

Registered number: NI027321

Westland Horticulture Limited
Annual report and consolidated financial statements
for the period ended 30 August 2020



Westland Horticulture Limited

Annual report and consolidated financial statements for the period ended 30 August 2020

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Westland Horticulture Limited

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Directors and advisers

Directors

Edward Conroy
Robert Lavery
John McVeigh (resigned 9 February 2021)
John McDowell
Keith Nicholson
Scott Dougherty
Peter Madden
Michael Murdock

Company secretary

John McVeigh (resigned 9 February 2021)

Registered office

14 Granville Industrial Estate
Granville Road
Dungannon
Tyrone
Northern Ireland
BT70 1NJ

Solicitors

Tughans
Marlborough House
30 Victoria Street
Belfast
BT1 3GG

Bankers

Danske Bank
Donegall Square West Branch
PO BOX 183
Belfast
BT1 6JS

Independent auditors

Ernst & Young LLP
16 Bedford St
Belfast
BT2 7DT

Westland Horticulture Limited

Strategic report for the period ended 30 August 2020

The directors present their strategic report on the group and the company for the period ended 30 August 2020.

Principal activities

The principal activities of the group are the processing and distribution of products for the gardening and horticulture markets and the sale of bird seed and related products.

Review of the business and future developments

Performance

The group's recorded profit for the financial year of £11,374,015 (2019: £8,601,003). The trading results and year end financial position were considered to be satisfactory. The directors believe that there are still opportunities for growth as new lines are introduced to the growing media and fertilizer market. The group has grown revenue both organically and through acquisitions while maintaining gross margin percentages at the prior year level. Net assets of the group have increased by £5,727,528 from £51,330,137 to £57,057,665 due to the profits for the year. Cash levels remain strong at £35,546,366 (2019: £16,469,022). Gross assets and liabilities on the balance sheet have been impacted by the hive up of Crest Garden Limited in the year plus increased activity of the group and European subsidiaries which contributed to the increases in trade debtors and creditors.

Future developments

The directors are satisfied with the results for the year. The directors have plans in place to ensure the group is strongly placed to retain its market position and continued profitability. Since the year end performance to date has been encouraging, the COVID-19 pandemic has created unique challenges for the business, we continue to monitor but we do not foresee at present any material impact on our future performance. Further detail on COVID-19 is discussed in the going concern section.

Section 172(1) Statement on Stakeholder Engagement

The Companies (Miscellaneous Reporting) Regulations 2018 (the "Regulations") have been in force with effect from 1 January 2019. The Regulations aim to extend sustainable and responsible governance practice beyond listed companies to private limited companies. The Regulations require a Director of a company to act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- (a) the likely consequences of any decision in the long term;
- (b) the interests of the company's employees;
- (c) the need to foster the company's business relationships with suppliers, customers and others;
- (d) the impact of the company's operations on the community and the environment;
- (e) the desirability of the company maintaining a reputation for high standards of business conduct, and
- (f) the need to act fairly as between members of the company.

Decision making and Corporate Governance

The Company's Board of Directors (the "Board") have the necessary skills and experience required to identify the impact of their decisions on the Company's stakeholders, and where relevant, the likely consequences of the decisions in the long term.

The Board meet each month to review and discuss the performance of both the business, and the wider Group. The review will encompass both financial (for example Profit & Loss and Sales performance) and non-financial metrics (for example Health & safety, sustainability and any ongoing strategic projects).

The Board will consider all relevant, available information and make decisions based on the long-term interests of the business and/or Group.

An example of key decision making in 2020 was the appropriate response to the Covid-19 pandemic. While Covid-19 is also referenced in the Directors Report, the Board met regularly to discuss and assess the impact the pandemic was having on its employees, customers, suppliers and marketplace in general, and sought to react accordingly with appropriate actions.

Westland Horticulture Limited

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Strategic report for the period ended 30 August 2020 (continued)

Section 172(1) Statement on Stakeholder Engagement (continued)

Stakeholder engagement

The Directors continue to have regard to the interests of the Company's employees and other stakeholders, including the impact on the environment which is referenced in the Directors Report.

The Board regularly reviews the engagement with our principal stakeholders, through management reporting and direct engagement with the various stakeholders themselves. The board seeks to consider the needs and priorities of each stakeholder group during its discussions and as part of its decision making.

The Board continues to develop its methods of engagement with employees, particularly during the Covid-19 pandemic, including regularly communications from management and confidential support where appropriate. This is also referenced in the Directors Report.

Engagement with customers and suppliers is on-going by management. All stakeholders are central to the efficient and successful operation of the business, which has been highlighted through the challenges presented by the pandemic and also by Brexit.

Principal risks and uncertainties

Performance of the group is affected by general economic conditions and by specific sectoral factors, relevant key examples presently being uncertainties surrounding BREXIT, exchange rate volatility and the adverse impact of the COVID-19 worldwide pandemic. These risks are managed by regular monthly board meetings of the directors and senior leadership team with each risk considered and assessed and plans put in place to address and mitigate any potential downside scenarios. The board carries out regular strategic reviews including assessments of competitor activity, market trends and forecasts and customer behaviour. The security of product supply is monitored by the directors on an ongoing basis with supplier financial strength, product quality and service levels regularly reviewed. The group's active review of market prices and use of European subsidiaries provides protection and maximises opportunities from these factors. Brexit remains under constant review and the group has plans in place to mitigate against any potential disruption to the groups supply chain and any potential impact on its customer base. As a result of COVID-19 there has been increased demand for horticulture products and the group has performed satisfactory during 2021.

The core risks associated with the group's financial instruments (i.e. its interest bearing loans and debt, cash and cash equivalents, short dated liquid investments and finance leases and on the operational trade receivables and payables) are currency risk, interest rate risk, credit risk and liquidity risk.

Environment

The group recognises its corporate responsibility to carry out its operations whilst minimising environmental impacts. The directors' continued aim is to comply with all applicable environmental legislation, prevent pollution and reduce waste wherever possible.

Key performance indicators (KPIs)

The group's key performance indicators are as follows:

	2020	2019	2018
Movement in sales	14%	38%	1%
Gross margin	25%	26%	25%
Net profit percentage	7%	5%	4%
Employee numbers	747	740	606

Movement in sales: These figures represent the movement in sales for the period ended 30 August 2020, period ended 31 August 2019 and the period ended 31 August 2018. The significant increase in movement in sales from 2018 to 2019 is reflective of the Gardman Limited acquisition and organic growth.

Gross margin: The overall gross margin has remained reasonably constant.

Net profit percentage: The net profit percentage has remained reasonably constant.

Westland Horticulture Limited

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Strategic report for the period ended 30 August 2020 (continued)

Financial risk management

The group's operations expose it to a variety of financial risks that include foreign exchange risk, credit risk, liquidity risk and interest rate risk. The group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the group by monitoring levels of debt finance and the related finance costs.

Given the size of the group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the group finance department.

Foreign exchange risk

While the greater part of the group's revenues and expenses are denominated in sterling, the group is exposed to some foreign exchange risk in the normal course of business, principally from sales and purchases in euros. The group has used financial instruments to hedge foreign exchange exposure and this position is kept constantly under review.

Credit risk

The group has implemented policies that require appropriate credit checks on potential customers before sales are made. The group has no significant concentration of credit risk with the total exposure spread over a number of debtors. The amount of exposure to individual customers is subject to a limit, which is reassessed regularly by the board.

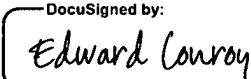
Liquidity risk

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

Interest rate risk

The group has both interest bearing assets and interest bearing liabilities. Interest bearing assets include cash balances which earn interest at both fixed and variable rates. Interest bearing liabilities relate to bank loans, overdrafts and finance lease agreements. The group debt is primarily maintained at variable rates although it also utilises a number of fixed rate loans.

On behalf of the Board

DocuSigned by:

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Edward Conroy
Director
28 May 2021

Westland Horticulture Limited

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Directors' report for the period ended 30 August 2020

The directors present their report and the audited consolidated financial statements of the group and company for the period ended 30 August 2020.

Results and dividends

The results for the group show a profit for the financial year of £ 11,374,015 (2019: £8,601,003) on sales of £ 208,034,460 (2019: £182,381,790) for the financial year. A cash dividend of £1,500,000 (2019: £1,500,000) was paid during the year. The directors do not recommend a final dividend be paid (2019: £nil).

Directors

The directors of the company who were in office during the year, and up to the date of signing the financial statements, are shown below:

Edward Conroy
Robert Lavery
John McVeigh (resigned 9 February 2021)
John McDowell
Keith Nicholson
Scott Dougherty
Peter Madden
Michael Murdock

Environment

The group recognises its corporate responsibility to carry out its operations whilst minimising environmental impacts. The directors' continued aim is to comply with all applicable environmental legislation, prevent pollution and reduce waste wherever possible.

Health and safety

The group is committed to achieving the highest practicable standards in health and safety management and strives to make all sites and offices safe environments for employees and customers alike.

Human resources

The group's most important resource is its people; their knowledge and experience is crucial to meeting customer requirements. Retention of key staff is critical and the group has invested increasingly in employment training and development and has introduced appropriate incentive and career progression arrangements.

Research and development activities

The group is strongly committed to research and development activities in order to secure and enhance its market position. Research and development expenditure is charged to the profit and loss account in the year in which it is incurred.

Employment policies

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the group continues and the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of the group.

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Directors' report for the period ended 30 August 2020 (continued)

Political donations

No donations for political purposes were made during the year (2019: £nil).

Post balance sheet events

The Group has no post balance sheet events to report.

Going concern

From March 2020, the UK and Ireland have been in the midst of the COVID-19 pandemic, which has presented unique and unprecedented challenges to the business and wider gardening industry.

The group has recognized the inherent risks posed by COVID-19. To date we have introduced a variety of contingency measures and mitigating actions, in line with current government advice and guidelines. The group continues to monitor the situation daily and will take all necessary precautionary steps when assessing, and adapting to, the evolving pandemic.

Where necessary, the directors have taken precautions in line with government advice and guidelines, including the temporary closure of several sites. The group did continue to operate several head office functions remotely, particularly during the early part of lockdown. The group has sought to mitigate the effect of the necessary restrictions by reducing all "non-essential" expenditure.

The group has considered the impact of COVID-19 on the group's financial performance and cashflows and has modelled the potential impact of any further national restrictions and the wider effect of an economic slowdown. The directors have assessed potential downside scenarios of COVID-19 on the group's forecasts and given the strong cash balances within the group, the directors conclude there is sufficient headroom within forecasts. The commercial impact of the pandemic on the group has been minimal so far and the group has performed satisfactorily during 2021. The directors expect the group to continue to be cash generative. The directors believe that the group is well placed to manage the business risks and accordingly, continue to adopt the going concern basis of accounting in preparing the annual financial statements.

SECR – Streamlined Energy & Carbon Report

	2020
TOTAL TC02E EMISSIONS	6,359
TOTAL ENERGY USED (KWH) TO CALCULATE TC02E	30,657,424
TOTAL TC02E/£M	30.56

* TC02e represents Tonnes Carbon Dioxide equivalent

* KWH Represents total kilo watt Hours

* Total tonnes of Carbon Emissions equivalent per £1M of sales revenue

The methodology used to calculate and quantify our organisational GHG emissions and energy are in line with and according to the (GHG) Reporting Protocol. Energy use data has been collated and converted into Carbon Dioxide equivalent (Co2e) using the 2019 HM Government Environmental Reporting guidelines along with along with the 2020 UK Government Conversion Factors for Company reporting / (DEFRA) in order to calculate emissions from corresponding activity data. Our first will be in line with our current year of 1st September 2019 – 30th August 2020. 2019/2020 is the first mandatory reporting year therefore we have not included any comparative information. Reasons for change in Energy & Emissions will be stated from SECR year 2 onwards.

Sustainability approach

Westland have set sustainability goals throughout the company covering the areas of waste, packaging, emissions, supplier sustainability, product development and providing our employees with healthier and safer working conditions that define what it means for us to operate responsibly. Westland are committed to reducing energy consumption across the group including further initiatives to increase renewable utility supplies and reduce waste to landfill across all sites. Environmental and Social Governance (ESG) monitoring and targeting has been introduced to improve and track progress.

Westland Horticulture Limited

Directors' report for the period ended 30 August 2020 (continued)

Future developments

The section on future developments which is detailed in the strategic report is included in this report by cross reference.

Financial risk management

The section on financial risk management which is detailed in the strategic report is included in this report by cross reference.

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 law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Statement of disclosure of information to auditors


So far as each of the directors in office at the date of approval of these financial statements is aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

Ernst & Young LLP was appointed auditor during the period. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Ernst & Young LLP will therefore continue in office.

On behalf of the Board

DocuSigned by:

0A360F75EEE9406...
Edward Conroy
Director
28 May 2021

Westland Horticulture Limited

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Independent auditors' report to the members of Westland Horticulture Limited

Opinion

We have audited the financial statements of Westland Horticulture Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 30 August 2020 which comprise the consolidated profit and loss account, consolidated statement of comprehensive income, consolidated balance sheet, company balance sheet, consolidated statement of changes in equity, company statement of changes in equity, consolidated cash flow statement and the related notes 1 to 29, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the group's and of the parent company's affairs as at 30 August 2020 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Westland Horticulture Limited

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Independent auditors' report to the members of Westland Horticulture Limited (continued)

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which 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 parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

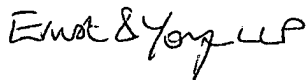
Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.



*Michael Kidd (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Belfast
28 May 2021*

Westland Horticulture Limited

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Consolidated profit and loss account for the period ended 30 August 2020

	Note	2020 £	2019 £
Turnover	5	208,034,460	182,381,790
Cost of sales		(156,238,814)	(134,830,268)
Gross profit		51,795,646	47,551,522
Distribution costs		(14,010,433)	(18,206,107)
Administrative expenses		(22,881,498)	(18,899,292)
Administrative expenses analysed as:			
Non-exceptional administrative expenses		(19,917,121)	(15,604,003)
Exceptional items	6	(2,964,377)	(3,295,289)
Other operating income		187,976	156,385
Operating profit	7	15,091,691	10,602,508
Interest payable and similar expenses	10	(560,612)	(432,841)
Profit before taxation		14,531,079	10,169,667
Tax on profit	11	(3,157,064)	(1,568,664)
Profit for the financial year		11,374,015	8,601,003
Profit attributable to:			
Owners of the parent		11,374,015	8,602,560
Minority interests	27	-	(1,557)
Profit for the financial year		11,374,015	8,601,003

The notes on pages 16 to 35 are an integral part of these financial statements.

Consolidated statement of comprehensive income for the period ended 30 August 2020

	2020 £	2019 £
Profit for the financial year	11,374,015	8,601,003
Currency translation differences on foreign currency net investments	-	(87,199)
Movement on revaluation of tangible assets	-	1,840,543
Intercompany reserve movement	(4,146,487)	-
Total comprehensive income for the year, net of tax	7,227,528	10,354,347
Total comprehensive income attributed to:		
Owners of the parent	7,227,528	10,355,904
Minority interests	-	(1,557)
Total comprehensive income for the year, net of tax	7,227,528	10,354,347

Westland Horticulture Limited

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Consolidated balance sheet as at 30 August 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	13	1,125,315	1,687,959
Tangible assets	14	42,659,855	41,807,059
Investments	15	85	38,755
		43,785,255	43,533,773
Current assets			
Stocks	16	30,231,980	34,245,137
Debtors	17	64,527,050	40,768,076
Cash at bank and in hand		35,546,366	16,469,022
		130,305,396	91,482,235
Creditors: amounts falling due within one year	18	(106,385,157)	(70,271,410)
Net current assets		23,920,239	21,210,825
Total assets less current liabilities		67,705,494	64,744,598
Creditors: amounts falling due after more than one year	19	(7,073,543)	(10,956,164)
Provisions for liabilities	21	(3,574,286)	(2,458,297)
Net assets		57,057,665	51,330,137
Capital and reserves			
Called up share capital	24	8,422	8,422
Revaluation reserve		17,085,751	17,085,751
Capital redemption reserve		1,578	1,578
Capital contribution reserve		476,698	476,698
Other reserve		(4,146,487)	-
Profit and loss account		43,631,703	33,757,688
Total shareholders' funds		57,057,665	51,330,137
Minority interests	27	-	-
Capital employed		57,057,665	51,330,137

The notes on pages 16 to 35 are an integral part of these financial statements.

The financial statements on pages 10 to 35 were approved by the board of directors on 28 May 2021 and were signed on its behalf by:

DocuSigned by:

Edward Conroy

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Edward Conroy
Director

Registered number: NI027321

Westland Horticulture Limited


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Company balance sheet as at 30 August 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	13	1,125,315	1,687,959
Tangible assets	14	39,250,709	38,983,069
Investments	15	33,691	72,361
		40,409,715	40,743,389
Current assets			
Stocks	16	27,317,432	30,832,872
Debtors	17	71,451,336	43,416,409
Cash at bank and in hand		32,089,638	16,150,655
		130,858,406	90,399,936
Creditors: amounts falling due within one year	18	(101,491,690)	(67,132,941)
Net current assets		29,366,716	23,266,995
Total assets less current liabilities		69,776,431	64,010,384
Creditors: amounts falling due after more than one year	19	(7,073,543)	(10,225,848)
Provisions for liabilities	21	(3,574,286)	(2,458,297)
Net assets		59,128,602	51,326,239
Capital and reserves			
Called up share capital	24	8,422	8,422
Revaluation reserve		14,164,713	14,164,713
Capital redemption reserve		1,578	1,578
Profit and loss account			
At 1 September		37,151,526	33,474,714
Profit for the financial year		13,448,850	5,176,812
Other reserve		(4,146,487)	-
Dividends paid		(1,500,000)	(1,500,000)
At 30 August		44,953,889	37,151,526
Total shareholders' funds		59,128,602	51,326,239

The notes on pages 16 to 35 are an integral part of these financial statements.

The financial statements on pages 10 to 35 were approved by the board of directors on 28 May 2021 and were signed on its behalf by:

DocuSigned by:

 0A360F75EEE9406...
Edward Conroy
 Director

Registered number: NI027321

Westland Horticulture Limited

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Consolidated statement of changes in equity for period ended 30 August 2020

	Called up share capital	Capital redemption reserve	Capital contribution reserve	Profit and loss account	Revaluation reserve	Other reserve	Total shareholders' funds	Minority interests	Capital employed
	£	£	£	£	£	£	£	£	£
Balance as at 1 September 2018	8,422	1,578	-	26,765,799	15,245,208	-	42,021,007	(21,915)	41,999,092
Profit/(loss) for the financial year	-	-	-	8,602,560	-	-	8,602,560	(1,557)	8,601,003
Movement in revaluation of tangible assets	-	-	-	-	1,840,543	-	1,840,543	-	1,840,543
Currency translation differences	-	-	-	(87,199)	-	-	(87,199)	-	(87,199)
Total comprehensive income/(expense) for the year	-	-	-	8,515,361	1,840,543	-	10,355,904	(1,557)	10,354,347
Dividends paid	-	-	-	(1,500,000)	-	-	(1,500,000)	-	(1,500,000)
Capital contribution	-	-	476,698	-	-	-	476,698	-	476,698
Purchase of minority interest	-	-	-	(23,472)	-	-	(23,472)	23,472	-
Total transactions with owners recognised directly in equity	-	-	476,698	(1,523,472)	-	-	(1,046,774)	23,472	(1,023,302)
Balance as at 31 August 2019	8,422	1,578	476,698	33,757,688	17,085,751	-	51,330,137	-	51,330,137

	Called up share capital	Capital redemption reserve	Capital contribution reserve	Profit and loss account	Revaluation reserve	Other reserve	Total shareholders' funds	Minority interests	Capital employed
	£	£	£	£	£	£	£	£	£
Balance as at 1 September 2019	8,422	1,578	476,698	33,757,688	17,085,751	-	51,330,137	-	51,330,137
Profit/(loss) for the financial year	-	-	-	11,374,015	-	-	11,374,015	-	11,374,015
Movement in other reserves	-	-	-	-	-	(4,146,487)	(4,146,487)	-	(4,146,487)
Total comprehensive income/(expense) for the year	-	-	-	11,374,015	-	(4,146,487)	7,227,528	-	7,227,528
Dividends paid	-	-	-	(1,500,000)	-	-	(1,500,000)	-	(1,500,000)
Total transactions with owners recognised directly in equity	-	-	-	(1,500,000)	-	-	(1,500,000)	-	(1,500,000)
Balance as at 30 August 2020	8,422	1,578	476,698	43,631,703	17,085,751	(4,146,487)	57,057,665	-	57,057,665

During the year the group hived up the net assets of one of the larger groups subsidiaries, Crest Garden Ltd. At the period ending 30 August 2020 Crest Garden Ltd's full trade has been transferred to Westland Horticulture Limited, at this time the net assets of the company were transferred to the reserves in Westland Horticulture Limited.

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Company statement of changes in equity for the period ended 30 August 2020

	Called up share capital	Capital redemption reserve	Profit and loss account	Revaluation reserve	Other reserve	Total shareholders' funds
	£	£	£	£	£	£
Balance as at 1 September 2018	8,422	1,578	33,474,714	12,324,170	-	45,808,884
Profit for the financial year	-	-	5,176,812	-	-	5,176,812
Movement on revaluation of tangible assets	-	-	-	1,840,543	-	1,840,543
Total comprehensive income for the year	-	-	5,176,812	1,840,543	-	7,017,355
Dividends paid	-	-	(1,500,000)	-	-	(1,500,000)
Total transactions with owners recognised directly in equity	-	-	(1,500,000)	-	-	(1,500,000)
Balance as at 31 August 2019	8,422	1,578	37,151,526	14,164,713	-	51,326,239

	Called up share capital	Capital redemption reserve	Profit and loss account	Revaluation reserve	Other reserve	Total shareholders' funds
	£	£	£	£	£	£
Balance as at 1 September 2019	8,422	1,578	37,151,526	14,164,713	-	51,326,239
Profit for the financial year	-	-	13,448,850	-	-	13,448,850
Movement in other reserves	-	-	-	-	(4,146,487)	(4,146,487)
Total comprehensive income for the year	-	-	13,448,850	-	(4,146,487)	9,302,363
Dividends paid	-	-	(1,500,000)	-	-	(1,500,000)
Total transactions with owners recognised directly in equity	-	-	(1,500,000)	-	-	(1,500,000)
Balance as at 30 August 2020	8,422	1,578	49,100,376	14,164,713	(4,146,487)	59,128,602

During the year the company hived up the net assets of one of the larger groups subsidiaries, Crest Garden Ltd. At the period ending 30 August 2020 Crest Garden Ltd's full trade has been transferred to Westland Horticulture Limited, at this time the net assets of the company were transferred to the reserves in Westland Horticulture Limited.

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Consolidated cash flow statement for the period ended 30 August 2020

	Note	2020 £	2019 £
Net cash inflow from operating activities	25	25,332,915	(1,701,649)
Taxation paid		(3,200,000)	(1,884,327)
Net cash generated from operating activities		22,132,915	(3,585,976)
Cash flow from investing activities			
Purchase of tangible assets		(2,835,343)	(1,364,731)
Proceeds on disposals of tangible fixed assets		-	175,525
Cash outflow of business combinations		4,146,487	(4,138,064)
Net cash used in investing activities		1,311,144	(5,327,270)
Cash flow from financing activities			
Interest paid		(560,612)	(432,841)
Bank loans advanced		-	8,739,690
Bank loans repaid		(657,450)	(4,761,411)
Repayment of principal under finance lease agreements		(341,237)	(302,256)
(Advances to)/repayments from other group & related undertakings		(1,307,416)	4,295,243
Dividends paid		(1,500,000)	(1,500,000)
Net cash generated from/(used in) financing activities		(4,366,715)	6,038,425
Net (decrease)/increase in cash in the year		19,077,344	(2,874,821)
Foreign exchange on cash and cash equivalents		-	12,589
Cash and cash equivalents at the beginning of the year		16,469,022	19,331,254
Cash and cash equivalents at the end of the year		35,546,366	16,469,022
Cash and cash equivalents consists of:			
Cash at bank and in hand		35,546,366	16,469,022
Cash and cash equivalents		35,546,366	16,469,022

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Notes to the financial statements for the period ended 30 August 2020

1 General information

Westland Horticulture Limited ('the company') and its subsidiaries (together 'the group') operate in processing and distribution of products for the gardening and horticulture markets and the sale of bird seed and related products.

The company is a private company limited by shares and is incorporated in Northern Ireland in the United Kingdom. The address of its registered office is 14 Granville Industrial Estate, Granville Road, Dungannon, Co Tyrone, Northern Ireland, BT70 1NJ.

2 Statement of compliance

The group and company financial statements of Westland Horticulture Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006.

3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Basis of preparation

These consolidated and separate financial statements are prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group and company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4. The company has taken advantage of the exemption in Section 408 of the Companies Act 2006 from disclosing its individual profit and loss account.

Basis of consolidation

The group consolidated financial statements include the financial statements of the company and all of its subsidiary undertakings made up to 30 August 2020.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Going concern

From March 2020, the UK and Ireland have been in the midst of the COVID-19 pandemic, which has presented unique and unprecedented challenges to the business and wider gardening industry.

The group has recognized the inherent risks posed by COVID-19. To date we have introduced a variety of contingency measures and mitigating actions, in line with current government advice and guidelines. The group continues to monitor the situation daily and will take all necessary precautionary steps when assessing, and adapting to, the evolving pandemic.

Where necessary, the directors have taken precautions in line with government advice and guidelines, including the temporary closure of several sites. The group did continue to operate several head office functions remotely, particularly during the early part of lockdown. The group has sought to mitigate the effect of the necessary restrictions by reducing all "non-essential" expenditure.

Westland Horticulture Limited

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Notes to the financial statements for the period ended 30 August 2020 (continued)

3 Summary of significant accounting policies (continued)

Going concern (continued)

The group has considered the impact of COVID-19 on the group's financial performance and cashflows and has modelled the potential impact of any further national restrictions and the wider effect of an economic slowdown. The directors have assessed potential downside scenarios of COVID-19 on the group's forecasts and given the strong cash balances within the group, the directors conclude there is sufficient headroom within forecasts. The commercial impact of the pandemic on the group has been minimal so far and the group has performed satisfactorily during 2021. The directors expect the group to continue to be cash generative. The directors believe that the group is well placed to manage the business risks and accordingly, continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the group and value added taxes.

Where the consideration receivable in cash at bank and in hand is deferred, and the arrangement constitutes a financing transaction, the fair value of the consideration is measured as the present value of all future receipts using the imputed rate of interest.

The group recognises turnover when: (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the group retains no continuing involvement or control over the goods; (c) the amount of revenue can be measured reliably; (d) it is probable that future economic benefits will flow to the entity; and (e) when the specific criteria relating to each of the group's sales channels have been met, as described below.

Turnover is recognised on customer receipt of goods.

Exceptional items

The group classifies certain one-off charges or credits that have a material impact on the group's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the group.

Employee benefits

The group provides a range of benefits to employees, including paid holiday arrangements and defined contribution pension plans.

(i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) Defined contribution pension plans

The group operates a defined contribution scheme for specific directors and employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the group has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the group in independently administered funds.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

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Notes to the financial statements for the period ended 30 August 2020 (continued)

3 Summary of significant accounting policies (continued)

Taxation (continued)

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Goodwill

Business combinations are accounted for by applying the purchase method.

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages the cost is the consideration at the date of each transaction.

Contingent consideration is initially recognised at estimated amount where the consideration is probable and can be measured reliably. Where (i) the contingent consideration is not considered probable or cannot be reliably measured but subsequently becomes probable and measurable or (ii) contingent consideration previously measured is adjusted, the amounts are recognised as an adjustment to the cost of the business combination.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Where the fair value of contingent liabilities cannot be reliably measured they are disclosed on the same basis as other contingent liabilities.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

On acquisition, goodwill is allocated to cash-generating units ('CGU's') that are expected to benefit from the combination.

Goodwill is amortised over its expected useful life. Where the group is unable to make a reliable estimate of useful life, goodwill is amortised over a period not exceeding 10 years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement. Reversals of impairment are recognised when the reasons for the impairment no longer apply.

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Notes to the financial statements for the period ended 30 August 2020 (continued)

3 Summary of significant accounting policies (continued)

Intangible assets and amortisation

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

- (i) Goodwill - 10% straight line
- (ii) Patents - 10% straight line
- (iii) Brands - 10% straight line
- (iv) Customer relationships - 10% straight line

Amortisation is charged to administrative expenses in the profit and loss account.

Negative goodwill arising on acquisitions up to the fair values of the non-monetary assets acquired is recognised in the profit and loss account in the periods in which the non-monetary assets are recovered, whether through depreciation or sale. Negative goodwill in excess of the fair values of the non-monetary assets acquired is recognised in the profit and loss account in the periods expected to be benefited.

Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

Goodwill is allocated on acquisition to the cash generating unit expected to benefit from the synergies of the combination. Goodwill is included in the carrying value of cash generating units for impairment testing.

Tangible assets and depreciation

Tangible assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

- (i) *Freehold land, buildings and boglands*

Freehold buildings and boglands are stated at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

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Notes to the financial statements for the period ended 30 August 2020 (continued)

3 Summary of significant accounting policies (continued)

Tangible assets and depreciation (continued)

(ii) Long leasehold land and buildings

Long leasehold buildings are amortised over 50 years or, if shorter, the period of the lease. Freehold land is not depreciated.

(iii) Plant and machinery, fixtures and fittings and motor vehicles

Plant and machinery are stated at cost less accumulated depreciation and accumulated impairment losses.

(iv) Depreciation and residual values

Depreciation is calculated, using the straight-line method, to allocate the depreciable amount to their residual values over the expected useful economic lives of the assets concerned. The principal annual rates used are as follows:

Freehold buildings	-	4% straight line
Leasehold buildings	-	straight line over the life of the lease
Plant and machinery	-	15% - 20% straight line
Boglands	-	4% straight line
Fixtures and fittings	-	20% - 25% straight line
Motor vehicles	-	25% straight line
Land	-	Not depreciated

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

(v) Subsequent additions and major components

Subsequent costs, including major inspections, are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the group and the cost can be measured reliably.

The carrying amount of any replaced component is derecognised. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life. Repairs, maintenance and minor inspection costs are expensed as incurred.

(vi) Derecognition

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss and included in 'Administrative expenses'.

(vii) Revaluation of tangible assets

Freehold land and buildings and plant and machinery were revalued to fair value during the year with the surplus on book value being transferred to the revaluation reserve.

Research and development

Research and development expenditure is written off to the profit and loss account in the year in which it is incurred.

Investments

Investment in a subsidiary company is held at cost less accumulated impairment losses.

Notes to the financial statements for the period ended 30 August 2020 (continued)**3 Summary of significant accounting policies (continued)****Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to sell. Stocks are recognised as an expense in the period in which the related revenue is recognised. In the case of manufactured products cost includes all direct expenditure and production overheads based on the normal level of activity.

Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the stock to its present location and condition.

At the end of each reporting period stocks are assessed for impairment. If an item of stock is impaired, the identified stock is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the profit and loss account. Where a reversal of the impairment charge is required the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the profit and loss account.

Foreign currencies*(i) Functional and presentation currency*

The group financial statements are presented in pound sterling.

The company's functional and presentation currency is the pound sterling.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

(ii) Translation

The trading results of group undertakings are translated into sterling at the average exchange rates for the year. The assets and liabilities of overseas undertakings, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates ruling at the year end. Exchange adjustments arising from the retranslation of opening net investments and from the translation of the profits or losses at average rates are recognised in "Other comprehensive income" and allocated to non-controlling interest as appropriate.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

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Notes to the financial statements for the period ended 30 August 2020 (continued)

3 Summary of significant accounting policies (continued)

Financial instruments

The group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) *Financial assets*

Basic financial assets, including trade and other debtors, cash and bank balances, directors' current accounts, amounts due from group undertakings and related parties and are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) *Financial liabilities*

Basic financial liabilities, including trade and other payables, bank loans and overdrafts, directors' current accounts and amounts due to group undertakings and related parties are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(iii) *Offsetting*

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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Notes to the financial statements for the period ended 30 August 2020 (continued)

3 Summary of significant accounting policies (continued)

Leased assets

Where the group enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a “finance lease”. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful economic life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

Rentals under operating leases are charged to the profit and loss account as incurred.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Distributions to equity holders

Dividends and other distributions to the group’s shareholders are recognized as a liability in the financial statements in the period in which the dividends and other distributions are approved by the shareholders. These amounts are recognized in the statement of changes in equity.

Related party transactions

The group discloses transactions with related parties which are not wholly owned within the same group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the group financial statements.

Government grants

Grants that relate to specific capital expenditure are treated as deferred income and then credited to the consolidated profit and loss account over the related asset’s useful economic life. Grants that relate to revenue expenditure are credited to the consolidated profit and loss account over the period that the revenue expenditure relates to.

4 Critical accounting judgements and estimation uncertainty

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the group’s accounting policies

There are no critical judgements in applying the group’s accounting policies.

(b) Key accounting estimates and assumptions

Lease dilapidations provision

Lease dilapidations provisions are provisions made over the life of the leases of warehouses for dilapidation restatement costs. This provision requires management’s estimation of the cost of reinstatement and reviews are undertaken on a regular basis.

Stock valuation

In determining fair value, stock is valued at the lower of costs and estimated net realisable value. In certain cases, and in line with management estimations, allowances are made for those items which are considered to be obsolete.

5 Turnover

All turnover relates to the sale of gardening and horticulture products, bird seed and other related products. All turnover is generated in the United Kingdom, with the exception of turnover attributable to the European subsidiaries of the group where the turnover is generated in mainland Europe. No analysis of turnover is provided as the directors consider that such disclosure would be seriously prejudicial to the interests of the group.

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Notes to the financial statements for the period ended 30 August 2020 (continued)

6 Exceptional items

Administration expenses includes £901,159 (2019: £1,469,941) of exceptional costs in relation to training costs for the implementation of new business systems software, brought into use in 2020 and £2,063,218 (2019: £1,825,348) of restructuring costs of key business areas in 2020 and the Gardman acquisition 2019.

7 Operating profit

	2020	2019
	£	£
This is stated after charging/(crediting):		
Amortisation of intangible assets	604,731	616,680
Amortisation of negative goodwill	(42,087)	(42,092)
Impairment of goodwill	-	127,771
Impairment of trade receivables	439,604	(38,758)
Stock recognised as an expense	105,913,641	91,595,923
Depreciation of owned tangible assets	3,652,506	3,711,180
Depreciation of tangible assets held under finance lease	194,251	194,251
Foreign currency (gains)/losses	451,649	133,143
Government revenue grants received	-	(3,000)
Profit on sale of tangible fixed assets	-	(86,487)
Operating lease rentals	2,083,901	3,155,287
Fees payable to the company's auditors for the audit of the financial statements of the parent company and the consolidation	55,000	48,410
Fees payable to the company's auditors for the audit of the financial statements of subsidiaries of the company pursuant to legislation	5,000	3,750
Fees payable to the company's auditors for other services relating to taxation	11,500	108,990

8 Employee information

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Wages and salaries	21,692,708	22,929,476	20,026,689	17,786,096
Social security costs	4,398,730	2,333,784	3,234,044	1,537,577
Other pension costs	905,351	1,103,446	766,123	724,672
	26,996,789	26,366,706	24,026,856	20,048,345

	Group		Company	
	2020	2019	2020	2019
	Number	Number	Number	Number
Average monthly number of persons employed by the group (including directors) during the year by activity:				
Selling and distribution	142	210	122	124
Production	444	349	432	331
Administration	161	181	142	111
	747	740	696	566

Westland Horticulture Limited

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Notes to the financial statements for the period ended 30 August 2020 (continued)**9 Directors' remuneration**

	2020	2019
	£	£
Aggregate remuneration	1,411,623	1,289,198
Company contributions paid to money purchase schemes	91,505	86,584
	1,503,128	1,375,782

Retirement benefits are accruing to six (2019: six) directors under the defined contribution scheme.

	2020	2019
	£	£
Highest paid director:		
Aggregate remuneration	317,478	293,904

Key management is defined as the directors as disclosed above.

10 Interest payable and similar expenses

	2020	2019
	£	£
Interest payable on bank loans and overdrafts	560,612	432,841

Westland Horticulture Limited

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Notes to the financial statements for the period ended 30 August 2020 (continued)

11 Tax on profit

	2020	2019
	£	£
Current tax:		
UK corporation tax on profit for the year	3,036,742	2,143,406
Adjustment in respect of previous year	(118,771)	(449,650)
Total current tax	2,917,971	1,693,756
Deferred tax:		
Accelerated capital allowances and other timing differences	199,078	(126,193)
Adjustment in respect of previous year	40,015	(12,185)
Adjustment in respect of rate change	-	13,286
Total deferred tax	239,093	(125,092)
Total tax charge on profit	3,157,064	1,568,664

The tax assessed for the year is higher than the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020	2019
	£	£
Profit before taxation	14,531,079	10,169,667
Profit multiplied by standard rate in the UK of 19% (2018: 19%)	2,760,905	1,932,237
Effects of:		
Non-taxable income	(35,715)	(29,143)
Expenses not deductible for tax purposes	505,434	220,357
Adjustment in respect of previous years	(78,756)	(461,835)
Effects of R&D tax relief/patent relief	(380,000)	-
Change in tax rates	-	13,286
Group relief not paid for	(909)	(171,022)
Unutilised losses for which no deferred tax asset is recognised	386,105	64,784
Total tax charge on profit	3,157,064	1,568,664

Factors that may affect future tax charges

In the March 2021 Budget, the Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than reducing to 17%, as previously enacted). As the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be to increase the tax expense for the period by £1,269,360 (2019: £289,211) and increase the deferred tax liability by £1,269,360 (2019: £289,211).

12 Dividends

	2020	2019
	£	£
Group and company		
Dividends paid		
Interim dividend paid of £178.11 per £1 ordinary share (2019: £178.11)	1,500,000	1,500,000

A cash dividend of £1,500,000 (2019: £1,500,000) was paid during the year. The directors do not recommend a final dividend to be paid (2019: nil).

Westland Horticulture Limited

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Notes to the financial statements for the period ended 30 August 2020 (continued)

13 Intangible assets

	Goodwill	Patents	Brands	Customer relationships	Negative goodwill	Total
Group	£	£	£	£	£	£
Cost						
At 1 September 2019	5,764,714	45,364	395,284	25,636	(420,925)	5,810,073
At 30 August 2020	5,764,714	45,364	395,284	25,636	(420,925)	5,810,073
Accumulated amortisation						
At 1 September 2019	4,076,755	45,364	158,107	10,256	(168,368)	4,122,114
Charge for the year	562,644	-	39,523	2,564	(42,087)	562,644
At 30 August 2020	4,639,399	45,364	197,630	12,820	(210,455)	4,684,758
Net book amount						
At 30 August 2020	1,125,315	-	197,654	12,816	(210,470)	1,125,315
At 31 August 2019	1,687,959	-	237,177	15,380	(252,557)	1,687,959

	Goodwill
Company	£
Cost	
At 1 September 2019 and 30 August 2020	5,626,470
Accumulated amortisation	
At 1 September 2019	3,938,511
Charge for the year	562,644
At 30 August 2020	4,501,155
Net book amount	
At 30 August 2020	1,125,315
At 31 August 2019	1,687,959

Westland Horticulture Limited

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Notes to the financial statements for the period ended 30 August 2020 (continued)

14 Tangible assets

Group	Freehold land and buildings £	Long leasehold land and £	Plant and machinery £	Boglands £	Fixtures and fittings £	Motor vehicles £	Total £
Cost or valuation							
At 1 September 2019	17,359,431	2,762,289	35,593,522	400,000	4,087,743	196,163	60,399,148
Additions	507,467	896,896	1,763,962	-	1,531,339	-	4,699,663
At 30 August 2020	17,866,898	3,659,185	37,357,484	400,000	5,619,082	196,163	65,098,811
Accumulated depreciation							
At 1 September 2019	2,544,467	446,340	11,970,645	63,206	3,399,917	167,514	18,592,089
Charge for the year	770,705	240,935	2,409,518	-	412,211	13,388	3,846,757
Currency translation differences	-	-	110	-	-	-	110
At 30 August 2020	3,315,172	687,275	14,380,273	63,206	3,812,128	180,902	22,438,956
Net book amount							
At 30 August 2020	14,551,725	2,971,910	22,977,211	336,794	1,806,953	15,261	42,659,855
At 31 August 2019	14,814,964	2,315,949	23,622,877	336,794	687,826	28,649	41,807,059

Freehold land and buildings, long leasehold land and buildings and plant and machinery were professionally valued by independent valuers in accordance with RICS Valuation Standards on the basis of open market value for existing use with subsequent additions recognised at cost. The freehold and long leasehold land and buildings valuations were performed by Lisney on 28 February 2019, Cushman & Wakefield on 12 March 2020 and Avison Young on 1 March 2019. The plant and machinery valuations were performed by Rushton International on 1 April 2017 and Igds Engineering GmbH on 3 May 2017.

Included within long leasehold land and buildings are leasehold improvements with a net book value of £384,325 (2019: £446,081). The historical cost for revalued assets at 30 August 2020 is as follows:

Group	2020		2019	
	Freehold land and buildings £	Plant and machinery £	Freehold land and buildings £	Plant and machinery £
Cost	21,526,083	37,357,484	20,121,720	35,593,522
Accumulated depreciation	(7,876,196)	(30,154,630)	(7,078,350)	(27,493,080)
Net book amount	13,649,887	7,202,854	13,043,370	8,100,442

The net book amount of plant and machinery includes an amount of £679,874 (2019: £874,125) in respect of assets held under finance lease agreements. Depreciation for the year on these assets was £194,251 (2019: £194,251).

Tangible assets with a net book value of £42,659,855 (2019: £41,807,059) are pledged as security against the group's bank loans. An amount of £896,896 has been capitalised in the year in relation to dilapidations under a leased premises. The amount which has been capitalized has been based upon an expected yearly cost of re-instatement of the premises to its former condition before the end of the term.

Westland Horticulture Limited

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Notes to the financial statements for the period ended 30 August 2020 (continued)

14 Tangible assets (continued)

	Freehold land and buildings	Long leasehold land and buildings	Plant and machinery	Boglands	Fixtures and fittings	Motor vehicles	Total
Company	£	£	£	£	£	£	£
Cost or valuation							
At 1 September 2019	17,359,431	2,633,931	35,342,737	400,000	3,963,465	191,163	59,890,727
Additions	507,467	896,896	1,172,475	-	1,528,330	-	4,105,168
At 30 August 2020	17,866,898	3,530,827	36,515,212	400,000	5,491,795	191,163	63,995,895
Accumulated depreciation							
At 1 September 2019	2,544,467	352,378	14,479,214	63,206	3,305,879	162,514	20,907,658
Charge for the year	770,705	240,935	2,409,518	-	402,982	13,388	3,837,528
At 30 August 2020	3,315,172	593,313	16,888,732	63,206	3,708,861	175,902	24,745,186
Net book amount							
At 30 August 2020	14,551,726	2,937,514	19,626,480	336,794	1,782,934	15,261	39,250,709
At 31 August 2019	14,814,964	2,281,553	20,863,523	336,794	657,586	28,649	38,983,069

Freehold land and buildings, long leasehold land and buildings and plant and machinery were professionally valued by independent valuers in accordance with RICS Valuation Standards on the basis of open market value for existing use with subsequent additions recognised at cost. The freehold and long leasehold land and buildings valuations were performed by Lisney on 28 February 2019, Cushman & Wakefield on 12 March 2020 and Avison Young on 1 March 2019. The plant and machinery valuations were performed by Rushton International on 1 April 2017. Included within long leasehold land and buildings are leasehold improvements with a net book value of £384,325 (2019: £446,081).

The historical cost for revalued assets at 30 August 2020 is as follows:

	2020		2019	
	Freehold land and buildings	Plant and machinery	Freehold land and buildings	Plant and machinery
Company	£	£	£	£
Cost	21,397,725	36,515,212	19,993,362	35,342,737
Accumulated depreciation	(7,778,560)	(29,423,840)	(6,984,388)	(27,080,611)
Net book amount	13,619,165	7,091,372	13,008,974	8,262,126

The net book amount of plant and machinery includes an amount of £679,874 (2019: £874,125) in respect of assets held under finance lease agreements. Depreciation for the year on these assets was £194,251 (2019: £194,251). Tangible assets with a net book value of £39,250,709 (2019: £38,983,069) are pledged as security against the group's bank loans. An amount of £896,896 has been capitalised in the year in relation to dilapidations under a leased premises. The amount which has been capitalized has been based upon an expected yearly cost of re-instatement of the premises to its former condition before the end of the term.

Westland Horticulture Limited

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Notes to the financial statements for the period ended 30 August 2020 (continued)

15 Investments

	Other investments
Group	£
Cost	
At 1 September 2019	38,755
Impairment	(38,670)
At 30 August 2020	85

	Other investments £	Shares in group undertakings £	Total £
Company			
Cost and net book value			
At 1 September 2019	38,755	33,606	72,361
Impairment	(38,670)	-	(38,670)
At 30 August 2020	85	33,606	33,691

Details of undertakings

The company holds directly more than 20% of the share capital in the following companies:

Subsidiary undertaking	Holdings	Proportion of voting rights and shares held	Principal activity
Seramis GmbH	Ordinary shares	100%	Supply of horticulture products
Westland Schweiz GmbH	Ordinary shares	100%	Supply of horticulture products
Westland France	Ordinary shares	100%	Supply of horticulture products
Westland (GM) Limited	Ordinary shares	100%	Supply of horticulture products

The registered office address of Seramis GmbH is Am Bollscheid 50, D-56424, Magendorf, Germany.

The registered office address of Westland Schweiz GmbH is Rudolf-Maag-Strasse 5, CH-8157 Dielsdorf, Switzerland.

The registered office address of Westland (GM) Limited is 14 Granville Industrial Estate, Granville Road, Dungannon, County Tyrone, United Kingdom, BT70 1NJ.

The registered office address of Westland France is 14 Quai Kleber 67000 Strasbourg.

16 Stocks

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Raw materials	14,246,017	10,881,901	13,441,106	9,755,782
Finished goods	15,985,963	23,363,236	13,876,326	21,077,090
	30,231,980	34,245,137	27,317,432	30,832,872

Group and company stocks are stated after provisions for impairment of £4,318,515 (2019: £4,997,918).

Westland Horticulture Limited

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Notes to the financial statements for the period ended 30 August 2020 (continued)

17 Debtors

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Trade debtors	56,199,401	33,061,033	52,869,344	30,085,883
Amounts owed by group undertakings	6,868,445	4,736,114	17,349,517	10,506,773
Amounts owed by related undertakings	38,402	-	38,402	-
Other debtors	226,729	845,477	-	698,301
Directors' current accounts (note 26)	-	127,501	-	127,501
Prepayments and accrued income	1,194,073	1,997,951	1,194,073	1,997,951
	64,527,050	40,768,076	71,451,336	43,416,409

Amounts owed by group undertakings and related parties are unsecured, interest free and payable on demand.

Group and company trade debtors are stated after provisions for impairment of £1,298,280 (2019: £858,676).

18 Creditors: amounts falling due within one year

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Bank loans and overdrafts (note 19)	16,159,599	1,953,740	14,912,943	1,953,740
Trade creditors	9,283,421	13,755,154	6,300,347	12,402,947
Obligations under finance lease contracts	302,256	302,256	302,256	302,256
Amounts owed to group undertakings	23,996,644	24,612,661	24,041,175	24,612,661
Amounts owed to related parties (note 26)	-	247,300	-	247,300
Corporation tax	185,679	467,708	185,679	467,708
Other taxation and social security	13,385,922	2,397,271	12,843,377	2,262,423
Other creditors	324,449	669,446	901	655,758
Accruals and deferred income	42,747,187	25,865,874	42,905,012	24,228,148
	106,385,157	70,271,410	101,491,690	67,132,941

Amounts due to group undertakings and related parties are unsecured, interest free and payable on demand.

19 Creditors: amounts falling due after more than one year

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Bank loans and overdrafts	6,219,114	8,123,220	6,219,114	8,123,220
Obligations under finance lease contracts	501,452	842,689	501,452	842,689
Accruals and deferred income	352,977	1,990,255	352,977	1,259,939
	7,073,543	10,956,164	7,073,543	10,225,848

Included within accruals and deferred income is deferred income as shown in note 20.

Westland Horticulture Limited

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Notes to the financial statements for the period ended 30 August 2020 (continued)

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

Bank loans are repayable as follows:

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Within one year or on demand	1,953,740	1,953,740	1,953,740	1,953,740
Between one and two years	3,907,480	3,256,342	3,907,480	3,256,342
Between two and five years	3,558,291	4,866,878	2,311,634	4,866,878
	9,419,511	10,076,960	8,172,854	10,076,960

Security

The group's and the company's bank borrowings are secured by an all monies debenture with fixed and floating security over the property, assets, undertakings, rights and revenues of the company.

Finance leases are repayable as follows:

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Within one year or on demand	302,256	302,256	302,256	302,256
Between one and two years	302,256	302,256	302,256	302,256
Between two and five years	199,196	540,433	199,196	540,433
	803,708	1,144,945	803,708	1,144,945

20 Deferred income

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Deferred government grants				
At 1 September 2019	541,049	694,433	541,049	694,433
Released to the profit and loss	(188,072)	(153,384)	(188,072)	(153,384)
At 30 August 2020	352,977	541,049	352,977	541,049

Westland Horticulture Limited

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Notes to the financial statements for the period ended 30 August 2020 (continued)

21 Provision for liabilities

Deferred taxation:

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Liability at the beginning of year	2,458,297	2,583,389	2,458,297	2,583,389
Charge to profit and loss account	199,078	(112,907)	199,078	(112,907)
Adjustment in respect of previous years	40,015	(12,185)	40,015	(12,185)
Liability at the end of year	2,697,390	2,458,297	2,697,390	2,458,297

The deferred tax is made up as follows:

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Accelerated capital allowances	2,458,297	2,483,595	2,458,297	2,483,595
Short term timing differences	239,093	(25,298)	239,093	(25,298)
Total deferred tax liability	2,697,390	2,458,297	2,697,390	2,458,297

Dilapidations:

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Liability at the beginning of year	-	-	-	-
Capitalised dilapidation	876,896	-	876,896	-
Total dilapidation liability	876,896	-	876,896	-

22 Financial instruments

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Financial assets that are debt instruments measured at amortised cost				
Trade debtors	56,199,401	33,061,033	52,869,344	30,085,883
Amounts owed by group undertakings	6,868,445	4,736,114	17,349,517	10,506,773
Amounts owed by related parties	38,402	-	38,402	-
Other debtors	226,729	845,477	-	698,301
Directors' current accounts	-	127,501	-	127,501
	63,332,977	38,770,125	70,257,263	41,418,458
Financial liabilities measured at amortised cost				
Bank loans	22,378,713	10,076,960	21,132,057	10,076,960
Trade creditors	9,283,421	13,755,154	6,300,347	12,402,947
Amounts owed to group undertakings	23,996,644	24,612,661	24,041,175	24,612,661
Amounts owed to related parties	-	247,300	-	247,300
Other creditors	324,449	669,446	901	655,758
Obligations under finance lease contracts	803,708	1,144,945	803,708	1,144,945
Accruals	43,977,060	27,856,129	44,134,885	25,488,087
	100,763,995	78,362,595	96,413,073	74,628,658

Westland Horticulture Limited

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Notes to the financial statements for the period ended 30 August 2020 (continued)

23 Operating lease commitments

The group and the company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
No later than one year	2,367,525	3,348,882	2,281,892	3,061,655
Later than one year and no later than five years	1,030,581	2,133,126	1,030,581	2,133,126
Later than five years	-	-	-	-
	3,398,106	5,482,008	3,312,473	5,194,781

24 Called up share capital

	2020	2019
	£	£
Group and company		
Alloted and fully paid		
8,422 (2019: 8,422) ordinary shares of £1 each	8,422	8,422

25 Notes to the consolidated cash flow statement

	2020	2019
	£	£
Profit for the financial year	11,374,015	8,601,003
Tax on profit	3,157,064	1,568,664
Interest payable and similar expenses	560,612	432,841
Depreciation, amortisation and impairment charges	4,448,071	4,607,790
Profit on disposal of property, plant and equipment	-	(86,487)
Capital grants release	(188,072)	(153,384)
Movement in stocks	4,013,157	(12,552,127)
Movement in trade and other receivables	(21,588,241)	(17,496,169)
Movement in trade and other payables	23,556,309	13,376,220
Net cash inflow/(outflow) from operating activities	25,332,915	(1,701,649)

Westland Horticulture Limited

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Notes to the financial statements for the period ended 30 August 2020 (continued)

26 Related party transactions

John McVeigh & Company - (John McVeigh was a director of Westland Horticulture Limited who resigned 9 February 2021)

During the year John McVeigh & Company charged fees of £15,600 (2019: £15,600) for accounting and other professional services. At the balance sheet date the amount owed from John McVeigh & Company was a balance of £Nil (2019: due from £127,501).

Crest Garden Ltd

During the year Westland Horticulture Limited hived up the balance sheet of Crest Garden Ltd. The corresponding intercompany balance that was created was taken to other reserves as the company is no longer trading and the debt cannot be recovered.

Seramis GmbH

During the year Westland Horticulture Limited provided Seramis GmbH with funding to carry out day to day business. Intercompany sales of £96,685 (2019: £692,005).

Other related party transactions:

S.E. Marshall and Co Limited

The directors R Lavery and E Conroy are common to both Westland Holdings Limited, Westland Group Limited, Westland Horticulture Limited and S.E. Marshall and Co Limited. Westland Horticulture Limited had purchases of £29,466 (2019: £74,074) from and sales of £1,566,821 (2019: £1,023,929) and an intercompany loan with S.E Marshall and Co Limited. At the balance sheet date the amount due from S.E. Marshall and Co Limited was £38,402 (2019: £247,300 owed to).

27 Minority interest

	2020 £	2019 £
At the beginning of the financial year	-	(21,915)
Minority interest share of loss in a subsidiary undertaking for the financial year	-	(1,557)
Minority interest acquired during the year	-	23,472
At the end of the financial year	-	-

28 Ultimate parent undertaking and controlling parties

The ultimate parent undertaking and controlling party of the largest group of undertakings for which group financial statements are drawn up and of which the company is a member is Westland Holdings Limited, a company registered in Isle of Man.

The parent undertaking of the smallest group of which the company is a member and for which group financial statements are prepared is Westland Group Limited, a company incorporated in Isle of Man.

The ultimate controlling parties are the directors who own 100% of the called up share capital of the ultimate parent company.

29 Pension obligations

The group operates a defined contribution scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £1,558,693 (2019: £1,103,446).

Contributions totaling £131,189 (2019: £121,116) were payable to the scheme at the end of the year and are included in creditors.