

Hare Newco Limited

Report and Financial Statements

Period Ended

30 September 2008

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BDO Stoy Hayward
Chartered Accountants

Hare Newco Limited

Report and financial statements for the period ended 30 September 2008

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Directors

Dr C Patel
K J Terry
M J Oliver
M Hunt
R Ramsey
D J Graham
D Spruzen

Company secretary and registered office

D J Graham, Frilsham Nurseries, Yattendon, Thatcham, Berkshire, RG18 0XX

Company number

06539986

Auditors

BDO Stoy Hayward LLP, One Victoria Street, Bristol, BS1 6AA

Hare Newco Limited

Report of the directors for the period ended 30 September 2008

The directors present their report together with the audited financial statements for the period ended 30 September 2008.

Results and dividends

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

During the period dividends of £278,912 were accrued, but not paid, in respect of amounts due to the preference shareholders.

The directors do not recommend a dividend in respect of the ordinary shares.

Principal activities, review of business and future developments

The Company's principal activity is that of a holding company. The Company was incorporated on 19 March 2008 and on 28 March 2008 acquired a 100% holding in Hare Bidco Limited which holds trading subsidiary companies. The Company's subsidiaries' principal activities are the provision of landscaping services and landscape grounds maintenance.

Hare Newco Group was formed on 28th March 2008 and operates two main divisions – English Landscapes Limited and English Landscapes Maintenance Limited - is a leading provider of landscape construction and landscape maintenance and street cleansing services in the United Kingdom.

The activities of the Group were conducted in the year through:

- English Landscapes Limited was acquired on 31st March 2008. The principal activity of the Company is the provision of landscaping and external works projects.
- English Landscapes Maintenance Limited was acquired on 31st March 2008. The principal activity of the Company is the provision of grounds maintenance and street cleansing services through a number of long term contracts predominantly with local authority clients.
- Banyard's Limited was acquired on 5th September 2008, a Company providing grounds maintenance, landscaping and tree surgery services.

English Landscapes Limited has increased turnover to record levels and has continued to win quality-based projects through value for money competitive pricing in conjunction with developing and cementing the reputation for delivering service excellence and pro-active management. A high proportion of its work has involved the creation of new parks and the restoration of historic parks, funded by Heritage Lottery monies, together with urban public realm regeneration works. For example, this year we secured a £2.5 million major redevelopment project close to The Royal Shakespeare Theatre at Bancroft Gardens in Stratford Upon Avon, a £2.0 million high quality landscaping project at Mann Island in the heart of Liverpool docks and a £1.5 million city centre restoration project at Bonn Square in Oxford.

We continue to fulfil our aim of working in partnership with our clients. Our most rewarding example of this is a Framework Agreement with Liverpool Land Development Company to undertake a series of key projects under a £10million agreement over a period of three years. Repeat business is another strong indication of our client relationship success with many of our current contracts emanating directly from previous works delivered and existing relationships.

English Landscapes Maintenance Limited continues to win and deliver quality, value for money grounds maintenance and street cleansing services. A major contract win commenced in the year was with Babergh District Council, a seven year high profile open spaces contract valued at £1.2 million. The best gauge of our ability to deliver to our clients' requirements is illustrated by our success in extending and retaining contracts: West Wiltshire District Council, with whom we have been working since 2002, has re-awarded English Landscapes Maintenance a further five year contract which has increased in value to £1.7 million and now includes all three operational areas, as well as the district's street cleansing requirements. The London Borough of Bromley has awarded English Landscapes Maintenance a 10-year contract valued at approximately £3million per annum. This includes the retention of our existing Crystal Palace Park contract with the addition of the

Hare Newco Limited

Report of the directors for the period ended 30 September 2008 (continued)

remainder of Bromley's parks, cemeteries and highways.

The Group has had a significant number of contract wins for both landscaping and maintenance in the period and we have a strong order book going forward in both businesses. Our mission remains to provide a fully integrated solution to our clients offering them one point of reference for a wide range of landscape based activities.

English Landscapes Limited's turnover will always be governed by current market place activity and our ability to secure a reasonable share of this. However, as a major leading landscape company with a reputation for delivering high quality, buildable and value for money, cost effective schemes, we are in a prime position to achieve this aim especially when coupled with our ability to build effective partnerships with existing clients which affords us a percentage of repeat business.

English Landscapes Maintenance Limited continues to have an excellent forward order book and remains focused on improving this position through new contract wins and extending and retaining contracts to grow our existing market position. This is something that we have achieved year on year based on our partnering ethos and our innovative approach to problem solving and improving the way we work.

Group operating profit in the six months trading to 30th September 2008 was £404,022. At the balance sheet date the group had net assets of £35,913.

Key performance indicators

The group uses a number of KPI's to monitor performance. The KPI's shown below are for the first 6 months trading for the new group. For this reason, no prior year comparatives are shown.

	Period ended 30 September 2008 £
Turnover	£ 20,616,143
Gross profit margin %	12.14
Operating profit margin %	1.96

Financial risk management

The group's operations expose it to a variety of financial risks that include the effects of changes in market prices, credit risk, liquidity risk and interest rate risk. The group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the group by monitoring levels of debt finance and the related finance costs. Given the size of the group, the directors have not delegated the responsibility of monitoring financial risk management to a sub committee of the board. The policies set out by the board of directors are implemented by the group's finance department.

Price Risk

The group is exposed to commodity price risk as a result of it's operations. However, given the size of the group's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the group's operations change in size or nature. The group has no exposure to equity securities price risk as it holds no listed or other equity instruments.

Credit Risk

The group has implemented policies that require appropriate credit checks on potential customers before sales are made.

Hare Newco Limited

Report of the directors for the period ended 30 September 2008 (continued)

Liquidity Risk

The group actively maintains a mixture of long-term and short term debt finance that is designed to ensure the group has sufficient available funds for operations and planned expansions.

Interest Rate Cash flow risk

The group has both interest bearing assets and interest bearing liabilities. Interest bearing assets relate to cash balances which earn interest on rates linked to base rate and LIBOR. The group has a policy of maintaining debt at fixed rates through SWAP arrangements to ensure certainty of future interest cash flows. The directors will revisit the appropriateness of this policy should the group's operations change in size or nature.

Business risk

The group regularly assesses risks that impact on the business. This includes our processes and procedures in relation to quality and health and safety. Through our quality management system the group conducts regular risk assessments and audits with management committed to improving controls and processes. The group's board regularly reviews such risk assessments together with related health and safety matters.

Employment of disabled persons

Full and fair consideration is given to all applications for employment.

Employee involvement

The group has had its accreditation as an "Investor in People" renewed. This includes regular consultation with employees and encouragement to be involved in group strategy and development of business plans.

Full training, to meet the group's high standards and to enable career development, is available to staff.

The landscape industry over the last few years has been widely reported as suffering from a skills shortage and a lack of high calibre staff choosing a career in this industry. Hare Newco continues to be committed to the development and training of all staff and offers both college based and on-site flexible and relevant training for all its employees consistent with its Investor In People accreditation. This contributes to the low level of staff turnover relative to the industry and good retention levels of the skilled workforce.

Directors

The directors of the company during the period were:

Dr C Patel	(appointed 19 March 2008, resigned 28 March 2008, reappointed 25 April 2008)
K J Terry	(appointed 19 March 2008)
E Brett	(appointed 19 March 2008, resigned 23 June 2008)
M J Oliver	(appointed 14 April 2008)
M Hunt	(appointed 14 April 2008)
P Holland	(appointed 14 April 2008, resigned 31 December 2008)
R Ramsey	(appointed 23 June 2008)
D J Graham	(appointed 23 June 2008)
D Spruzen	(appointed 22 October 2008)

Hare Newco Limited

Report of the directors for the period ended 30 September 2008 (*continued*)

Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

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

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

By order of the board

D J Graham



Secretary

Date:

12th May 2009

Hare Newco Limited

Independent auditor's report

To the shareholders of Hare Newco Limited

We have audited the group and parent company financial statements (the "financial statements") of Hare Newco Limited for the period ended 30 September 2008 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement, the consolidated statement of total recognised gains and losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the directors' report is consistent with those financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

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

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

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Hare Newco Limited

Independent auditor's report (*continued*)

Opinion

In our opinion:

- the group financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's affairs as at 30 September 2008 and of its loss for the period then ended;
- the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the parent company's affairs as at 30 September 2008;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

BDO Stoy Hayward LLP

BDO STOY HAYWARD LLP
*Chartered Accountants
and Registered Auditors
Bristol*

Date: *20 MAY 2009*

Hare Newco Limited

Consolidated profit and loss account for the period ended 30 September 2008

	Note	Continuing Operations Acquisitions Period ended 30 September 2008 £
Turnover	2	20,616,143
Cost of sales		18,113,683
Gross profit		2,502,460
Administrative expenses		2,098,438
Group operating profit	3	404,022
Other interest receivable and similar income		163
Interest payable and similar charges	6	(831,924)
Other finance income	7	1,000
Loss on ordinary activities before and after taxation for the financial period		(426,739)

All amounts relate to continuing activities from acquisitions.
There are no transactions to disclose under FRS 3 'Reporting Financial Performance'.

The notes on pages 13 to 37 form part of these financial statements.

Hare Newco Limited

Consolidated statement of total recognised gains and losses for the period ended 30 September 2008

	Note	Period ended 30 September 2008 £
Consolidated statement of total recognised gains and losses		
Loss for the financial period		(426,739)
Actuarial return less expected return on pension plan assets	17	120,000
		<hr/>
Total recognised gains and losses for the financial period		(306,739)
		<hr/>

The notes on pages 13 to 37 form part of these financial statements.

Hare Newco Limited

Consolidated balance sheet at 30 September 2008

	Note	30 September 2008 £	30 September 2008 £
Fixed assets			
Intangible assets	10		11,451,325
Tangible assets	11		2,449,760
			<hr/>
			13,901,085
Current assets			
Stocks	13	363,748	
Debtors	14	7,563,300	
Cash at bank and in hand		1,385,526	
		<hr/>	
		9,312,574	
Creditors: amounts falling due within one year	15	8,100,067	
		<hr/>	
Net current assets			1,212,507
			<hr/>
Total assets less current liabilities			15,113,592
Creditors: amounts falling due after more than one year			
Preference shares	16	4,150,233	
Loan stock	16	4,200,000	
Creditors	16	6,749,446	
		<hr/>	
	16		15,099,679
			<hr/>
Net assets excluding pension scheme assets			13,913
Pension scheme assets	17		22,000
			<hr/>
Net assets including pension scheme assets			35,913
			<hr/>

The notes on pages 13 to 37 form part of these financial statements.

Hare Newco Limited

Consolidated balance sheet at 30 September 2008 (*continued*)

	Note	30 September 2008 £	30 September 2008 £
			30 September
Capital and reserves			
Called up share capital	18		3,638
Share premium account	19		339,014
Profit and loss account	19		(306,739)
			<hr/>
Shareholders' funds	20		35,913
			<hr/>

The financial statements were approved by the board of directors and authorised for issue on 12th May 2009



D J Graham
Director

The notes on pages 13 to 37 form part of these financial statements.

Hare Newco Limited

Company balance sheet at 30 September 2008

	Note	30 September 2008 £
Fixed assets		
Fixed asset investments	12	1
Current assets		
Debtors	14	4,492,884
Total assets		<u>4,492,885</u>
Creditors: amounts falling due after more than one year	16	4,429,145
		<u>63,740</u>
Capital and reserves		
Called up share capital	18	3,638
Share premium account	19	339,014
Profit and loss account	19	(278,912)
Shareholders' funds	20	<u>63,740</u>

The financial statements were approved by the board of directors and authorised for issue on 12th May 2009



D J Graham
Director

The notes on pages 13 to 37 form part of these financial statements.

Hare Newco Limited

Consolidated cashflow statement for the period ended 30 September 2008

	Note	Period ended 30 September 2008 £	Period ended 30 September 2008 £
Net cash inflow from operating activities	24		1,529,729
Returns on investments and servicing of finance			
Interest received		163	
Interest paid: bank loans		(267,371)	
Interest paid: hire purchase		(54,008)	
Net cash outflow from returns on investments and servicing of finance			(321,216)
Taxation			
Corporation tax paid			(142,132)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(8,736)	
Receipts from sale of tangible fixed assets		14,713	
Net cash inflow from capital expenditure and financial investment			5,977
Acquisitions and disposals			
Purchase of business operations		(11,902,989)	
Net cash acquired with subsidiaries		470,742	
Net cash outflow from acquisitions and disposals			(11,432,247)
Dividends paid			(88,000)
Cash outflow before use of financing			(10,447,889)
Financing			
Share capital issued		3,638	
Share premium thereon		339,014	
New bank loans		5,739,170	
Loans repaid		(2,250,000)	
Capital element of finance leases repaid		(308,640)	
Preference shares		4,150,233	
Loan stock		4,160,000	
Net cash inflow from financing			11,833,415
Increase in cash	25		1,385,526

The notes on pages 13 to 37 form part of these financial statements.

Hare Newco Limited

Notes forming part of the financial statements for the period ended 30 September 2008

1 Accounting policies

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

The following principal accounting policies have been applied:

Going concern

The group headed by Hare Newco Limited has prepared forecasts and projections, taking account of reasonably possible changes in trading performance, which show that the group should be able to operate within the level of its current facility. The group has a committed Revolving Credit Facility; whilst the overdraft is subject to renewal, if the overdraft facility was cancelled, then the full amount of the Revolving Credit Facility becomes available to cover the overdraft cancelled amount. The group is in discussion with its bankers about its future needs and no matters have been drawn to its attention to suggest that renewal of the facility may not be forthcoming on acceptable terms.

After making appropriate enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The nature of activities and funding throughout the group allows each group company to support as necessary other group companies to ensure that they can operate effectively as a going concern. For these reasons they continue to adopt the going concern basis in preparing the financial statements.

Basis of consolidation

The consolidated financial statements incorporate the results of Hare Newco Limited and all of its subsidiary undertakings as at 30 September 2008 using the acquisition method of accounting as required. Where the acquisition method is used, the results of subsidiary undertakings are included from the date of acquisition.

Goodwill

Goodwill arising on an acquisition of a subsidiary undertaking is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. Positive goodwill is capitalised but not amortised through the profit and loss account as the directors consider its useful life to be indefinite. The directors consider that the business model has an indefinite life span, because the services provided are considered to be required into perpetuity, in our current environment. These services are not considered at risk from technical or other innovation, for this reason the directors have invoked a true and fair override, departing from the specific requirement of companies legislation to amortise goodwill over a finite period. Were goodwill amortised over 20 years, the annual amortisation charge would be approximately £560,000.

Impairment tests on the carrying value of goodwill are undertaken annually.

Turnover

Turnover for maintenance services represents the amounts receivable during the period and applications submitted for work done for which the group is awaiting confirmation from customers after taking account of anticipated reductions in value, exclusive of value added tax.

Turnover for landscaping projects represents the value of work done less provision for foreseeable losses. Turnover is accounted for under the principles of long term contract accounting and is recognised on the basis of an assessment of fair value of works provided, exclusive of value added tax.

Hare Newco Limited

Notes forming part of the financial statements for the period ended 30 September 2008 (*continued*)

1 Accounting policies (*continued*)

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, evenly over their expected useful lives. It is calculated at the following rates:

Freehold property	- 10 - 50 years
Leasehold property	- evenly over the term of the lease
Plant and machinery	- 10% - 33% reducing balance
Fixtures and fittings	- 10% straight line
Computer equipment	- 33% straight line

Financial instruments

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Preference shares are classified in accordance with Financial Reporting Standard 25 'Financial Instruments'.

Dividends

Dividends on shares wholly recognised as liabilities are recognised as expenses and classified within interest payable.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that the recognition of deferred tax assets is limited to the extent that the group anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Leased assets

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

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

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

Pension costs

Contributions to the group's defined contribution pension scheme are charged to the profit and loss

Hare Newco Limited

Notes forming part of the financial statements for the period ended 30 September 2008 (*continued*)

1 Accounting policies (*continued*)

Pension costs (continued)

account in the period in which they become payable.

The difference between the fair value of the assets held in the group's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the group's balance sheet as a pension asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that the group is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme. The pension scheme balance is recognised net of any related deferred tax balance, with the recognition of any deferred tax asset following the principles described in the deferred tax accounting policy above.

Changes in the defined benefit pension scheme asset or liability arising from factors other than cash contribution by the group are charged to the profit and loss account or the statement of total recognised gains and losses in accordance with Financial Reporting Standard 17 'Retirement benefits'.

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Hare Newco Limited

Notes forming part of the financial statements
for the period ended 30 September 2008 (*continued*)

2 Turnover

	Period ended 30 September 2008 £
Analysis by class of business:	
Grounds maintenance and street cleansing	12,066,744
Landscaping projects	8,549,399
	<hr/>
	20,616,143
	<hr/>

Turnover arises solely within the United Kingdom.

3 Operating profit

	Period ended 30 September 2008 £
This is arrived at after charging:	
Depreciation of tangible fixed assets	291,515
Hire of plant and machinery - operating leases	386,068
Hire of other assets - operating leases	173,340
Auditors' remuneration:	
- fees payable to the group's auditor for the audit of the group's annual accounts	10,000
- auditing of accounts of associates of the company under the legislation of Great Britain (or elsewhere)	19,500
- other taxation services	7,500
Defined benefit pension cost (see below)	23,000
	<hr/>

Included in depreciation of tangible fixed assets is £252,530 relating to assets held under finance leases and hire purchase contracts.

	Period ended 30 September 2008 £
Defined benefit pension costs charged in arriving at the operating loss comprise the following:	
Current service cost	23,000
	<hr/>

Hare Newco Limited

Notes forming part of the financial statements
for the period ended 30 September 2008 (continued)

4 Employees

Staff costs (including directors) consist of:

	Group Period ended 30 September 2008 £	Company Period ended 30 September 2008 £
Wages and salaries	6,669,864	-
Social security costs	580,927	-
Other pension costs	41,472	-
	<u>7,292,263</u>	<u>-</u>

The average number of employees (including directors) during the period was as follows:

	Group Period ended 30 September 2008 Number	Company Period ended 30 September 2008 Number
Administrative staff	45	-
Field operational	718	-
Executive and non executive directors	8	8
	<u>771</u>	<u>8</u>

5 Directors' remuneration

	Period ended 30 September 2008 £
Directors' emoluments	220,792
Company contributions to money purchase pension schemes	<u>7,969</u>

There were 2 directors in the group's defined contribution pension scheme during the period.

The total amount payable to the highest paid director in respect of emoluments was £67,998. Company pension contributions of £2,550 were made to a money purchase scheme on his behalf.

Hare Newco Limited

Notes forming part of the financial statements
for the period ended 30 September 2008 (*continued*)

6 Interest payable and similar charges

	Period ended 30 September 2008 £
Bank loans and overdrafts	267,371
Finance leases and hire purchase contracts	54,008
Accrued loan note interest	231,633
Accrued preference share dividend	278,912
	<hr/>
	831,924
	<hr/>

7 Other finance income

	Period ended 30 September 2008 £
Expected return on pension scheme assets	17,000
Interest on pension scheme liabilities	(16,000)
	<hr/>
	1,000
	<hr/>

Hare Newco Limited

Notes forming part of the financial statements for the period ended 30 September 2008 (continued)

8 Taxation on loss on ordinary activities

The tax assessed for the period is higher than the standard rate of corporation tax in the UK applied to loss before tax.

	Period ended 30 September 2008 £
Loss on ordinary activities before tax	(426,739)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 29%	(123,754)
Effect of:	
Expenses not deductible for tax purposes	16,572
Capital allowances for period in excess of depreciation	(13,169)
Other short term timing differences	(23,199)
Losses arising in the period carried forward	121,800
Chargeable gain	21,750
Current tax charge for the period	-

No deferred tax asset is recognised in respect of unrelieved losses carried forward, due to uncertainty about generating necessary profits in the future.

9 Profit for the financial year

The company has taken advantage of the exemption allowed under section 230 of the Companies Act 1985 and has not presented its own profit and loss account in these financial statements. The group loss for the period includes a loss after tax of £278,912 for the company which is dealt with in the financial statements of the parent company.

Hare Newco Limited

Notes forming part of the financial statements
for the period ended 30 September 2008 (*continued*)

10 Intangible fixed assets

Group

	Goodwill on Consolidation £
Cost	
Additions and at 30 September 2008	11,451,325

Details of acquisitions are included in note 21.

Hare Newco Limited

Notes forming part of the financial statements
for the period ended 30 September 2008 (continued)

11 Tangible fixed assets

Group

	Leasehold land and buildings £	Plant and machinery £	Motor vehicles £	Office equipment £	Computer equipment £	Total £
<i>Cost or valuation</i>						
Additions	-	8,735	-	-	-	8,735
Acquisition of subsidiary	324,311	6,051,454	484,049	32,139	398,840	7,290,793
Disposals	-	(23,940)	-	-	-	(23,940)
At 30 September 2008	324,311	6,036,249	484,049	32,139	398,840	7,275,588
<i>Depreciation</i>						
Provided for the period	7,487	272,141	5,175	4,653	2,059	291,515
Acquisition of subsidiary	269,581	3,609,828	311,448	20,930	331,753	4,543,540
Disposals	-	(9,227)	-	-	-	(9,227)
At 30 September 2008	277,068	3,872,742	316,623	25,583	333,812	4,825,828
<i>Net book value</i>						
At 30 September 2008	47,243	2,163,507	167,426	6,556	65,028	2,449,760

Hare Newco Limited

Notes forming part of the financial statements
for the period ended 30 September 2008 (continued)

11 Tangible fixed assets (continued)

The net book value of tangible fixed assets includes an amount of £1,773,597 in respect of assets held under finance leases and hire purchase contracts. The related depreciation charge on these assets for the period was £252,530.

12 Fixed asset investments

Company

Cost or valuation

Additions and at 30 September 2008

Group
undertakings
£

1

Subsidiary undertakings, associated undertakings and other investments

The principal undertakings in which the company's interest at the period end is 20% or more are as follows:

	Class of share capital held	Proportion of share capital held #	Nature of business	Last year end
<i>Subsidiary undertakings</i>				
Hare Bidco Limited	Ordinary	100%	Holding company	
Inhoco 4085 Limited***	Ordinary	100%	Holding company	
The Landscape Group Limited**	Ordinary and preference	100%	Management company for its subsidiaries	
English Landscapes Maintenance Limited *	Ordinary	100%	Provision of grounds maintenance and street cleaning services	
English Landscapes Limited*	Ordinary and preference	100%	Provision of landscaping services	
Banyard's Ltd***	Ordinary	100%	Provision of grounds maintenance of landscape services	
English Woodlands Ltd*	Ordinary	100%	Dormant	
Countryside Pursuits Ltd*	Ordinary	100%	In pre dissolution	

The proportion of share holding confers 100% voting rights.

* These companies are owned by The Landscape Group Limited.

** The Landscape Group Limited is owned by Inhoco 4085 Limited.

*** Inhoco 4085 Limited and Banyard's Limited are owned by Hare Bidco Limited.

Hare Newco Limited

Notes forming part of the financial statements
for the period ended 30 September 2008 (continued)

13 Stocks

	Group 30 September 2008 £	Company 30 September 2008 £
Raw materials and consumables	98,710	-
Work in progress	265,038	-
	<u>363,748</u>	<u>-</u>

There is no material difference between the replacement cost of stocks and the amounts stated above.

14 Debtors

	Group 30 September 2008 £	Company 30 September 2008 £
Trade debtors	6,790,194	-
Amounts owed by group undertakings	-	4,492,884
Other debtors	15,700	-
Prepayments and accrued income	757,406	-
	<u>7,563,300</u>	<u>4,492,884</u>

Included in trade debtors is £22,657 due after more than one year.

15 Creditors: amounts falling due within one year

	Group 30 September 2008 £	Company 30 September 2008 £
Bank loans (secured)	300,000	-
Payments received on account	561,000	-
Trade creditors	2,814,447	-
Taxation and social security	1,895,127	-
Obligations under finance lease and hire purchase contracts	475,997	-
Other creditors	296,826	-
Accruals and deferred income	1,756,670	-
	<u>8,100,067</u>	<u>-</u>

Hare Newco Limited

Notes forming part of the financial statements
for the period ended 30 September 2008 (continued)

15 Creditors: amounts falling due within one year (continued)

The bank loan is secured by a cross guarantee and debenture over all the assets of group companies.

16 Creditors: amounts falling due after more than one year

	Group 30 September 2008 £	Company 30 September 2008 £
Preference shares	4,150,233	4,150,233
Bank loans (secured)	5,189,170	-
Loan stock due 2018	4,200,000	-
Obligations under finance lease and hire purchase contracts	1,049,731	-
Other creditors	510,545	278,912
	<u>15,099,679</u>	<u>4,429,145</u>

Maturity of debt:

	Loans and overdrafts 30 September 2008 £	Finance leases 30 September 2008 £	Preference shares 30 September 2008 £
In one year or less, or on demand	<u>300,000</u>	<u>475,997</u>	<u>-</u>
In more than one year but not more than five years	2,150,000	1,049,731	-
In more than five years	<u>7,239,170</u>	<u>-</u>	<u>4,150,233</u>
	<u>9,389,170</u>	<u>1,049,731</u>	<u>4,150,233</u>

Hare Newco Limited

Notes forming part of the financial statements for the period ended 30 September 2008 (continued)

16 Creditors: amounts falling due after more than one year (continued)

Included in creditors due after more than one year are the following amounts repayable in more than five years:

	Group 30 September 2008 £	Company 30 September 2008 £
Preference shares	4,150,233	4,150,233
Loans	7,239,170	-
Other creditors	510,545	278,912
	<u>11,899,948</u>	<u>4,429,145</u>

Included in other creditors of the company are £278,912 in respect of preference share dividends, which are amounts accrued relating to 2008. These are payable upon redemption of the preference shares, which were issued at par in the year.

In other group companies £231,633 is recorded in respect of loan note accrued interest, which is payable upon redemption of the loan notes.

The bank loan is secured by a cross guarantee and global debenture over all the assets of group companies. Facility A, which is for a loan of £3,000,000, is repayable by 31 March 2014 and Facility B, which is for £3,000,000, is repayable by 31 March 2015. Interest is at the LIBOR rate plus a margin of between 3% and 1.75% dependant on the leverage of the group.

The other loans of £4,200,000 are unsecured loan notes, issued at par during the year and repayable in 2018. The loan notes accrue interest at a coupon rate of 15%, which is payable upon redemption.

17 Pensions

Several pension schemes are operated by the group. The major scheme is a defined benefit one and was established under an irrevocable Deed of Trust by Hare Newco Limited for its employees and those of subsidiary undertakings. The Deed determines the appointment of trustees to the fund. The scheme is managed by a Scottish Life and they are accountable to the pension scheme members. The trustees of the fund are required to act in the best interests of the beneficiaries.

Pension benefits generally depend upon age, length of service and salary level.

A full actuarial valuation of the defined benefit scheme was carried out at 1 October 2005 and updated at 30 September 2008 by a qualified independent actuary on a Financial Reporting Standard 17 basis.

The scheme was transferred to a Federated Pension Plan with effect from 31 July 2008.

Hare Newco Limited

Notes forming part of the financial statements
for the period ended 30 September 2008 (continued)

17 Pensions (continued)

	30 September 2008 £
<i>Reconciliation of present value of plan liabilities</i>	
Present value of plan liabilities at acquisition	710,000
Current service cost	23,000
Interest cost	16,000
Contributions by participants	6,000
Actuarial losses	(177,000)
Benefits paid	(5,000)
	<hr/>
At the end of the period	573,000
	<hr/>
	30 September 2008 £
<i>Composition of plan liabilities</i>	
Schemes wholly or partly funded	(573,000)
	<hr/>
	30 September 2008 £
<i>Reconciliation of fair value of plan assets</i>	
Present value of plan assets at acquisition	531,000
Expected rate of return on plan assets	16,000
Actuarial losses	(57,000)
Contributions by group	104,000
Contributions by participants	6,000
Benefits paid	(5,000)
	<hr/>
At the end of the period	595,000
	<hr/>
	30 September 2008 £
<i>Reconciliation to balance sheet</i>	
Present value of funded obligations	(573,000)
Fair value of plan assets	595,000
Plan surplus	22,000
	<hr/>

Hare Newco Limited

Notes forming part of the financial statements
for the period ended 30 September 2008 (continued)

17 Pensions (continued)

Period
ended
30 September
2008
£

The amounts recognised in profit and loss are as follows:

Included in administrative expenses:

Current service cost	23,000
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Included in other finance (income)/expense:

Interest cost	(16,000)
Expected return of plan assets	17,000

24,000

Period
ended
30 September
2008
£

Analysis of amount recognised in statement of total recognised gains and losses

Actual return less expected return on pension plan assets	120,000
---	---------

Period
ended
30 September
2008
£

Cumulative amount of gains/(losses) recognised in the statement of total recognised gains and losses

120,000

30 September
2008
£

Composition of plan assets

European equities	238,000
European bonds	273,700
Property	65,450
Cash	17,850

Total plan assets	595,000
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Hare Newco Limited

Notes forming part of the financial statements for the period ended 30 September 2008 (continued)

17 Pensions (continued)

Narrative description of the basis used to determine the overall expected rate of return of assets

Overall expected rate of return on plan assets is based upon historical returns of the investment performance adjusted to reflect expectations of future long-term returns by asset class.

	30 September 2008 £
<i>Actual return on plan assets</i>	(44,500)

	30 September 2008 %
<i>Principle actuarial assumptions used at the balance sheet date</i>	
Discount rates	7.00
Expected rates of return on plan assets	
Equities	7.25
Bonds	4.10
Property	5.50
Cash	3.75
Future salary increases	3.00
Future pension increases	3.60
Proportion of employees opting for early retirement	3.60
Inflation assumption	3.60

	30 September 2008 £
<i>History</i>	
Present value of the plan liabilities	(573,000)
Fair value of the plan assets	595,000
	<hr/>
Surplus on the pension plans	22,000
	<hr/>
<i>Experience adjustments arising on:</i>	
Plan liabilities	(25,500)
Plan assets	(57,000)
	<hr/>

The company is committed to contributing £22,500 per annum into the defined benefit scheme until 2013.

Hare Newco Limited

Notes forming part of the financial statements
for the period ended 30 September 2008 (*continued*)

18 Share capital

	30 September 2008 £
<i>Authorised</i>	
78,750 ordinary shares of £0.01 each	787
296,250 A ordinary shares of £0.01 each	2,963
	<hr/> 3,750 <hr/>
	30 September 2008 £
<i>Allotted, called up and fully paid</i>	
67,500 ordinary shares of £0.01 each	675
296,250 A ordinary shares of £0.01 each	2,963
	<hr/> 3,638 <hr/>

On incorporation the share capital of the company was 1,000 ordinary shares of £1 each.

On 31 March 2008 the company increased its authorised share capital by £41,500, by the creation of 275,000 A ordinary shares of £0.01 and 3,875,000 preference shares of £0.01 each.

The ordinary and A ordinary shares rank *pari passu* in all respects.

On 31 March 2008 the 1,000 ordinary shares of £1 each were divided into 100,000 ordinary shares of £0.01 each and 21,250 ordinary shares of £0.01 were reclassified into 21,250 A ordinary shares of £0.01 each.

On that date the following shares were issued:-

67,500 ordinary shares of £0.01 issued for a consideration of £1 per ordinary share raising a total of £67,500 of which £66,825 related to share premium against which issue costs of £3,915 have been deducted, resulting in a total share premium of £62,910.

296,250 A ordinary shares of £0.01 issued for a consideration of £296,250 of which £293,287 related to share premium against which issue costs of £17,184 have been deducted, resulting in a total share premium of £276,104.

3,875,000 preference shares of £0.01 issued for a consideration of £3,875,000 of which £3,836,250 related to a share premium against which issue costs of £224,767 have been deducted, resulting in a total share premium of £3,611,484. These shares have been classified as long term debt and are included at the amount received. The preference shares accrue a dividend of 15% per annum, which is payable upon redemption of the preference shares.

Hare Newco Limited

Notes forming part of the financial statements for the period ended 30 September 2008 (*continued*)

18 Share capital (*continued*)

On 4 September 2008 the company increased the authorised share capital by £5,000, by the creation of 500,000 preference shares of £0.01 each.

On that date 500,000 preference shares of £0.01 issued for a consideration of £500,000.

19 Reserves

Group

	Share premium account £	Profit and loss account £
Premium on shares issued during the period	339,014	-
Loss for the period	-	(426,739)
Actuarial gain on pension scheme assets net of related taxation	-	120,000
	<hr/>	<hr/>
At 30 September 2008	339,014	(306,739)
	<hr/>	<hr/>

Company

	Share premium account £	Profit and loss account £
Premium on shares issued during the period	339,014	-
Loss for the period	-	(278,912)
	<hr/>	<hr/>
At 30 September 2008	339,014	(278,912)
	<hr/>	<hr/>

Hare Newco Limited

Notes forming part of the financial statements
for the period ended 30 September 2008 (*continued*)

20 Reconciliation of movements in shareholders' funds

	Group 30 September 2008 £	Company 30 September 2008 £
Loss for the period	(426,739)	(278,912)
Other net recognised gains and losses relating to the period	120,000	-
Issue of shares	3,638	3,638
Premium on shares issued during the period	339,014	339,014
	<hr/>	<hr/>
Net additions to shareholders' funds	35,913	63,740
Opening shareholders' funds	-	-
	<hr/>	<hr/>
Closing shareholders' funds	35,913	63,740
	<hr/>	<hr/>

Hare Newco Limited

Notes forming part of the financial statements
for the period ended 30 September 2008 (continued)

21 Acquisitions

Acquisition of Inhoco 4085 Limited by Hare Bidco Limited on 31 March 2008

In calculating the goodwill arising on acquisition, the fair value of the net assets of Inhoco 4085 Limited have been assessed and adjustments from book value have been made where necessary. No deferred tax asset was recognised due to uncertainty in utilising it in the future. These adjustments are summarised in the following table in line with acquisition accounting:

The fair value adjustments are:

- £1,042,452 removed in relation to goodwill within the acquired group's books.
- £158,000 reduction in the pension asset based on a valuation at that date.
- £421,683 for the recognition of a provision for onerous contracts.

	Book value £	Other adjustment £	Fair value £
Fixed assets			
Tangible	2,367,662	-	2,367,662
Intangible	1,042,452	(1,042,452)	-
Current assets			
Stocks	11,299	-	11,299
Debtors	7,621,470	-	7,621,470
Cash at bank and in hand	382,000	-	382,000
Total assets	11,424,883	(1,042,452)	10,382,431
Creditors			
Due within one year	6,675,544	-	6,675,544
Due after one year	2,765,000	-	2,765,000
Net assets before provisions	1,984,339	(1,042,452)	941,887
Pension liability	(21,000)	(158,000)	(179,000)
Provisions for onerous contracts	-	(421,683)	(421,683)
Net assets	1,963,339	(1,622,135)	341,204
			£
Cash consideration			9,170,155
Costs of acquisition			1,466,880
Fair value of net assets acquired			(341,204)
Goodwill arising on acquisition			10,295,831

Hare Newco Limited

Notes forming part of the financial statements
for the period ended 30 September 2008 (continued)

21 Acquisitions (continued)

The results of Inhoco 4085 Limited for the 6 months prior to its acquisition were as follows:

Profit and loss account

	Current period up to acquisition £
Turnover	18,817,113
Operating profit	276,599
Profit on ordinary activities	153,393

Cash flows

The net outflow of cash arising from the acquisition of Inhoco 4085 Limited was as follows:

	£
Cash consideration including costs	10,637,035
Cash acquired	(382,095)
	10,254,940
Less: deferred consideration	(133,146)
Less: loan notes issued	(40,000)
Less: other non cash costs	(260,900)
Net outflow of cash	9,820,894

The cost of investment includes £133,146 deferred consideration which is payable to the vendors once the company claims a corporation tax deduction under schedule 23 of the Finance Act 2003 in relation to shares acquired pursuant to the options, once the related corporation tax deduction is claimed and agreed by HM Revenue and Customs.

Hare Newco Limited

Notes forming part of the financial statements
for the period ended 30 September 2008 (continued)

21 Acquisitions (continued)

Acquisition of Banyard's Limited by Hare Bidco Limited on 5 September 2008

In calculating the goodwill arising on acquisition, the fair value of the net assets of Banyard's Limited have been assessed and no adjustments from book value have been made.

	Book and fair value £
Fixed assets	
Tangible	379,590
Current assets	
Debtors	417,097
Cash at bank and in hand	88,647
	<hr/>
Total assets	885,334
Creditors	
Due within one year	340,828
	<hr/>
Net assets	544,506
	<hr/>
	£
Cash consideration	1,504,000
Costs of acquisition	196,000
Fair value of net assets acquired	(544,506)
	<hr/>
Goodwill arising on acquisition	1,155,494
	<hr/>

Hare Newco Limited

Notes forming part of the financial statements
for the period ended 30 September 2008 (continued)

21 Acquisitions (continued)

The results of Banyard's Limited for the 8 months prior to its acquisition were as follows:

Profit and loss account

	Current period up to acquisition £
Turnover	2,239,484
Operating profit	253,835
Profit on ordinary activities	115,557

Cash flows

The net outflow of cash arising from the acquisition of Banyard's Limited was as follows:

	£
Cash consideration including costs	1,700,000
Cash acquired	88,647
Net outflow of cash	1,611,353

22 Commitments under operating leases

The group had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 30 September 2008 £	Other 30 September 2008 £
Operating leases which expire:		
Within one year	50,726	7,394
In two to five years	114,274	914,280
After five years	159,880	-
	324,880	921,674

Hare Newco Limited

Notes forming part of the financial statements for the period ended 30 September 2008 (continued)

23 Related party disclosures

During the period the directors subscribed for the following shares and loan stock:-

M Hunt 37,500 ordinary shares of £0.01 at £1 per share, 8,262 A ordinary shares of £0.01 at £1 per share, 108,070 preference shares of £0.01 at £1 per share and £83,668 of loan stock at par.

M Oliver 15,000 ordinary shares of £0.01 at £1 per share, 1,084 A ordinary shares of £0.01 at £1 per share, 14,184 preference shares of £0.01 at £1 per share and £10,982 of loan stock at par.

P Holland 15,000 ordinary shares of £0.01 at £1 per share, 1,084 A ordinary shares of £0.01 at £1 per share, 14,184 preference shares of £0.01 at £1 per share and £10,982 of loan stock at par.

Controlling parties

The company is controlled by Elysian Capital 1LP, on the basis it holds a controlling interest in the voting rights of the issued share capital. Elysian Capital 1LP hold £4,077,634 loan notes in Hare Bidco Limited, a subsidiary company, which accrue interest at 15% payable upon redemption of the loan notes in 2018.

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related party disclosures" not to disclose transactions with members of the group headed by Hare Newco Limited on the grounds that at least 90% of the voting rights in the company are controlled within that group and the company is included in consolidated financial statements.

24 Reconciliation of operating profit to net cash inflow from operating activities

	Period ended 30 September 2008 £
Operating profit	404,022
Depreciation of tangible fixed assets	291,515
Increase in stocks	(352,449)
Decrease in debtors	214,367
Increase in creditors	1,052,274
Pension asset movement	(80,000)
Net cash inflow from operating activities	1,529,729

Hare Newco Limited

Notes forming part of the financial statements
for the period ended 30 September 2008 *(continued)*

25 Reconciliation of net cash flow to movement in net debt

	Period ended 30 September 2008 £
Increase in cash	1,385,526
Cash outflow from changes in debt	(15,365,131)
Movement in net debt	(13,979,605)
Opening net funds	-
Closing net debt	(13,979,605)

26 Analysis of net debt

	At 19 March 2008 £	Cashflow £	At 30 September 2008 £
Cash at bank and in hand	-	1,385,526	1,385,526
Debt due within one year	-	(300,000)	(300,000)
Debt due after one year	-	(13,539,403)	(13,539,403)
Finance leases	-	(1,525,728)	(1,525,728)
		(15,365,131)	
Total	-	(13,979,605)	(13,979,605)