B

00505701

Bulrush Horticulture Limited

Report and Financial Statements

30 September 2007

Registered No: NI 13566

Directors
N Soe
P Walls
R A C Thompson
N Bragg
J Hayes
J M McKenna
M Neeson

Secretary
J M McKenna

Auditors
Ernst & Young LLP
Bedford House
16 Bedford Street
Belfast
BT2 7DT

Bankers
Bank of Ireland
1 Donegall Square South
Belfast
BT1 5LR

Solicitors
L'Estrange & Brett
Arnott House
12-16 Bridge Street
Belfast
BT1 1LS

Registered Office
Newferry Road
Bellaghy
Magherafelt
Co Londonderry
BT45 8ND

Directors' report

The directors present their report and the group financial statements for the year ended 30 September 2007.

Results and dividends

The profit attributable to shareholders amounts to £171,410. The directors paid an interim dividend of £320,000 during the year. The directors do not propose the payment of a final dividend.

Business Review

Bulrush Horticulture Limited, and its trading subsidiaries' revenues are generated from the extraction and processing of peat for the retail, wholesale and professional growers market. The group operates from bogs throughout Ireland and as a result of high levels of quality and service has developed a strong and reliable brand in the sector. Management's objectives are to:

- Increase level of revenues generated by the group;
- Reduce costs through increasing the range of activities of the business to produce peat replacement materials consumed in the peat refining process; and
- Continue to secure raw material for future production with the acquisition or leasing of new bogs.

Financial performance

The directors have determined that the following financial key performance indicators (KPIs), are the most effective measures of progress towards achieving the group's objectives:

KPIs	**2007** **£**	2006 £
Turnover	**11,802,964**	10,249,770
Earnings before interest, taxation, depreciation, and amortisation	**1,250,225**	579,598

Turnover has increased due to volume growth. EBITDA has increased in the year due to a focus on product margins, and general operating efficiencies.

Risk Management

The group's strategy is to follow an appropriate risk policy, which effectively manages exposures related to the achievement of business objectives. The key risks which management face are detailed as follows:

Multi-location business risk

Multi-location business risk is the risk that the group's activities may fail through a lack of control over the widespread location of the bogs from which the peat is extracted. This is managed through the recruitment of specialised extraction staff or use of sub-contractors, which are further supported and controlled by the main operations team at the Head Office in Newferry.

Directors' report

Business performance risk

Business performance risk is the risk that the group may not perform as expected either due to internal factors or due to competitive pressures in the markets in which they operate. This risk is managed through a number of measures: ensuring the appropriate management team is in place; budget and business planning; monthly reporting and variance analysis; financial controls; key performance indicators; and regular forecasting.

Business continuity risk

The group ensures that there is adequate knowledge throughout the management team and sufficient IT support available should an unforeseen event occur. IT disaster recovery plans are in place, and business continuity would be carried out through inter-company operations.

Health and safety risk

The group is committed to ensuring a safe working environment. The risks arising from inadequate management of health and safety matters are the exposure of employees and third parties to the risk of injury, potential liability and/or loss of reputation. These risks are managed by the group through the strong promotion of a health and safety culture; and well defined health and safety policies.

Management development

Long-term growth of the business depends on the group's ability to retain and attract personnel of high quality. This risk is managed through development plans which are regularly reviewed and updated. These are accompanied by specific policies in areas such as training, management development and performance management.

Financial and business control

Strong financial and business controls are necessary to ensure the integrity and reliability of financial and other information on which the group relies for day-to-day operations, external reporting and for longer term planning. The group exercises financial and business control through a combination of: qualified and experienced financial teams; performance analysis; budgeting and cash flow forecasting; and clearly defined approval limits. The external auditors provide advice on specific accounting and tax issues as they arise.

Social, ethical and environmental risk

No significant social, ethical or environmental risks have been identified by management.

Financial Risk Management Policy

The group's principal financial instruments comprise cash, trade debtors and creditors, group indebtedness and certain other debtors and accruals. The main risks associated with these financial assets and liabilities are set out below.

Foreign currency risk

The group's exposure to foreign currency risk exists in relation to an amount of revenues and costs denominated in Euro's, and upon consolidation the effect of foreign subsidiaries. No policy exists in relation to mitigating the foreign exchange movement from these amounts as management do not believe that any related financial impact would be significant.

Credit risk

Credit risk arises principally on 3rd party derived revenues. Group policy is aimed at minimising such risk, and requires that deferred terms are granted only to customers who demonstrate an appropriate payment history and satisfy creditworthiness procedures or who pay in advance of transfer of title or supply an appropriate letter of credit. The group holds credit insurance to mitigate the credit risk. In

Directors' report

addition, individual exposures are monitored with customers subject to credit limits to ensure that the company's exposure to bad debts is not significant.

Liquidity risk

The group's liquidity risk is managed by the company directors through daily assessment of required cash levels and resultant utilisation of facilities such as bank overdrafts.

Interest rate risk

The group's external borrowings exist only to the extent of a bank overdraft. Thus the directors do not believe that the company has significant exposures arising from interest rate risks.

Market price risk

Due to the nature of their principal activity the directors believe the group is not exposed to market price risk.

Political and charitable contributions

During the year the group made various charitable contributions of £718. No political contributions were made during the year.

Disclosure of information to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information

Auditors

Ernst & Young LLP has expressed its willingness to continue in office as auditors and a resolution proposing its reappointment will be submitted at the annual general meeting.

By order of the board

M McKeown

Director

31 January 2008

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the group and of the profit or loss 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and of the group and to enable them to ensure that the financial statements comply with the Companies (Northern Ireland) Order 1986. They are also responsible for safeguarding the assets of the company and of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

to the members of Bulrush Horticulture Limited

We have audited the group and parent company financial statements (the "financial statements") of Bulrush Horticulture Limited for the year ended 30 September 2007 which comprise the Group Profit and Loss Account, the Group and Company Balance Sheets, the Group Cash Flow Statement, the Group Statement of Total Recognised Gains and Losses and the related notes 1 to 25. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Article 243 of the Companies (Northern Ireland) Order 1986. 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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and 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 are properly prepared in accordance with the Companies (Northern Ireland) Order 1986 and whether the information given in the Directors' Report is consistent with the financial statements.

In addition we 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.

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 judgments 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.

Independent auditors' report

to the members of Bulrush Horticulture Limited (continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 30 September 2007 and of the group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies (Northern Ireland) Order 1986; and
- the information given in the directors' report is consistent with the financial statements.

Ernst & Young LLP

Registered auditor

Belfast

31 January 2008.

Group profit and loss account

for the year ended 30 September 2007

	Notes	2007 £	2006 £
Turnover	2	11,802,964	10,249,770
Cost of sales		(7,140,050)	(6,419,114)
Gross profit		4,662,914	3,830,656
Selling and distribution costs		(3,152,797)	(2,957,639)
Administration costs		(1,223,599)	(1,218,550)
Other operating income		142,900	110,307
Goodwill amortisation		(4,019)	(670)
Operating profit/(loss)	3	425,399	(235,896)
Net interest payable	6	(163,738)	(88,281)
Profit/(loss) on ordinary activities before taxation		261,661	(324,177)
Taxation (charge)/credit	7	(97,228)	98,389
Profit/(loss) on ordinary activities after taxation		164,433	(225,788)
Minority Interests		6,977	-
Profit/(loss) for the year		171,410	(225,788)

Group statement of total recognised gains and losses

For the year ended 30 September 2007

	2007 £	2006 £
Profit/(loss) for the financial year	171,410	(225,788)
Exchange difference on retranslation of net assets of subsidiary	9,655	(2,926)
Total recognised gains and losses relating to the year	181,065	(228,714)

Group balance sheet

at 30 September 2007

	Notes	2007 £	2006 £
Fixed assets			
Tangible assets	10	6,821,581	6,747,033
Investments	11	144	144
Intangible assets	12	73,394	79,702
		6,895,119	6,826,879
Current assets			
Stocks	13	2,642,966	2,775,189
Debtors	14	2,765,193	2,290,180
Cash at bank and in hand	15	94,762	95,789
		5,502,921	5,161,158
Creditors: amounts falling due within one year	16a	3,814,009	3,268,850
Net current assets		1,688,912	1,892,308
Total assets less current liabilities		8,584,031	8,719,187
Creditors: amounts falling due after more than one year	16b	360,000	360,000
Provisions for liabilities and charges			
Deferred government grants	17	16,212	27,063
Deferred taxation	18	506,736	485,128
Minority interests		703,224	710,202
Total assets less liabilities		6,997,859	7,136,794
Capital and reserves			
Equity share capital	19	320,000	320,000
Profit and loss account	20	6,677,859	6,816,794
Equity shareholders' funds	20	6,997,859	7,136,794

Director

Director

31 January 2008

Company balance sheet
at 30 September 2007

	Notes	2007 £	2006 £
Fixed assets			
Tangible assets	10	5,327,117	5,273,995
Investments	11	988,431	990,720
		6,315,548	6,264,715
Current assets			
Stocks	13	2,619,015	2,775,189
Debtors	14	2,841,246	2,317,289
Cash at bank and in hand	15	94,762	95,789
		5,555,023	5,188,267
Creditors: amounts falling due within one year	16a	4,288,882	3,744,455
Net current assets		1,266,141	1,443,812
Total assets less current liabilities		7,581,689	7,708,527
Creditors: amounts falling due after more than one year	16b	360,000	360,000
Provisions for liabilities and charges			
Deferred government grants	17	16,212	27,063
Deferred taxation	18	506,736	485,128
Total assets less liabilities		6,698,741	6,836,336
Capital and reserves			
Equity share capital	19	320,000	320,000
Profit and loss account	20	6,378,741	6,516,336
Equity shareholders' funds	20	6,698,741	6,836,336

Director

Peter Wally

Director

31 JANUARY 2008

Group statement of cash flows

for the year ended 30 September 2007

	Notes	2007 £	2006 £
Cash inflow from operating activities	3(b)	885,960	227,256
Returns on investment and servicing of finance			
Interest paid		(164,671)	(85,266)
Interest received		3	4,140
Net cash outflow from returns on investments and servicing of finance		(164,668)	(81,126)
Taxation			
UK Corporation tax		104,972	(52,422)
Tax received/(paid)		104,972	(52,422)
Capital expenditure and financial investments			
Payments to acquire tangible fixed assets		(884,501)	(1,454,133)
Receipts from sale of tangible fixed assets		37,900	31,163
Net cash outflow from capital expenditure		(846,601)	(1,422,970)
Acquisitions and disposals			
Payments to acquire investment in subsidiary undertaking		-	(371,938)
Repayment of vendors loan		-	(369,092)
Payment of accrued costs relating to prior year acquisition		(29,422)	-
Net cash outflow from acquisitions and disposals		(29,422)	(741,030)
Equity dividends paid		(320,000)	(320,000)
Net cash outflow before financing		(369,759)	(2,390,292)
Net cash flow from financing		-	-
Decrease in cash	15	(369,759)	(2,390,292)

Notes to the financial statements

at 30 September 2007

1. Accounting policies

Accounting convention

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

Basis of consolidation

The group financial statements consolidate the financial statements of Bulrush Horticulture Limited and its subsidiary undertakings drawn up to 30 September 2007.

In accordance with the exemptions allowed by Article 236(7) of the Companies (Northern Ireland) Order 1986 the company has not presented its own profit and loss account.

Goodwill

Positive goodwill arising on acquisitions is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life up to a presumed maximum of 20 years. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Operating lease commitments

Rentals in respect of operating leases are charged to the profit and loss account as incurred.

Depreciation

The cost of fixed assets is written off by equal annual instalments, over their expected useful lives as follows:

Short leasehold and freehold bog land	-	20 – 50 years
Buildings	-	20 years
Bog development	-	20 years
Plant and machinery	-	4 - 10 years
Motor vehicles	-	4 years
Computer equipment	-	4 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Investments

Investments are stated at cost less provision for impairment losses.

Government grants

Capital based government grants are treated as a deferred credit, a portion of which is credited to the profit and loss account annually over the expected useful lives of the relevant assets.

Revenue based government grants are credited to the profit and loss account as they are earned.

Stocks

Stocks are valued at the lower of cost and estimated net realisable value. Cost comprises direct materials and labour and an appropriate proportion of factory overhead expenses, all based on normal production circumstances.

Notes to the financial statements

at 30 September 2007

1. Accounting policies (continued)

Deferred taxation

Deferred tax is recognised in respect of timing differences that have originated but not reversed at the balance sheet date. The timing differences arise from the different treatment for financial statements and tax purposes of transactions and events recognised in the financial statements of the current year and previous years. Deferred tax is not provided in respect of timing differences arising from the sale of fixed assets unless, by the balance sheet date, a binding commitment to sell the asset has been entered into and it is unlikely that any gain will be rolled over.

Deferred tax assets are recognised only to the extent that the Directors consider that it is 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 is measured on a non-discount basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Foreign currencies

Assets, liabilities, revenues and costs denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities at the balance sheet date are translated at year end rates of exchange. All exchange differences thus arising are reported as part of the profit for the year. The accounts of overseas subsidiaries are translated at the rate of exchange ruling at the balance sheet date. The exchange difference arising on the retranslation of opening net assets is taken directly to reserves.

Pension costs

The group operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as incurred.

2. Turnover

Turnover represents the amounts derived from the provision of goods and services which fall within the company's ordinary activities, all of which are continuing, stated net of value added tax.

The analysis of turnover between different classes of business and the geographical analysis have been omitted because, in the opinion of the directors such disclosure would be seriously prejudicial to the interests of the group.

3. Operating profit/(loss)

(a) This is stated after charging/(crediting):

		2007	*2006*
		£	*£*
Depreciation of owned assets		820,807	827,143
Operating lease rentals	- plant and machinery	3,611	1,892
	- land and buildings	135,222	134,385
Auditors remuneration	- audit services	14,500	12,600
	- non audit services	1,500	1,500
Amortisation of goodwill		4,019	670
Capital grant release		(10,851)	(12,319)
(Profit)/loss on disposal of tangible fixed assets		(37,900)	6,074

Notes to the financial statements

at 30 September 2007

3. Operating profit/(loss) (continued)

(b) Reconciliation of operating profit/(loss) to net cash inflow from operating activities:

	2007 £	2006 £
Operating profit/(loss)	425,399	(235,896)
Goodwill amortisation	4,019	670
Depreciation	820,807	827,143
(Profit)/loss on sale of tangible fixed assets	(37,900)	6,074
Decrease/(increase) in stocks	132,223	(576,649)
Increase in operating debtors and prepayments	(578,318)	(33,532)
Increase in operating creditors and accruals	130,581	251,765
Capital grant release	(10,851)	(12,319)
Net cash inflow from operating activities	885,960	227,256

4. Emoluments of directors

	2007 £	2006 £
Emoluments	304,448	248,076
Company contributions paid to defined contribution pension scheme	13,253	13,253

	2007 No.	2006 No.
Number of members of defined contribution pension scheme	5	5

The amounts in respect of the highest paid director are as follows:

	2007 £	2006 £
Emoluments	92,335	69,656
Company contributions paid to defined contribution pension scheme	4,550	4,550

Notes to the financial statements

at 30 September 2007

5. Staff costs

	2007	*2006*
	£	*£*
Wages and salaries	1,895,821	2,010,373
Social security costs	185,124	198,527
Other pension costs	36,538	33,050
	2,117,483	2,241,950

The average number of persons employed by the group including directors during the year was as follows:

	2007	*2006*
	No.	*No.*
Management	9	9
Administration	8	8
Production, distribution and sales	75	77
	92	94

6. Net interest payable

	2007	*2006*
	£	*£*
Bank interest receivable	3	1,947
Bank overdraft interest	(163,741)	(90,228)
	(163,738)	(88,281)

Notes to the financial statements

at 30 September 2007

7. Taxation

(a) Analysis of charge in period

	2007	2006
	£	£
Current tax:		
UK corporation tax on results of the period	76,835	(103,302)
Adjustments in respect of prior periods	(1,215)	(3)
Total current tax	75,620	(103,305)
Deferred tax:		
Origination and reversal of timing differences	16,390	4,913
Adjustments in respect of prior periods	5,218	3
Total deferred tax	21,608	4,916
Total tax charge/(credit) on profit/(loss) on ordinary activities	97,228	(98,389)

(b) Factors affecting tax charge for the period

The tax assessed for the year varies from the standard rate of corporation tax in the United Kingdom of 30%. The differences are explained below:

	2007	2006
	£	£
Profit/(loss) on ordinary activities before taxation	261,661	(324,177)
Profit/(loss) on ordinary activities before tax multiplied by 30%	78,498	(97,253)
Effects of:		
Permanent differences	3,696	2,033
Decelerated capital allowances	(9,880)	1,087
Other timing differences	(872)	(6,000)
Adjustments in respect of prior periods	(1,215)	(3)
Marginal Relief	-	(3,370)
Amortisation of goodwill	1,206	201
Losses carried forward	4,187	-
Current tax charge/(credit) for period	75,620	(103,305)

(c) Factors that may affect future tax credits

No provision has been made for deferred tax where potentially taxable gains have been rolled over into replacement assets. Such gains would become payable only if the assets were sold without it being possible to claim rollover relief. The amount not provided is £569,000 (2006 - £569,000). At present, it is not envisaged that any tax will become payable on these rolled over gains in the foreseeable future.

Notes to the financial statements

at 30 September 2007

8. Dividends paid

	2007	*2006*
	£	*£*
Interim paid £1 per share (2006 - £1 per share)	320,000	320,000

9. Profit attributable to members of the parent company

The profit dealt with in the accounts of the parent was £182,405 (2006 – profit £830,562).

10. Tangible fixed assets

Group

	Land and buildings	*Bog development*	*Plant and machinery*	*Motor vehicles*	*Total*
	£	*£*	*£*	*£*	*£*
Cost:					
At 30 September 2006	5,070,053	1,515,739	8,767,395	215,135	15,568,322
Additions	189,081	35,509	659,911	-	884,501
Disposals	-	-	(170,585)	(15,349)	(185,934)
Retranslation of foreign subs	6,022	4,832	-	-	10,854
At 30 September 2007	5,265,156	1,556,080	9,256,721	199,786	16,277,743
Depreciation:					
At 30 September 2006	1,726,741	703,922	6,276,052	114,574	8,821,289
Charge for year	168,740	58,133	549,768	44,166	820,807
Relating to disposals	-	-	(170,585)	(15,349)	(185,934)
At 30 September 2007	1,895,481	762,055	6,655,235	143,391	9,456,162
Net book value at:					
30 September 2006	3,343,312	811,817	2,491,343	100,561	6,747,033
30 September 2007	3,369,675	794,025	2,601,486	56,395	6,821,581

The net book amount of land and buildings is as follows:

	2007	*2006*
	£	*£*
Freehold	3,231,703	3,174,280
Short leasehold	137,972	169,032
	3,369,675	3,343,312

The cost of assets in the course of construction included within plant and machinery amounted to £372,697 (2006 - £43,812).

Notes to the financial statements

at 30 September 2007

11. Fixed asset investments

Group

	Listed in UK at cost	*Unlisted investments*	*Total*
	£	*£*	*£*
Cost and net book value:			
At 30 September 2006	144	-	144
Transfers	-	-	-
At 30 September 2007	144	-	144

Company

	Listed in UK at cost	*Unlisted investments*	*Subsidiary undertakings*	*Total*
	£	*£*	*£*	*£*
Cost and net book value:				
At 30 September 2006	144	-	990,576	990,720
Arising on finalisation of costs associated with prior year acquisition	-	-	(2,289)	(2,289)
At 30 September 2007	144	-	988,287	988,431

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Company	*Country of Incorporation (or registration) and operation*	*Nature of business*	*Proportion of ordinary shares held*
Bulrush Peat Company Limited	Northern Ireland	Dormant	100%
Bulrush Peat (Ireland) Limited	Republic of Ireland	Dormant	100%
Clover Peat Products Limited	Republic of Ireland	Bog ownership and peat extraction	50%*

*On 29 June 2006, the company acquired 25% of the issued share capital of Clover Peat Products Limited for a consideration of £369,092. Put and call options were entered into on the same date that have resulted in the company recognising a further 25% shareholding at a provisional accrued consideration of £360,000. Bulrush Horticulture Limited has both operational and board control of Clover Peat Products Limited, and as such the company is treated as a subsidiary undertaking. £360,000 continues to be accrued for in relation to this.

Notes to the financial statements

at 30 September 2007

12. Intangible fixed assets

Group

	Goodwill
	£
Cost	
At 30 September 2006	80,372
Arising on finalisation of costs associated with prior year acquisition	(2,289)
At 30 September 2007	78,083
Amortisation	
At 30 September 2006	670
Charge in year	4,019
At 30 September 2007	4,689
Net book value	
At 30 September 2007	73,394
At 30 September 2006	79,702

The goodwill arose on the acquisition of Clover Peat Products Limited in the prior year, and is being amortised over its estimated useful economic life of 20 years.

13. Stocks

	Group 2007	*Company 2007*	*Group & Company 2006*
	£	*£*	*£*
Raw materials	784,115	760,164	1,052,034
Consumables and other stock	673,387	673,387	658,922
Finished goods	1,185,464	1,185,464	1,064,233
	2,642,966	2,619,015	2,775,189

The replacement cost of stocks is not materially different from the balance sheet value.

Notes to the financial statements

at 30 September 2007

14. Debtors

		Group		Company
	2007	2006	2007	2006
	£	£	£	£
Trade debtors	2,559,382	2,075,453	2,559,382	2,075,453
Amounts due from parent undertaking	1,500	-	1,500	-
Amounts due from other group undertakings	28,347	13,046	28,347	13,046
Amounts due from subsidiary undertakings	-	-	76,053	27,109
Prepayments and accrued income	111,018	55,232	111,018	55,232
Other debtors	64,946	43,144	64,946	43,144
Corporation tax recoverable	-	103,305	-	103,305
	2,765,193	2,290,180	2,841,246	2,317,289

15. Reconciliation of net cashflows to movement in net (debt)/funds

	2007	2006
	£	£
Decrease in cash in the year	(369,759)	(2,390,292)
Change in net debt resulting from cashflows	(369,759)	(2,390,292)
Movement in net debt	(369,759)	(2,390,292)
Net (debt)/funds at beginning of year	(1,623,733)	766,559
Net debt at end of year	(1,993,492)	(1,623,733)

Analysis of net (debt)/funds

	At 30 September 2006	Cash flow	At 30 September 2007
	£	£	£
Cash at bank and in hand	95,789	(1,027)	94,762
Overdraft	(1,719,522)	(368,732)	(2,088,254)
Total	(1,623,733)	(369,759)	(1,993,492)

Notes to the financial statements
at 30 September 2007

16. Trade and other creditors
(a) Amounts falling due within one year

	Group 2007 £	Group 2006 £	Company 2007 £	Company 2006 £
Bank overdraft	2,088,254	1,719,522	2,088,254	1,719,522
Trade creditors	1,235,937	1,191,697	1,234,502	1,190,298
Amounts due to parent undertaking	16,466	15,564	16,466	15,564
Amounts due to subsidiary undertaking	-	-	504,100	504,101
Amounts due to other group undertakings	105,531	29,668	105,531	29,668
Accruals and deferred income	123,964	206,137	123,920	206,092
Social security and other taxation	61,137	50,829	61,137	50,829
Other creditors	105,434	55,433	77,686	28,381
Corporation tax	77,286	-	77,286	-
	3,814,009	3,268,850	4,288,882	3,744,455

(b) Amounts falling due after more than one year

	Group 2007 £	Group 2006 £	Company 2007 £	Company 2006 £
Other creditors	360,000	360,000	360,000	360,000

17. Deferred government grants

	Group & Company 2007 £	Group & Company 2006 £
At beginning of year	27,063	39,382
Additions	-	-
Release for year	(10,851)	(12,319)
At end of year	16,212	27,063

18. Deferred taxation

	Group & Company 2007 £	Group & Company 2006 £
At beginning of year	485,128	480,212
Net movement in the year	21,608	4,916
At end of year	506,736	485,128

Notes to the financial statements

at 30 September 2007

18. Deferred taxation (continued)

Deferred tax has been calculated at 30% (2006 - 30%). Deferred taxation provided in the accounts is as follows:

		Group & Company
	2007	*2006*
	£	*£*
Capital allowances in advance of depreciation	508,172	491,128
Other timing differences	(1,436)	(6,000)
	506,736	485,128

19. Equity share capital

		Authorised		*Allotted, called up and fully paid*
	2007	*2006*	*2007*	*2006*
	£	*£*	*£*	*£*
Equity shares:				
Ordinary shares of £1 each	420,000	420,000	320,000	320,000

20. Reconciliation of shareholders funds and movements on reserves

Group

	Equity share capital	*Profit and loss account*	*Total*
	£	*£*	*£*
At 30 September 2005	320,000	7,365,508	7,685,508
Loss for year	-	(225,788)	(225,788)
Dividend	-	(320,000)	(320,000)
Exchange difference on retranslation of foreign subsidiaries	-	(2,926)	(2,926)
At 30 September 2006	320,000	6,816,794	7,136,794
Profit for year	-	171,410	171,410
Dividend	-	(320,000)	(320,000)
Exchange difference on retranslation of foreign subsidiaries	-	9,655	9,655
At 30 September 2007	320,000	6,677,859	6,997,859

Notes to the financial statements

at 30 September 2007

20. Reconciliation of shareholders funds and movements on reserves (continued)

Company

	Equity share capital	*Profit and loss account*	*Total*
	£	*£*	*£*
At 30 September 2005	320,000	6,005,774	6,325,774
Profit for year	-	830,562	830,562
Dividend	-	(320,000)	(320,000)
At 30 September 2006	320,000	6,516,336	6,836,336
Profit for year	-	182,405	182,405
Dividend	-	(320,000)	(320,000)
At 30 September 2007	320,000	6,378,741	6,698,741

21. Other financial commitments

At 30 September the group had annual commitments under non-cancellable operating leases as set out below:

		Land and Buildings
	2007	*2006*
	£	*£*
Operating leases which expire:		
In two to five years	15,382	-
In over five years	135,440	135,440
	150,822	135,440

Capital commitments contracted for but not provided in the accounts amounted to £nil (2006 - £58,839)

22. Commitments to pension fund

The group operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension costs charge represents contributions payable by the group to the fund and amounted to £36,538 (2006 - £33,050).

Notes to the financial statements

at 30 September 2007

23. Related party transactions

During the year the group entered into transactions, in the ordinary course of business, with other Pindstrup Mosebrug A/S undertakings. Transactions entered into and balances outstanding at 30 September, are as follows:

	Sales to related party	*Purchases from related party*	*Amounts owed from related party*	*Amounts owed to related party*
	£	*£*	*£*	*£*
Pindstrup Mosebrug A/S				
2007	18,152	106,988	1,500	16,466
2006	4,045	89,867	-	15,564
Sia Pindstrup Latvia				
2007	32,834	97,448	28,336	85,396
2006	4,482	149,572	4,482	29,668
AS Dan-Est Timber Estonia				
2007	-	33,007	-	20,135
2006	-	54,987	-	-
Pindstrup Mosebrug SAE - Spain				
2007	79,281	12,651	11	-
2006	8,564	-	8,564	-

The group has taken advantage of the exemption under FRS 8 'Related Party Disclosures' of not disclosing transactions with wholly owned subsidiaries included in the consolidated financial statements of Bulrush Horticulture Limited.

24. Contingent liabilities

The company has given a circular guarantee in the amount of £800,000 to its bankers in favour of its subsidiary undertaking, Bulrush Peat Company Limited.

25. Ultimate parent undertaking and controlling party

The ultimate parent undertaking and controlling party of the company is Pindstrup Mosebrug A/S, a company incorporated in Denmark. Bulrush Horticulture Limited, and its subsidiary undertakings, are included in the consolidated financial statements of Pindstrup Mosebrug A/S. Copies of Pindstrup Mosebrug A/S's accounts can be obtained from Pindstrup, DK - 8550, Ryomgard, Denmark.