

**Strategic Report, Report of the Directors and  
Financial Statements for the Year Ended 31st December 2016**  
**for**  
**Webbs Garden Centres Limited**

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**Contents of the Financial Statements  
for the Year Ended 31st December 2016**

	<b>Page</b>
<b>Company Information</b>	<b>1</b>
<b>Strategic Report</b>	<b>2</b>
<b>Report of the Directors</b>	<b>3</b>
<b>Report of the Independent Auditors</b>	<b>5</b>
<b>Profit and Loss Account</b>	<b>6</b>
<b>Other Comprehensive Income</b>	<b>7</b>
<b>Balance Sheet</b>	<b>8</b>
<b>Statement of Changes in Equity</b>	<b>9</b>
<b>Cash Flow Statement</b>	<b>10</b>
<b>Notes to the Cash Flow Statement</b>	<b>11</b>
<b>Notes to the Financial Statements</b>	<b>12</b>
<b>Trading and Profit and Loss Account</b>	<b>24</b>

**Webbs Garden Centres Limited**  
**Company Information**  
**for the Year Ended 31st December 2016**

**DIRECTORS:** Edward Alexander Broughton Webb  
Oliver Grant Nation

**SECRETARY:** Oliver Grant Nation

**REGISTERED OFFICE:** Worcester Road  
Wychbold  
Droitwich  
Worcestershire  
WR9 0DG

**REGISTERED NUMBER:** 00777596 (England and Wales)

**AUDITORS:** Richards Sandy Partnership Ltd (Statutory Auditor)  
Thorneloe House  
25 Barbourne Road  
Worcester  
Worcestershire  
WR1 1RU

**Strategic Report  
for the Year Ended 31st December 2016**

The directors present their strategic report for the year ended 31st December 2016.

**REVIEW OF BUSINESS**

The results for the year and financial position of the company are as shown in the annexed financial statements.

We have continued interior investment of our Wychbold estate during 2016. A damp, cool Spring and Summer was followed by more buoyant Autumn and Christmas trading across all channels. The rise in costs of employment due to Living Wage have largely been offset by continued expense control and sales growth.

This in turn has meant the balance sheet at 31 December 2016 shows an improved position with an increase of £1,396,622 in net assets from the prior year and an increase of £277,425 in net current assets from the prior year.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The directors consider that the principal risk and uncertainty facing the company is that of reduced consumer spending power due to retail price inflation and current political uncertainty, as well as reduced turnover directly related to extended poor weather conditions.

**KEY PERFORMANCE INDICATORS**

Turnover has increased by 3.9% at £16.22m compared to £15.61m last year

Gross profit percentage remained stable at 47.40% compared to 47.41% last year

The ratio of current assets to current liabilities improved at 1.4:1 compared to 1.3:1 last year

Average employee numbers increased slightly at 308 this year compared to 301 in the prior year

Total staff costs increased by 9% from £3.51m to £3.83m due to increases in the national minimum and national living wage rates.

**ENVIRONMENT**

The directors recognise that there are some serious environmental and local community challenges that come with running a business responsibly. Webbs is currently a long way from being a totally sustainable business but is taking many steps to get there. Practices such as recycling waste materials and controlling energy usage are now well established. The company continues to investigate and invest in new energy saving technologies such as LED lighting and solar panels. Water conservation remains of paramount importance and investment was made in 2010 to spread the benefit of rainwater harvesting to the irrigation of retail areas.

**ON BEHALF OF THE BOARD:**



Oliver Grant Nation - Secretary

25th April 2017

**Report of the Directors  
for the Year Ended 31st December 2016**

The directors present their report with the financial statements of the company for the year ended 31st December 2016.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of the retailing of garden supplies and leisure products.

**DIVIDENDS**

Interim dividends per share were paid as follows:

£2.10	- 15th April 2016
£0.70	- 24th August 2016
<hr/>	
£2.80	
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The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 31st December 2016 will be £199,548.

**FUTURE DEVELOPMENTS**

The Company's strategy remains one of steady investment in the estate, maintaining profit base and reducing net debt despite ongoing challenges such as Living Wage rises and Apprenticeship Levy. Focus for investment in 2017 will be continued refurbishment of Wychbold departments and IT expenditure, including new HR platform.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1st January 2016 to the date of this report.

Edward Alexander Broughton Webb  
Oliver Grant Nation

**FINANCIAL INSTRUMENTS**

The company uses base rate caps and swaps to manage its interest rate risk and forward foreign exchange contracts to manage its exchange rate risk. Further details are given in the notes to the financial statements.

**EMPLOYMENT, TRAINING, CAREER DEVELOPMENT AND PROMOTION OF DISABLED PEOPLE**

Webbs Garden Centres Limited are committed to the development and improvement of all employees within the business. We believe that we can only improve as a whole if we continue to communicate regularly and receive feedback from all those involved in the business. Employees are kept well informed of the performance and objectives of the business through weekly newsletters and bi-annual Chairman's statements.

Employees have continued to play a key role in shaping the development of the business including ranging decisions and store layout following our recent store acquisitions. Employees are fully appraised and consulted on significant changes to company policy. Directors and senior management, whilst sited at our store in Wychbold, regularly discuss with employees matters of concern and current interest across all of our sites. A formal feedback and suggestions system, called "Your Shout", has been established between the Board and employees of all levels.

Webbs Garden Centres Limited is an equal opportunities employer and actively recruits from all aspects of society. It is the company policy to promote an environment free from discrimination, harassment and victimisation, where everyone will receive equal rights regardless of gender, colour, ethnic origin, disability, age, marital status, sexual orientation or religion. All decisions relating to employment practices are based solely upon work criteria and individual merit.

People with disabilities have fair and full consideration for all job vacancies. The company has a commitment to interview those people with disabilities who fulfil the minimum criteria for the individual role and endeavour to retain employees in the workforce if they become disabled during employment. Webbs Garden Centres Limited has an excellent record of working with local disabled employees to provide long-term employment opportunities within the business.

**DISCLOSURE IN THE STRATEGIC REPORT**

The company has chosen to include the "Review of Business" in the Strategic Report.

**Report of the Directors  
for the Year Ended 31st December 2016**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**

The auditors, Richards Sandy Partnership Ltd (Statutory Auditor), will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**



Oliver Grant Nation - Secretary

25th April 2017

**Report of the Independent Auditors to the Members of  
Webbs Garden Centres Limited**

We have audited the financial statements of Webbs Garden Centres Limited for the year ended 31st December 2016 on pages six to twenty three. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

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

**Scope of the audit of the financial statements**

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

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st December 2016 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.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Mr R Richards FCCA (Senior Statutory Auditor)  
for and on behalf of Richards Sandy Partnership Ltd (Statutory Auditor)  
Thorneloe House  
25 Barbourne Road  
Worcester  
Worcestershire  
WR1 1RU

Date: 25/4/2017

**Webbs Garden Centres Limited (Registered number: 00777596)**

**Profit and Loss Account  
for the Year Ended 31st December 2016**

	Notes	2016 £	2015 £
<b>TURNOVER</b>	3	<b>16,219,288</b>	15,611,895
Cost of sales		<u>8,531,609</u>	<u>8,210,337</u>
<b>GROSS PROFIT</b>		<b>7,687,679</b>	7,401,558
Administrative expenses		<u>6,777,145</u>	<u>6,272,776</u>
		<b>910,534</b>	1,128,782
Other operating income	4	<u>670,429</u>	<u>780,067</u>
<b>OPERATING PROFIT</b>	6	<b>1,580,963</b>	1,908,849
Income from fixed asset investments		<b>43,900</b>	43,900
Interest receivable and similar income		<u>1,223</u>	<u>841</u>
		<b>45,123</b>	44,741
		<b>1,626,086</b>	1,953,590
Interest payable and similar expenses	7	<u>145,245</u>	<u>248,527</u>
<b>PROFIT BEFORE TAXATION</b>		<b>1,480,841</b>	1,705,063
Tax on profit	8	<u>299,614</u>	<u>339,873</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b><u>1,181,227</u></b>	<b><u>1,365,190</u></b>

The notes form part of these financial statements



**Other Comprehensive Income  
for the Year Ended 31st December 2016**

	Notes	2016 £	2015 £
<b>PROFIT FOR THE YEAR</b>		<b>1,181,227</b>	<b>1,365,190</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Revaluation of freehold own use property		<b>269,093</b>	257,117
Income tax relating to other comprehensive income		<b>145,850</b>	68,707
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX</b>		<b>414,943</b>	<b>325,824</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>1,596,170</b>	<b>1,691,014</b>

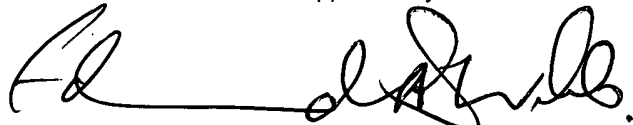
The notes form part of these financial statements

**Webbs Garden Centres Limited (Registered number: 00777596)**

**Balance Sheet  
31st December 2016**

	Notes	2016 £	2015 £
<b>FIXED ASSETS</b>			
Tangible assets	10	16,392,912	15,925,292
Investments	11	403,877	403,877
Investment property	12	3,575,000	3,575,000
		<u>20,371,789</u>	<u>19,904,169</u>
<b>CURRENT ASSETS</b>			
Stocks	13	1,809,091	1,630,169
Debtors	14	693,483	281,959
Cash at bank		2,255,073	2,463,238
		<u>4,757,647</u>	<u>4,375,366</u>
<b>CREDITORS</b>			
Amounts falling due within one year	15	3,433,523	3,328,667
<b>NET CURRENT ASSETS</b>		<u>1,324,124</u>	<u>1,046,699</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>21,695,913</u>	<u>20,950,868</u>
<b>CREDITORS</b>			
Amounts falling due after more than one year	16	(4,054,976)	(4,529,891)
<b>PROVISIONS FOR LIABILITIES</b>	21	(757,092)	(933,754)
<b>NET ASSETS</b>		<u>16,883,845</u>	<u>15,487,223</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	22	713	713
Share premium	23	45,700	45,700
Revaluation reserve	23	9,816,843	9,474,150
Capital redemption reserve	23	337	337
Non distributable profit and loss account	23	1,984,735	1,947,439
Retained earnings	23	5,035,517	4,018,884
<b>SHAREHOLDERS' FUNDS</b>		<u>16,883,845</u>	<u>15,487,223</u>

The financial statements were approved by the Board of Directors on 25th April 2017 and were signed on its behalf by:



Edward Alexander Broughton Webb - Director

Statement of Changes in Equity  
for the Year Ended 31st December 2016

	Called up share capital £	Retained earnings £	Share premium £
<b>Balance at 1st January 2015</b>	713	2,748,681	45,700
<b>Changes in equity</b>			
Dividends	-	(149,661)	-
Total comprehensive income	-	1,419,864	-
<b>Balance at 31st December 2015</b>	713	4,018,884	45,700
<b>Changes in equity</b>			
Dividends	-	(199,548)	-
Total comprehensive income	-	1,216,181	-
<b>Balance at 31st December 2016</b>	713	5,035,517	45,700

	Revaluation reserve £	Capital redemption reserve £	Non distributable profit and loss account £	Total equity £
<b>Balance at 1st January 2015</b>	9,219,375	337	1,931,064	13,945,870
<b>Changes in equity</b>				
Dividends	-	-	-	(149,661)
Total comprehensive income	254,775	-	16,375	1,691,014
<b>Balance at 31st December 2015</b>	9,474,150	337	1,947,439	15,487,223
<b>Changes in equity</b>				
Dividends	-	-	-	(199,548)
Total comprehensive income	342,693	-	37,296	1,596,170
<b>Balance at 31st December 2016</b>	9,816,843	337	1,984,735	16,883,845

**Cash Flow Statement  
for the Year Ended 31st December 2016**

	Notes	2016 £	2015 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	1,828,754	2,019,631
Interest paid		(159,906)	(236,372)
Interest element of hire purchase payments paid		(6,589)	(11,170)
Tax paid		(280,781)	(180,569)
Net cash from operating activities		<u>1,381,478</u>	<u>1,591,520</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(960,752)	(263,447)
Sale of tangible fixed assets		7,108	5,500
Interest received		1,223	841
Dividends received		43,900	43,900
Net cash from investing activities		<u>(908,521)</u>	<u>(213,206)</u>
<b>Cash flows from financing activities</b>			
Loan repayments in year		(422,269)	(408,662)
Capital repayments in year		(60,807)	(64,973)
Amount introduced by directors		14,189	507
Amount withdrawn by directors		(12,687)	(10,121)
Equity dividends paid		(199,548)	(149,661)
Net cash from financing activities		<u>(681,122)</u>	<u>(632,910)</u>
<b>(Decrease)/increase in cash and cash equivalents</b>		<u>(208,165)</u>	<u>745,404</u>
<b>Cash and cash equivalents at beginning of year</b>	2	2,463,238	1,717,834
<b>Cash and cash equivalents at end of year</b>	2	<u><u>2,255,073</u></u>	<u><u>2,463,238</u></u>

Notes to the Cash Flow Statement  
for the Year Ended 31st December 2016

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2016	2015
	£	£
Profit before taxation	1,480,841	1,705,063
Depreciation charges	484,597	414,057
Profit on disposal of fixed assets	(348)	(5,500)
Fair value movements in other income	7,991	(107,994)
Finance costs	145,245	248,527
Finance income	(45,123)	(44,741)
	<u>2,073,203</u>	<u>2,209,412</u>
Increase in stocks	(178,922)	(128,043)
(Increase)/decrease in trade and other debtors	(142,161)	5,289
Increase/(decrease) in trade and other creditors	76,634	(67,027)
	<u>1,828,754</u>	<u>2,019,631</u>
<b>Cash generated from operations</b>	<b>1,828,754</b>	<b>2,019,631</b>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31st December 2016

	31.12.16	1.1.16
	£	£
Cash and cash equivalents	<u>2,255,073</u>	<u>2,463,238</u>

Year ended 31st December 2015

	31.12.15	1.1.15
	£	£
Cash and cash equivalents	<u>2,463,238</u>	<u>1,717,834</u>

**Notes to the Financial Statements  
for the Year Ended 31st December 2016**

**1. STATUTORY INFORMATION**

Webbs Garden Centres Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

**2. ACCOUNTING POLICIES**

**BASIS OF PREPARING THE FINANCIAL STATEMENTS**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

**TURNOVER**

Turnover is the amount derived from ordinary activities and is stated after trade discounts and net of value added tax.

**TANGIBLE FIXED ASSETS**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold Retail Buildings for own trading purposes	- over 10 or 50 years
Freehold Retail Buildings let out to franchisees	- not provided
Short Leasehold	- over 25 years
Plant and Machinery	- over 3 to 10 years
Fixtures and Fittings	- over 4 to 10 years
Motor Vehicles	- over 4 years
Computer Equipment	- over 3 to 5 years

Tangible fixed assets are included at cost less depreciation except freehold property. Freehold property used for own trading purposes is revalued annually together with a review of the estimated useful life. Property is revalued by qualified valuers at least once every three years, on an existing use basis which is considered by the directors to be equivalent to fair value. Surpluses on revaluation are recognised in the revaluation reserve, except where they reverse previously charged impairment losses, in which case they are recorded in the profit and loss account. Deficits are charged to the revaluation reserve to the extent that a previous gain has been recorded, and thereafter to the profit and loss account. Freehold land and buildings which are rented to tenants are treated as investment property and, accordingly are revalued annually and not depreciated in accordance with FRS 102 - see Investment property accounting policy note below.

**INVESTMENT PROPERTY**

Investment property is revalued annually to fair value in accordance with FRS 102. Property is revalued by qualified valuers at least once every three years. Any surplus or deficit on revaluation of investment property is recognised in the profit and loss account and are shown separately in the non distributable profit and loss account.

**STOCKS**

Stocks are valued at the lower of cost and estimated selling price less costs to sell.

**TAXATION**

Taxation for the year comprises current and deferred tax. 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.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Notes to the Financial Statements - continued  
for the Year Ended 31st December 2016**

**2. ACCOUNTING POLICIES - continued**

**DEFERRED TAX**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

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

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**FOREIGN CURRENCIES**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**HIRE PURCHASE AND LEASING COMMITMENTS**

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Lease incentives regarding leases entered into after the date of transition to FRS 102 (1 January 2014) are recognised in the profit and loss account over the lease period. The company has taken advantage of the exemption in FRS 102, section 35 to continue with the existing treatment for lease incentives in relation to leases entered into pre transition.

**PENSION COSTS AND OTHER POST-RETIREMENT BENEFITS**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

**DERIVATIVE FINANCIAL INSTRUMENTS**

The company does not hold or issue derivative financial instruments for trading purposes. The derivative instruments used by the company to manage its interest rate risk are interest rate swaps and caps and forward foreign exchange contracts are used to manage its exchange rate risk. Derivative financial instruments are recognised at fair value with gains or losses being reported in the profit and loss account.

**INVESTMENTS**

Investments comprise investments in unquoted equity instruments which are measured at fair value. Changes in fair value are recognised in profit or loss and are shown separately in the non distributable profit and loss account. Fair value is estimated by using a valuation technique based on an EBITDA multiple less a discount for small shareholding.

**3. TURNOVER**

Turnover relates to the sale of goods only.

**4. OTHER OPERATING INCOME**

	2016	2015
	£	£
Rents received	664,469	652,860
Sundry receipts	4,923	10,197
Management Charges	9,028	9,016
Fair value adjustments	(7,991)	107,994
	<u>670,429</u>	<u>780,067</u>

Notes to the Financial Statements - continued  
for the Year Ended 31st December 2016

5. EMPLOYEES AND DIRECTORS

	2016 £	2015 £
Wages and salaries	3,495,797	3,204,285
Social security costs	217,976	192,079
Other pension costs	118,937	109,817
	<u>3,832,710</u>	<u>3,506,181</u>

The average monthly number of employees during the year was as follows:

	2016	2015
Sales	271	275
Administration	37	26
	<u>308</u>	<u>301</u>

	2016 £	2015 £
Directors' remuneration	195,212	161,219
Directors' pension contributions to money purchase schemes	19,146	17,888

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>2</u>	<u>2</u>
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6. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2016 £	2015 £
Hire of plant and machinery	177,231	168,833
Operating lease income	(664,469)	(652,860)
Depreciation - owned assets	449,443	371,572
Depreciation - assets on hire purchase contracts	35,157	42,482
Profit on disposal of fixed assets	(348)	(5,500)
Auditors' remuneration - statutory audit	20,000	18,238
Foreign exchange differences	-	416

There are no incentive schemes under which directors can exercise share options.

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2016 £	2015 £
Bank interest	106,390	120,602
Net interest swap payments	32,266	116,755
Hire purchase	6,589	11,170
	<u>145,245</u>	<u>248,527</u>



Notes to the Financial Statements - continued  
for the Year Ended 31st December 2016

8. TAXATION

**Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	2016 £	2015 £
Current tax:		
UK corporation tax	330,426	280,781
Deferred tax	(30,812)	59,092
Tax on profit	<u>299,614</u>	<u>339,873</u>

UK corporation tax has been charged at 20%.

**RECONCILIATION OF TOTAL TAX CHARGE INCLUDED IN PROFIT AND LOSS**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2016 £	2015 £
Profit before tax	<u>1,480,841</u>	<u>1,705,063</u>
Profit multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20%)	296,168	341,013
Effects of:		
Expenses not deductible for tax purposes	56,412	45,093
Income not taxable for tax purposes	-	(21,599)
Marginal rate relief	-	(41)
Rate change from prior year	(6,890)	562
Franked investment income	(8,780)	(8,780)
Movement in deferred tax on investment property	(37,296)	(16,375)
Total tax charge	<u>299,614</u>	<u>339,873</u>

**Tax effects relating to effects of other comprehensive income**

	Gross £	2016 Tax £	Net £
Revaluation of freehold own use property	269,093	145,850	414,943
	<u>269,093</u>	<u>145,850</u>	<u>414,943</u>
	Gross £	2015 Tax £	Net £
Revaluation of freehold own use property	257,117	68,707	325,824
	<u>257,117</u>	<u>68,707</u>	<u>325,824</u>

9. DIVIDENDS

	2016 £	2015 £
Ordinary shares of 1p each		
Interim	<u>199,548</u>	<u>149,661</u>

Notes to the Financial Statements - continued  
for the Year Ended 31st December 2016

## 10. TANGIBLE FIXED ASSETS

	Freehold property £	Short leasehold £	Plant and machinery £
<b>COST OR VALUATION</b>			
At 1st January 2016	15,000,000	14,728	1,829,561
Additions	320,948	-	34,264
At 31st December 2016	15,320,948	14,728	1,863,825
<b>DEPRECIATION</b>			
At 1st January 2016	-	3,731	1,573,222
Charge for year	269,093	589	41,445
Eliminated on disposal	-	-	-
Revaluation adjustments	(269,093)	-	-
At 31st December 2016	-	4,320	1,614,667
<b>NET BOOK VALUE</b>			
At 31st December 2016	15,320,948	10,408	249,158
At 31st December 2015	15,000,000	10,997	256,339

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
<b>COST OR VALUATION</b>				
At 1st January 2016	2,340,208	90,705	1,122,981	20,398,183
Additions	242,582	-	92,093	689,887
Disposals	(1,750)	(21,999)	-	(23,749)
At 31st December 2016	2,581,040	68,706	1,215,074	21,064,321
<b>DEPRECIATION</b>				
At 1st January 2016	1,757,866	49,646	1,088,426	4,472,891
Charge for year	124,409	18,073	30,991	484,600
Eliminated on disposal	(948)	(16,041)	-	(16,989)
Revaluation adjustments	-	-	-	(269,093)
At 31st December 2016	1,881,327	51,678	1,119,417	4,671,409
<b>NET BOOK VALUE</b>				
At 31st December 2016	699,713	17,028	95,657	16,392,912
At 31st December 2015	582,342	41,059	34,555	15,925,292

Cost or valuation at 31st December 2016 is represented by:

	Freehold property £	Short leasehold £	Plant and machinery £
Valuation in 2014	6,982,034	-	-
Cost	8,338,914	14,728	1,863,825
	15,320,948	14,728	1,863,825

Notes to the Financial Statements - continued  
for the Year Ended 31st December 2016

10. TANGIBLE FIXED ASSETS - continued

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
Valuation in 2014	-	-	-	6,982,034
Cost	2,581,040	68,706	1,215,074	14,082,287
	<u>2,581,040</u>	<u>68,706</u>	<u>1,215,074</u>	<u>21,064,321</u>

If Land and buildings had not been revalued they would have been included at the following historical cost:

	2016 £	2015 £
Cost	8,338,914	8,017,966
Aggregate depreciation	<u>3,342,527</u>	<u>3,145,684</u>

Freehold land and buildings were valued on an existing use basis on 31st December 2014 by Gilbert Evans LLP.

The directors are of the opinion that this value has not changed as at 31 December 2016.

The freehold land and buildings were valued as fully equipped operational entities having regard to their trading potential.

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
<b>COST OR VALUATION</b>					
At 1st January 2016	18,368	160,231	21,999	32,953	233,551
Disposals	-	-	(21,999)	-	(21,999)
At 31st December 2016	<u>18,368</u>	<u>160,231</u>	<u>-</u>	<u>32,953</u>	<u>211,552</u>
<b>DEPRECIATION</b>					
At 1st January 2016	3,106	29,150	12,374	19,936	64,566
Charge for year	4,592	16,023	3,667	10,875	35,157
Eliminated on disposal	-	-	(16,041)	-	(16,041)
At 31st December 2016	<u>7,698</u>	<u>45,173</u>	<u>-</u>	<u>30,811</u>	<u>83,682</u>
<b>NET BOOK VALUE</b>					
At 31st December 2016	<u>10,670</u>	<u>115,058</u>	<u>-</u>	<u>2,142</u>	<u>127,870</u>
At 31st December 2015	<u>15,262</u>	<u>131,081</u>	<u>9,625</u>	<u>13,017</u>	<u>168,985</u>

11. FIXED ASSET INVESTMENTS

	Unlisted investments £
<b>COST OR VALUATION</b>	
At 1st January 2016 and 31st December 2016	<u>403,877</u>
<b>NET BOOK VALUE</b>	
At 31st December 2016	<u>403,877</u>
At 31st December 2015	<u>403,877</u>

Notes to the Financial Statements - continued  
for the Year Ended 31st December 2016

11. **FIXED ASSET INVESTMENTS - continued**

Cost or valuation at 31st December 2016 is represented by:

	Unlisted investments £
Valuation in 2013	70,938
Cost	332,939
	<u>403,877</u>

The unlisted investment was purchased in July 2005 and is included at £403,877 (cost of £332,939 plus revaluation of £70,938). It has been valued by the directors at 31 December 2016 on an EBITDA multiple basis.

12. **INVESTMENT PROPERTY**

	Total £
<b>FAIR VALUE</b>	
At 1st January 2016 and 31st December 2016	<u>3,575,000</u>
<b>NET BOOK VALUE</b>	
At 31st December 2016	<u>3,575,000</u>
At 31st December 2015	<u>3,575,000</u>

Investment property relates to freehold land and buildings held as investment assets and rented out.

Receipts from non-cancellable operating leases are:

	2016 £	2015 £
Within one year	588,172	332,667
Between one and five years	1,564,758	295,138
In more than five years	611,123	22,005

Cost or valuation at 31st December 2016 is represented by:

	£
Valuation in 2014	2,032,268
Cost	1,542,732
	<u>3,575,000</u>

If investment property had not been revalued it would have been included at the following historical cost:

	2016 £	2015 £
Cost	<u>1,542,732</u>	<u>1,542,732</u>

Investment property was valued on an open market basis on 31st December 2014 by Gilbert Evans LLP.

The directors are of the opinion that this value has not changed as at 31 December 2016.

Notes to the Financial Statements - continued  
for the Year Ended 31st December 2016

13. **STOCKS**

	2016 £	2015 £
Finished Goods For Resale	1,790,569	1,616,386
Raw Materials And Consumables	18,522	13,783
	<u>1,809,091</u>	<u>1,630,169</u>

14. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2016 £	2015 £
Trade debtors	118,894	36,517
Other debtors	45,923	60,838
Directors' current accounts	9,159	10,661
Prepayments and Accrued Income	519,507	173,943
	<u>693,483</u>	<u>281,959</u>

15. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2016 £	2015 £
Bank loans and overdrafts (see note 17)	428,320	418,452
Hire purchase contracts (see note 18)	45,554	60,807
Trade creditors	1,230,679	1,333,191
Tax	330,426	280,781
Social security and other taxes	667,568	612,476
Other creditors	15,612	25,051
Financial liabilities	29,559	24,347
Accruals and deferred income	685,805	573,562
	<u>3,433,523</u>	<u>3,328,667</u>

16. **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2016 £	2015 £
Bank loans (see note 17)	3,962,799	4,394,939
Hire purchase contracts (see note 18)	3,501	49,055
Financial liabilities 1-5 yrs	88,676	85,897
	<u>4,054,976</u>	<u>4,529,891</u>

17. **LOANS**

An analysis of the maturity of loans is given below:

	2016 £	2015 £
Amounts falling due within one year or on demand:		
Bank loans	<u>428,320</u>	<u>418,452</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>438,425</u>	<u>428,320</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>1,378,359</u>	<u>1,346,565</u>

Amounts falling due in more than five years:

Notes to the Financial Statements - continued  
for the Year Ended 31st December 2016

17. **LOANS - continued**

	2016 £	2015 £
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans more 5 yr by instal	<u>2,146,015</u>	<u>2,620,054</u>

The company has three bank loans.

The first loan balance at 31 December 2016 was £492,760 (2015 £550,867) and the monthly repayments on this loan as at the year end are £5,762 (2015 £5,762). The loan will be repaid by 2024.

The second loan balance at 31 December 2016 was £1,806,016 (2015 £2,022,844) and the monthly repayments on this loan as at the year end are £21,302 (2015 £21,302). The loan will be repaid by 2025.

The third loan balance at 31 December 2016 was £2,092,344 (2015 £2,239,680) and the monthly repayments on this loan as at the year end are £17,097 (2015 £17,097). The loan will be repaid by 2028.

The company also has a £500,000 overdraft facility.

Interest is payable on all loans and the overdraft at normal commercial rates, however the company uses base rate caps and swaps to manage its interest rate risk - see note 20 to the financial statements for more details.

18. **LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

	<b>Hire purchase contracts</b>	
	2016 £	2015 £
Gross obligations repayable:		
Within one year	47,682	67,396
Between one and five years	<u>3,531</u>	<u>51,213</u>
	<u>51,213</u>	<u>118,609</u>
Finance charges repayable:		
Within one year	2,128	6,589
Between one and five years	<u>30</u>	<u>2,158</u>
	<u>2,158</u>	<u>8,747</u>
Net obligations repayable:		
Within one year	45,554	60,807
Between one and five years	<u>3,501</u>	<u>49,055</u>
	<u>49,055</u>	<u>109,862</u>
	<b>Non-cancellable operating leases</b>	
	2016 £	2015 £
Within one year	174,367	158,860
Between one and five years	510,641	477,143
In more than five years	<u>1,233,333</u>	<u>1,333,333</u>
	<u>1,918,341</u>	<u>1,969,336</u>

Notes to the Financial Statements - continued  
for the Year Ended 31st December 2016

19. SECURED DEBTS

The following secured debts are included within creditors:

	2016 £	2015 £
Bank loans	4,391,119	4,813,391
Hire purchase contracts	49,055	109,862
	<u>4,440,174</u>	<u>4,923,253</u>

The bank loans and overdraft are secured by a first legal charge over the company's freehold property and a debenture including fixed charge over all present freehold and leasehold property, first fixed charge over book and other debts, chattels, goodwill and uncalled capital, both present and future and first floating charge over all assets and undertaking both present and future.

Hire purchase contracts are secured over the assets to which they relate.

20. FINANCIAL INSTRUMENTS

The company has bank borrowings and uses base rate caps and swaps to manage its interest rate risk. The following are in place at the year end:

**Swap fixing**

£1m of borrowing fixed at 3.45% p.a. until 1 January 2021

**Cap fixing**

£0.5m of borrowing capped at 5% p.a. until 1 January 2020

The company also, on occasion, uses forward foreign exchange contracts to manage its exchange rate risk.

The interest rate swaps and caps have been fair valued by the company's bank using proprietary models based upon recognised financial principles and reasonable estimates about relevant future market conditions and may reflect certain other financial factors such as anticipated profit or hedging, transactional, and other costs.

Payments made in relation to the interest rate swaps and caps were £32,266 (2015 £116,755) and (£7,991) (2015 £107,994) was recognised in other operating income in the profit and loss account being the fair value movement of the derivatives.

21. PROVISIONS FOR LIABILITIES

	2016 £	2015 £
Deferred tax	<u>757,092</u>	<u>933,754</u>
		<b>Deferred tax</b>
		<b>£</b>
Balance at 1st January 2016		933,754
Accelerated capital allowances		6,484
On own use property		(145,850)
On investment property		(37,296)
Balance at 31st December 2016		<u>757,092</u>

22. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2016 £	2015 £
71,267	Ordinary	1p	<u>713</u>	<u>713</u>

Notes to the Financial Statements - continued  
for the Year Ended 31st December 2016

## 22. CALLED UP SHARE CAPITAL - continued

All shares have equal voting rights and equal rights to dividends.

## 23. RESERVES

	Retained earnings £	Share premium £	Revaluation reserve £
At 1st January 2016	4,018,884	45,700	9,474,150
Profit for the year	1,181,227		
Dividends	(199,548)		
Transfer to reserve	-	-	269,093
Transfer from reserve	-	-	(72,250)
Transfer from/(to) revaluation reserve	72,250	-	-
Deferred tax	-	-	145,850
Moved to non distributable profit and loss account	(37,296)	-	-
At 31st December 2016	5,035,517	45,700	9,816,843
	Capital redemption reserve £	Non distributable profit and loss account £	Totals £
At 1st January 2016	337	1,947,439	15,486,510
Profit for the year			1,181,227
Dividends			(199,548)
Transfer to reserve	-	-	269,093
Transfer from reserve	-	-	(72,250)
Transfer from/(to) revaluation reserve	-	-	72,250
Deferred tax	-	37,296	183,146
Moved to non distributable profit and loss account	-	-	(37,296)
At 31st December 2016	337	1,984,735	16,883,132

The transfers to/from the revaluation reserve relate to the revaluation of freehold own use land and buildings of £269,093 (2015 £257,117), the depreciation transfer of £72,250 (2015 £71,049) on the revalued freehold own use property and the deferred tax movement of £145,850 (2015 £68,707) on the freehold own use land and buildings. The revaluation reserve of £9,816,843 (2015 £9,474,150) represents the own use property revaluation of £10,324,560 (2015 £10,127,717) less tax of £507,717 (2015 £653,567).

The transfer to the non distributable profit and loss account relates to the deferred tax movement of £37,296 (2015 £16,375) on the freehold investment land and buildings. The non distributable profit and loss account of £1,984,735 (2015 £1,947,439) relates to the investment property revaluation of £2,032,268 (2015 £2,032,268) less tax of £118,471 (2015 £155,767) and the unlisted investment revaluation of £70,938 (2015 £70,938).

## 24. PENSION COMMITMENTS

The company operates a defined contribution pension scheme the assets of which are held in independently administered funds. The pension cost charge represents contributions payable by the company and amounted to £118,937 (2015 £109,817). No amounts were outstanding as at 31 December 2016 or 31 December 2015.



Notes to the Financial Statements - continued  
for the Year Ended 31st December 2016

25. CAPITAL COMMITMENTS

	2016 £	2015 £
Contracted but not provided for in the financial statements	<u>345,117</u>	<u>-</u>

26. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to a director subsisted during the years ended 31st December 2016 and 31st December 2015:

	2016 £	2015 £
<b>Edward Alexander Broughton Webb</b>		
Balance outstanding at start of year	10,661	1,047
Amounts advanced	12,795	10,121
Amounts repaid	(14,297)	(507)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>9,159</u>	<u>10,661</u>

Interest is charged at HMRC approved rates and £240 has been received in the year ended 31 December 2016 (2015 - £Nil).

**Summary:**

Amounts advanced:

Items bought from the company: £4,361 (2015 £3,668)  
Private expenses paid by the company: £8,434 (2015 £6,453)

Amounts repaid:

Business expenses reclaimed: £291 (2015 £507)  
Payments: £14,006 (2015 £Nil)

27. RELATED PARTY DISCLOSURES

The company is controlled by majority shareholder W R B Webb Esq.

During the year dividends totalling £49,560 (2015 £37,170) were paid to a director.

During the year the company received a management charge of £9,028 (2015 £9,016) from a company in which Webbs Garden Centres Limited has an investment and £758 (2015 £1,662) is owed to Webbs Garden Centres Limited at the year end.

The company also traded with the same company on normal commercial terms buying items for re-sale and £2,102 (2015 £400) is included in trade creditors as at the year end.