

Company Registration No. 3473956

Scotts Holdings Limited

Report and Financial Statements

30 September 2009

THURSDAY



LLDFLM38

LD5

29/07/2010

1

COMPANIES HOUSE

Scotts Holdings Limited

Report and financial statements 2009

Contents	Page
Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	4
Independent auditors' report	5
Profit and loss account	7
Reconciliation of movements in shareholders' deficit	8
Balance sheet	9
Notes to the accounts	10

Scotts Holdings Limited

Report and financial statements 2009

Officers and professional advisers

Directors

E Claggett
N Rust
M Breddy

Secretary

Clifford Chance LLP

Registered office

Salisbury House
Weyside Park
Catershall Lane
Godalming
Surrey
GU7 1XE

Auditors

Deloitte LLP
Chartered Accountants
London

Scotts Holdings Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 September 2009. The directors' report has been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

Principal activities

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

Review of business

The profit and loss account for the year is set out on page 7.

The directors expect that the present level of activity will be sustained for the foreseeable future.

Results and dividends

The loss for the year is £2,413,000 (2008: loss £4,815,000) which has been transferred from reserves. No dividends have been paid in the year (2008: £nil). The directors do not recommend a final dividend for the year ended 30 September 2009 (2008: £nil).

Events after the balance sheet date

There have been no significant events since the balance sheet date.

Going Concern

As highlighted in note 1, the company and group meets its day to day working capital requirements through a world wide funding facility. The current economic conditions create uncertainty particularly over

- a) the level of demand for the company's products
- b) the exchange rate between Sterling, Euro and US dollars and thus the consequence for the cost of the group's raw materials, and
- c) the availability of bank finance in the foreseeable future

The company and group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group should be able to operate within the level of its current facility. The company and group will continue to review its funding needs with its bankers and at this time no matters have been drawn to its attention to suggest that funding facilities are not adequate.

Directors and their interests

The directors who held office throughout the year and subsequently were as follows:

Mr E Claggett
Mr N Rust
Mr M Breddy

None of the directors held any interests in the shares of the company or its holding company during the year.

Auditors

Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Scotts Holdings Limited

Directors' report

A resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors
and signed on behalf of the board



Mr N Rust
Director

22 July 2010

Scotts Holdings Limited

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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 Scotts Holdings Limited

We have audited the financial statements of Scotts Holdings Limited for the year ended 30 September 2009 which comprise the profit and loss account, the reconciliation in movements in shareholders' deficit, the balance sheet and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 September 2009 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- have been properly prepared in accordance with the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

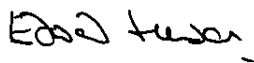
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report to the members of Scotts Holdings Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors report



Edward Hanson (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London UK

27th July 2010

Scotts Holdings Limited

Profit and loss account Year ended 30 September 2009

	Notes	2009 £'000	2008 £'000
Administrative expenses		(587)	(599)
Other operating (expense) / income	3	(10)	10
Operating loss	3	(597)	(589)
Amounts written off investment		-	-
Interest receivable from group undertakings		2,398	2,335
Interest payable and similar charges	4	(4,214)	(6,561)
Loss on ordinary activities before taxation		(2,413)	(4,815)
Tax on loss on ordinary activities	5	-	-
Retained loss for the financial year	11	(2,413)	(4,815)

All results are derived from continuing operations

There are no recognised gains or losses in either year other than the loss for the year as shown above, therefore no separate statement of total recognised gains and losses has been presented

Scotts Holdings Limited

Reconciliation of movements in shareholders' deficit Year ended 30 September 2009

	2009 £'000	2008 £'000
Opening shareholders' deficit	(47,781)	(42,966)
Loss for the year	<u>(2,413)</u>	<u>(4,815)</u>
Closing shareholders' deficit	<u><u>(50,194)</u></u>	<u><u>(47,781)</u></u>

Scotts Holdings Limited

Balance sheet 30 September 2009

	Notes	2009 £'000	2008 £'000
Fixed assets			
Investments	6	34,344	33,000
Current assets			
Debtors	7	44,807	33,719
Creditors: amounts falling due within one year	8	(125,264)	(114,500)
Net current liabilities		(80,457)	(80,781)
Net liabilities		(46,113)	(47,781)
Capital and reserves			
Called up share capital	9	-	-
Capital contribution	10	29,081	25,000
Profit and loss account	11	(75,194)	(72,781)
Shareholders' deficit		(46,113)	(47,781)

These financial statements were approved by the Board of Directors on 22nd July 2010

Signed on behalf of the Board of Directors



Mr N Rust

Director

Scotts Holdings Limited

Notes to the accounts Year ended 30 September 2009

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. The particular accounting policies adopted are described below and have been consistently applied throughout the current and previous year.

Basis of accounting

The financial statements are prepared under the historical cost convention.

Investments in subsidiary undertakings

Investments in subsidiary undertakings are recorded at cost less provision for impairment.

Cash flow statement and related party disclosures

The company is a wholly owned subsidiary of The Scotts Miracle-Gro Company, a company registered in the USA whose financial statements are publicly available. Consequently the company is exempt under the terms of Financial Reporting Standard No 1 (Revised) from publishing a cash flow statement. The company has also taken advantage of the exemption available under FRS 8 'Related party disclosures' not to disclose transactions with other group entities, where 100% of the voting rights are controlled within the group.

Consolidation

The company is exempt under section 401 of the Companies Act 2006 from the requirements to prepare consolidated financial statements. The company and its subsidiaries are included in the consolidated accounts of The Scotts Miracle-Gro Company, a company which is resident in the United States of America. Its accounts are drawn up in a manner considered to be equivalent to UK GAAP consolidated accounts, as required by the EU Seventh Directive.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All foreign exchange differences are taken to the profit and loss account in the period in which they arise.

Taxation

UK corporation tax payable is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

In accordance with FRS 19, deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements; deferred tax assets and liabilities are not discounted.

Going Concern

The company and group meet its day to day working capital requirements through a world wide funding facility. The current forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group should be able to operate within the level of its current facility. After making enquiries, the directors have a reasonable expectation that the company and group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Scotts Holdings Limited

Notes to the accounts **Year ended 30 September 2009**

2. Information regarding employees

The company has no employees (2008 none) other than the directors
 No director received emoluments for services to the company during the current or prior year

3. Operating profit

	2009	2008
	£'000	£'000
Is stated after charging/(crediting)		
Expense re-charged to group companies	10	(10)
Auditors' remuneration for		
Audit	36	36
	<u>36</u>	<u>36</u>

4 Interest payable and similar charges

	2009	2008
	£'000	£'000
Bank loans and overdrafts	3,819	5,966
Loans from fellow group undertakings	395	595
	<u>4,214</u>	<u>6,561</u>

Earlier in FY2009 the company discontinued two interest rate swaps

5 Tax on loss on ordinary activities

No tax is payable by reference to the results for the year (2008 £nil)

The current tax charge for the year differs from the standard rate of corporation tax in the UK of 28% The differences are explained below

	2009	2008
	£'000	£'000
Loss on ordinary activities before tax	(2,413)	(4,815)
Loss on ordinary activities multiplied by standard rate of UK corporation tax of 28% (2008 29%)	676	1,396
Effects of		
Losses surrendered to other group companies not paid for	-	(159)
Permanent differences	(111)	(173)
Other Short Term Timing Differences	(83)	19
Losses carried forward	(482)	(1,083)
Current tax for the year	<u>-</u>	<u>-</u>

There is approximately £12,829,000 (2008 £11,170,000) of taxable losses not recognised in the financial statements as the directors regard their recoverability as uncertain

Scotts Holdings Limited

Notes to the accounts **Year ended 30 September 2009**

6. Fixed asset investments

	2009	2008
	£'000	£'000
Subsidiary undertakings	<u>34,344</u>	<u>33,000</u>
		£'000
Cost		
At 1 October 2008		74,758
Additions		<u>1,344</u>
At 30 September 2009		<u>76,102</u>
Provisions for impairment		
At 1 October 2008 and 30 September 2009		<u>41,758</u>
Net book value		
At 1 October 2008		33,000
At 30 September 2009		<u>34,344</u>

The impairment provision is against the carrying value of the investment in The Scotts Company (UK) Limited

The addition of £1,344,000 represents the capitalisation of a loan made to Scotts Holdings Ltd, an existing subsidiary of the company

Scotts Holdings Limited

Notes to the accounts Year ended 30 September 2009

6. Fixed asset investments (continued)

Interests in group undertakings

Name of undertaking	Country of incorporation or registration	Principal activity	Description of shares	Proportion of nominal value of issued shares held by:	
				Group %	Company %
The Scotts Company (UK) Limited	England and Wales	Production and distribution of gardening products	Ordinary	100	-
Levington Group Limited	England and Wales	Holding company	Ordinary	100	100
OM Scotts International Investments Limited	England and Wales	Holding company	Ordinary	100	100
Scotts Deutschland GmbH	Germany	Distribution of gardening products	Ordinary	100	-
Scotts International BV (formerly Scotts Europe BV)	Netherlands	Manufacture and distribution of gardening products	Ordinary	100	-
Scotts Italia srl	Italy	Distribution of gardening products	Ordinary	95	-
The Scotts Company (Manufacturing) Limited	England and Wales	Manufacture of garden care products	Ordinary	100	-
Humax Horticulture Limited	England and Wales	Manufacture of garden care products	Ordinary	100	-
Scotts Horticulture Limited	Ireland	Distribution of gardening products	Ordinary	100	100
Scott OM Espana SA	Spain	Distribution of gardening products	Ordinary	100	-
Scotts Profi Handels GmbH	Austria	Distribution of gardening products	Ordinary	100	-

The above companies operate principally in their country of incorporation

Scotts Holdings Limited

Notes to the accounts **Year ended 30 September 2009**

7. Debtors

	2009	2008
	£'000	£'000
Amounts due by group undertakings	44,462	33,675
Other debtors	345	44
	<u>44,807</u>	<u>33,719</u>

8 Creditors: amounts falling due within one year

	2009	2008
	£'000	£'000
Bank loans	115,000	53,800
Amounts due to group undertakings	9,335	60,037
Accruals	929	663
	<u>125,264</u>	<u>114,500</u>

Bank loans consist of seven short term loans amounting to £30,000,000, £18,000,000, £9,000,000, £33,000,000, £16,000,000, £3,000,000 and £6,000,000. The interest rates on the loans vary from 1.76% to 1.77%.

9 Called up share capital

	2009	2008
	£	£
Authorised, called up, allotted and fully paid:		
6 ordinary shares of £1 each	<u>6</u>	<u>6</u>

10. Capital contribution

	2009	2008
	£'000	£'000
Waiver of intercompany debt	<u>29,081</u>	<u>25,000</u>

11. Profit and loss account

	£'000
At 1 October 2008	(72,781)
Retained loss for the year	<u>(2,413)</u>
At 30 September 2009	<u>(75,194)</u>

Scotts Holdings Limited

Notes to the accounts

Year ended 30 September 2009

12. Related party transactions

The company has taken advantage of the exemption available under Financial Reporting Standard No 8 "Related Party disclosures" not to disclose transactions with other group companies where these have been eliminated on consolidation. In addition, the company has taken advantage of a further exemption available under FRS 8 not to disclose transactions with other group companies as the company is a 100% owned subsidiary of The Scotts Company whose financial statements are publicly available.

13. Ultimate and immediate holding company

The company is a subsidiary undertaking of The Scotts Miracle-Gro Company incorporated in the state of Ohio, USA. The Scotts Miracle-Gro Company is considered by the directors to be the ultimate controlling party.

The largest group in which the results of the company are consolidated is headed by The Scotts Miracle-Gro Company. The consolidated accounts of The Scotts Miracle-Gro Company are available to the public and may be obtained from The Scotts Miracle-Gro Company, 14111 Scottslawn Road, Marysville, Ohio 43041 USA.

The immediate parent company is Scotts Sierra Investments Inc., incorporated in the US, by virtue of its interest in 100% of the equity of Scotts Holdings Limited.