Raglan Garden Centre Limited

Annual Report and Financial Statements

For the year ended 27 December 2015

Registered Company Number: 02654884

Raglan Garden Centre Limited

Registered Number: 02654884

Annual Report and Financial Statements 2015

Contents **Page**

Raglan Garden Centre Limited

Registered Number: 02654884

Officers and professional advisers

Directors

Roger Mclaughlan
Anthony Jones
Stephen Murphy

Company secretary

Elizabeth Ward

Registered office
Wyevale Garden Centres
Syon Park
Brentford
Middlesex
England
TW8 8JF

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
2 New Street Square
London
EC4A 3BZ
United Kingdom

Raglan Garden Centre Limited

Registered Number: 02654884

Strategic Report

The Directors present their annual report and the audited financial statements for Raglan Garden Centre Limited for the year ended 27 December 2015. This financial year consists of a 52 week period that will be known as a 'year' for the purposes of these financial statements (2014: 1 January – 31 December). The results of the Company are consolidated into Wyevale Garden Centres Capital Limited (The "Group") and the principal activity of the Group is the operation of garden centres in the United Kingdom.

Business review

2015 has been a year of transformation for the Wyevale Garden Centre Group, of which the Company is a member, with management investing to strengthen the operating model of the business to ensure profitable future growth. Highlights of the year include the continued roll out of the store and restaurant improvement plan, continued acquisitions, and preparation to launch a centralized distribution center to service the whole estate alongside a new multichannel offering, both of which are due to launch early 2016. Group revenue continues to grow, mainly as a result of the 2014 acquisitions. Gross margin % has fallen, mainly as a result of the new management initiatives taking time to bed in, however management are confident these will generate significant upside in the future.

Management are pleased with the financial result for the year. Although revenues have fallen by 8.36% (2014: increase 6.30%) this is due to management's strategy to align the product offering with that of the overall Group. The underlying profitability of the Company has however significantly improved, as reflected through a 2.62% increase in gross margin, reflecting the benefit from integrating into the Group operating platform.

As part of the Group's growth strategy, the Company invested £0.4 million on fixed assets as part of a store improvement program, which is expected to help generate improved future revenues as a result of higher footfall to the improved centres.

The Directors consider the financial position at the end of the year and the result for the year to be in line with their expectation.

Key Performance Indicators ("KPIs")

The Directors monitor the performance of the Company over three main financial KPIs:

- Sales growth;
- Gross margin percentage; and
- Concession income.

These KPIs are applied on a Company wide basis and the performance on these targets is set out below:

- ✓ Sales decline of 8.36% (2014: 6.30 % increase);
- ✓ Gross margin was 52.41% (2014: 49.79%);
- ✓ Concession income was £0.04 million (2014:£0.05 million).

Strategic Report (continued)

Financial Results

Turnover for the year was £2.6 million (2014:£2.8 million). Reported operating profit was £0.2 million (2014: £0.2 million) after charging non cash depreciation of £0.1 million (2014: £0.1 million).

Interest payable and similar charges of £0.1 million (2014: nil) were incurred during the year.

Net assets of £1.3 million (2014: £1.1 million) were reported for the year.

The reported profit for the year was £0.2 million (2014: £0.2 million).

During the current year the Group has adopted FRS 101 after previously stating its results under UK GAAP. This has not had a material impact on the results or financial position reported, for either year. As a result the prior year comparatives have not been restated as no adjustment was required.

Future prospects

The Directors expect the Company to continue to grow and develop over the future years.

There are a number of key initiatives that form part of the Group strategy as set out below, which are expected to have a direct positive impact on the Company.

The two key projects to be rolled out early in 2016 will be the Central distribution centre (CDC) and the multi-channel offer. CDC is expected to bring significant benefit to the margins, as logistics costs will reduce as the Group will be making a single delivery to each centre rather than every supplier delivering direct. Multi-channel is expected to enable the Group to reach new markets and demographics, moving the brand towards full national coverage.

Principal risks and uncertainties

The Directors consider the risk profile of the Company to be closely aligned to that of the overall Group. Therefore the Group strategy towards risk and uncertainty is presented below.

There are a number of potential risks and uncertainties, which could have a material impact on the Group's performance and could cause actual results to differ materially from expected and historic results.

The Directors view the following as the principal risks to the Group:

- Weather;
- liquidity risk, interest rate risk, foreign exchange risk and access to funding;
- price;
- credit.

Weather

The main risk to the Group is the weather due to the nature of the principal activity of the Group which is highly seasonal. The Plant area of the business and associated garden products is particularly susceptible to the weather with adverse weather having a negative impact on the performance especially around our peak season, Spring – Summer.

Strategic Report (continued)

Principal risks and uncertainties (continued)

Weather (continued)
The Directors seek to mitigate this risk by increasing its investment in its restaurants and concessions which are less weather dependent. Additionally, flexibility has been built in to our cost structure to enable the business to respond to specific issues when necessary. Flexible pricing and specific product line initiatives can also be used to generate sales and target increased footfall.

Liquidity risk, interest rate risk, foreign exchange risk and access to funding
Day-to-day operations of the business rely on there being adequate access to funding and maintaining liquidity, as well as enabling future business investment and growth. Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long term funding and liquidity management requirements.

The Directors manage liquidity risk by maintaining adequate reserves and banking facilities in the Group, by monitoring actual and forecast cash flows continuously and matching the maturity profiles of borrowings and undrawn facilities that the Group has at its disposal to reduce further liquidity risk.

The Board approves treasury policies which are controlled on a day-to-day basis by senior management within defined guidelines and limits.

The Group borrows in sterling at floating rates of interest, based on LIBOR and a commercial margin. It has an interest rate swap arrangement in place as at 27 December 2015 that expires on 31 March 2017 and buys forward rate foreign currency contracts when necessary. The Group hedges against the movement in the United States dollar exchange rate by purchasing forward rate foreign exchange contracts for the total amount required.

At 27 December 2015, the Group had fixed its interest rates for approximately 90% (28 December 2014: 90%) of its core senior debt. No other speculative positions have been taken in respect of interest rates, financial instruments or foreign currency transactions.

Price risk
Due to the nature of our business being retail we are heavily dependent on our suppliers and their associated cost prices. If suppliers were to increase their prices the business would have to decide whether to pass these prices on to our customers (if they thought this would not impact demand) or whether to seek alternative suppliers.

Strategic Report (continued)

Principal risks and uncertainties (continued)

Price risk (continued)
The Group has good relationships with all main suppliers having developed relationships over many years. The size and scale of the Group's business means that it is well placed in negotiating prices and contracts are for a sufficient term to reduce any exposure to price changes.

Credit risk
Due to the business relying on external funding, there is a risk that the Group may not be able to meet these commitments as they fall due.

The following covenants are in place to ensure the Group does not default on any of its financial commitments which are tested on a quarterly basis:

- fixed charge cover, and
- senior leverage ratio.

Approved by the Board of Directors on 26 May 2016 and signed on behalf of the Board:

AJones.

Anthony Jones
Director

Directors' report

Principal activity

The principal activity of the Company is the operation of garden centres within the United Kingdom. The Directors expect the Company to continue to grow and develop over the future years.

Going concern

The Group has debt facilities comprising £240.0 million of senior bank debt, of which £95.0 million expires in 2018 and £145.0 million expires in 2019. The Group also has £38.0 million unsecured loan notes which expire in April 2022 and an unsecured loan from its parent Company of £138.1 million, expiring in April 2022. As at 27 December 2015 the Group had an outstanding external debt facility drawn down of £261.1 million (2014: £167.2 million). During the year the Group made principal debt repayments of £6.3 million (2014: £5.9 million).

There are two financial covenants attached to the external senior debt which are tested on a quarterly basis, both of which are expected to be met for at least 12 months from the date of signing these financial statements based on the Director's review and financial projections. In addition, the Group is subject to annual spending limits in regards to Capex. This is not anticipated to impact going concern, as this type of spend is discretionary.

The Group is expecting to continue to grow over the coming years, generating cash flow and improving profitability. Based on the financial projections, the debt facilities available and a review of covenant compliance, the Directors believe that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future and for at least 12 months from the date of signing these financial statements. Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements.

Directors

The Directors who served during the year and subsequently were:

Kevin Bradshaw (resigned 9th March 2016)
Roger Mclaughlan (appointed 10th March 2016)
Nils Steinmeyer (resigned 1st April 2016)
Anthony Jones (appointed 6th April 2016)
Stephen Murphy

Officers

The Company Secretaries who served during the year and subsequently were:

Nils Steinmeyer (resigned 11th February 2016)
Elizabeth Ward (appointed 11 February 2016)

Directors' report (continued)

Post balance sheet events

There were no disclosable post balance sheet events prior to the date of signature of this report and financial statements.

Dividends

The Company paid £nil dividends in the year (2014: £0.1 million).

Health and safety

The Group, of which the Company is a member, has a policy to protect, so far as is reasonably practical, the health and safety and welfare of all of its employees, customers and other visitors to its premises and to comply with relevant health and safety legislation. The Group has a comprehensive health and safety policy which is reviewed and updated regularly. Risk assessments are undertaken to assess hazards and whom they affect. A formal structure of audit and management reporting exists with a monitoring process which is regularly reviewed by the Directors.

Environmental policy

The Group, of which the Company is a member, is committed to reducing the impact on the environment of the products it sells and continues actively to promote peat-free growing media, FSC timber and is working with suppliers to engage on the key issues affecting their products. The Group is also committed to reducing its CRC emissions and the Directors have adopted a policy to reduce emissions within each garden centre and to invest in energy saving initiatives.

Employee involvement

The Group of which the Company is a member has a policy of open information to employees concerning factors affecting their interests as employees and also the development of the Group. It consults employees on a regular basis to ensure that their views are taken into account in making decisions on matters likely to affect their interests.

Disabled employees

The Group of which the Company is a member has a policy to give full and fair consideration to suitable applications for employment by disabled persons, having regard to particular aptitudes and abilities.

Disabled employees are eligible to participate in all training, career development and promotion opportunities available to all staff. Opportunities also exist for employees of the Group who become disabled, to continue their employment or to be trained in other positions in the Group.

Policy on payment of suppliers

The Group of which the Company is a member has a policy concerning the payment of suppliers to agree terms of payment at the start of business with each supplier and to adhere to these terms in accordance with the contractual obligations.

Directors' report (continued)

Disclosure of information to auditor

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

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is 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.

Auditor

Deloitte LLP has expressed their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board of Directors on May 2016 and signed on behalf of the Board:

Anthony Jones
Director

Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Genrally Accepted Accounting Practice (United Kingdom Accounting standards and applicable law), including Financial Reporting Standard 101 Reduced Disclosure Framework. 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 or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of Raglan Garden Centre Limited

We have audited the financial statements of Raglan Garden Centre Limited for the year ended 27 December 2015 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

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

Respective responsibilities of Directors and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, that knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 27 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Independent auditor's report to the members of Raglan Garden Centre Limited (continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Other matter

As the Company was exempt from audit under section 477 of the Companies Act 2006 in the prior year we have not audited the corresponding amounts for that year.

Emma Cox BA ACA (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

London, United Kingdom

26 May 2016

Raglan Garden Centre Limited

Registered Number: 02654884

Profit and loss account
For the year ended 27 December 2015

	Note	2015	For the period ending 31 Dec 2014 (unaudited)
		£'000	£'000
Turnover	2,4	2,597	2,834
Cost of sales		(1,236)	(1,423)
Gross profit		1,361	1,411
Sales and distribution costs		(820)	-
Administrative expenses		(365)	(1,230)
Other operating income	4	44	46
Operating profit	5	220	227
Interest receivable and similar income	6	72	-
Interest payable and similar charges	7	(93)	(7)
Profit on ordinary activities before taxation		**199**	**220**
Tax on ordinary activities	8	(48)	(54)
Profit for the year	17	**151**	**166**

All results are from continuing operations.

Raglan Garden Centre Limited

Registered Number: 02654884

Statement of comprehensive income
For the year ended 27 December 2015

	Note	2015	For the period ending 31 Dec 2014 (unaudited)
		£'000	£'000
Profit for the year	17	151	166
Total comprehensive income for the year attributable to the owners of the Company		**151**	**166**

Raglan Garden Centre Limited

Registered Number: 02654884

Balance sheet
As at 27 December 2015 (2014: 31 December 2014)

	Note	2015 £'000	2014 (unaudited) £'000
Fixed assets			
Property, plant and equipment	10	1,368	1,028
Investments		-	-
		1,368	**1,028**
Current assets			
Stocks	11	352	432
Debtors -due within one year	12	1,270	10
Cash at bank and in hand	13	-	385
		1,622	**827**
Trade and other payables	14	**(1,689)**	**(704)**
Net current (liabilities)/assets		**(67)**	**123**
Non-current liabilities			
Deferred tax liability	15	(16)	(17)
Net assets		**1,285**	**1,134**
Capital and reserves			
Called up share capital	16	40	40
Profit and loss account	17	1,245	1,094
Total shareholder's funds		**1,285**	**1,134**

The financial statements were approved by the Board of Directors and authorised for issue on 26 May 2016. They were signed on its behalf by:

AJones

Anthony Jones
Director

Raglan Garden Centre Limited

Registered Number: 02654884

Statement of changes in equity
As at 27 December 2015

	Called up share capital	Profit and loss account	Total shareholder's funds
	£'000	£'000	£'000
Balance at 1 January 2014 (unaudited)	40	1,014	1,054
Total comprehensive income for the year	-	166	166
Dividend paid		(86)	(86)
At 31 December 2014 (unaudited)	40	1,094	1,134
Total comprehensive income for the year	-	151	151
At 27 December 2015	**40**	**1,245**	**1,285**

Notes to financial statements (continued)
For the year ended 27 December 2015

1. General information

Raglan Garden Centre 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 6.

These financial statements are individual entity financial statements. The Company is exempt from the preparation of consolidated financial statements, because it is included in the group financial statements of Wyevale Garden Centres Capital Limited. The Group financial statements of Wyevale Garden Centres Capital Limited are available to the public and can be obtained as set out in note 18.

Basis of accounting

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, in the year ended 27 December 2015, the Company has undergone transition from reporting under UK GAAPs to FRS 101 as issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council. This transition is not considered to have had a material effect on the financial statements.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to presentation of comparative information of certain assets, financial instruments, presentation of a cash-flow statement, standards not yet effective and related party transactions.

Where required, equivalent disclosures are given in the group financial statements of Wyevale Garden Centres Capital Limited,which are available to the public and can be obtained as set out in note 18.

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

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 2015 (2014: 31 December 2014) as it is not more than 7 days after or before the end of the year dated 31 December 2015 (2014: 31 December 2014).

Going concern

The Group has debt facilities comprising £240.0 million of senior bank debt, of which £95.0 million expires in 2018 and £145.0 million expires in 2019. The Group also has £38.0 million unsecured loan notes which expire in April 2022 and an unsecured loan from its parent company of £138.1 million, expiring in April 2022. As at 27 December 2015 the Group had an outstanding external debt facility drawn down of £261.1 million (2014: £167.2 million). During the year the Group made principal debt repayments of £6.3 million (2014: £5.9 million).

There are two financial covenants attached to the external senior debt which are tested on a quarterly basis, both of which are expected to be met for at least 12 months from the date of signing these financial statements based on the Director's review and financial projections. In addition, the Group is subject to annual spending limits in regards to Capex. This is not anticipated to impact going concern, as this type of spend is discretionary.

Notes to financial statements (continued)
For the year ended 27 December 2015

1. General information (continued)

Going concern (continued)

The Group is expecting to continue to grow over the coming years, generating cash flow and improving profitability. Based on the financial projections, the debt facilities available and a review of covenant compliance, the Directors believe that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future and for at least 12 months from the date of signing these financial statements. Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements.

2. Significant accounting policies

The principal accounting policies adopted are set out as follows:

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents sales of goods and services in the normal course of business, net of applicable discounts, value added tax and other sales related taxes. Sales of goods are recognised when goods are delivered and title has passed. Concession income and rental income are accrued on a time basis and are recognised within 'other operating income'.

Operating profit

Operating profit is stated after charging exceptional costs but before investment income and finance costs.

Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and any provision for impairment. Depreciation is provided on all plant and equipment at rates calculated to write-off the cost, less residual value of each asset on a straight-line basis over its expected useful life as follows:

• Freehold land and buildings	Over 50 years on cost or valuation less residual value
• Plant and equipment	10 - 33% of cost per annum

The estimated residual values of assets are determined by the Directors by reference to the ongoing review of the condition of the assets and consideration of other factors relevant to the market values excluding inflation. 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 profit and loss account.

Notes to financial statements (continued)
For the year ended 27 December 2015

2. Significant accounting policies (continued)

Impairment of assets (other than goodwill)

The Company reviews the carrying amounts of its tangible and intangible assets annually to determine whether 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 Group'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 Group's 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.

Stock

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less costs to be incurred in marketing, selling and distribution.

Taxation

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

Taxable profit differs from profit before tax as reported in the profit and loss account 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.

The carrying amount of deferred tax assets is reviewed at each Balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited to equity directly, in which case the deferred tax is also dealt with in equity.

Notes to financial statements (continued)
For the year ended 27 December 2015

2. Significant accounting policies (continued)

Financial instruments

Financial assets and liabilities are recognised on the Company's Balance sheet when the Company becomes party to the contractual provisions of the instrument. The Company has determined the classes of financial assets and liabilities to be trade and other receivables, and trade and other payables.

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.

Trade and other receivables
Trade and other receivables 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 profit and loss account when there is objective evidence that the asset is impaired.

Financial liabilities

Trade and other payables

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

Share capital

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

Notes to financial statements (continued)
For the year ended 27 December 2015

3. Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the Company's accounting policies which are described above, management have not made any significant judgements that effect the amounts recognised in the financial statements aside from the application of the assumptions below.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the Balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Inventory provisioning

Determining inventory provisioning involves estimating the recoverable amount of the inventory held by the Company. Calculating the recoverable amount of inventory requires a degree of estimation in terms of the likely demand and prices for individual inventory items. Management monitor demand very closely and continue to ensure any changes in the market are appropriately reflected.

Impairment of assets

Determining whether assets are impaired requires an assessment of the cash generating units ("CGU") to which assets have been allocated and an estimation of the value in use of the CGU to which assets have been allocated. The value in use calculation requires the Company to estimate the future cash flows expected to arise from the CGU and a suitable discount rate to calculate present value.

Depreciation and carrying amounts of property, plant and equipment

Calculating the depreciation charge and hence the carrying value for property, plant and equipment requires estimates to be made of the useful lives of the assets The estimates are based on the Group's experience of similar assets. Details are set out in note 2.

Tax provisions

Assessing the outcome of uncertain tax positions requires judgments to be made regarding the result of negotiations with and enquiries from tax authorities. The assessments made are based on advice from independent tax advisers and the status of on-going discussions with the relevant tax authorities.

4. Turnover

	2015	2014 (unaudited)
	£'000	£'000
Sales of goods	2,597	2,834
Turnover	2,597	2,834
Concession income	44	46
Total revenue	2,641	2,880

Notes to financial statements (continued)
For the year ended 27 December 2015

5. Operating profit for the financial year

Operating profit for the year has been arrived at after charging/ (crediting):

	2015	2014 (unaudited)
	£'000	£'000
Depreciation charge for the year (note 10)	71	93
Cost of stock recognised as expense	1,164	1,423
Stock provision increase	72	-
Auditor's remuneration for audit services	5	-

Fees paid to the Company's auditor for services other than the statutory audit of the Company are not disclosed in these financial statements since the consolidated financial statements of Wyevale Garden Centres Capital Limited are required to disclose non-audit fees on a consolidated basis.

6. Interest receivable and similar income

	2015	2014 (unaudited)
	£'000	£'000
Interest on intercompany loans	72	-
	72	-

7. Interest payable and similar charges

	2015	2014 (unaudited)
	£'000	£'000
Interest on intercompany loans	93	-
	93	-

8. Tax on ordinary activities

	2015	2014 (unaudited)
	£'000	£'000
Current tax		
Corporation tax credit for the year	49	58
Total current tax	49	58
Deferred tax		
Deferred taxation credit for the year (see note 15)	(1)	(4)
Tax on profit on ordinary activities	**48**	**54**

Notes to financial statements (continued)
For the year ended 27 December 2015

8. Tax on ordinary activities (continued)

The UK corporation tax rate reduced from 21% to 20% from 1 April 2015. In accordance with the Finance (No.2) Act 2015, the UK corporation tax rate will reduce to 19% from 1 April 2017 and 18% from 1 April 2020. As these changes had been substantively enacted at the Balance sheet date they are reflected in these financial statements. A further reduction to 17% was announced in the 2016 Budget, however this change had not been substantively enacted at the Balance sheet date and has therefore not been reflected in these financial statements.

The charge for the year can be reconciled to the profit in the profit and loss account as follows:

	2015	2014 (unaudited)
	£'000	£'000
Profit before tax	199	220
Tax at the UK corporation tax rate of 20.49% (2014: 21.49%)	41	47
Expenses not deductible for tax purposes	10	7
Differences in tax rates	(3)	-
Current and deferred tax for the year	**48**	**54**

9. Staff costs

The Company does not employ any staff (2014: nil).

The Directors and executive management team who are the key management personnel of the Company are paid by other group companies and received total emoluments of £3,069,000 during the year (2014: £3,687,000) but it is not practicable to allocate their remuneration from other group companies for services rendered. In addition, nine of these individuals were accruing benefits under a defined contribution pension scheme (2014: eight).

Notes to financial statements (continued)
For the year ended 27 December 2015

10. Property, plant and equipment

	Land and buildings	Plant and equipment	Motor vehicles	Total
	£'000	**£'000**	**£'000**	**£'000**
Cost				
At 1 January 2014 (unaudited)	1,582	921	-	2,503
Additions	-	0	5	5
Disposals	-	-	-	-
At 31 December 2014 (unaudited)	1,582	921	5	2,508
Inter-Group asset transfer	-	11	-	11
Additions	-	400	-	400
Disposals	-	-	-	-
At 27 December 2015	1,582	1,332	5	2,919
Accumulated depreciation and impairment				
At 1 January 2014 (unaudited)	606	758	-	1,364
Charge for the year	67	49		116
At 31 December 2014 (unaudited)	673	807	-	1,480
Charge for the year	-	66	5	71
At 27 December 2015	673	873	5	1,551
Net book amount				
At 27 December 2015	909	459	-	1,368
At 31 December 2014 (unaudited)	909	114	5	1,028

Notes to financial statements (continued)
For the year ended 27 December 2015

11. Stock

	2015	2014 (unaudited)
	£'000	£'000
Finished goods and goods held for resale	352	432

12. Debtors – due within one year

	2015	2014 (unaudited)
	£'000	£'000
Trade debtors	-	10
Amounts owed by Group undertakings	1,270	-
	1,270	10

The Directors consider that the carrying amount of the other receivables approximate their fair value. Interest is charged at 6% on amounts owed to Group undertakings, which are repayable on demand.

13. Cash at bank and in hand

	2015	2014 (unaudited)
	£'000	£'000
Cash at bank and in hand	-	385

14. Trade and other payables

	2015	2014 (unaudited)
	£'000	£'000
Trade creditors	-	704
Group relief	49	-
Amounts owed to Group undertakings	1,640	-
	1,689	704

The Directors consider that the carrying amount of the other payables approximate their fair value. Interest is charged at 6% on amounts owed to Group undertakings, which are repayable on demand.

Notes to financial statements (continued)
For the year ended 27 December 2015

15. Deferred tax

The following are the major deferred tax assets and liabilities recognised by the Company and movements thereon during the current and prior reporting year:

	Accelerated Capital Allowances £'000	Total £'000
At 1 January 2014 (unaudited)	21	21
Credit for the period	(4)	(4)
At 31 December 2014 (unaudited)	17	17
Credit for the year	(2)	(2)
Adjustment in respect of rate changes	2	2
Adjustment in repect to prior years	(1)	(1)
At 27 December 2015	16	16

As described in note 8, the UK corporation tax rate reduced from 21% to 20% from 1 April 2015. In accordance with the Finance (No.2) Act 2015, the UK corporation tax rate will reduce to 19% from 1 April 2017 and 18% from 1 April 2020. As these changes had been substantively enacted at the Balance sheet date they are reflected in these financial statements. A further reduction to 17% was announced in the 2016 Budget, however this change had not been substantively enacted at the Balance sheet date and has therefore not been reflected in these financial statements.

16. Called up Share capital

	2015 £'000	2014 (unaudited) £'000
Allotted, called up and fully paid		
40,000 ordinary shares of £1 each	40	40
	40	40

Notes to financial statements (continued)
For the year ended 27 December 2015

17. Reserves

	Profit and loss account
	£'000
At 1 January 2014 (unaudited)	1,014
Profit for the financial year	166
Dividend paid	(86)
At 31 December 2014 (unaudited)	1,094
Profit for the financial year	**151**
At 27 December 2015	**1,245**

Guarantees:

At the date of the balance sheet the Company was listed as an obligor company for the external borrowings of the Group's debt facilities.

18. Ultimate parent company and controlling party

The Company's immediate parent undertaking is Wyevale Garden Centres Limited, a company registered in England and Wales.

The Company's ultimate parent undertaking is Wyevale Garden Centres Capital Limited, a company registered in England and Wales. This is the largest group in which the company's results are consolidated. Trellis Investments Limited is the smallest group in which company's results are consolidated.

Copies of the group financial statements of Wyevale Garden Centres Capital Limited are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ. The Company's ultimate owner is Terra Firma Holdings Limited a company registered in Guernsey, and the Directors consider Guy Hands to be the ultimate controlling party.

19. Explanation of transition to FRS 101

This is the first year that the Company has presented its financial statements under FRS 101 (Financial Reporting Standard 101) issued by the Financial Reporting Council. The latest financial statements under a previous GAAP (UK GAAP) were for the year ended 31 December 2014, and the date of transition was 1 January 2014. There has been no impact to the financial information previously reported as a result in the change of GAAP.