

Country Gardens Limited

Report and Financial Statements

27 December 2009

Registered Company Number: 01750654

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Country Gardens Limited*Registered Number: 01750654***Report and financial statements 2009**

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Country Gardens Limited

Registered Number. 01750654

Report and financial statements 2009

Officers and professional advisors

Directors

Antonia Jenkinson
David Pierpoint
Nicholas Marshall
Richard Kozlowski

Registered office

c/o The Garden Centre Group Holdings Ltd
258 Bath Road
Slough
Berkshire
SL1 4DX

Auditors

Deloitte LLP
Chartered Accountants and Statutory Auditors
Birmingham
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Country Gardens Limited

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Directors' report

The directors present their annual report on the affairs of the Company together with the financial statements for the year ended 27 December 2009. The results of the Company are consolidated into The Garden Centre Group Limited (formerly West Coast Capital (Hortis) Group Limited) (the "Group") and the principal activity of the Group is the operation of garden centres in the United Kingdom.

Principal activities & business review

The Directors' report has been prepared in accordance with the special provisions relating to small companies under section 246(4) of the Companies Act 2006.

The principal activities of the Company are to hold property for use by other Group companies.

Going concern

During the year the Group initiated a corporate simplification exercise to ease the administrative burden throughout the Group. As a consequence, on 22 December 2009, the Company distributed all of its assets to The Garden Centre Group Holdings Limited via a dividend in specie. Therefore, the financial statements have been prepared on a basis other than that of a going concern which includes, where appropriate, the writing down of the Company's assets to net realisable value. The financial statements do not include any provision for the future costs of terminating the business of the Company except to the extent that such were committed at the Balance sheet date.

Directors

The directors who served during the year and subsequently were as follows:

Antonia Jenkinson (appointed 24/02/09)

David Pierpoint (appointed 12/02/09)

Nicholas Marshall (appointed 24/02/09)

Peter Brigden (resigned 20/03/09)

Richard Kozlowski (appointed 24/04/09)

William Livingston (resigned 12/02/09)

Disclosure of information to auditors

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

(1) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and

(2) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

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Directors' report (continued)

Auditors

Deloitte LLP have expressed their willingness to continue in office as auditors. A resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors on 31 March 2010 and signed on behalf of the Board



Richard Kozlowski
Director

Country Gardens Limited
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Directors' responsibilities statement

The directors are responsible for preparing 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors

- properly select and apply accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and
- make an assessment of the Company's ability to continue as a going concern

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report to the members of Country Gardens Limited

We have audited the financial statements of Country Gardens Limited for the year ended 27 December 2009 which comprise the Income statement, the Statement of recognised income and expense, the Balance sheet, the Cash flow statement and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 27 December 2009 and of the Company's profit for the year then ended,
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter - financial statements prepared on basis other than that of a going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 2 to the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern.

Independent auditors' report to the members of Country Gardens Limited (continued)

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

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



Jane Whitlock (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Birmingham, United Kingdom
21 April 2010

Country Gardens Limited
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Income statement
for the year ended 27 December 2009

	Notes	2009 £'000	2008 £'000
Administrative costs		(528)	(19)
Operating loss	3,4	<u>(528)</u>	<u>(19)</u>
Exceptional items included within administrative expenses			
Impairment charge		(509)	-
Investment income	6	11,878	-
Profit/(loss) before tax		<u>11,350</u>	<u>(19)</u>
Tax on profit/(loss) on ordinary activities	7	<u>5</u>	<u>15</u>
Profit/(loss) on discontinued activities after taxation, being retained loss for the financial year		<u><u>11,355</u></u>	<u><u>(4)</u></u>

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**Statement of recognised income and expense
for the year ended 27 December 2009**

	Notes	2009 £'000	2008 £'000
Profit/(loss) for the financial year		<u>11,355</u>	<u>(4)</u>
Total recognised income and expense for the year		<u>11,355</u>	<u>(4)</u>
Attributable to:			
Equity holders of the parent	14	<u>11,355</u>	<u>(4)</u>

Country Gardens Limited
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Balance sheet
as at 27 December 2009

	Notes	2009 £'000	2008 £'000
Non-current assets			
Investments	9	-	-
Property, plant and equipment	8	<u>-</u>	<u>156</u>
		<u>-</u>	<u>156</u>
Current assets			
Other receivables	10	-	80,350
Total assets		<u>-</u>	<u>80,506</u>
Current liabilities			
Other payables	11	<u>-</u>	<u>23,494</u>
Net current assets		<u>-</u>	<u>56,856</u>
Non-current liabilities			
Deferred taxation	12	-	(43)
Net assets		<u>-</u>	<u>56,969</u>
Equity			
Share capital	13	-	7,279
Share premium	14	-	22,015
Retained profit	14	<u>-</u>	<u>27,675</u>
Total equity		<u>-</u>	<u>56,969</u>

Approved by the Board of Directors on 31 March 2010 and signed on its behalf by



Richard Kozlowski
Director

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Cash flow statement
for the year ended 27 December 2009

	Notes	2009 £'000	2008 £'000
Net cash from operating activities	17	-	-
Cash and cash equivalents at beginning of year		-	-
Cash and cash equivalents at end of year		<u>-</u>	<u>-</u>

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**Notes to the financial statements
for the year ended 27 December 2009**

1. General information

Country Gardens Limited is a Company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 1. The nature of the Company's principal activities is set out on page 2.

These accounts represent the year from the 29 December 2008 to 27 December 2009.

Adoption of new and revised standards

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

- Amendments to various standards arising from annual improvements issued in April 2009
- IFRS 2 Share based payments cash settled transactions
- IFRS 7(amendment) Improving Disclosures about Financial Instruments
- IAS 1 (revised 2007) Presentation of Financial Statements
- IAS 24 Related party Disclosures
- IAS 27 (revised 2008) Amendments arising from amendments to IFRS 3
- IAS 31 (revised 2008) Amendments arising from amendments to IFRS 3
- IAS 32 (revised 2009) Amendments relating to classification of rights issues
- IFRS 9 Financial Instruments
- Improvements to IFRS's

The directors anticipate that the adoption of these Standards and Interpretations in future periods will not have a material impact on the financial statements of the Company.

In the current financial year, the Group has adopted "IFRS 8 Operating Segments", IFRIC 13 "Customer Loyalty Programmes" and IFRIC 14 "IAS 19 – The limit on a defined benefit asset". The adoption of these standards has not led to any changes in the groups accounting policies.

2. Significant accounting policies

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). The financial statements have also been prepared in accordance with the IFRSs adopted by the European Union and therefore comply with Article 4 of the EU IAS Regulation.

The financial statements have been prepared under the historical cost basis.

Notes to the financial statements (continued)
for the year ended 27 December 2009

2. Significant accounting policies (continued)

Basis of accounting (continued)

The Company has opted to apply Section 390(3) of the Companies Act 2006. This permits the Company to end its financial year on 27 December 2009 (2008: 28 December 2008) as it is not more than 7 days after or before the end of the year dated 31 December 2009 (2008: 31 December 2008).

Going concern

During the year the Group initiated a corporate simplification exercise to ease the administrative burden throughout the Group. As a consequence, on 22 December 2009, the Company distributed all of its assets to The Garden Centre Group Holdings Limited via a dividend in specie. Therefore, the financial statements have been prepared on a basis other than that of a going concern which includes, where appropriate, the writing down of the Company's assets to net realisable value. The financial statements do not include any provision for the future costs of terminating the business of the Company except to the extent that such were committed at the Balance sheet date.

The principal accounting policies adopted are set out as follows:

Exemption from consolidation

The Company is a wholly owned subsidiary of another company incorporated in the EU and in accordance with section 228 of the Companies Act is not required to produce consolidated accounts.

Operating loss

Operating loss is stated after charging exceptional items but before finance costs.

Property, plant and equipment

Property, plant and equipment is stated at cost or deemed cost, net of depreciation and any provision for impairment.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write-off the cost or valuation, less estimated residual value of each asset on a straight-line basis over its expected useful life as follows:

Short Leasehold buildings - Over the life of the lease

The estimated residual values of assets are determined by the directors by reference to the on-going review of the condition of the assets and consideration of other factors relevant to the market values excluding inflation. Annual impairment tests are performed on these properties.

Assets held under finance leases are depreciated over the expected useful lives on the same basis as owned assets or, where shorter, over the relevant lease term.

Notes to the financial statements (continued)
for the year ended 27 December 2009

2. Significant accounting policies (continued)

Property, plant and equipment (continued)

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Income statement

Financial assets

Financial assets are assessed for indicators of impairment at each Balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include

- significant financial difficulty of the issuer or counterparty
- default in interest or principal payments
- it becoming probable that the borrower will enter bankruptcy

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account.

Loans and receivables

Other receivables and loans are measured at initial recognition at their fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the Income statement when there is objective evidence that the asset is impaired.

Impairment of tangible and intangible assets excluding goodwill

The Company reviews the carrying amounts of its tangible and intangible assets annually, to determine whether there is any indication those assets have suffered an impairment loss. If any such loss exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less disposal costs and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using the Company's weighted average cost of capital. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the cash generating units. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Notes to the financial statements (continued)
for the year ended 27 December 2009

2. Significant accounting policies (continued)

Financial liabilities

Borrowings

Interest bearing loans and bank overdrafts are recorded at the proceeds received, net of direct costs of issue. Finance charges, including premiums payable on settlement or redemption and direct costs of issue are accounted for, on an accruals basis, to the Income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Other payables

Other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Share capital

Share capital represents the Ordinary shares issued by the Company and are recorded at the proceeds received less direct issue costs.

Taxation

The tax expense represents the sum of the tax payable currently and deferred tax.

The corporation tax payable currently is based on taxable profit for the year at a rate of 28%. Taxable profit differs from profit before tax as reported in the Income statement because it excludes some items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the Balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the Balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Critical accounting judgements and key sources of estimation uncertainty

As the Company has discontinued its activities in the year there are no key sources of estimation uncertainty at the Balance sheet date.

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Notes to the financial statements (continued)
for the year ended 27 December 2009

3. Operating loss

The operating loss is stated after charging

	2009	2008
	£'000	£'000
Depreciation	19	19
Impairment charge	<u>509</u>	<u>-</u>

In the current year only, fees payable of £500 (2008 unaudited £nil) to the Company's auditors for the audit of the Company's annual accounts were borne by another Group company. There were no non-audit fees in either period.

4. Exceptional items

The cost below is deemed to be non-recurring and has been disclosed separately to ensure the underlying performance of the business is clearly identified.

Impairment charge - the Company recognised an investment impairment charge of £508,914 (2008 £nil) during the year.

5. Staff costs and directors' remuneration

The Company does not employ any staff (2008 nil).

The directors are paid by other group companies and received total emoluments of £2,664,000 during the year (2008 £1,061,000) but it is not practicable to allocate their remuneration from other group companies for services rendered. In addition, of these directors 7 are accruing benefits under the pensions scheme (2008 4), which is a defined contribution scheme.

6. Investment income

	2009	2008
	£'000	£'000
Dividend in specie received	<u>11,878</u>	<u>-</u>

As a result of the Group simplification exercise, the Company received dividends in specie from its' immediate subsidiary undertakings.

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Notes to the financial statements (continued)
for the year ended 27 December 2009

7. Tax

	2009 £'000	2008 £'000
Deferred tax:		
Deferred tax credit	(5)	(5)
Adjustment in respect of prior years	-	(10)
Total deferred tax	<u>(5)</u>	<u>(15)</u>
Profit/(loss) on discontinued activities	<u>11,350</u>	<u>(19)</u>
Current tax @ 28% (2008 28.5%)	3,178	(5)
Impairment	143	-
Non-taxable investment income	(3,326)	
Prior year adjustment - Deferred tax	<u>-</u>	<u>(10)</u>
	<u>(5)</u>	<u>(15)</u>

8. Property, plant and equipment

	Short leasehold land and buildings £'000
Cost or valuation:	
At 31 December 2007 and 28 December 2008	250
Dividend in specie (refer to note 16)	<u>(250)</u>
At 27 December 2009	<u>-</u>
Accumulated depreciation:	
At 31 December 2007	75
Charge for the year	<u>19</u>
At 28 December 2008	94
Charge for the year	<u>19</u>
Dividend in specie (refer to note 16)	<u>(113)</u>
At 27 December 2009	<u>-</u>
Carrying amount	
At 27 December 2009	<u>-</u>
At 28 December 2008	<u>156</u>

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Notes to the financial statements (continued)
for the year ended 27 December 2009

9. Investments

Cost or valuation	£'000
At 30 December 2007 and 28 December 2008	-
Investments in subsidiaries	509
At 27 December 2009	<u>509</u>
 Accumulated impairment	
At 30 December 2007 and 28 December 2008	-
Impairment charge	509
At 27 December 2009	<u>509</u>
 Carrying amount	
At 27 December 2009	<u>-</u>
At 28 December 2008	<u>-</u>

During the year the Company increased its investment in subsidiaries via a capitalisation of amounts due from other Group undertakings. This increase was subsequently impaired as all subsidiary companies became non-trading dormant companies.

The Company tests investments for impairment annually, or more frequently if there are indications that investments might be impaired.

The recoverable value has been determined from an assessment of the underlying value of the assets held by the subsidiary companies.

A list of significant investments in subsidiaries, including the name, country of incorporation and proportion of ownership interest is shown below.

Name of undertaking	Country of incorporation	Percentage holding
Beacon Garden Centres Limited	UK	100%
WYE 2004 Limited	UK	100%
Country Garden Centres Limited	UK	100%
The Country Gardener Limited	UK	100%
L R Russell Limited	UK	100%

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Notes to the financial statements (continued)
for the year ended 27 December 2009

10. Other receivables

	2009	2008
	£'000	£'000
Amount due from Group undertakings	<u>2</u>	<u>80,350</u>

The directors consider that the carrying amount of the other receivables approximates their fair value. No interest is charged on amounts due from Group undertakings.

11. Other payables

	2009	2008
	£'000	£'000
Amount owed to Group undertakings	<u>-</u>	<u>23,494</u>

All Group payables relate to trading balances and are non-interest bearing and repayable on demand, accordingly the directors consider that their carrying value equates to their fair value.

12. Deferred tax

	2009	2008
	£'000	£'000
At 28 December 2008	43	58
Credit to income	(5)	(15)
Dividend in specie (refer to note 16)	(38)	-
At 27 December 2009	<u>-</u>	<u>43</u>

13. Share capital

	2009	2008
	£'000	£'000
Allotted, issued and fully paid		
2 (2008 29,115,934) Ordinary shares of 25p each	<u>-</u>	<u>7,279</u>

The company has a cap of £8,730,000 on the amount of £0.25 Ordinary Shares that it can issue.

On 20 November 2009 the share capital was reduced via a solvency statement (Companies Act 2006) by 29,115,932.

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Notes to the financial statements (continued)
for the year ended 27 December 2009

14. Reserves

	Share Premium	Retained earnings
	£	£
Balance at 30 December 2007	22,014,876	27,694,720
Total recognised income and expense	-	(19,000)
Balance at 28 December 2008	22,014,876	27,675,720
Total recognised income and expense	-	11,354,927
Share premium reduction	(22,014,876)	22,014,876
Share capital reduction	-	7,278,983
Dividend in specie (refer to notes 15 and 16)	-	(68,324,503)
Balance at 27 December 2009	-	3

On 20 November 2009, the share premium was reduced via a solvency statement (Companies Act 2006) by £22,014,876

15. Dividend in specie

On 22 December 2009 the following balance was distributed to The Garden Centre Group Holdings Limited, the Company's immediate parent company, as a dividend in specie

	£
Receivables	68,225,503
Net assets (refer to note 16)	99,000
	<u>68,324,503</u>

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Notes to the financial statements (continued)
for the year ended 27 December 2009

16. Disposal of assets

On 22 December 2009, the Company distributed its interest in short leasehold land and buildings to The Garden Centre Group Holdings Limited via a dividend in specie

	£
Property, plant and equipment	137,000
Deferred tax liability	(38,000)
	<u>99,000</u>
 Total consideration	 <u>99,000</u>
 Satisfied by	 <u>99,000</u>
Dividend in specie	<u>99,000</u>

17. Notes to the Cash flow statement

	2009 £'000	2008 £'000
Operating loss from continuing operations	(528)	(19)
Adjustments for		
Depreciation of property plant and equipment	19	19
Impairment of investment	509	-
	<u>-</u>	<u>-</u>
Net cash flow from operating activities	<u>-</u>	<u>-</u>

18. Remuneration of key management personnel and related party transactions

The directors of the Company who are also the key management personnel are not remunerated by the Company. They are instead remunerated by the Group (refer to note 5)

At 27 December 2009 the Company was owed £3 (2008 £80,350,000) from other Group undertakings

At 27 December 2009 the Company owed £nil (2008 £23,494,000) to other Group undertakings

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

During the year, the Company distributed a dividend in specie of £68,324,503 (2008 £nil) to other Group undertakings (refer to note 15)

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**Notes to the financial statements (continued)
for the year ended 27 December 2009**

19. Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking is The Garden Centre Group Holdings Limited, a company registered in England and Wales

The Company's ultimate parent undertaking and the Group into which the results of the Company are consolidated is The Garden Centre Group Limited, a company registered in Scotland