

Company Registration No. SC079988 (Scotland)

**BERWICK-UPON-TWEED GARDEN CENTRE LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 NOVEMBER 2017**



# **BERWICK-UPON-TWEED GARDEN CENTRE LIMITED**

## **COMPANY INFORMATION**

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<b>Directors</b>	Mr N G Crabbie Mr N A F O Donaghey Mrs F C Kherian Mrs K S Crabbie	(Appointed 14 May 2017) (Appointed 14 May 2017)
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<b>Secretary</b>	Mrs G I C T Crabbie
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<b>Company number</b>	SC079988
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<b>Registered office</b>	Westerside Farm Coldingham Eyemouth Berwickshire TD14 5QE
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<b>Auditor</b>	Greaves West & Ayre 17 Walkergate Berwick-upon-Tweed Northumberland TD15 1DJ
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<b>Bankers</b>	Royal Bank of Scotland Berwick upon Tweed Branch 42 Hide Hill Berwick upon Tweed TD15 1AB
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<b>Solicitors</b>	Lindsays Caledonian Exchange 19A Canning Street Edinburgh EH3 8HE
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	T C Smith Solicitors 9 Church Street Berwick upon Tweed Northumberland TD15 1EF
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# **BERWICK-UPON-TWEED GARDEN CENTRE LIMITED**

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# **BERWICK-UPON-TWEED GARDEN CENTRE LIMITED**

## **DIRECTORS' REPORT**

**FOR THE YEAR ENDED 30 NOVEMBER 2017**

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The directors present their annual report and financial statements for the year ended 30 November 2017.

### **Principal activities**

The principal activity of the company continued to be the operation of garden centres.

### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr N G Crabbie

Mr N A F O Donaghey

Mrs F C Kherian

(Appointed 14 May 2017)

Mrs K S Crabbie

(Appointed 14 May 2017)

### **Results and dividends**

The results for the year are set out on page 5.

Ordinary dividends were paid amounting to £72,290. The directors do not recommend payment of a final dividend.

### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



Mr N G Crabbie

**Director**

11 May 2018

# **BERWICK-UPON-TWEED GARDEN CENTRE LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 30 NOVEMBER 2017***

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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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 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 judgements and accounting estimates that are reasonable and prudent;
- 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.

# **BERWICK-UPON-TWEED GARDEN CENTRE LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF BERWICK-UPON-TWEED GARDEN CENTRE LIMITED**

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#### **Opinion**

We have audited the financial statements of Berwick-Upon-Tweed Garden Centre Limited (the 'company') for the year ended 30 November 2017 which comprise the Profit And Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, 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 state of the company's affairs as at 30 November 2017 and of its 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. We are independent of the 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 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 directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

# **BERWICK-UPON-TWEED GARDEN CENTRE LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF BERWICK-UPON-TWEED GARDEN CENTRE LIMITED**

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#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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.

#### **Responsibilities of directors**

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, 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 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 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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's 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.



**Stuart Allister CA (Senior Statutory Auditor)**  
for and on behalf of Greaves West & Ayre

**Chartered Accountants**  
**Statutory Auditor**

*22 May 2018*

17 Walkergate  
Berwick-upon-Tweed  
Northumberland  
TD15 1DJ

# **BERWICK-UPON-TWEED GARDEN CENTRE LIMITED**

## **PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 30 NOVEMBER 2017**

	Notes	2017 £	2016 £
Turnover	3	5,352,549	4,545,541
Cost of sales		(2,609,109)	(2,108,733)
<b>Gross profit</b>		<b>2,743,440</b>	<b>2,436,808</b>
Administrative expenses		(2,218,453)	(1,793,710)
Other operating income		15,325	11,293
<b>Operating profit</b>	4	<b>540,312</b>	<b>654,391</b>
Interest receivable and similar income	7	51	323
Interest payable and similar expenses	8	(94,219)	(76,525)
<b>Profit before taxation</b>		<b>446,144</b>	<b>578,189</b>
Tax on profit	9	(102,491)	(156,413)
<b>Profit for the financial year</b>		<b>343,653</b>	<b>421,776</b>

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.



# **BERWICK-UPON-TWEED GARDEN CENTRE LIMITED**

## **STATEMENT OF COMPREHENSIVE INCOME** **FOR THE YEAR ENDED 30 NOVEMBER 2017**

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	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Profit for the year</b>	343,653	421,776
<b>Other comprehensive income</b>	-	-
<b>Total comprehensive income for the year</b>	<u>343,653</u>	<u>421,776</u>

# BERWICK-UPON-TWEED GARDEN CENTRE LIMITED

## BALANCE SHEET

AS AT 30 NOVEMBER 2017

	Notes	2017 £	£	2016 £	£
<b>Fixed assets</b>					
Goodwill	11		52,000		65,000
Tangible assets	12		5,153,707		4,758,259
			<u>5,205,707</u>		<u>4,823,259</u>
<b>Current assets</b>					
Stocks	14	1,043,766		893,592	
Debtors	15	89,002		59,342	
Cash at bank and in hand		451,293		278,761	
		<u>1,584,061</u>		<u>1,231,695</u>	
<b>Creditors: amounts falling due within one year</b>	16	<u>(898,327)</u>		<u>(2,557,553)</u>	
<b>Net current assets/(liabilities)</b>			685,734		(1,325,858)
<b>Total assets less current liabilities</b>			<u>5,891,441</u>		<u>3,497,401</u>
<b>Creditors: amounts falling due after more than one year</b>	17		(2,989,434)		(889,622)
<b>Provisions for liabilities</b>	20		(108,692)		(85,827)
<b>Net assets</b>			<u>2,793,315</u>		<u>2,521,952</u>
<b>Capital and reserves</b>					
Called up share capital	23		28,916		28,916
Share premium account			10,000		10,000
Profit and loss reserves			2,754,399		2,483,036
<b>Total equity</b>			<u>2,793,315</u>		<u>2,521,952</u>

The financial statements were approved by the board of directors and authorised for issue on ...11...MAY...2018... and are signed on its behalf by:



Mr N G Crabbie  
Director

Company Registration No. SC079988

# BERWICK-UPON-TWEED GARDEN CENTRE LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 NOVEMBER 2017

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
<b>Balance at 1 December 2015</b>		28,916	10,000	2,133,550	2,172,466
<b>Year ended 30 November 2016:</b>					
Profit and total comprehensive income for the year		-	-	421,776	421,776
Dividends	10	-	-	(72,290)	(72,290)
<b>Balance at 30 November 2016</b>		28,916	10,000	2,483,036	2,521,952
<b>Year ended 30 November 2017:</b>					
Profit and total comprehensive income for the year		-	-	343,653	343,653
Dividends	10	-	-	(72,290)	(72,290)
<b>Balance at 30 November 2017</b>		28,916	10,000	2,754,399	2,793,315

# BERWICK-UPON-TWEED GARDEN CENTRE LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 NOVEMBER 2017

	Notes	2017 £	£	2016 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	25	739,587		559,197	
Interest paid		(94,219)		(76,525)	
Income taxes paid		(123,214)		(68,248)	
<b>Net cash inflow from operating activities</b>		<u>522,154</u>		<u>414,424</u>	
<b>Investing activities</b>					
Purchase of intangible assets		-	(65,000)		
Purchase of tangible fixed assets		(509,540)	(726,333)		
Proceeds on disposal of tangible fixed assets		750	1,450		
Interest received		51	323		
<b>Net cash used in investing activities</b>			<u>(508,739)</u>		<u>(789,560)</u>
<b>Financing activities</b>					
Proceeds of new bank loans		3,000,000	-		
Repayment of bank loans		(2,748,544)	666,492		
Payment of finance leases obligations		(20,049)	(49,334)		
Dividends paid		(72,290)	(72,290)		
<b>Net cash generated from financing activities</b>			<u>159,117</u>		<u>544,868</u>
<b>Net increase in cash and cash equivalents</b>			<u>172,532</u>		<u>169,732</u>
Cash and cash equivalents at beginning of year			278,761		109,029
<b>Cash and cash equivalents at end of year</b>			<u><u>451,293</u></u>		<u><u>278,761</u></u>

# **BERWICK-UPON-TWEED GARDEN CENTRE LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 NOVEMBER 2017**

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### **1 Accounting policies**

#### **Company information**

Berwick-Upon-Tweed Garden Centre Limited is a private company limited by shares incorporated in Scotland. The registered office is Westerside Farm, Coldingham, Eyemouth, Berwickshire, TD14 5QE.

#### **1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

#### **1.2 Going concern**

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### **1.3 Turnover**

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

# BERWICK-UPON-TWEED GARDEN CENTRE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2017

### 1 Accounting policies

(Continued)

#### 1.4 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 5 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

#### 1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	2-5% straight line
Plant and machinery	25% reducing balance and 10% straight line
Fixtures and fittings	10-20% straight line
Motor vehicles	25% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

# BERWICK-UPON-TWEED GARDEN CENTRE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2017

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### 1 Accounting policies

(Continued)

#### 1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### 1.8 Cash at bank and in hand

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

#### 1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method 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. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

# BERWICK-UPON-TWEED GARDEN CENTRE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 NOVEMBER 2017

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#### 1 Accounting policies

(Continued)

##### ***Impairment of financial assets***

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end 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 have been affected. 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 a 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.

##### ***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### ***Classification of financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

##### ***Basic financial liabilities***

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts 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 creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

##### ***Other financial liabilities***

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.



# BERWICK-UPON-TWEED GARDEN CENTRE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2017

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### 1 Accounting policies

(Continued)

#### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

#### **1.10 Equity instruments**

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### **1.11 Derivatives**

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

#### **1.12 Taxation**

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

##### ***Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes 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 reporting end date.

##### ***Deferred tax***

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end 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 directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### **1.13 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

# BERWICK-UPON-TWEED GARDEN CENTRE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2017

### 1 Accounting policies

(Continued)

#### 1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### 1.15 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

### 3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2017 £	2016 £
<b>Turnover analysed by class of business</b>		
Turnover	5,352,549	4,545,541
	<u>          </u>	<u>          </u>
	2017 £	2016 £
<b>Other significant revenue</b>		
Interest income	51	323
	<u>          </u>	<u>          </u>

# BERWICK-UPON-TWEED GARDEN CENTRE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2017

### 4 Operating profit

	2017	2016
	£	£
Operating profit for the year is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	7,000	7,070
Depreciation of owned tangible fixed assets	161,144	152,328
Depreciation of tangible fixed assets held under finance leases	52,079	29,638
Loss on disposal of tangible fixed assets	117	935
Amortisation of intangible assets	13,000	-
Cost of stocks recognised as an expense	2,609,109	2,108,733

### 5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2017	2016
	Number	Number
Average number of full time employees	53	49
Average number of part time employees	51	42
	104	91

Their aggregate remuneration comprised:

	2017	2016
	£	£
Wages and salaries	1,328,039	1,104,210
Social security costs	81,073	66,176
Pension costs	13,580	10,560
	1,422,692	1,180,946

### 6 Directors' remuneration

	2017	2016
	£	£
Remuneration for qualifying services	70,232	39,560

### 7 Interest receivable and similar income

	2017	2016
	£	£
Interest income		
Interest on bank deposits	51	323

# BERWICK-UPON-TWEED GARDEN CENTRE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2017

(Continued)

### 7 Interest receivable and similar income

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	51	323
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### 8 Interest payable and similar expenses

	2017 £	2016 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	86,730	71,036
Interest on finance leases and hire purchase contracts	7,489	5,489
	<u>94,219</u>	<u>76,525</u>

### 9 Taxation

	2017 £	2016 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	79,627	123,215
Adjustments in respect of prior periods	-	1,533
Total current tax	<u>79,627</u>	<u>124,748</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<u>22,864</u>	<u>31,665</u>
Total tax charge	<u>102,491</u>	<u>156,413</u>

At 1 April 2017, the tax rate applicable to the company's profits reduced from 20% to 19%. The profits for the year have therefore been taxed at an effective rate of 19.33% and will be taxed at 19% in the future.

# BERWICK-UPON-TWEED GARDEN CENTRE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2017

### 9 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2017 £	2016 £
Profit before taxation	446,144	578,189
Expected tax charge based on the standard rate of corporation tax in the UK of 19.33% (2016: 20.00%)	86,255	115,638
Tax effect of expenses that are not deductible in determining taxable profit	237	407
Adjustments in respect of prior years	-	1,533
Permanent capital allowances in excess of depreciation	(6,888)	8,964
Losses on sale of fixed assets	23	187
FRS 102 hire purchase interest adjustment	-	(1,981)
Deferred tax movement in year	22,864	31,665
Taxation charge for the year	102,491	156,413

### 10 Dividends

	2017 £	2016 £
Interim paid	72,290	72,290

### 11 Intangible fixed assets

	Goodwill £
<b>Cost</b>	
At 1 December 2016 and 30 November 2017	65,000
<b>Amortisation and impairment</b>	
At 1 December 2016	-
Amortisation charged for the year	13,000
At 30 November 2017	13,000
<b>Carrying amount</b>	
At 30 November 2017	52,000
At 30 November 2016	65,000

# BERWICK-UPON-TWEED GARDEN CENTRE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2017

### 12 Tangible fixed assets

	Freehold land and buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
<b>Cost</b>					
At 1 December 2016	5,135,442	382,930	909,814	41,326	6,469,512
Additions	352,549	219,787	14,754	22,450	609,540
Disposals	-	-	-	(14,052)	(14,052)
At 30 November 2017	5,487,991	602,717	924,568	49,724	7,065,000
<b>Depreciation and impairment</b>					
At 1 December 2016	836,663	250,103	594,213	30,276	1,711,255
Depreciation charged in the year	102,222	54,704	51,297	5,000	213,223
Eliminated in respect of disposals	-	-	-	(13,185)	(13,185)
At 30 November 2017	938,885	304,807	645,510	22,091	1,911,293
<b>Carrying amount</b>					
At 30 November 2017	4,549,106	297,910	279,058	27,633	5,153,707
At 30 November 2016	4,298,780	132,827	315,602	11,050	4,758,259

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2017 £	2016 £
Plant and machinery	136,410	45,915
Fixtures and fittings	82,932	97,776
Motor vehicles	2,539	3,269
	<u>221,881</u>	<u>146,960</u>
Depreciation charge for the year in respect of leased assets	<u>52,079</u>	<u>29,638</u>

### 13 Financial instruments

	2017 £	2016 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	<u>71,189</u>	<u>47,011</u>
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	<u>3,684,988</u>	<u>3,216,330</u>

# BERWICK-UPON-TWEED GARDEN CENTRE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2017

### 14 Stocks

	2017 £	2016 £
Finished goods and goods for resale	1,043,766	893,592

### 15 Debtors

	2017 £	2016 £
Amounts falling due within one year:		
Trade debtors	69,889	46,651
Other debtors	1,300	360
Prepayments and accrued income	17,813	12,331
	89,002	59,342

### 16 Creditors: amounts falling due within one year

	Notes	2017 £	2016 £
Bank loans and overdrafts	18	116,742	1,898,544
Obligations under finance leases	19	26,662	13,267
Trade creditors		460,335	318,210
Corporation tax		79,627	123,215
Other taxation and social security		123,146	107,630
Other creditors		79,006	77,010
Accruals and deferred income		12,809	19,677
		898,327	2,557,553

### 17 Creditors: amounts falling due after more than one year

	Notes	2017 £	2016 £
Bank loans and overdrafts	18	2,883,258	850,000
Obligations under finance leases	19	106,176	39,622
		2,989,434	889,622

# BERWICK-UPON-TWEED GARDEN CENTRE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2017

### 18 Loans and overdrafts

	2017 £	2016 £
Bank loans	3,000,000	2,748,544
Payable within one year	116,742	1,898,544
Payable after one year	2,883,258	850,000

The bank loans are secured by fixed and floating charges over all the assets of the company.

There are also standard securities and legal charges in place over the three garden centres.

### 19 Finance lease obligations

	2017 £	2016 £
Future minimum lease payments due under finance leases:		
Within one year	26,662	13,267
In two to five years	82,347	39,622
In over five years	23,829	-
	132,838	52,889

Hire purchase liabilities are secured against the assets to which they relate.

### 20 Provisions for liabilities

	Notes	2017 £	2016 £
Deferred tax liabilities	21	108,692	85,827

### 21 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2017 £	Liabilities 2016 £
Balances:		
Accelerated capital allowances	108,692	85,827



# BERWICK-UPON-TWEED GARDEN CENTRE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2017

### 21 Deferred taxation (Continued)

	2017 £
<b>Movements in the year:</b>	
Liability at 1 December 2016	85,827
Charge to profit or loss	22,865
Liability at 30 November 2017	<u>108,692</u>

### 22 Retirement benefit schemes

	2017 £	2016 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>13,580</u>	<u>10,560</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

### 23 Share capital

	2017 £	2016 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
28,916 Ordinary Shares of £1 each	<u>28,916</u>	<u>28,916</u>
	<u>28,916</u>	<u>28,916</u>

### 24 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2017 £	2016 £
Acquisition of tangible fixed assets	<u>257,171</u>	<u>-</u>

# BERWICK-UPON-TWEED GARDEN CENTRE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2017

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### 25 Cash generated from operations

	2017 £	2016 £
Profit for the year after tax	343,653	421,776
<b>Adjustments for:</b>		
Taxation charged	102,491	156,413
Finance costs	94,219	76,525
Investment income	(51)	(323)
Loss on disposal of tangible fixed assets	117	935
Amortisation and impairment of intangible assets	13,000	-
Depreciation and impairment of tangible fixed assets	213,223	181,966
<b>Movements in working capital:</b>		
(Increase) in stocks	(150,174)	(212,352)
(Increase) in debtors	(29,660)	(332)
Increase/(decrease) in creditors	152,769	(65,411)
<b>Cash generated from operations</b>	<u>739,587</u>	<u>559,197</u>