the group. The secured loan is secured over the freehold land and buildings and bears interest at 2% over bank base rate. Interest on the unsecured loan accrues at 13%.

# HIGHGATE GARDEN CENTRE LIMITED

Notes forming part of the financial statements for the year ended 31 December 1994 (*Continued*)

## 13 Called up share capital

	1994 £	1993 £
<i>Authorised</i>		
75,000 Ordinary shares of £1	75,000	75,000
	<u>          </u>	<u>          </u>
<i>Allotted and fully paid</i>		
50,000 Ordinary shares of £1	50,000	50,000
	<u>          </u>	<u>          </u>

## 14 Share premium account

Balance at 1 January 1994 and 31 December 1994	807,000	807,000
	<u>          </u>	<u>          </u>

## 15 Profit and loss account

	Group £	Company £
Balance at 1 January 1994	(5,300,206)	(1,972,508)
Loss for year	(554,081)	(276,631)
	<u>          </u>	<u>          </u>
Balance at 31 December 1994	(5,854,287)	(2,249,139)
	<u>          </u>	<u>          </u>

The cumulative amount of goodwill resulting from acquisition in previous years which has been eliminated against reserves is £360,596 (1993 - £360,596).



## HIGHGATE GARDEN CENTRE LIMITED

Notes forming part of the financial statements for the year ended 31 December 1994 (*Continued*)

### 16 Contingent liabilities

The company has given a guarantee to Bank of Scotland in respect of bank borrowings of related companies amounting to £4,611,879 at 31 December 1994 (1993 - £4,950,850).

### 17 Capital commitments

The group has capital commitments of £50,000 which are authorised but not contracted for.

### 18 Principal subsidiary undertakings

Name	Country of incorporation	Proportion of ordinary share capital held	Nature of business
Capital Gardens plc	England	100%	Holding company
Town & Country Garden Centres Plc	England	100% *	Garden centre operators
Mark Enright Landscapes Limited	England	100% *	Landscape gardeners and garden maintenance
Morden Hall Garden Centre Limited	England	75% **	Garden centre operators

\* Owned by subsidiary companies.

\*\* Remaining 25% of ordinary share capital is held by Town & Country Garden Centres Plc.

### 19 Reconciliation of operating (loss)/profit to net cash movement

	1994 £	1993 £
Operating (loss)/profit	(11,507)	125,436
Depreciation	189,480	190,015
Loss on sale of fixed assets	3,858	9,407
Increase in stocks	(3,611)	(59,016)
Decrease/(increase) in debtors	127,809	(164,508)
Decrease in creditors	(118,532)	(230,071)
	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities	187,497	(128,737)
	<hr/>	<hr/>

## HIGHGATE GARDEN CENTRE LIMITED

Notes forming part of the financial statements for the year ended 31 December 1994 (Continued)

20 Analysis of changes in cash and cash equivalents during the year	£
Balance at 1 January 1994	(6,408,770)
Net cash inflow	136,140
	<hr/>
Balance at 31 December 1994	(6,272,630)
	<hr/>

### 21 Analysis of the balances of cash and cash equivalents as shown in the balance sheet

	1994 £	1993 £	Change in year £
Cash at bank and in hand	529,986	356,740	173,246
Bank overdrafts	(6,802,616)	(6,765,510)	(37,106)
	<hr/>	<hr/>	<hr/>
	(6,272,630)	(6,408,770)	136,140
	<hr/>	<hr/>	<hr/>

### 22 Financial restructuring

The Highgate group of companies, including Highgate Garden Centre Limited, are currently being restructured. Negotiations with their bankers are at an advanced stage. This would result in the conversion of a substantial element of the group's borrowings to equity and the agreement of facilities which should enable the company to trade on a stable financial basis.

These financial statements have been prepared on a going concern basis as the directors believe the negotiations in progress will be concluded successfully. The financial statements do not include any adjustments that would result if the negotiations were not successful.

Additionally, following the reconstruction detailed above, the companies within the group are expected to be in a position to repay intra-group debts and accordingly no provisions have been made against these balances.

# HIGHGATE GARDEN CENTRE LIMITED

## Report of the auditors

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To the shareholders of Highgate Garden Centre Limited

We have audited the financial statements on pages 3 to 16 which have been prepared under the accounting policies set out on pages 7 and 8.

### *Respective responsibilities of directors and auditors*

As described on page 2 the company's directors are responsible for the preparation of the 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 an 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.

### *Financial restructuring*

In forming our opinion on the financial statements we have considered the adequacy of the disclosure made in note 22 of the financial statements concerning the uncertainty regarding the conversion of group borrowings to equity and the agreement of ongoing banking facilities. In view of the significance of this uncertainty we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

**HIGHGATE GARDEN CENTRE LIMITED**

**Report of the auditors (*Continued*)**

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*Opinion*

In our opinion the financial statements give a true and fair view of the state of the group's affairs as at 31 December 1994 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*BDO Stoy Hayward*

**BDO STOY HAYWARD**

*Chartered Accountants*

*and Registered Auditors*

London

27 July 1995