



Accountants &
business advisers

BUTTERS GROUP LIMITED

(Registered Number 6055242)

Directors' Report and Financial Statements

Year ended 30 June 2012

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BUTTERS GROUP LIMITED

COMPANY INFORMATION

Directors J N Hooper (Chairman)
A Coaten
W S Hatchett
R F M Adair
S A Phillips

Company secretary S A Phillips

Company number 06055242

Registered office Fulney Farm
Kellet Gate
Spalding
Lincolnshire
PE12 6EH

Auditor PKF (UK) LLP
Regent House
Clinton Avenue
Nottingham
NG5 1AZ

Bankers Yorkshire Bank
11 Smithy Row
Nottingham
NG1 3EJ

Solicitors Gateley LLP
Citygate East
Tollhouse Hill
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BUTTERS GROUP LIMITED

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BUTTERS GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2012

The directors present their report and the financial statements for the year ended 30 June 2012

Principal activities

The principal activity of the company is that of a holding company. The principal activity of the group is that of suppliers of horticultural and floral arrangements to the UK's major multiple retailers and home delivery networks.

Business review

The results for the group shown in the financial statements, report an operating profit before goodwill amortisation of £493,000 (2011 - £1,014,000) on turnover of £43.1m (2011 - £38.8m).

The reduction in profitability, compared to prior year, of £521,000 is largely due to the initial start-up losses associated with Butters Flowers Ltd, a new project started in May 2011. Sales revenues increased during the latter part of the period and are expected to strengthen further into the next financial year.

The group's profitability was also adversely affected in the spring and early summer by the some of the worst UK weather for a century, statistics show that there have only been 3 wetter Aprils on record in the last 285 years. The poor weather resulting in lower retail demand, high waste and increased costs. The group benefited from its relationships with growers and suppliers to mitigate some of these increased costs, whilst maintaining continuity of supply, both for this year and in the future.

The group continued to invest heavily in capital projects, spending over £700,000 in the year across the three sites it operates. A return on the investment can already be demonstrated from the new growing and cut flower operations. A result of the high capital expenditure and lower profitability led to a reduction in cash balances by £571,000.

Key performance indicators for the Group continue to be the constant review of all operating margins and cash generation. Non-financial performance indicators include the review of service and quality levels by customer and supplier.

The group is committed to ensuring, wherever possible, that environmental standards are preserved and that sustainable raw materials are used within its products.

Results

The loss for the year, after taxation, amounted to £1,109,000 (2011 - £672,000). The loss includes interest on long term shareholder debt of £1,006,000 (2011 - £927,000). The interest rate is fixed with accrued interest rolled up into the principal amount annually.

Directors

The directors who served during the year were

J N Hooper (Chairman)
A Coaten
W S Hatchett
R F M Adair
S A Phillips

Land and buildings

The freehold properties shown in the accounts at £703,000 have, in the opinion of the directors, a market value of approximately £1,600,000.

BUTTERS GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2012

Future outlook

The group aims to strengthen its position with current and new "blue chip" customers by delivering innovative plant, flower and bulb ranges, building on its reputation for quality and service. The group will also continue to work tirelessly with long standing worldwide suppliers to improve raw material sourcing and development.

Revenue and profitability improvements will be generated from the new initiatives in growing and cut flowers. However the market for packing flowers and plants has become increasingly competitive as the volume and opportunity for growth has contracted due to the vertical integration by major supermarkets.

Financial instruments

Foreign exchange has a fundamental and constant influence on the group, tight internal controls and reporting ensure the risk is managed effectively.

Currency risk is managed using appropriate hedging strategies designed to minimise the groups exposure to foreign exchange fluctuations. These instruments are entered into with FSA regulated organisations. Policies are in place to ensure foreign exchange risk is evaluated and mitigated in the most timely and effective method.

Employee involvement

The group's policy is to consult and discuss with employees matters likely to affect their interests at staff councils and other meetings.

Information on matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees concerning the financial and economic factors affecting the group's performance.

Qualifying third party indemnity provisions

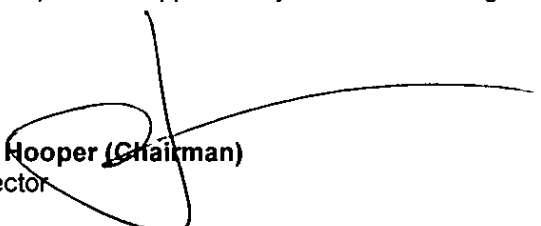
The group maintains liability insurance for directors and officers as permitted by sections 232 - 239 Companies Act 2006.

Provision of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company and the group's auditor in connection with preparing its report and to establish that the company and the group's auditor is aware of that information.

This report was approved by the board and signed on its behalf


J N Hooper (Chairman)
Director

Date 26 October 2012

BUTTERS GROUP LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 30 JUNE 2012

The directors are responsible for preparing the directors' 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 the group and of the profit or loss of the group 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 accounting estimates that are reasonable and prudent,
- state whether applicable UK 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 group 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 group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BUTTERS GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BUTTERS GROUP LIMITED

We have audited the financial statements of Butters Group Limited for the year ended 30 June 2012 which comprise the consolidated profit and loss account, the consolidated and parent company balance sheets, the consolidated cash flow statement and the related notes. 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 auditor's 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 auditor

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 and express an opinion on 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 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 group's and the parent 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. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 June 2012 and of the group's loss the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of 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.

BUTTERS GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BUTTERS GROUP LIMITED

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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



Richard Wilson (Senior statutory auditor)
for and on behalf of PKF (UK) LLP, Statutory auditor
Nottingham, UK
Date 26 October 2012

BUTTERS GROUP LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2012**

	Note	2012 £000	2011 £000
TURNOVER	1,2	43,051	38,796
Cost of sales		<u>(34,647)</u>	<u>(31,289)</u>
GROSS PROFIT		8,404	7,507
Distribution costs		(2,620)	(2,268)
Administrative expenses		<u>(5,291)</u>	<u>(4,225)</u>
Operating profit before goodwill amortisation		493	1,014
Goodwill amortisation		<u>(393)</u>	<u>(393)</u>
OPERATING PROFIT	3	100	621
Bank interest payable	7	(84)	(65)
Rolled up shareholder loan interest	7	(383)	(355)
Rolled up preference dividend	7	<u>(623)</u>	<u>(572)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(990)	(371)
Tax on loss on ordinary activities	8	<u>(119)</u>	<u>(301)</u>
LOSS FOR THE FINANCIAL YEAR	19	<u>(1,109)</u>	<u>(672)</u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2012 or 2011 other than those included in the profit and loss account

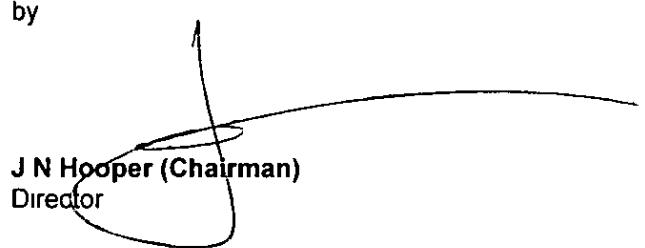
The notes on pages 10 to 24 form part of these financial statements

BUTTERS GROUP LIMITED
REGISTERED NUMBER. 06055242

CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2012

	Note	£000	2012 £000	2011 £000
FIXED ASSETS				
Intangible fixed assets	9		5,797	6,190
Tangible fixed assets	10		<u>1,699</u>	<u>1,346</u>
			7,496	7,536
CURRENT ASSETS				
Stocks	13	1,835		2,358
Debtors	14	7,744		8,801
Cash at bank and in hand		<u>986</u>		<u>2,035</u>
		10,565		13,194
CREDITORS. amounts falling due within one year	15	<u>(9,782)</u>	<u>(11,400)</u>	
NET CURRENT ASSETS			<u>783</u>	<u>1,794</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>8,279</u>	<u>9,330</u>
CREDITORS: amounts falling due after more than one year				
Bank loans	16		919	1,024
Shareholder financing				
Shareholder loans	16	4,984		4,616
Shareholder loan interest - accrued not yet capitalised	16	199		184
Preference share capital	16	4,874		5,416
Rolled up preference dividends	16	<u>2,429</u>		<u>2,130</u>
Total shareholder financing			12,486	12,346
PROVISIONS FOR LIABILITIES				
Deferred tax	17		37	14
CAPITAL AND RESERVES				
Called up share capital	18	257		257
Profit and loss account	19	<u>(5,420)</u>		<u>(4,311)</u>
	20		<u>(5,163)</u>	<u>(4,054)</u>
			<u>8,279</u>	<u>9,330</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by


J N Hooper (Chairman)
 Director

Date 26 October 2012

The notes on pages 10 to 24 form part of these financial statements

BUTTERS GROUP LIMITED
REGISTERED NUMBER: 06055242

COMPANY BALANCE SHEET
AS AT 30 JUNE 2012

	Note	£000	2012 £000	£000	2011 £000
FIXED ASSETS					
Investments	11		6,755		6,755
CURRENT ASSETS					
Debtors	14	2,536		2,536	
CREDITORS: amounts falling due within one year	15	<u>(866)</u>		<u>-</u>	
NET CURRENT ASSETS			<u>1,670</u>		<u>2,536</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u><u>8,425</u></u>		<u><u>9,291</u></u>
CREDITORS: amounts falling due after more than one year					
Shareholder loans	16	4,984		4,616	
Shareholder loan interest - accrued not yet capitalised	16	199		184	
Preference share capital	16	4,874		5,416	
Rolled up preference dividends	16	2,429		2,130	
Amounts owed to group undertakings	16	<u>200</u>		<u>200</u>	
			12,686		12,546
CAPITAL AND RESERVES					
Called up share capital	18	257		257	
Profit and loss account	19	<u>(4,518)</u>		<u>(3,512)</u>	
	20		<u>(4,261)</u>		<u>(3,255)</u>
			<u><u>8,425</u></u>		<u><u>9,291</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by


J N Hooper (Chairman)
 Director

Date 26 October 2012

The notes on pages 10 to 24 form part of these financial statements

BUTTERS GROUP LIMITED

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2012**

	Note	2012 £000	2011 £000
Net cash flow from operating activities	21	336	1,684
Returns on investments and servicing of finance	22	(84)	(65)
Taxation		(96)	-
Capital expenditure and financial investment	22	(701)	(239)
CASH (OUTFLOW)/INFLOW BEFORE FINANCING		(545)	1,380
Financing	22	(26)	-
(DECREASE)/INCREASE IN CASH IN THE YEAR		(571)	1,380

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 30 JUNE 2012**

	2012 £000	2011 £000
(Decrease)/Increase in cash in the year	(571)	1,380
Cash outflow from decrease in debt and lease financing	26	-
CHANGE IN NET DEBT RESULTING FROM CASH FLOWS	(545)	1,380
Preference share rolled up dividends	(623)	(572)
Shareholders' loan rolled up interest	(383)	(355)
MOVEMENT IN NET DEBT IN THE YEAR	(1,551)	453
Net debt at 1 July 2011	(11,866)	(12,319)
NET DEBT AT 30 JUNE 2012	(13,417)	(11,866)

The notes on pages 10 to 24 form part of these financial statements

BUTTERS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

1 ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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

The group's accounting reference date is 30 June. It is the group's policy to prepare financial statements for the accounting period to the nearest Saturday to this date. The accounting period covers 26 June 2011 to 30 June 2012.

GOING CONCERN

The group has net liabilities of £4,261k (2011 - £3,255k) which is supported by shareholder investment of £12,486k (2011 - £12,346k), which are in nature long term support as outlined in notes 16 and 18 of the accounts. Certain preference share rights fall due for redemption in March 2013 in the sum of £866k. However it is not envisaged that sufficient reserves as required by the Companies Act will be available to make these payments.

The directors have considered the going concern assumptions for the group from a review of the group cash flows through to June 2014, taking into account potential variances in performance in the current economic environment. The position is that the group has sufficient cash flows to meet shareholder obligations in respect of the preference shares and rolled up dividends during this period should sufficient reserves be available.

On this basis the directors confirm that the financial statements should be prepared on a going concern basis.

1.2 Basis of consolidation

The financial statements consolidate the accounts of Butters Group Limited and all of its subsidiary undertakings ('subsidiaries').

1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

Turnover from the sale of goods is recognised when the goods are delivered and title has passed. Income from the rendering of services is recognised when the services have been performed.

1.4 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the profit and loss account over its estimated economic life.

Amortisation is provided at the following rates:

Goodwill	-	straight line over 20 years
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BUTTERS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

1. ACCOUNTING POLICIES (continued)

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	straight line over 20 years
Short term leasehold property	-	over the period of the lease
Plant & machinery	-	10 - 33% reducing balance and straight line
Motor vehicles	-	25 - 33% reducing balance and straight line
Computer equipment	-	10 - 50% straight line and reducing balance

Freehold land is not depreciated

1.6 Investments

Investments in subsidiaries are valued at cost less provision for impairment

1.7 Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term

1.8 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks

1.9 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

1.10 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the profit and loss account

BUTTERS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

1. ACCOUNTING POLICIES (continued)

1.11 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

1.12 Related party transactions

These financial statements consolidate information about the company and all of its subsidiary undertakings. Accordingly, the company has taken advantage of the exemption in FRS 8 Related Party Transactions from disclosing transactions with other members or investees of the group

2. TURNOVER

The whole of the turnover is attributable to the principal activity of the group

All turnover arose within the United Kingdom

3. OPERATING PROFIT

The operating profit is stated after charging

	2012 £000	2011 £000
Amortisation - intangible fixed assets	393	393
Depreciation of tangible fixed assets		
- owned by the group	348	211
Operating lease rentals		
- plant and machinery	152	135
Difference on foreign exchange	214	100
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4. AUDITOR'S REMUNERATION

	2012 £000	2011 £000
Fees payable to the company's auditor for the audit of the company's annual accounts	3	3
Fees payable to the company's auditor and its associates in respect of		
The auditing of accounts of subsidiaries of the company pursuant to legislation	20	17
Other services relating to taxation	4	4
All other services	3	12
	<hr/>	<hr/>

BUTTERS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

5. STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	2012 £000	2011 £000
Wages and salaries	4,748	3,878
Social security costs	434	373
Other pension costs	50	33
	<u>5,232</u>	<u>4,284</u>

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

	2012 No	2011 No
Office, management and sales	73	63
Transport, packing and nursery	161	119
	<u>234</u>	<u>182</u>

6 DIRECTORS' REMUNERATION

	2012 £000	2011 £000
Emoluments	<u>383</u>	<u>258</u>

The highest paid director received remuneration of £169,000 (2011 - £157,000)

7. INTEREST PAYABLE

	2012 £000	2011 £000
On bank loans and overdrafts	46	32
Invoice discounting interest payable	38	33
	<u>84</u>	<u>65</u>
Bank interest payable	84	65
Rolled up shareholder loan interest	383	355
Rolled up preference dividend	623	572
	<u>1,090</u>	<u>992</u>
Total interest payable	1,090	992

BUTTERS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

8 TAXATION

	2012 £000	2011 £000
Analysis of tax charge in the period		
Current tax (see note below)		
UK corporation tax charge on loss for the period	96	90
Deferred tax		
Origination and reversal of timing differences	23	190
Effect of decreased tax rate on opening liability	-	21
Total deferred tax (see note 17)	23	211
Tax on loss on ordinary activities	119	301

Factors affecting tax charge for the period

The tax assessed for the period is higher than (2011 - higher than) the standard rate of corporation tax in the UK of 26% (2011 - 26%) The differences are explained below

	2012 £000	2011 £000
Loss on ordinary activities before tax	(990)	(371)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 26% (2011 - 26%)	(257)	(96)
Effects of		
Non-tax deductible amortisation of goodwill and impairment	102	-
Expenses not deductible for tax purposes	173	217
Capital allowances for period in excess of depreciation and amortisation	23	101
Utilisation of tax losses	-	(132)
Adjustments to tax charge in respect of prior periods	1	-
Changes in provisions leading to an increase in the tax charge	61	-
Rate adjustment	(7)	-
Current tax charge for the year (see note above)	96	90

Factors that may affect future tax charges

The provision for deferred tax is calculated based on the tax rates enacted or substantially enacted at the balance sheet date. The Chancellor of the Exchequer announced in his Budget on 21 March 2012 that the rate of corporation tax of 26% will be reduced by 2 percentage points with effect from 1 April 2012 and a further 1 percentage point per year until 2014 when it will remain at 22%. As at the balance sheet date, the rate of 24% has been enacted.

BUTTERS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

9. INTANGIBLE FIXED ASSETS

	Goodwill £000
Group	
Cost	
At 1 July 2011 and 30 June 2012	<u>7,860</u>
Amortisation	
At 1 July 2011	1,670
Charge for the year	<u>393</u>
At 30 June 2012	<u>2,063</u>
Net book value	
At 30 June 2012	<u><u>5,797</u></u>
At 30 June 2011	<u><u>6,190</u></u>

10 TANGIBLE FIXED ASSETS

	Freehold property £000	Short term leasehold property £000	Plant & machinery £000	Motor vehicles £000	Computer equipment £000	Total £000
Group						
Cost						
At 1 July 2011	1,000	148	1,670	27	814	3,659
Additions	-	192	400	-	109	701
Disposals	-	-	-	(10)	-	(10)
At 30 June 2012	<u>1,000</u>	<u>340</u>	<u>2,070</u>	<u>17</u>	<u>923</u>	<u>4,350</u>
Depreciation						
At 1 July 2011	255	76	1,307	14	661	2,313
Charge for the year	42	47	175	3	81	348
On disposals	-	-	-	(10)	-	(10)
At 30 June 2012	<u>297</u>	<u>123</u>	<u>1,482</u>	<u>7</u>	<u>742</u>	<u>2,651</u>
Net book value						
At 30 June 2012	<u><u>703</u></u>	<u><u>217</u></u>	<u><u>588</u></u>	<u><u>10</u></u>	<u><u>181</u></u>	<u><u>1,699</u></u>
At 30 June 2011	<u><u>745</u></u>	<u><u>72</u></u>	<u><u>363</u></u>	<u><u>13</u></u>	<u><u>153</u></u>	<u><u>1,346</u></u>

Included in the cost of land and buildings is freehold land at cost of £76,000 (2011 - £76,000) which is not depreciated

BUTTERS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

11. FIXED ASSET INVESTMENTS

Company	Investments in subsidiary companies £000
Cost	
At 1 July 2011 and 30 June 2012	<u>6,755</u>
Net book value	
At 30 June 2012	<u>6,755</u>
At 30 June 2011	<u>6,755</u>

Details of the principal subsidiaries can be found under note number 12

12. PRINCIPAL SUBSIDIARIES

Company name	Country	Description
Castlegate 363 Limited	United Kingdom	Dormant
Keith Butters Limited	United Kingdom	Horticultural arrangements
Butters Properties Limited	United Kingdom	Property management
Butters Flowers Limited	United Kingdom	Horticultural arrangements
Butters Trustees Limited	United Kingdom	Dormant

Company name	Percentage shareholding	Class of shares
Castlegate 363 Limited	100%	Ordinary
Keith Butters Limited	100%	Ordinary
Butters Properties Limited	100%	Ordinary
Butters Flowers Limited	100%	Ordinary
Butters Trustees Limited	100%	Ordinary

13. STOCKS

	<u>Group</u>		<u>Company</u>	
	2012	2011	2012	2011
	£000	£000	£000	£000
Raw materials	<u>1,835</u>	<u>2,358</u>	<u>-</u>	<u>-</u>

BUTTERS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

14. DEBTORS

	<u>Group</u>		<u>Company</u>	
	2012	2011	2012	2011
	£000	£000	£000	£000
Trade debtors	7,095	8,373	-	-
Amounts owed by group undertakings	-	-	2,536	2,536
Other debtors	2	-	-	-
Prepayments and accrued income	647	428	-	-
	<u>7,744</u>	<u>8,801</u>	<u>2,536</u>	<u>2,536</u>

15. CREDITORS.

Amounts falling due within one year

	<u>Group</u>		<u>Company</u>	
	2012	2011	2012	2011
	£000	£000	£000	£000
Bank overdraft and other borrowings	132	531	-	-
Trade creditors	7,121	8,520	-	-
Corporation tax	97	96	-	-
Social security and other taxes	955	1,628	-	-
Accruals and deferred income	611	625	-	-
Preference share capital (Note 18)	541	-	541	-
Rolled up preference dividends	325	-	325	-
	<u>9,782</u>	<u>11,400</u>	<u>866</u>	<u>-</u>

Disclosure of the terms and conditions attached to the non-equity shares are made in note 18

The bank overdraft is secured by a fixed and floating charge over the company's assets

Included within the bank overdraft and other borrowings is a balance of £105,000 (2011 - £26,000) relating to a bank loan. Disclosure of the securities attached to the bank loan is made in note 16

BUTTERS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

16. CREDITORS:

Amounts falling due after more than one year

	<u>Group</u>		<u>Company</u>	
	2012	2011	2012	2011
	£000	£000	£000	£000
Bank loans	919	1,024	-	-
Shareholder loans	4,984	4,616	4,984	4,616
Amounts owed to group undertakings	-	-	200	200
Shareholder loan interest - accrued not yet capitalised	199	184	199	184
Preference share capital (Note 18)	4,874	5,416	4,874	5,416
Rolled up preference dividends	2,429	2,130	2,429	2,130
	<u>13,405</u>	<u>13,370</u>	<u>12,686</u>	<u>12,546</u>

Disclosure of the terms and conditions attached to the non-equity shares is made in note 18

Creditors include amounts not wholly repayable within 5 years as follows

	<u>Group</u>		<u>Company</u>	
	2012	2011	2012	2011
	£000	£000	£000	£000
Repayable by instalments	3,570	4,240	3,071	3,636
Repayable other than by instalments	5,183	4,801	5,183	4,801
	<u>8,753</u>	<u>9,041</u>	<u>8,254</u>	<u>8,437</u>

Bank loan

The bank loan is secured by a debenture creating a first legal charge over the freehold property at Kellet Gate, Spalding, Lincolnshire, a fixed and floating charge over all the properties and assets of the group and by an unlimited cross-guarantee between Butters Properties Limited, Keith Butters Limited, Butters Flowers Limited and Castlegate 363 Limited

Shareholders' loan

The principal amount of the notes constituted by this instrument is limited to £3,851,000. The notes were fully subscribed by ordinary shareholders and are repayable on the earlier of an exit event or the twelfth anniversary of issue, being 22 August 2020. An exit event is a flotation, sale or disposal. Payment of all sums including interest is secured by each group company on the terms and subject to the conditions of the debenture and the guarantee, and is fully subordinated to the bank.

Interest is fixed at 8% per annum and is rolled up to the principal annually on 31 December each year.

Preference shares

Disclosure of the repayment terms attached to the preference shares is made in note 18

BUTTERS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

17. DEFERRED TAXATION

	<u>Group</u>		<u>Company</u>	
	2012 £000	2011 £000	2012 £000	2011 £000
At beginning of year	14	(197)	-	-
Charge for the year	23	211	-	-
At end of year	<u>37</u>	<u>14</u>	<u>-</u>	<u>-</u>

The provision for deferred taxation is made up as follows

	<u>Group</u>		<u>Company</u>	
	2012 £000	2011 £000	2012 £000	2011 £000
Accelerated capital allowances	<u>37</u>	<u>14</u>	<u>-</u>	<u>-</u>

A deferred tax asset of £278,000 (2011 - £218,000) has not been recognised in the company balance sheet of Butters Group Limited because there is insufficient evidence that the balance will prove recoverable

18. SHARE CAPITAL

	2012 £000	2011 £000
Shares classified as capital		
Allotted, called up and fully paid		
226,000 A Ordinary shares of £1 each	226	226
31,000 Ordinary shares of £1 each	31	31
	<u>257</u>	<u>257</u>

The share capital of the company also incorporates 1 B Ordinary share of £1 and 1 C Ordinary share of £1, which do not feature in the analysis above due to rounding

Shares classified as debt

Allotted, called up and fully paid		
5,416,000 Preference shares of £1 each	<u>5,416</u>	<u>5,416</u>

Preference shares

As disclosed in the Articles of Association and subject to the Companies Act 2006, 10% of preference shares are redeemable annually on 31 March each year commencing in 2013. The company must redeem all preference shares in issue upon the occurrence of a sale or listing. A preference dividend equivalent to an interest rate of 8% is compounded 6 monthly with payment made at the same time as the preference shares are redeemed.

BUTTERS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

19. RESERVES

	Profit and loss account £000
Group	
At 1 July 2011	(4,311)
Loss for the year	(1,109)
	<hr/>
At 30 June 2012	(5,420)
	<hr/>
	Profit and loss account £000
Company	
At 1 July 2011	(3,512)
Loss for the year	(1,006)
	<hr/>
At 30 June 2012	(4,518)
	<hr/>

20 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

	2012 £000	2011 £000
Group		
Opening shareholders' deficit	(4,054)	(3,382)
Loss for the period	(1,109)	(672)
	<hr/>	<hr/>
Closing shareholders' deficit	(5,163)	(4,054)
	<hr/>	<hr/>
	2012 £000	2011 £000
Company		
Opening shareholders' deficit	(3,255)	(2,328)
Loss for the period	(1,006)	(927)
	<hr/>	<hr/>
Closing shareholders' deficit	(4,261)	(3,255)
	<hr/>	<hr/>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own profit and loss account

The loss for the year dealt with in the accounts of the company was £1,006,000 (2011 - £927,000)

BUTTERS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

21. NET CASH FLOW FROM OPERATING ACTIVITIES

	2012	2011
	£000	£000
Operating profit	100	621
Amortisation of intangible fixed assets	393	393
Depreciation of tangible fixed assets	348	211
Decrease in stocks	523	170
Decrease/(increase) in debtors	1,057	(1,022)
(Decrease)/increase in creditors	(2,085)	1,311
Net cash inflow from operating activities	336	1,684

22. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2012	2011
	£000	£000
Returns on investments and servicing of finance		
Interest paid	(84)	(65)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(701)	(239)
Financing		
Repayment of loans	(26)	-

BUTTERS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

23. ANALYSIS OF CHANGES IN NET DEBT

	1 July 2011 £000	Cash flow £000	Other non-cash changes £000	30 June 2012 £000
Cash at bank and in hand	2,035	(1,049)	-	986
Bank overdraft and other borrowings	(505)	478	-	(27)
	<u>1,530</u>	<u>(571)</u>	<u>-</u>	<u>959</u>
Debts due within one year	(26)	26	(971)	(971)
Debts falling due after more than one year	(13,370)	-	(35)	(13,405)
	<u>(11,866)</u>	<u>(545)</u>	<u>(1,006)</u>	<u>(13,417)</u>
Net debt	(11,866)	(545)	(1,006)	(13,417)

24. MAJOR NON-CASH TRANSACTIONS

Transactions included within the non-cash changes above represent £623,000 of preference dividends rolled up during the period and £383,000 of accrued interest on the shareholders' loan balance

25. CONTINGENT LIABILITIES

The company has entered into a cross guarantee with other group companies for an amount of £1,051,000 (2011 - £1,554,000) to the group's bankers at the year end

26. CAPITAL COMMITMENTS

At 30 June 2012 the group and company had capital commitments as follows

	<u>Group</u>		<u>Company</u>	
	2012 £000	2011 £000	2012 £000	2011 £000
Contracted for but not provided in these financial statements	-	67	-	-

27. PENSION COMMITMENTS

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £50,000 (2011 - £33,000). Contributions totalling £14,000 (2011 - £16,000) were payable to the fund at the balance sheet date and are included in creditors.

BUTTERS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

28. OPERATING LEASE COMMITMENTS

At 30 June 2012 the Group had annual commitments under non-cancellable operating leases as follows

Group	Land and buildings		Other	
	2012 £000	2011 £000	2012 £000	2011 £000
Expiry date:				
Within 1 year	-	-	18	19
Between 2 and 5 years	123	-	143	118

29. FINANCIAL COMMITMENTS

At the balance sheet date the group had entered into foreign currency forward contracts of £8.2 million (2011 - £9.8 million) to cover part of future overseas purchases. The fair value of these contracts, which is not recognised in these financial statements, is £(19,755) (2011 - £382,394)

30. RELATED PARTY TRANSACTIONS

During the year Advantage Capital Limited, shareholders in the group, invoiced the group £42,000 (2011 - £54,000) for monitoring fees. The balance outstanding at the year end was £nil (2011 - £nil)

During the year J Hooper, a director of the company, personally invoiced the group £67,000 (2011 - £70,000) for consultancy fees. The balance outstanding at the year end was £2,000 (2011 - £12,000)

During the year the group made purchases totalling £nil (2011 - £127,000) from Toddington Nurseries Limited, a company of which J Hooper is a director. The balance outstanding at the year end was £nil (2011 - £nil)

During the year the group made purchases totalling £217,000 (2011 - £nil) from Farplants Sales Limited, a company of which J Hooper is a director. The balance outstanding at the year end was £114,000 (2011 - £nil)

During the year the directors held preference shares (see note 18) entitled to the following rolled up preference share dividends

	2012 £000	2011 £000
J N Hooper	47	47
A Coaten	47	47
W S Hatchett	19	19
R F M Adair	3,680	3,680
S A Phillips	4	4
Total	3,797	3,797

BUTTERS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

31. CONTROLLING PARTY

Advantage Capital Limited is the manager of an investment fund being the majority shareholder of Butters Group Limited. Since the year end, Bestport Ventures LLP has been appointed as the fund manager in place of Advantage Capital Limited.

In the opinion of the directors there is no single ultimate controlling party.