

Registered number: 06055242

## **BUTTERS GROUP LIMITED**

### **DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 30 JUNE 2010**

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## **BUTTERS GROUP LIMITED**

### **COMPANY INFORMATION**

**Directors** J N Hooper (Chairman)  
M Bodenham  
T Jones  
A Coaten

**Company secretary** S A Phillips

**Company number** 06055242

**Registered office** Fulney Farm  
Kellet Gate  
Spalding  
Lincolnshire  
PE12 6EH

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

**Bankers** Yorkshire Bank  
11 Smithy Row  
Nottingham  
NG1 3EJ

**Solicitors** HBJ Gateley Wareing  
Citygate East  
Tollhouse Hill  
Nottingham  
NG1 5FS

**BUTTERS GROUP LIMITED**

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**BUTTERS GROUP LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE PERIOD ENDED 30 JUNE 2010**

The directors present their report and the financial statements for the 9 month period ended 30 June 2010

**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 arrangements to the UK's major multiple retailers.

**Business review**

The results for the group are shown in the financial statements and show an operating profit before goodwill amortisation of £752,000 (2009 - £465,000) on turnover of £31.6m (£36.9m). The business is seasonal and as a result the directors have decided to change the year end from September to June in order to make year on year comparisons more valid in the future. As a result the financial statements for the period ended 30 June 2010 are for 9 months, whereas the comparative figures are for the 12 month period ending September 2009.

The continuing profitability improvement of the group is a result of improved raw material sourcing, operational efficiencies and effectiveness of foreign exchange strategies.

Changes to the year end have impacted the cash flow reported to June 2010 due to the working capital cycles and the seasonal nature of the horticulture market, the group cash flow has decreased in the period by £1.2m (2009 - inflow £0.9m), this increased working capital in the period is due to the change of year end, not to trading or operational variations.

**Results**

The loss for the period, after taxation, amounted to £35,000 (2009 - loss £793,000) and includes interest on long term shareholder debt of £650,000 (2009 - £808,000). The interest rate is fixed with accrued interest rolled up into the principal amount annually.

**Directors**

The directors who served during the period were

J N Hooper (Chairman)  
M Bodenham  
T Jones  
A Coaten

Warren Hatchett was appointed a director on 1st October 2010.

## **BUTTERS GROUP LIMITED**

### **DIRECTORS' REPORT FOR THE PERIOD ENDED 30 JUNE 2010**

#### **Future outlook**

The group aims to strengthen its position with current and new "blue chip" customers by delivering new innovative plant and bulb ranges building on its reputation for quality and service whilst utilising its long standing relationships with worldwide suppliers to improve raw material sourcing and development

Despite trading in a turbulent economic period, the group has and expects to show year on year sales growth, by working in conjunction with its customers to evaluate and deliver end user demands, by changing product offers and designs to ensure value and quality

Further developments are also expected, with significant increased market share being gained in the bulb sector of the of the horticultural market with existing high street customers

It is anticipated that the VAT rise to 20% in 2011 will impact future pricing strategies Where appropriate the group will be proactive in delivering suitable solutions and alternatives to mitigate any negative effects on pricing

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

#### **Financial instruments**

Currency risk is managed using appropriate hedging strategies designed to minimise the group's 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

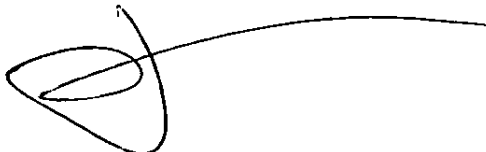
#### **Provision of information to auditors**

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 auditors are 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 auditors in connection with preparing their report and to establish that the company and the group's auditors are aware of that information

This report was approved by the board on 21 October 2010 and signed on its behalf

**J Hooper**  
Chairman

A handwritten signature in black ink, consisting of a stylized 'J' followed by a horizontal line that curves upwards at the end.

## **BUTTERS GROUP LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and 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 company and 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 AUDITORS' REPORT TO THE MEMBERS OF BUTTERS GROUP LIMITED**

We have audited the financial statements of Butters Group Limited for the period ended 30 June 2010 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 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 Ethical Standards for Auditors.

#### **Scope of the audit**

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.

#### **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 2010 and of the group's result for the period 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 AUDITORS' 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

*PKF(UK)MLP*

**Richard Wilson** (Senior statutory auditor)  
for and on behalf of PKF (UK) LLP, Statutory auditors

Nottingham, UK  
22 October 2010



**BUTTERS GROUP LIMITED**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE PERIOD ENDED 30 JUNE 2010**

	<b>Note</b>	<b>9 month period 2010 £000</b>	<b>As restated 2009 £000</b>
<b>TURNOVER</b>	<b>1,2</b>	<b>31,649</b>	<b>36,909</b>
Cost of sales		<u>(26,010)</u>	<u>(30,202)</u>
<b>GROSS PROFIT</b>		<b>5,639</b>	<b>6,707</b>
Selling and distribution costs		<b>(1,820)</b>	<b>(2,061)</b>
Administrative expenses		<u>(3,067)</u>	<u>(4,181)</u>
Operating profit before goodwill amortisation		<b>752</b>	<b>465</b>
Goodwill amortisation		<u>(304)</u>	<u>(389)</u>
<b>OPERATING PROFIT</b>	<b>3</b>	<b>448</b>	<b>76</b>
Interest receivable		<b>-</b>	<b>3</b>
Bank interest payable	<b>7</b>	<b>(30)</b>	<b>(91)</b>
Rolled up shareholder loan interest	<b>7</b>	<b>(250)</b>	<b>(312)</b>
Rolled up preference dividend	<b>7</b>	<u>(400)</u>	<u>(496)</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(232)</b>	<b>(820)</b>
Tax on loss on ordinary activities	<b>8</b>	<u><b>197</b></u>	<u><b>27</b></u>
<b>LOSS FOR THE FINANCIAL PERIOD</b>	<b>18</b>	<u><u><b>(35)</b></u></u>	<u><u><b>(793)</b></u></u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2010 or 2009 other than those included in the profit and loss account

The notes on pages 11 to 26 form part of these financial statements

**BUTTERS GROUP LIMITED**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE PERIOD ENDED 30 JUNE 2010**

**Restatement of prior year balances**

The directors have reviewed the classification of balances included within the profit and loss account for the prior period and concluded that a restatement of the prior year balances was necessary to better reflect the substance of the transactions and classifications in line with applicable accounting standards

Costs relating to the distribution of goods sold to customers have been reclassified as selling and distribution costs and costs relating to samples and promotional materials have been reclassified from cost of sales to promotional costs within administrative expenses. Revenue from the on-site shop has been reclassified from cost of sales to turnover.

As a result of the restatements, turnover has increased by £132,000 and cost of sales has reduced by £1,992,000, while distribution costs have increased by £225,000 and administrative expenses have increased by £1,899,000. The restatement has not impacted the retained profit or the net assets of the company for the period ended 30 September 2010.

**BUTTERS GROUP LIMITED**

**CONSOLIDATED BALANCE SHEET  
AS AT 30 JUNE 2010**

			30 June 2010 £000	As restated 30 September 2009 £000
	Note	£000	£000	£000
<b>FIXED ASSETS</b>				
Intangible fixed assets	9		6,583	6,887
Tangible fixed assets	10		<u>1,317</u>	<u>1,419</u>
			7,900	8,306
<b>CURRENT ASSETS</b>				
Stocks	12	2,528		2,515
Debtors	13	7,970		2,945
Cash at bank and in hand		<u>1,034</u>		<u>1,370</u>
		11,532		6,830
<b>CREDITORS</b> amounts falling due within one year	14	<u>(10,345)</u>		<u>(6,663)</u>
<b>NET CURRENT ASSETS</b>			<u>1,187</u>	<u>167</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>9,087</u>	<u>8,473</u>
<b>CREDITORS</b> , amounts falling due after more than one year				
Bank loans	15		1,050	1,050
<b>Shareholder financing.</b>				
Shareholder loans	15	4,275		3,959
Shareholder loan interest - accrued not yet capitalised	15	171		237
Preference dividends	15	5,416		5,416
Rolled up preference dividends	15	<u>1,557</u>		<u>1,158</u>
<b>Total shareholder financing</b>			11,419	10,770
<b>CAPITAL AND RESERVES</b>				
Called up share capital	17	257		257
Profit and loss account	18	<u>(3,639)</u>		<u>(3,604)</u>
	19		<u>(3,382)</u>	<u>(3,347)</u>
			<u>9,087</u>	<u>8,473</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21 October 2010

**J Hooper**  
Chairman

The notes on pages 11 to 26 form part of these financial statements

**BUTTERS GROUP LIMITED**  
**REGISTERED NUMBER: 06055242**

**COMPANY BALANCE SHEET**  
**AS AT 30 JUNE 2010**

		30 June 2010 £000	As restated 30 September 2009 £000
	Note		
<b>FIXED ASSETS</b>			
Fixed asset investments	11	6,755	6,755
<b>CURRENT ASSETS</b>			
Debtors	13	<u>2,536</u>	<u>2,536</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u><b>9,291</b></u>	<u><b>9,291</b></u>
<b>CREDITORS: amounts falling due after more than one year</b>			
Shareholder loans	15	4,275	3,959
Shareholder loan interest - accrued not yet capitalised	15	171	237
Preference dividends	15	5,416	5,416
Rolled up preference dividends	15	1,557	1,158
Amounts owed to group undertakings	15	<u>200</u>	<u>200</u>
		<b>11,619</b>	10,970
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	257	257
Profit and loss account	18	<u>(2,585)</u>	<u>(1,936)</u>
	19	<u>(2,328)</u>	<u>(1,679)</u>
		<u><b>9,291</b></u>	<u><b>9,291</b></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21 October 2010

**J Hooper**  
Chairman

The notes on pages 11 to 26 form part of these financial statements

**BUTTERS GROUP LIMITED**

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE PERIOD ENDED 30 JUNE 2010**

	<b>Note</b>	<b>9 month period 2010 £000</b>	<b>2009 £000</b>
Net cash flow from operating activities	20	(1,087)	1,261
Returns on investments and servicing of finance	21	(31)	(88)
Taxation		-	27
Capital expenditure and financial investment	21	(67)	(308)
<b>CASH (OUTFLOW)/INFLOW BEFORE FINANCING</b>		<b>(1,185)</b>	<b>892</b>
Financing	21	-	8
<b>(DECREASE)/INCREASE IN CASH IN THE PERIOD</b>		<b><u>(1,185)</u></b>	<b><u>900</u></b>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT  
FOR THE PERIOD ENDED 30 JUNE 2010**

	<b>9 month period 2010 £000</b>	<b>2009 £000</b>
(Decrease)/Increase in cash in the period	<u>(1,185)</u>	<u>900</u>
<b>CHANGE IN NET DEBT RESULTING FROM CASH FLOWS</b>	<b>(1,185)</b>	<b>900</b>
Preference share rolled up dividends	(400)	(496)
Shareholders' loan rolled up interest	<u>(249)</u>	<u>(312)</u>
<b>MOVEMENT IN NET DEBT IN THE PERIOD</b>	<b>(1,834)</b>	<b>92</b>
Net debt at 1 October 2009	<u>(10,485)</u>	<u>(10,577)</u>
<b>NET DEBT AT 30 JUNE 2010</b>	<b><u>(12,319)</u></b>	<b><u>(10,485)</u></b>

The notes on pages 11 to 26 form part of these financial statements

## **BUTTERS GROUP LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2010**

#### **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

##### **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**

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided to customers, stated net of returns and value added tax

Sale of goods are 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 subsidiary undertakings and the fair value of the identifiable assets and liabilities. It is amortised to the profit and loss account over its estimated economic life of 20 years.

##### **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
L/Term Leasehold Property	-	straight line over 10 years
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

##### **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.

## **BUTTERS GROUP LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2010**

#### **1 ACCOUNTING POLICIES (continued)**

##### **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

##### **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 period

##### **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

# BUTTERS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2010

### 3. OPERATING PROFIT

The operating profit is stated after charging

	9 month period 2010 £000	2009 £000
Amortisation - intangible fixed assets	304	389
Depreciation of tangible fixed assets		
- owned by the group	169	188
Operating lease rentals		
- plant and machinery	118	58
Difference on foreign exchange	<u>96</u>	<u>38</u>

### 4. AUDITORS' REMUNERATION

	9 month period 2010 £000	2009 £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	14	13
Other services relating to taxation	3	3
All other services	<u>1</u>	<u>-</u>

### 5. STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	9 month period 2010 £000	2009 £000
Wages and salaries	3,015	4,191
Social security costs	270	391
Other pension costs	34	42
	<u>3,319</u>	<u>4,624</u>

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

	2010 No.	2009 No.
Office, management and sales	64	65
Transport, packing and nursery	120	148
	<u>184</u>	<u>213</u>



**BUTTERS GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2010**

**6. DIRECTORS' REMUNERATION**

	<b>9 month period</b>	
	<b>2010</b>	2009
	<b>£000</b>	<b>£000</b>
Emoluments	<u><b>104</b></u>	<u><b>189</b></u>
Company pension contributions to money purchase pension schemes	<u><b>-</b></u>	<u><b>6</b></u>

During the period retirement benefits were accruing to no directors (2009 - 1) in respect of money purchase pension schemes

**7 INTEREST PAYABLE**

	<b>9 month period</b>	
	<b>2010</b>	2009
	<b>£000</b>	<b>£000</b>
On bank loans and overdrafts	<b>7</b>	<b>51</b>
Invoice discounting interest payable	<b>23</b>	<b>40</b>
<b>Bank interest payable</b>	<u><b>30</b></u>	<u><b>91</b></u>
Rolled up shareholder loan interest	<b>250</b>	<b>312</b>
Rolled up preference dividend	<b>400</b>	<b>496</b>
<b>Total interest payable</b>	<u><u><b>680</b></u></u>	<u><u><b>899</b></u></u>

# BUTTERS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2010

### 8 TAXATION

	9 month period 2010 £000	2009 £000
<b>Analysis of tax credit in the period</b>		
<b>Current tax</b> (see note below)		
UK corporation tax credit on loss for the period	-	(27)
<b>Deferred tax</b>		
Origination and reversal of timing differences	(9)	-
Losses carried forward	(188)	-
<b>Total deferred tax</b> (see note 16)	(197)	-
<b>Tax on loss on ordinary activities</b>	(197)	(27)

#### Factors affecting tax charge for the period

The tax assessed for the period is higher than (2009 - higher than) the standard rate of corporation tax in the UK (28%). The differences are explained below

	9 month period 2010 £000	2009 £000
Loss on ordinary activities before tax	(232)	(820)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 - 21%)	(65)	(172)
<b>Effects of</b>		
Expenses not deductible for tax purposes	120	184
Capital allowances for period in excess of depreciation and amortisation	93	69
Utilisation of tax losses	(148)	(81)
Adjustments to tax charge in respect of prior periods	-	(27)
<b>Current tax credit for the period</b> (see note above)	-	(27)

#### Factors that may affect future tax charges

The Chancellor of the Exchequer announced in his emergency budget on 22 June 2010 that the rate of corporation tax will be reduced by 1 percentage point a year until 2014, when it will remain at 24%. However, at the date of approval of the financial statements the full effect of the rate reductions has not been legally enacted. The reductions not legally enacted have not been taken in to account when calculating the deferred tax balances.

**BUTTERS GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2010**

**9 INTANGIBLE FIXED ASSETS**

	<b>Goodwill £000</b>
<b>Group</b>	
<b>Cost</b>	
At 1 October 2009 (as previously stated)	7,785
Prior year adjustment	<u>75</u>
At 1 October 2009 (as restated) and 30 June 2010	<u>7,860</u>
<b>Amortisation</b>	
At 1 October 2009	973
Charge for the period	<u>304</u>
At 30 June 2010	<u>1,277</u>
<b>Net book value</b>	
At 30 June 2010	<u><u>6,583</u></u>
At 30 September 2009 (as restated)	<u><u>6,887</u></u>

**Restatement of prior year balance**

The directors have restated the cost of goodwill and the cost of land and buildings in the prior year to align the cost and net book value of fixed assets in the consolidated financial statements with the total cost and net book value of fixed assets held by subsidiary undertakings. The directors have implemented the restatement in line with applicable accounting standards and the net profit of the group has reduced by £12,000 to reflect the increased amortisation charge required.

**BUTTERS GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2010**

**10 TANGIBLE FIXED ASSETS**

<b>Group</b>	<b>Land and buildings £000</b>	<b>Plant and machinery £000</b>	<b>Motor vehicles £000</b>	<b>Furniture, fittings and equipment £000</b>	<b>Total £000</b>
<b>Cost</b>					
At 1 October 2009 (as previously stated)	1,223	1,416	14	774	3,427
Prior year adjustment	(75)	-	-	-	(75)
At 1 October 2009 (as restated)	1,148	1,416	14	774	3,352
Additions	-	56	-	11	67
At 30 June 2010	1,148	1,472	14	785	3,419
<b>Depreciation</b>					
At 1 October 2009	230	1,149	14	540	1,933
Charge for the period	49	66	-	54	169
At 30 June 2010	279	1,215	14	594	2,102
<b>Net book value</b>					
At 30 June 2010	869	257	-	191	1,317
At 30 September 2009 (as restated)	918	267	-	234	1,419

Included in the cost of land and buildings is freehold land at cost of £76,000 (2009 - £76,000) which is not depreciated

At 30 June 2010, included within the net book value of land and buildings is £782,000 (2009 - £820,000) relating to freehold land and buildings and £162,000 (2009 - £173,000) relating to property improvements

**Restatement of prior year balances**

Details of the restatement of prior year land and buildings balances are disclosed in note 9 above

# BUTTERS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2010

### 11 FIXED ASSET INVESTMENTS

Company	Shares in group undertakings £000
Cost or valuation	
At 1 October 2009 and 30 June 2010	<u>6,755</u>

Details of the principal subsidiaries can be found under note number 30

### 12. STOCKS

	<u>Group</u>		<u>Company</u>	
	30 June 2010 £000	30 September 2009 £000	30 June 2010 £000	30 September 2009 £000
Raw materials	<u>2,528</u>	<u>2,515</u>	<u>-</u>	<u>-</u>

### 13 DEBTORS

	<u>Group</u>		<u>Company</u>	
	30 June 2010 £000	As restated 30 September 2009 £000	30 June 2010 £000	As restated 30 September 2009 £000
Trade debtors	7,455	2,592	-	-
Amounts owed by group undertakings	-	-	2,536	2,536
Prepayments and accrued income	318	353	-	-
Deferred tax asset (see note 16)	197	-	-	-
	<u>7,970</u>	<u>2,945</u>	<u>2,536</u>	<u>2,536</u>

#### Restatement of prior year balances - Group

A total of £659,000 of credit balances representing rebates due to customers have been reclassified from trade creditors to trade debtors. In the opinion of the directors this classification better reflects the substance of the transactions. The restatement has no impact on the profitability or net assets of the company.

#### Restatement of prior year balances - Company.

The directors have restated the amounts owed by group undertakings to reflect the gross debtor position rather than the net position, which had been previously reported. The impact was to increase both amounts owed by group undertakings and amounts owed to group undertakings (note 15) by £200,000. The directors have implemented the restatement in line with applicable accounting standards, there was no impact on the profitability or net assets of the company.

# BUTTERS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2010

### 14. CREDITORS: Amounts falling due within one year

	<u>Group</u>		<u>Company</u>	
	30 June 2010 £000	As restated 30 September 2009 £000	30 June 2010 £000	30 September 2009 £000
Bank overdraft and other borrowings	884	35	-	-
Trade creditors	8,317	5,628	-	-
Social security and other taxes	1,002	459	-	-
Accruals and deferred income	142	541	-	-
	<u>10,345</u>	<u>6,663</u>	<u>-</u>	<u>-</u>

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

### Restatement of prior year balances

Details of the restatement of the prior year trade creditors balance are disclosed in note 13 above

The directors have restated the classification of the prior year accrual for employer pension contributions. The impact of the reclassification was to increase accruals and deferred income and reduce social security and other taxes by £47,000. The directors have implemented the restatement in line with applicable accounting standards, there was no impact on the profitability or net assets of the company.

**BUTTERS GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2010**

**15 CREDITORS**  
**Amounts falling due after more than one year**

	<u>Group</u>		<u>Company</u>	
	30 June 2010 £000	As restated 30 September 2009 £000	30 June 2010 £000	As restated 30 September 2009 £000
Bank loans	1,050	1,050	-	-
Shareholder loans	4,275	3,959	4,275	3,959
Shareholder loan interest - accrued not yet capitalised	171	237	171	237
Preference share capital (Note 17)	5,416	5,416	5,416	5,416
Rolled up preference dividends	1,557	1,158	1,557	1,158
Amounts owed to group undertakings	-	-	200	200
	<u>12,469</u>	<u>11,820</u>	<u>11,619</u>	<u>10,970</u>

Disclosure of the terms and conditions attached to the non-equity shares is made in note 17

Included within the above are amounts falling due as follows

	<u>Group</u>		<u>Company</u>	
	30 June 2010 £000	As restated 30 September 2009 £000	30 June 2010 £000	As restated 30 September 2009 £000
<b>Between two and five years</b>				
Bank loans	341	263		
Preference share capital (Note 17)	1,626	1,083	1,626	1,083
Rolled up preference dividends	<u>1,187</u>	<u>718</u>	<u>1,187</u>	<u>718</u>
<b>Over five years</b>				
Bank loans	709	787	-	-
Shareholder loans	4,275	3,959	4,275	3,959
Shareholder loan interest - accrued not yet capitalised	171	237	171	237
Preference share capital (Note 17)	3,790	4,333	3,790	4,333
Rolled up preference dividends	<u>370</u>	<u>440</u>	<u>370</u>	<u>440</u>

# BUTTERS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2010

### 15 CREDITORS

#### Amounts falling due after more than one year (continued)

Creditors include amounts not wholly repayable within 5 years as follows

	<u>Group</u>		<u>Company</u>	
	30 June	As restated	30 June	As restated
	2010	30 September	2010	30 September
	£000	2009	£000	2009
		£000		£000
Repayable by instalments	4,869	5,560	4,160	4,773
Repayable other than by instalments	4,446	4,196	4,446	4,196
	<u>9,315</u>	<u>9,756</u>	<u>8,606</u>	<u>8,969</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 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 17 below.

#### Restatement of prior year balances

The directors have reviewed the split of the preference share creditor and the disclosure has been restated accordingly. In the opinion of the directors the restatement better reflects the repayment profile of the agreement in place. The restatement has no impact on the profitability or net assets of the company.



# BUTTERS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2010

### 16. DEFERRED TAXATION

	<u>Group</u>		<u>Company</u>	
	<b>30 June 2010 £000</b>	<b>30 September 2009 £000</b>	<b>30 June 2010 £000</b>	<b>30 September 2009 £000</b>
At beginning of period	-	-	-	-
Released during the period	197	-	-	-
At end of period	<u>197</u>	<u>-</u>	<u>-</u>	<u>-</u>

The deferred taxation balance is made up as follows

	<u>Group</u>		<u>Company</u>	
	<b>30 June 2010 £000</b>	<b>30 September 2009 £000</b>	<b>30 June 2010 £000</b>	<b>30 September 2009 £000</b>
Accelerated capital allowances	9	-	-	-
Tax losses brought forward	188	-	-	-
	<u>197</u>	<u>-</u>	<u>-</u>	<u>-</u>

### 17. SHARE CAPITAL

	<b>30 June 2010 £000</b>	<b>30 September 2009 £000</b>
<b>Shares classified as capital</b>		
<b>Allotted, called up and fully paid (000's)</b>		
226- A Ordinary shares of £1 each	226	226
31- 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 (000's)

5,416- Preference shares of £1 each	<u>5,416</u>	<u>5,416</u>
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# BUTTERS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2010

### 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.

### 18. RESERVES

		Profit and loss account £000
<b>Group</b>		
At 1 October 2009		(3,604)
Loss for the period		(35)
		<hr/>
At 30 June 2010		<u>(3,639)</u>
<b>Company</b>		Profit and loss account £000
At 1 October 2009		(1,936)
Loss for the period		(649)
		<hr/>
At 30 June 2010		<u>(2,585)</u>

### 19. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

	30 June 2010 £000	30 September 2009 £000
<b>Group</b>		
Opening shareholders' deficit	(3,347)	(2,562)
Loss for the period	(35)	(793)
Shares issued during the period	-	8
	<hr/>	<hr/>
Closing shareholders' deficit	<u>(3,382)</u>	<u>(3,347)</u>
	30 June 2010 £000	30 September 2009 £000
<b>Company</b>		
Opening shareholders' deficit	(1,679)	(839)
Loss for the period	(649)	(848)
Shares issued during the period	-	8
	<hr/>	<hr/>
Closing shareholders' deficit	<u>(2,328)</u>	<u>(1,679)</u>

# BUTTERS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2010

### 19 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

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 period dealt with in the accounts of the company was £649,000 (2009 - £848,000)

### 20. NET CASH FLOW FROM OPERATING ACTIVITIES

	2010 £000	As restated 2009 £000
Operating profit	448	76
Amortisation of intangible fixed assets	304	389
Depreciation of tangible fixed assets	169	188
Increase in stocks	(13)	(398)
(Increase)/decrease in debtors	(4,829)	662
Increase in creditors	2,834	344
<b>Net cash (outflow)/inflow from operations</b>	<b>(1,087)</b>	<b>1,261</b>

### 21 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2010 £000	2009 £000
<b>Returns on investments and servicing of finance</b>		
Interest received	-	3
Interest paid	(31)	(91)
<b>Net cash outflow from returns on investments and servicing of finance</b>	<b>(31)</b>	<b>(88)</b>
	2010 £000	2009 £000
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(67)	(308)
	2010 £000	2009 £000
<b>Financing</b>		
Issue of ordinary shares	-	8

# BUTTERS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2010

### 22. ANALYSIS OF CHANGES IN NET DEBT

	1 October 2009 £000	Cash flow £000	Other non-cash changes £000	30 June 2010 £000
Cash at bank and in hand	1,370	(336)	-	1,034
Bank overdraft and other borrowings	(35)	(849)	-	(884)
	<u>1,335</u>	<u>(1,185)</u>	<u>-</u>	<u>150</u>

#### Debt:

Debts falling due after more than one year	<u>(11,820)</u>	<u>-</u>	<u>(649)</u>	<u>(12,469)</u>
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#### Net debt

	<u>(10,485)</u>	<u>(1,185)</u>	<u>(649)</u>	<u>(12,319)</u>
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### 23. MAJOR NON-CASH TRANSACTIONS

Transactions included within the non-cash changes above represent £400,000 of preference dividends rolled up during the period and £249,000 of accrued interest on the shareholders' loan balance

### 24. CONTINGENT LIABILITIES

The company has entered into a cross guarantee with other group companies for an amount of £1,050,000 to the group's bankers, which was outstanding in full at the year end. Repayments are scheduled to commence during 2012.

### 25. CAPITAL COMMITMENTS

At 30 June 2010 the group and company had capital commitments as follows

	<u>Group</u>		<u>Company</u>	
	30 June 2010 £000	30 September 2009 £000	30 June 2010 £000	30 September 2009 £000
Contracted for but not provided in these financial statements	<u>-</u>	<u>5</u>	<u>-</u>	<u>-</u>

### 26. 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 £34,000 (2009 - £42,000). Contributions totalling £33,000 (2009 - £47,000) 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 PERIOD ENDED 30 JUNE 2010

### 27 OPERATING LEASE COMMITMENTS

At 30 June 2010 the Group had annual commitments under non-cancellable operating leases as follows

	Other operating leases	
	30 June 2010 £000	30 September 2009 £000
<b>Group</b>		
<b>Expiry date:</b>		
Within 1 year	21	49
Between 2 and 5 years	106	46
After more than 5 years	-	66

### 28 RELATED PARTY TRANSACTIONS

During the period Advantage Capital Limited, the principal investors and ultimate controlling party, invoiced the group £45,000 (2009 £60,000) for monitoring fees. The balance outstanding at the period end was £nil (2009 £15,000).

During the period J Hooper, a director of the company, personally invoiced the group £30,000 (2009 £10,000) for consultancy fees. The balance outstanding at the period end was £nil (2009 £nil). In addition, Southern Glasshouse Produce Limited, a company of which J Hooper is a director, invoiced the group £nil (2009 £30,000) for consultancy fees.

During the period the group made purchases totalling £106,000 (2009 £nil) from Toddington Nurseries Limited, a company of which J Hooper is a director. The balance outstanding at the period end was £21,000 (2009 £nil).

### 29. CONTROLLING PARTY

Butters Group Limited is controlled by the principal investors, Advantage Capital Limited, and in the opinion of the directors this is the ultimate controlling party.

### 30 PRINCIPAL SUBSIDIARIES

Company name	Percentage Shareholding	Description
Castlegate 363 Limited	100%	Dormant
Keith Butters Limited	100%	Horticultural arrangements
Butters Properties Limited	100%	Property management
Butters Trustees Limited	100%	Dormant
Butters Limited	100%	Dormant