

Registered number: 00777596

WEBBS GARDEN CENTRES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 3 JANUARY 2021



WEBBS GARDEN CENTRES LIMITED

COMPANY INFORMATION

DIRECTORS	Edward Alexander Broughton Webb Oliver Grant Nation Andrew Wrightson (appointed 1 August 2021)
COMPANY SECRETARY	Oliver Grant Nation
REGISTERED NUMBER	00777596
REGISTERED OFFICE	Worcester Road Wychbold Droitwich Worcestershire WR9 0DG
INDEPENDENT AUDITORS	Bishop Fleming LLP Chartered Accountants & Statutory Auditors 1-3 College Yard Worcester WR1 2LB

WEBBS GARDEN CENTRES LIMITED

STRATEGIC REPORT FOR THE 52 WEEKS ENDED 3 JANUARY 2021

BUSINESS REVIEW

The principal activity of the business during the year was that of the retailing of garden supplies and leisure products.

The results for the year and financial position of the Company are as shown in the annexed financial statements. Total revenue for the year was £19.2m (2019: £20.0m) and the profit before taxation for the year was £951k (2019: £1,218k).

We have focused on trading the business as best we can and being flexible to meet the ever changing challenges and consumer needs during what has been an exceptionally tough trading environment for the business and Retail and Hospitality sectors in general due to the Covid-19 pandemic in 2020.

On 23rd March 2020, under Government advice and with customer and colleague's safety and well-being at the forefront of our minds, we decided to shut all Webbs stores due to the Covid-19 pandemic.

The Government Furlough scheme was utilised for a large proportion of staff, leaving a team of 32 to continue to trade the business online through our digital e-Commerce channel; picking, packing and delivering online orders from our Wychbold store, as well as preserving living stock at all three of our stores whilst maintaining social distancing.

The demand for Webbs products was at its peak during this Spring season, combined with favourable weather conditions. As a result, online sales grew significantly across many categories during the lockdown period, in addition to introducing new categories to our online offering.

The directors gradually reintroduced staff from furlough, whilst ensuring safety procedures were adhered to, in order to cope with increasing customer demand for our products.

Although desperate to welcome customers through the doors once again, the safety of customers and colleagues remained the overriding concern throughout. Webbs engaged with local events companies to source PPE for staff and for screens to be fitted throughout its stores. A detailed re-opening document was created and on 14th May, Webbs reopened its stores following relaxation of lockdown by the Government for Garden Centres to open in England.

Although customer numbers in store were controlled, the demands seen in online sales were replicated throughout the product range in each of our stores. We were encouraged by the positive feedback from customers after re-opening and subsequently reopened our restaurants at all three stores by end of July 2020, albeit with reduced covers to ensure social distancing rules were adhered to.

Following strong early Christmas trading from start of October through to early December, further lockdown measures implemented by the Government resulted in closures and further significant disruption to our Restaurants at all 3 stores from start of November, albeit the rest of our stores (all non-Hospitality departments) were allowed to remain open, as Garden Centres were deemed as "essential" retailers by the Government in this phase on the pandemic. These further lockdown measures resulted in us not being able to fully operate our normal seasonal Christmas Events activities which impacted on sales in November & December.

Webbs has a strong Balance Sheet following several strong years of trading. Nonetheless, we utilised our solid relationship with our bank, HSBC, to arrange an overdraft facility extension to act as a safety blanket during the year. Despite the initial cash flow difficulties facing virtually all businesses through this time, Webbs has remained financially self-sufficient throughout and has not utilised the additional overdraft facility provided and is now in a strong cash flow position following strong trading growth since reopening in May. A number of capital investment projects which were initially postponed in March, were subsequently restarted once the directors had more certainty over cash flows, which was important to ensure the ongoing development of the business, its store estate and online platform.

We undertook a significant interior refit of the Restaurant at our Hagley store in Q1 2020 and then completed Phase 2 of the roof replacement and interior refit of the main building at our Cheltenham store in late Summer.

The business continues to manage cost inflation, especially during such a difficult trading year, with Government

WEBBS GARDEN CENTRES LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE 52 WEEKS ENDED 3 JANUARY 2021

support helping significantly through the cessation of Business Rates for 12mths from April 2020 and support with wage costs through the Job Retention Scheme, for those employees placed on furlough. The business only increased wages where required from National Living/Minimum Wage increases or due to internal promotions. Other cost pressures continue to be significant, with utility cost pressures as market rates continue to rise, as well as a greater need to be more digitally compliant, through increased spend on IT and communications equipment and software. As our online business grew, so did our logistics costs for packaging and delivering the product safely and securely to customers on a timely basis.

However, to end the financial year with profit before taxation only being slightly down on prior year is a strong achievement in what was an exceptionally uncertain trading environment over the course of the year.

The net book value of tangible fixed assets has increased from £19.3m in 2019 to £20.3m in 2020. The expenditure on tangible fixed assets in 2020 was £672k (2019: 1,219k). The directors have decided to revalue Freehold Land and Buildings at their Wychbold premises based on a professional Valuation performed by Savills as at 3 January 2021, on a Fair Value basis. This uplifted the value on the Balance Sheet by £1m.

The directors aim to ensure the company continues to produce sustained growth within its principal activities. The Company will ensure it continues to source products and deliver services that are attractive to its marketplace in order to ensure its continued profitability. The cost base of the Company continues to be closely managed in order to maintain profitability.

2021 COVID-19 PANDEMIC UPDATE

Since the start of January 2021, the Government put the country into another national lockdown. As in November 2020, our Garden Centre stores have been able to remain open to trade, but our Restaurants had to remain closed. Due to the heavier restrictions on travelling and customer movements during this lockdown, plus the first few months of the year being our typical off peak trading period, customer footfall into our stores was almost 60% down on normal levels in January. However, through careful management of all overheads, the business did not make a much bigger loss than normal in January. Once the weather started to improve and we were able to visually merchandise our new seasonal products in our stores, the changes in customer spending patterns towards more Home Living & Gardening products resulted in a significant improvement in trading performance from mid-February onwards.

Whilst customer volumes into our stores have remained under normal levels, our Average Transaction Value has increased significantly, with fewer browsers in our stores and increased demand for higher ticket garden furniture, BBQs and Landscapes products. This, along with a continued surge in online sales, as customers shopped more from home, has resulted in a very strong first quarter trading performance in 2021, significantly ahead of 2019 and 2020 sales since mid-February even with our Restaurants being closed.

We finally reopened our restaurants for indoor catering from 17th May 2021 onwards, in line with Government guidance, which has resulted in trading improving further due to customer demand for this service having waited for so long to eat out, whilst maintaining ongoing social distancing regulations. The main issue impacting on trading performance since April 2021 has been the significant delays and stock shortages in Furniture and BBQ products due largely to container shortages from overseas, which is still not fully rectified late Summer 2021.

The impact of Brexit has been minimal on the ongoing trading performance of the business in 2021 to date. The disruption felt has been more administrative through additional regulation and paperwork, but more keenly felt by our suppliers due to initial chaos at the borders and delays in transportation of goods, whether from EU or Far East.

Overall, the directors believe the garden centre sector has proved very resilient versus other retail sectors and provides the consumer with many critical products required during such a time that centres are likely to remain open and demand continue.

The directors remain positive about the business and its ability to identify opportunities to continue to trade successfully and manage our cashflows effectively in such challenging times.

STRATEGIC REPORT (CONTINUED)
FOR THE 52 WEEKS ENDED 3 JANUARY 2021

PRINCIPAL RISKS AND UNCERTAINTIES

The directors constantly monitor the risks and uncertainties facing the Company with particular reference to the exposure on exchange rates, liquidity, stocks, interest rates and credit risks. They are confident that there are suitable policies in place and there are no material risks and uncertainties which have not been considered.

The Company uses various financial instruments which include loans, cash and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Company's operations.

The existence of these financial instruments exposes the Company to a number of financial risks, which are described in more detail below.

The main risks arising from the Company's financial instruments are currency risk, interest rate risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below.

Currency Risk

The Company has exposure to translation and transaction foreign exchange risk through its supply chain. Transaction exposures are hedged, principally using forward currency contracts. Whilst the aim is to achieve an economic hedge the Company does not adopt an accounting policy of hedge accounting for these financial statements.

Liquidity Risk

The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Short term flexibility is achieved by utilising related Company funds.

Interest Rate Risk

The Company finances its operations through a mixture of retained profits, related Company funds and borrowings. The Company uses base rate caps and swaps to manage its interest rate risk.

Credit Risk

The Company's principal financial assets are stock. It does not have significant credit risk in relation to Trade Debtors due to the retail nature of the business. Its principal trade debtors relate to rental amounts due from tenants who occupy parts of the sites at Wychbold, Hagley and Cheltenham, which carries minimal risk due to contractual lease agreements in place and good covenance of tenants through estate management.

WEBBS GARDEN CENTRES LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE 52 WEEKS ENDED 3 JANUARY 2021

FINANCIAL AND OTHER KEY PERFORMANCE INDICATORS

The directors monitor performance of the business using key performance indicators (KPI's) both financial and non-financial. These are monitored at all levels of the business.

These include:

Sale units and value – monitored continually by customer, supplier, category and model range. Turnover has decreased by 3.6% to £19.2 million in 2020 from £20.0 million last year.

Gross profit margin – raw material cost prices and currency rates are closely tracked. Gross profit margin percentage decreased from 47.2% in 2019 to 46.0% in 2020, largely resulting from the lower sales mix of higher margin Catering sales and stock losses through wastage or charitable donations of live, fresh products during lockdown and store closures during the year.

Wage to sales ratios – total wages as a percentage of sales decreased from 24.5% in 2019 to 23.2% in 2020 including the furlough support from the Government.

Stock turn – as at 31 December 2020 stock was turning at 3.1 times per annum based on the previous 12 months cost of sales. This is an improvement on the previous year at 2.8 times as we sold through more seasonal stock lines with less carry over from increased demand post-Spring lockdown.

Customer numbers and footfall are tracked at all of our stores.

Cash flow targets – forecasts are established and reviewed weekly and monthly to ensure working capital is effectively managed.

Staff retention and wellbeing – monitored to ensure employee welfare is at the forefront of the business.

Customer service – levels of quality and performance are continually reviewed to maximise customer satisfaction.

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 and are seeking to ensure that the large Wychbold site becomes self-sufficient in its energy generation and use in the future. Water conservation remains of paramount importance and we continue to benefit from our investment in rainwater harvesting to the irrigation of retail areas.

This report was approved by the board on *24th September 2021* and signed on its behalf.



Oliver Grant Nation
Director

WEBBS GARDEN CENTRES LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 3 JANUARY 2021

The directors present their report and the financial statements for the 52 weeks ended 3 January 2021.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic report, the Directors' 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 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'. 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 to 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. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' reports may differ from legislation in other jurisdictions.

RESULTS AND DIVIDENDS

The profit for the 52 weeks, after taxation, amounted to £403,681 (2019: £817,123).

Dividends of £133,269 (2019: £249,435) were declared in the year.

DIRECTORS

The directors who served during the 52 weeks were:

Edward Alexander Broughton Webb
Oliver Grant Nation

FUTURE DEVELOPMENTS

The Company's strategy remains one of steady investment in the estate, maintaining and growing revenue and the profit base and reducing net debt despite ongoing challenges such as Covid-19 compliance, Utilities, Insurance costs, Living Wage and Pension rises. Focus for 2021 will be investment in IT infrastructure, developing and upgrading front and back-end EPOS and ERP systems throughout the Company, enabling more automation and productivity improvements to ensure we maintain and improve our customer and colleague experience both in store and online. We will also look to invest in refitting existing restaurant facilities at our Cheltenham store and other maintenance projects across our store estate that our cash flows permit.

WEBBS GARDEN CENTRES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE 52 WEEKS ENDED 3 JANUARY 2021

ENGAGEMENT WITH EMPLOYEES

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 meetings, monthly newsletters and bi-annual Director presentations and Chairman statements.

Employees have continued to play a key role in shaping the development of the business including ranging decisions and store layout following our refit programmes in all our stores. Employees are fully appraised and consulted on significant changes to company policy, including the production of and agreement to our Covid-19 Risk Assessments and policies implemented prior to our stores reopening in May 2020. Directors and senior management, whilst sited at our store in Wychbold, regularly discuss matters of concern and current interest with employees across all of our sites. We conduct an annual employee survey, through Great Places To Work, the findings of which help us shape our Company welfare and development strategy, as detailed below.

We introduced a more formalised Career Paths Document in 2018, and further developed colleague training and career development pathways in 2019, to ensure we are supporting the development of all of our employees, no matter what stage of their careers with us. This includes a Specialist Training Guarantee open to all permanent Webbs employees, to gain a recognised formal qualification in their specialist areas. This is being used in employee appraisals to help set objectives and improve motivation and drive performance at all levels. We have also developed a Future Leaders Programme for all Webbs employees who are not already at Supervisor level or above and who would like to develop their leadership skills for the future.

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.

WEBBS GARDEN CENTRES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE 52 WEEKS ENDED 3 JANUARY 2021

ENGAGEMENT WITH SUPPLIERS, CUSTOMERS AND OTHERS

Webbs Garden Centres Limited is a totally customer-focused business, all our decisions on strategy and future development are with our customers at the forefront of our thoughts. The majority of our customers are those who shop either at our stores or online via our website. Sales transactions with these retail customers are immediate, in that the customer pays for the goods they buy at the time of buying them. Our only debtors in relation to these retail customers relate to credit card or digital payment transactions which take approximately 2-3 days to clear into our bank account from the respective merchant providers. We only recognise these sales in our accounts once the stock has transferred ownership from us to the customer.

We very rarely undertake business to business transactions, although we do have a small number of wholesale customer accounts who pay within 30 days for the goods or services they receive.

Our only other customers are our tenants, who lease areas of our property at each of our stores for the purposes of their own retail trading activity. Our tenants pay us rental and service charges over the respective agreed contractual lease terms and these are invoiced and paid either monthly or quarterly depending on the tenant agreement in place.

Webbs Garden Centres Limited ensures it maintains very strong relationships with all of its suppliers, whether they relate to the supply of retail items for sale in our stores, or services and non-stock items and consumables. We work closely with our suppliers to negotiate mutually agreeable payment terms, many of which are negotiated via our Tillington Buying Group of 11 independent garden centre members across the UK. We therefore have a variety of payment terms agreed and in place across our suppliers depending on the nature of the stock or service involved. We make weekly supplier payment runs and always pay our invoices on time unless we are awaiting credit notes being agreed with respective suppliers in turn.

Creditor days as at 3 January 2021 were 37 compared to 49 days at 5 January 2020, albeit this can vary depending on the timing and value of month-end payment runs, as a large portion of our supplier payments are made at the end of the calendar month, whereas our accounting periods are on a 4-4-5 basis.

In order to manage cash flows during the period our stores were closed from March to May 2020, we agreed extended payment terms with some key suppliers but always ensured we paid what we could each week within our agreed banking facilities. This meant we maintained strong relations with our suppliers during this very tough trading period to ensure we could continue to receive the stock we needed when ordered, but also ensure our suppliers had regular cash flows from us even if some invoices were paid over a longer period of time. By the end of June 2020 all of our suppliers were back on existing terms and our cash flows had recovered to pre-covid levels with no impact on any supplier relations. It was vitally important we all supported each other to get through such a demanding, tough trading period and we feel we have done this very successfully during 2020 and 2021 to date.

DISABLED EMPLOYEES

People with disabilities have fair and full consideration for all job vacancies at Webbs Garden Centres Limited. 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.

WEBBS GARDEN CENTRES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE 52 WEEKS ENDED 3 JANUARY 2021

GREENHOUSE GAS EMISSIONS, ENERGY CONSUMPTION AND ENERGY EFFICIENCY ACTION

The Company's energy consumption for the 52 weeks to 3 January 2021 was 1,815,436 kWh across its 3 sites. This equates to total greenhouse gas emissions of 393,023 kgs of Carbon Dioxide during that period. This is calculated by taking the sum of all electricity and gas usage in kWh from the respective meters at each site which are generated by Webbs Garden Centres Limited and excludes usage by its Tenants onsite. This also includes any fuel consumption by our own transport fleet during the period.

The employees of Webbs Garden Centres Limited have undertaken very little business travel over the period due to Covid-19 related lockdowns and associated restrictions in travel. Our employees have therefore engaged in more video conferencing and digital communication methods to reduce the need for travel between sites or to suppliers and trade shows, both in the UK and overseas.

Please refer to the section under 'Environment' in the Strategic Report for further information on the Company's Environmental and Sustainability strategy and measures which Webbs Garden Centres Limited has undertaken and is considering to improve energy efficiency in the period and in future, including new radiant heaters installed within our 3 stores in 2020 and future investment in more solar panels in the next 12-24 months which would result in Webbs being almost entirely self-sufficient at its Wychbold site once these have been implemented.

WEBBS GARDEN CENTRES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE 52 WEEKS ENDED 3 JANUARY 2021**

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

POST BALANCE SHEET EVENTS

There have been no significant events affecting the Company since the year end.

AUDITORS

The auditors, Bishop Fleming LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



Oliver Grant Nation
Director

Date: 24th September 2021

Worcester Road
Wychbold
Droitwich
Worcestershire
WR9 0DG

WEBBS GARDEN CENTRES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WEBBS GARDEN CENTRES LIMITED

OPINION

We have audited the financial statements of Webbs Garden Centres Limited (the 'Company') for the 52 weeks ended 3 January 2021, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of cash flows, the Statement of changes in equity and the related notes, 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 Financial Reporting Standard 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 3 January 2021 and of its profit for the 52 weeks 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 Auditors' 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.

WEBBS GARDEN CENTRES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WEBBS GARDEN CENTRES LIMITED (CONTINUED)

OPINION 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 52 weeks for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the 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 Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the 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 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 5, 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WEBBS GARDEN CENTRES LIMITED
(CONTINUED)**

AUDITORS' 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 Auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Identifying and assessing potential risks related to irregularities

The procedures undertaken in order to identify and assess risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, are as follows:

- We have considered the nature of the industry and sector, control environment and business performance;
- We have considered the results of our enquiries of management including the Finance team and Director about their own identification and assessment of the risk of irregularities;
- For any matters identified we have obtained and reviewed the company's documentation of their policies and procedures relating to;
 - Identifying, evaluating and complying with laws and regulations whether they were aware of any instances of non-compliance;
 - Detecting and responding to the risk of fraud and whether they have knowledge of actual, suspected or alleged fraud; and
 - The internal controls established to mitigate the risks of fraud or non-compliance with laws and regulations.
- We have considered the matters discussed among the audit engagement team, including internal tax specialists regarding how and where fraud might occur in the financial statements and potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas:

- Revenue recognition; and
- Accounting estimates.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Companies Act 2006 and tax legislation.

WEBBS GARDEN CENTRES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WEBBS GARDEN CENTRES LIMITED (CONTINUED)

In addition, we have considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These include data protection regulations, health and safety regulations and employment legislation.

Audit response to risks identified

As a result of performing the above procedures, we have identified revenue recognition and accounting estimates as key audit matters related to the potential risk of fraud. Our procedures to respond to risks identified included the following:

- Documenting and validating the control environment for income and debtors and carrying out walkthrough testing;
- Undertaking substantive sample-based testing or proof in total calculations on all material revenue streams to ensure revenue has been recognised appropriately and accurately;
- Considering manual income journals as part of our work on fraud risks documented above;
- Reviewing the financial statement disclosures and testing to supporting documentation;
- Enquiring of management concerning actual and potential litigation claims;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement;
- Reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC; and
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from an error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

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

WEBBS GARDEN CENTRES LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WEBBS GARDEN CENTRES LIMITED
(CONTINUED)**

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



Andrew Wood FCCA (Senior statutory auditor)

for and on behalf of

Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

1-3 College Yard

Worcester

WR1 2LB

Date: *24th September 2021.*

WEBBS GARDEN CENTRES LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE 52 WEEKS ENDED 3 JANUARY 2021**

	Note	52 weeks ended 3 January 2021 £	53 weeks ended 5 January 2020 £
Turnover	4	19,244,104	19,965,151
Cost of sales		(10,390,308)	(10,548,333)
GROSS PROFIT		8,853,796	9,416,818
Administrative expenses		(9,193,321)	(8,885,557)
Other operating income	5	1,391,611	795,319
OPERATING PROFIT	6	1,052,086	1,326,580
Income from fixed assets investments		20,250	20,250
Interest receivable and similar income	11	966	4,143
Interest payable and expenses	12	(122,695)	(132,479)
PROFIT BEFORE TAX		950,607	1,218,494
Tax on profit	13	(546,926)	(401,371)
PROFIT FOR THE FINANCIAL 52 WEEKS		403,681	817,123
OTHER COMPREHENSIVE INCOME FOR THE 52 WEEKS			
Revaluation of freehold own use property		1,366,797	255,440
OTHER COMPREHENSIVE INCOME FOR THE 52 WEEKS		1,366,797	255,440
TOTAL COMPREHENSIVE INCOME FOR THE 52 WEEKS		1,770,478	1,072,563

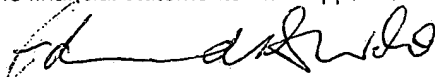
The notes on pages 21 to 43 form part of these financial statements.

WEBBS GARDEN CENTRES LIMITED
REGISTERED NUMBER:00777596

STATEMENT OF FINANCIAL POSITION
AS AT 3 JANUARY 2021

	Note	3 January 2021 £	5 January 2020 £
FIXED ASSETS			
Intangible assets	15	178,733	-
Tangible assets	16	20,264,568	19,337,963
Investments	17	738,115	738,115
Investment property	18	3,575,000	3,575,000
		<u>24,756,416</u>	<u>23,651,078</u>
CURRENT ASSETS			
Stocks	20	2,071,207	2,276,619
Debtors: amounts falling due within one year	21	416,657	334,884
Cash at bank and in hand	22	2,480,674	2,034,220
		<u>4,968,538</u>	<u>4,645,723</u>
Creditors: amounts falling due within one year	23	(4,084,275)	(4,331,009)
NET CURRENT ASSETS		<u>884,263</u>	<u>314,714</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>25,640,679</u>	<u>23,965,792</u>
Creditors: amounts falling due after more than one year	24	(2,931,346)	(3,238,739)
PROVISIONS FOR LIABILITIES			
Deferred tax	28	(1,311,984)	(966,913)
NET ASSETS		<u>21,397,349</u>	<u>19,760,140</u>
CAPITAL AND RESERVES			
Called up share capital	29	713	713
Share premium account	30	45,700	45,700
Revaluation reserve	30	10,160,206	10,172,198
Capital redemption reserve	30	337	337
Profit and loss account	30	11,190,393	9,541,192
		<u>21,397,349</u>	<u>19,760,140</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



Edward Alexander Broughton Webb
Director

Date: 24th September 2021.

The notes on pages 21 to 43 form part of these financial statements.

WEBBS GARDEN CENTRES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE 52 WEEKS ENDED 3 JANUARY 2021

	Called up share capital £	Share premium account £	Capital redemption reserve £	Revaluation reserve £	Profit and loss account £	Total equity £
At 31 December 2018	713	45,700	337	10,050,603	8,718,064	18,815,417
Profit for the 53 weeks	-	-	-	-	817,123	817,123
Deferred tax movement	-	-	-	121,595	255,440	377,035
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-	-	-	121,595	1,072,563	1,194,158
Dividends: Equity capital	-	-	-	-	(249,435)	(249,435)
At 6 January 2020	713	45,700	337	10,172,198	9,541,192	19,760,140
Profit for the 52 weeks	-	-	-	-	403,681	403,681
Surplus on revaluation of freehold property	-	-	-	(11,992)	1,378,789	1,366,797
TOTAL COMPREHENSIVE INCOME FOR THE 52 WEEKS	-	-	-	(11,992)	1,782,470	1,770,478
Dividends: Equity capital	-	-	-	-	(133,269)	(133,269)
AT 3 JANUARY 2021	713	45,700	337	10,160,206	11,190,393	21,397,349

The notes on pages 21 to 43 form part of these financial statements.

WEBBS GARDEN CENTRES LIMITED

**STATEMENT OF CASH FLOWS
FOR THE 52 WEEKS ENDED 3 JANUARY 2021**

	52 weeks ended 3 January 2021 £	53 weeks ended 5 January 2020 £
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	403,681	817,123
ADJUSTMENTS FOR:		
Depreciation of tangible assets	940,044	755,721
Loss on disposal of tangible assets	-	(11,360)
Government grants	(724,290)	-
Interest paid	122,695	132,479
Interest received	(21,216)	(24,393)
Taxation charge	546,926	401,371
Decrease/(increase) in stocks	300,135	(154,327)
(Increase)/decrease in debtors	(81,773)	79,557
(Decrease) in creditors	(480,651)	(2,755)
Corporation tax (paid)	(201,529)	(256,369)
NET CASH GENERATED FROM OPERATING ACTIVITIES	804,022	1,737,047
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of intangible fixed assets	(91,643)	(87,090)
Purchase of tangible fixed assets	(672,192)	(1,947,681)
Sale of tangible fixed assets	-	30,000
Government grants received	724,290	-
Interest received	966	4,143
HP interest paid	(8,008)	(6,317)
Dividends received	20,250	20,250
NET CASH FROM INVESTING ACTIVITIES	(26,337)	(1,986,695)
CASH FLOWS FROM FINANCING ACTIVITIES		
New secured loans	-	800,000
Repayment of loans	(622,994)	(475,599)
Repayment of/new finance leases	514,555	(160,315)
Loans due from/(repaid to) directors	-	24,584
Movements on invoice discounting	-	(19,584)
Dividends paid	(133,269)	(249,435)
Interest paid	(114,687)	(126,162)
NET CASH USED IN FINANCING ACTIVITIES	(356,395)	(206,511)

WEBBS GARDEN CENTRES LIMITED

**STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE 52 WEEKS ENDED 3 JANUARY 2021**

	52 weeks ended 3 January 2021 £	53 weeks ended 5 January 2020 £
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	421,290	(456,159)
Cash and cash equivalents at beginning of 52 weeks	2,034,220	2,490,379
CASH AND CASH EQUIVALENTS AT THE END OF 52 WEEKS	2,455,510	2,034,220
CASH AND CASH EQUIVALENTS AT THE END OF 52 WEEKS COMPRISE:		
Cash at bank and in hand	2,480,674	2,034,220
Bank overdrafts	(25,164)	-
	2,455,510	2,034,220

The notes on pages 21 to 43 form part of these financial statements.

WEBBS GARDEN CENTRES LIMITED

**ANALYSIS OF NET DEBT
FOR THE 52 WEEKS ENDED 3 JANUARY 2021**

	At 6 January 2020 £	Cash flows £	Movements £	New finance leases £	At 3 January 2021 £
Cash at bank and in hand	2,034,220	446,454	-	-	2,480,674
Bank overdrafts	-	(25,164)	-	-	(25,164)
Debt due after 1 year	(3,238,739)	255,077	384,463	-	(2,599,199)
Debt due within 1 year	(604,246)	367,916	(384,463)	-	(620,793)
Finance leases	(66,798)	232,365	-	(746,920)	(581,353)
	<u>(1,875,563)</u>	<u>1,276,648</u>	<u>-</u>	<u>(746,920)</u>	<u>(1,345,835)</u>

The notes on pages 21 to 43 form part of these financial statements.

WEBBS GARDEN CENTRES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 3 JANUARY 2021

1. GENERAL INFORMATION

Webbs Garden Centres Limited is a private company, limited by shares, registered in England and Wales. The registered office is Worcester Road, Wychbold, Droitwich, Worcestershire, WR9 0DG.

The company registration number is: 00777596.

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

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 ASSOCIATES AND JOINT VENTURES

Associates and Joint Ventures are held at cost less impairment.

2.3 GOING CONCERN

The Directors have considered the implications of COVID-19 in relation to the risk of the business continuing to operate as a going concern, and have concluded that there are sufficient cash resources in place to trade through the current pandemic. They have not identified any significant issues that are expected to affect the company's ability to continue as a going concern.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 3 JANUARY 2021

2. ACCOUNTING POLICIES (continued)

2.4 REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 INTANGIBLE ASSETS

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation will be provided for in order to write off each asset over the estimated useful life once the asset is complete and ready for use.

2.6 TANGIBLE FIXED ASSETS

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 3 JANUARY 2021

2. ACCOUNTING POLICIES (continued)

2.6 TANGIBLE FIXED ASSETS (CONTINUED)

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

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

Freehold property	- over 10 or 50 years
Long-term leasehold property	- Over 35 years
Short-term leasehold property	- over 25 years
Plant and machinery	- over 3 to 10 years
Motor vehicles	- over 4 years
Fixtures and fittings	- over 4 to 10 years
Computer equipment	- over 3 to 5 years
Assets under construction	- not depreciated

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.7 REVALUATION OF TANGIBLE FIXED ASSETS

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Statement of financial position date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in other comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

2.8 INVESTMENT PROPERTY

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 3 JANUARY 2021**

2. ACCOUNTING POLICIES (continued)

2.9 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Statement of financial position date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.10 STOCKS

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.11 DEBTORS

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.12 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.13 FINANCIAL INSTRUMENTS

The Company enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

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 income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

2.14 CREDITORS

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2. ACCOUNTING POLICIES (continued)

2.15 GOVERNMENT GRANTS

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure.

2.16 FINANCE COSTS

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.17 DIVIDENDS

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.18 OPERATING LEASES: THE COMPANY AS LESSOR

Rental income from operating leases is credited to profit or loss on a straight line basis over the lease term.

Amounts paid and payable as an incentive to sign an operating lease are recognised as a reduction to income over the lease term on a straight line basis, unless another systematic basis is representative of the time pattern over which the lessor's benefit from the leased asset is diminished.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 31 December 2018 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.19 OPERATING LEASES: THE COMPANY AS LESSEE

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 31 December 2018 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2. ACCOUNTING POLICIES (continued)

2.20 PENSIONS

DEFINED CONTRIBUTION PENSION PLAN

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.21 INTEREST INCOME

Interest income is recognised in profit or loss using the effective interest method.

2.22 BORROWING COSTS

All borrowing costs are recognised in profit or loss in the 52 weeks in which they are incurred.

2.23 PROVISIONS FOR LIABILITIES

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2. ACCOUNTING POLICIES (continued)

2.24 CURRENT AND DEFERRED TAXATION

The tax expense for the 52 weeks comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.25 RESEARCH AND DEVELOPMENT

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

WEBBS GARDEN CENTRES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 3 JANUARY 2021

3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Preparation of the financial statements requires management to make significant judgements and estimates.

Critical areas of judgement:

Depreciation and amortisation

The difference between the purchase price and estimated residual value of a fixed asset which has a limited useful economic life should be allocated on a systematic basis to each accounting period during the useful life of the asset. The depreciation/amortisation charge for each period should be recognised as an expense in the profit and loss account unless it is permitted to be included in the carrying amount of another asset.

For each major class of depreciable asset the method of depreciation/amortisation and the or depreciation/amortisation rates have been disclosed.

4. TURNOVER

All turnover arose within the United Kingdom and related to the one principal activity of the company.

5. OTHER OPERATING INCOME

	52 weeks ended 3 January 2021 £	53 weeks ended 5 January 2020 £
Ground rent receivable	623,944	750,010
Government grants receivable	724,290	-
Sundry income	3,081	7,196
Commissions receivable	15,361	13,501
Fair value adjustment	24,935	24,612
	<u>1,391,611</u>	<u>795,319</u>

Government grants receivable represent amounts received through the Coronavirus Job Retention Scheme where the company received Government assistance of between 60% and 80% of the cost of furloughed staff.

WEBBS GARDEN CENTRES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 3 JANUARY 2021**

6. OPERATING PROFIT

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

	52 weeks ended 3 January 2021 £	53 weeks ended 5 January 2020 £
Profit on sale of tangible fixed assets	-	(11,360)
Operating lease income	(623,944)	(750,010)
Depreciation of tangible fixed assets - owned assets (note 16)	855,879	707,626
Depreciation of tangible fixed assets - assets on hire purchase contracts	74,692	48,095
Exchange differences	(24,935)	(24,612)
Other operating lease rentals	379,515	162,414
Share based payment	195,584	176,197
	=====	=====

7. AUDITORS' REMUNERATION

	52 weeks ended 3 January 2021 £	53 weeks ended 5 January 2020 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	23,385	22,845
	=====	=====

**FEEs PAYABLE TO THE COMPANY'S AUDITOR AND ITS
ASSOCIATES IN RESPECT OF:**

Taxation compliance services	2,170	2,060
	=====	=====

WEBBS GARDEN CENTRES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 3 JANUARY 2021****8. EMPLOYEES**

Staff costs, including directors' remuneration, were as follows:

	52 weeks ended 3 January 2021 £	53 weeks ended 5 January 2020 £
Wages and salaries	4,647,445	4,396,675
Social security costs	313,854	279,588
Cost of defined contribution scheme	195,584	176,197
	<u>5,156,883</u>	<u>4,852,460</u>

The average monthly number of employees, including the directors, during the 52 weeks was as follows:

	52 weeks ended 3 January 2021 No.	53 weeks ended 5 January 2020 No.
Sales	332	316
Administration	38	43
	<u>370</u>	<u>359</u>

9. DIRECTORS' REMUNERATION

	52 weeks ended 3 January 2021 £	53 weeks ended 5 January 2020 £
Directors' emoluments	275,128	235,025
Company contributions to defined contribution pension schemes	22,743	29,451
	<u>297,871</u>	<u>264,476</u>

During the 52 weeks retirement benefits were accruing to 2 directors (2019: 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £151,414 (2019: £135,110).

The key management personnel of the company comprise the directors of the company listed on page 1.

WEBBS GARDEN CENTRES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 3 JANUARY 2021**

10. INCOME FROM INVESTMENTS

	52 weeks ended 3 January 2021 £	53 weeks ended 5 January 2020 £
Dividends received from unlisted investments	20,250	20,250
	<u>20,250</u>	<u>20,250</u>

11. INTEREST RECEIVABLE

	52 weeks ended 3 January 2021 £	53 weeks ended 5 January 2020 £
Other interest receivable	966	4,143
	<u>966</u>	<u>4,143</u>

12. INTEREST PAYABLE AND SIMILAR EXPENSES

	52 weeks ended 3 January 2021 £	53 weeks ended 5 January 2020 £
Bank interest payable	114,687	126,162
Hire purchase contracts	8,008	6,317
	<u>122,695</u>	<u>132,479</u>

WEBBS GARDEN CENTRES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 3 JANUARY 2021**

13. TAXATION

	52 weeks ended 3 January 2021 £	53 weeks ended 5 January 2020 £
CORPORATION TAX		
Current tax on profits for the year	217,732	207,934
Adjustments in respect of previous periods	(15,877)	-
TOTAL CURRENT TAX	201,855	207,934
DEFERRED TAX		
Origination and reversal of timing differences	345,071	193,437
TOTAL DEFERRED TAX	345,071	193,437
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	546,926	401,371

FACTORS AFFECTING TAX CHARGE FOR THE 52 WEEKS/PERIOD

The tax assessed for the 52 weeks is the same as (2019: the same as) the standard rate of corporation tax in the UK of 19% (2019: 19%) as set out below:

	52 weeks ended 3 January 2021 £	53 weeks ended 5 January 2020 £
Profit on ordinary activities before tax	950,607	1,218,494
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	180,615	231,514
EFFECTS OF:		
Expenses not deductible for tax purposes	22,095	22,422
Income not taxable for tax purposes	(8,585)	(8,524)
Timing differences in relation to fixed assets	320,555	146,457
Other timing differences leading to an increase (decrease) in taxation	48,123	9,502
Other differences leading to an increase (decrease) in the tax charge	(15,877)	-
TOTAL TAX CHARGE FOR THE 52 WEEKS/PERIOD	546,926	401,371

WEBBS GARDEN CENTRES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 3 JANUARY 2021**

13. TAXATION (CONTINUED)

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

There were no factors that may affect future tax charges.

14. DIVIDENDS

	52 weeks ended 3 January 2021 £	53 weeks ended 5 January 2020 £
Dividends payable on ordinary shares	133,269	249,435
	133,269	249,435

15. INTANGIBLE ASSETS

	Assets under construction £
COST	
Additions	91,643
Transfer between classes	87,090
At 3 January 2021	178,733
NET BOOK VALUE	
At 3 January 2021	178,733
At 5 January 2020	-

The assets under construction are development costs in relation to the IT systems upgrade which is currently ongoing.

The transfer between classes within the above note relates to the misclassification of development costs in the prior year, which have now been correctly classified as intangibles.

WEBBS GARDEN CENTRES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 3 JANUARY 2021

16. TANGIBLE FIXED ASSETS

	Freehold property £	Long-term leasehold property £	Short-term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures, fittings & Equipment £	Assets under construction £	Total £
COST OR VALUATION								
At 6 January 2020	16,428,722	816,146	14,728	1,923,863	161,240	5,246,070	305,441	24,896,210
Additions	89,347	-	-	79,298	27,250	432,371	43,926	672,192
Transfers between classes	58,590	-	-	-	-	65,039	(305,442)	(181,813)
Revaluations	1,000,000	-	-	-	-	-	-	1,000,000
At 3 January 2021	17,576,659	816,146	14,728	2,003,161	188,490	5,743,480	43,925	26,386,589
DEPRECIATION								
At 6 January 2020	1,033	7,753	6,087	1,646,222	56,465	3,840,687	-	5,558,247
Charge for the year on owned assets	405,093	23,260	589	62,069	33,616	331,252	-	855,879
Charge for the year on financed assets	-	-	-	-	-	74,692	-	74,692
On revalued assets	(366,797)	-	-	-	-	-	-	(366,797)
At 3 January 2021	39,329	31,013	6,676	1,708,291	90,081	4,246,631	-	6,122,021
NET BOOK VALUE								
At 3 January 2021	17,537,330	785,133	8,052	294,870	98,409	1,496,849	43,925	20,264,568
At 5 January 2020	16,427,689	808,393	8,641	277,641	104,775	1,405,383	305,441	19,337,963

WEBBS GARDEN CENTRES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 3 JANUARY 2021****16. TANGIBLE FIXED ASSETS (CONTINUED)**

The transfer between classes within the above note relates to the misclassification of development costs in the prior year, which have now been correctly classified as intangibles.

The net book value of land and buildings may be further analysed as follows:

	3 January 2021 £	5 January 2020 £
Freehold	17,537,330	16,427,689
Long leasehold	785,133	808,393
Short leasehold	8,052	8,641
	<u>18,330,515</u>	<u>17,244,723</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	3 January 2021 £	5 January 2020 £
Furniture, fittings and equipment	672,227	356,701
	<u>672,227</u>	<u>356,701</u>

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

	3 January 2021 £	5 January 2020 £
Cost	9,384,972	9,310,282
Aggregate Depreciation	<u>(4,465,046)</u>	<u>(4,207,852)</u>

Freehold land and buildings were valued on an existing use basis on 3 January 2021 by Savills.

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

WEBBS GARDEN CENTRES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 3 JANUARY 2021**

17. FIXED ASSET INVESTMENTS

	Investments in associates £
COST OR VALUATION	
At 6 January 2020	738,115
At 3 January 2021	<u>738,115</u>

The investment in associate relates to a 25.55% holding in Bransford Garden Plants Holdings Limited.

18. INVESTMENT PROPERTY

	Freehold investment property £
VALUATION	
At 6 January 2020	3,575,000
AT 3 JANUARY 2021	<u>3,575,000</u>

In line with the accounting treatment stated in FRS102, land and buildings occupied by concessions on the Webbs site has been classified as Investment Property. However in practical terms this property forms parts of the structure of the trading premises of the business and for all intents and purposes is not considered to be any different to the freehold property held.

The 2020 valuations were made by Savills, on an open market value for existing use basis.

A property valuation was carried out in January 2021 by Savills which showed the value of the investment property being valued at an amount in excess of the carrying value currently used in the financial statements above. However, the directors have decided not to increase the value of these investment properties as at 3 January 2021 due to any potential impacts that may arise on property valuations as the company trades through the COVID pandemic. This will be reviewed again in 2021.

If the Investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	3 January 2021 £	5 January 2020 £
Historic cost	<u>1,542,732</u>	<u>1,542,732</u>

WEBBS GARDEN CENTRES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 3 JANUARY 2021****19. OPERATING LEASE COMMITMENTS**

Receipts from non-cancellable operating leases are as follows:

	3 January 2021 £	5 January 2020 £
Not later than 1 year	519,566	603,423
Later than 1 year and not later than 5 years	1,129,023	1,502,071
Later than 5 years	316,500	436,407
	<u>1,965,089</u>	<u>2,541,901</u>

20. STOCKS

	3 January 2021 £	5 January 2020 £
Raw Materials and Consumables	85,401	58,887
Finished Goods for Resale	1,985,806	2,217,732
	<u>2,071,207</u>	<u>2,276,619</u>

21. DEBTORS

	3 January 2021 £	5 January 2020 £
Trade debtors	72,086	45,561
Other debtors	145,474	48,954
Prepayments and accrued income	199,097	240,369
	<u>416,657</u>	<u>334,884</u>

An impairment loss of £14,659 (2019: £36,014) was recognised in administration expenses against trade debtors during the year due to doubtful debts.

WEBBS GARDEN CENTRES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 3 JANUARY 2021**

22. CASH AND CASH EQUIVALENTS

	3 January 2021 £	5 January 2020 £
Cash at bank and in hand	2,480,674	2,034,220
Less: bank overdrafts	(25,164)	-
	<u>2,455,510</u>	<u>2,034,220</u>

23. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	3 January 2021 £	5 January 2020 £
Bank overdrafts	25,164	-
Bank loans	620,793	604,246
Trade creditors	1,261,387	1,730,977
Corporation tax	217,732	207,934
Other taxation and social security	769,010	790,755
Obligations under finance lease and hire purchase contracts	249,206	66,798
Other creditors	43,314	35,459
Accruals and deferred income	894,549	866,785
Financial instruments	3,120	28,055
	<u>4,084,275</u>	<u>4,331,009</u>

Secured loans

The bank loans 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.

24. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	3 January 2021 £	5 January 2020 £
Bank loans	2,599,199	3,238,739
Net obligations under finance leases and hire purchase contracts	332,147	-
	<u>2,931,346</u>	<u>3,238,739</u>

WEBBS GARDEN CENTRES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 3 JANUARY 2021

25. LOANS

Analysis of the maturity of loans is given below:

	3 January 2021 £	5 January 2020 £
AMOUNTS FALLING DUE WITHIN ONE YEAR		
Bank loans	620,793	604,246
AMOUNTS FALLING DUE 1-2 YEARS		
Bank loans	637,701	620,699
AMOUNTS FALLING DUE 2-5 YEARS		
Bank loans	1,351,821	1,804,975
AMOUNTS FALLING DUE AFTER MORE THAN 5 YEARS		
Bank loans	609,677	813,065
	3,219,992	3,842,985

The company has four bank loans.

The first loan balance at 3 January 2021 was £248,408 (2019: £311,872) and the monthly repayments on this loan as at the year end are £5,762 (2019: £5,762). The loan will be repaid by 2024. The interest rate on this loan is LIBOR + 1.65%.

The second loan balance at 3 January 2021 was £896,934 (2019: £1,133,406) and the monthly repayments on this loan as at the year end are £21,302 (2019: £21,302). The loan will be repaid by 2025. The interest rate on this loan is LIBOR + 1.6%.

The third loan balance at 3 January 2021 was £1,466,654 (2019: £1,632,879) and the monthly repayments on this loan as at the year end are £17,097 (2019: £17,097). The loan will be repaid by 2028. The interest rate on this loan is LIBOR + 2.25%.

The fourth loan balance at 3 January 2021 was £607,996 (2019: £764,828) and the monthly repayments on this loan as at the year end are £14,377 (2019: £14,377). The loan will be repaid by 2024. The interest rate on this loan is LIBOR + 2.25%.

26. HIRE PURCHASE AND FINANCE LEASES

Minimum lease payments under hire purchase fall due as follows:

	3 January 2021 £	5 January 2020 £
Not later than 1 year	249,206	66,978
Later than 1 year and not later than 5 years	332,146	-

WEBBS GARDEN CENTRES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 3 JANUARY 2021

27. 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 at 3.45% p.a. until 1 January 2021

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 £24,935 (2019: £24,612) and £NIL (2019: £Nil) was recognised in other operating income in the profit and loss account being the fair value movement of the derivatives.

	3 January 2021 £	5 January 2020 £
FINANCIAL ASSETS		
Financial assets measured at fair value through profit or loss	2,480,674	2,034,220
Financial assets that are debt instruments measured at amortised cost	225,640	141,691
	<u>2,706,314</u>	<u>2,175,911</u>
FINANCIAL LIABILITIES		
Derivative financial instruments measured at fair value through profit or loss held as part of a trading portfolio	(3,120)	(28,055)
Financial liabilities measured at amortised cost	(5,444,406)	(6,476,206)
	<u>(5,447,526)</u>	<u>(6,504,261)</u>

WEBBS GARDEN CENTRES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 3 JANUARY 2021**

27. FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets measured at fair value through profit or loss comprise cash at bank and in hand.

Derivative financial instruments measured at fair value through profit or loss held as part of a trading portfolio comprise financial instruments.

28. DEFERRED TAXATION

	2021 £	2020 £
At beginning of year	(966,913)	(773,476)
Charged to other comprehensive income	(345,071)	(193,437)
AT END OF YEAR	(1,311,984)	(966,913)

The provision for deferred taxation is made up as follows:

	3 January 2021 £	5 January 2020 £
Accelerated capital allowances	(1,311,984)	(966,913)
	(1,311,984)	(966,913)

29. SHARE CAPITAL

	3 January 2021 £	5 January 2020 £
ALLOTTED, CALLED UP AND FULLY PAID		
71,267 (2019: 71,267) Ordinary shares of £0.01 each	713	713
All shares have equal voting rights and equal rights to dividends.		

WEBBS GARDEN CENTRES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 3 JANUARY 2021

30. RESERVES

Share premium account

Share premium includes any premiums received on issue of share capital. Any transactions associated with the issuing of shares are deducted from share premium.

Revaluation reserve

Revaluation reserve includes the increase in revaluation of assets.

Capital redemption reserve

Capital redemption reserves relates to shares lapsed or issued during the year.

Profit and loss account

Profit and loss account includes all current and prior period retained profits and losses. There is an amount of £1,984,735 (2019: £1,984,735) non distributable profits and losses. This relates to the investment property revaluation of £2,032,268 (2019: £2,032,268) less tax of £118,471 (2019: £118,471).

31. 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 £195,584 (2019: £176,197).

The company had no outstanding liabilities at year end (2019: £Nil) in respect of the defined contribution pension scheme.

32. COMMITMENTS UNDER OPERATING LEASES

At 3 January 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	3 January 2021 £	5 January 2020 £
Not later than 1 year	203,701	288,641
Later than 1 year and not later than 5 years	792,769	1,102,336
Later than 5 years	4,945,000	6,150,833

WEBBS GARDEN CENTRES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 3 JANUARY 2021

33. TRANSACTIONS WITH DIRECTORS

The following advances and credits to a director subsisted during the years ended 3 January 2021 and 5 January 2020.

	3 January 2021 £	5 January 2020 £
Edward Alexander Broughton Webb		
Balance outstanding at the start of the year	15,000	20,000
Amounts advanced	116,156	19,584
Amounts repaid	(8,660)	(24,584)
Balance outstanding at the end of the year	<u>122,496</u>	<u>15,000</u>

Included within debtors due within one year is amounts owed by Edward Alexander Broughton Webb, a director, amounting to £122,496 (2019: £15,000). Amounts repaid during the year totalled £8,660. Interest is charged at HMRC approved rates.

34. RELATED PARTY TRANSACTIONS

	52 week ended 3 January 2021 £	53 weeks ended 5 January 2020 £
Dividends distributed to directors	44,319	61,950
Management charges received and sales to related parties	21,634	21,000
Amounts owed by related parties at year end	122,496	6,418
Purchases from related company	84,365	73,143
Amounts owed to related company at year end	761	957
Dividends received from related company	<u>20,250</u>	<u>20,250</u>

35. CONTROLLING PARTY

The company is controlled by majority shareholder Edward Alexander Broughton Webb.