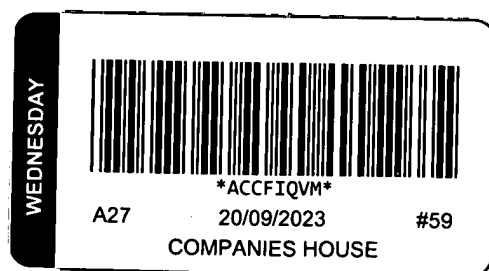


Company registration number 01272637 (England and Wales)

**FROSTS GARDEN CENTRE LIMITED**  
**ANNUAL REPORT AND REVISED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2022**



# FROSTS GARDEN CENTRE LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	J A Frost J C Frost R S Towers
<b>Secretary</b>	J C Frost
<b>Company number</b>	01272637
<b>Registered office</b>	Newport Road Woburn Sands Milton Keynes Bucks MK17 8UE
<b>Auditor</b>	UHY Hacker Young (East) Limited PO Box 501 The Nexus Building Broadway Letchworth Garden City Herts SG6 9BL
<b>Bankers</b>	NatWest Bank PLC 215 Queensway Bletchley Milton Keynes Buckinghamshire MK2 2YY

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# **FROSTS GARDEN CENTRE LIMITED**

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# FROSTS GARDEN CENTRE LIMITED

## STRATEGIC REPORT

FOR THE YEAR ENDED 31 JULY 2022

The directors present the strategic report for the year ended 31 July 2022.

### Fair review of the business

The year ended 31 July 2022 has seen some significant changes for the company resulting in a marked consolidation of the company's trade.

At the beginning of the year, the company traded from three garden centre sites in distinct market locations. However, the directors had resolved to scale down the company's activities and concentrate on their offering at the flagship garden centre site of Woburn Sands. Accordingly, the directors negotiated the trade sale of the other two sites to third party retailers in the business of operating garden centres. In order to facilitate those sales, the trade and assets of the two garden centres to be sold were hived down to subsidiary companies with effect from April 2022 and the disposal of those two subsidiary companies completed towards or at the end of the year under review.

Notwithstanding the points above, the overall turnover across the three sites during the year amounted to almost £21m, an increase of almost 2.2% over the previous year with gross margins being maintained at similar levels to the previous year. The turnover reported in these financial statements represents the amount generated at all three sites up to the end of March and for the Woburn Sands site alone from April to July inclusive.

The directors look forward to the challenge of concentrating their efforts on the remaining Woburn Sands site in the year to July 2023.

The management and control of risks for the company is embedded within the basic operating procedures. These procedures comprise a range of measures including monthly reporting, self-assessment and continuous performance monitoring by senior management.

### Financial risk management and objectives

The company finances its operations through retained profits and cash together with an overdraft facility.

The group does not trade in financial instruments.

The board reviews and agrees policies for managing each of the following risks:

#### Interest rate risk

The company enjoys a good relationship with its bankers and negotiates such that the company faces little in the way of risk from an increase in interest rates.

#### Liquidity risk

The company seeks to ensure that it has sufficient liquidity available to meet foreseeable needs and there is significant headroom in the overdraft facility.

#### Currency risk

The company has little exposure to translation or transaction foreign exchange risks.

#### Credit risk

We have very few customers to whom we offer credit terms and as a result this risk is considered to be negligible. Where we do a credit controller monitors debtor balances on an ongoing basis.

On behalf of the board

J C Frost  
Director

8 June 2023

# **FROSTS GARDEN CENTRE LIMITED**

## **REVISED DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2022**

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The directors present their annual report and financial statements for the year ended 31 July 2022.

The financial statements have been revised in order to correct the treatment of the deferred tax asset at the balance sheet date. That was previously shown in the balance sheet as a debit balance within Provisions for liabilities. The deferred tax asset has now been correctly included in Debtors. The scale of the asset that has been corrected amounts to £67,058 (see Note 19 to the Financial Statements).

In respect of this revision:

- the revised financial statements replace the original financial statements for the financial year ended 31 July 2022,
- the revised financial statements are now the financial statements of the company for that financial year, and
- the revised financial statements have been prepared as at the date of the original financial statements and not as at the date of revision and accordingly do not deal with events between those dates.

### **Principal activities**

The principal activity of the company continued to be that of the operation of three garden centres although at the end of the year, two of the sites had been disposed of leaving the company with one operational garden centre together with a B2C website.

### **Results and dividends**

The results for the year are set out on page 8.

No interim dividends were paid. The directors do not recommend payment of a final dividend.

### **Directors**

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

J A Frost

J C Frost

R S Towers

S J Friend

R A Skilling

(Resigned 14 September 2021)

(Resigned 27 July 2022)

### **Financial instruments**

#### ***Financial risk management***

The directors are satisfied that the company's exposure to risk from interest rates, liquidity, credit and foreign exchange are adequately managed and mitigated.

### **Disabled persons**

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

### **Employee involvement**

The company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

# **FROSTS GARDEN CENTRE LIMITED**

## **REVISED DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 JULY 2022**

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### **Future developments**

The directors remain committed to sales growth in all the company's main operating divisions – horticulture, leisure and restaurants, whilst striving for greater operational efficiencies to mitigate the continuing pressure on profit margins.

### **Auditor**

The auditor, UHY Hacker Young (East) Limited, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

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

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

### **On behalf of the board**



**J.C. Frost**  
**Director**

**8 June 2023**

# **FROSTS GARDEN CENTRE LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 JULY 2022***

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The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **FROSTS GARDEN CENTRE LIMITED**

## **REVISED INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF FROSTS GARDEN CENTRE LIMITED**

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#### **Opinion**

We have audited the revised financial statements of Frosts Garden Centre Limited (the 'company') for the year ended 31 July 2022 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the revised financial statements, including 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).

The revised financial statements have been prepared in accordance with The Companies (Revision of Defective Accounts and Reports) Regulations 2008 and as such do not consider events which have taken place after the date on which the original financial statements were approved.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2022 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 as they have effect under the Companies (Revision of Defective Accounts and Reports) Regulations 2008.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Emphasis of matter – Revision of treatment of deferred tax**

We draw attention to the revised Directors' report in the revised financial statements, which describes the revision to the financial statements in respect of the treatment of the deferred tax asset in the balance sheet. Our opinion is not modified in this respect.

#### **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 other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.



# **FROSTS GARDEN CENTRE LIMITED**

## **REVISED INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF FROSTS GARDEN CENTRE LIMITED**

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

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and 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, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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

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.

Based on our understanding of the company and the industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the acts by the company, which were contrary to applicable laws and regulations including fraud, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to revenue recognition and the misappropriation of stock.

# **FROSTS GARDEN CENTRE LIMITED**

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

### **TO THE MEMBERS OF FROSTS GARDEN CENTRE LIMITED**

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Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to the applicable laws and regulations, including fraud; and
- Enquiring of management as to actual and potential litigation and claims.

Our audit procedures in relation to fraud included but were not limited to:

- Discussing amongst the engagement team the risks of fraud;
- Making enquiries of management on whether they had knowledge of any actual, suspected or alleged fraud; and
- Gaining an understanding of the internal controls established to mitigate risks related to fraud; and
- Corroborating the basis for material accounting estimates; and
- Addressing the risks of fraud through management override of controls by performing substantive and analytical journal testing; and
- Obtaining support and reasonable explanation for any suspicious manual journal postings.

There are inherent limitations in the audit procedures described above 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. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

#### **Use of our report**

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



**Peter Woodhall FCA**  
**Senior Statutory Auditor**  
**For and on behalf of UHY Hacker Young (East) Limited**

19 September 2023

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

PO Box 501  
The Nexus Building  
Broadway  
Letchworth Garden City  
Herts  
SG6 9BL

# FROSTS GARDEN CENTRE LIMITED

## PROFIT AND LOSS ACCOUNT

**FOR THE YEAR ENDED 31 JULY 2022**

	Notes	2022 £	2021 £
Turnover	3	17,031,631	20,530,664
Cost of sales		(8,325,601)	(10,325,920)
<b>Gross profit</b>		<b>8,706,030</b>	<b>10,204,744</b>
Administrative expenses		(8,338,665)	(8,786,377)
Other operating income	3	576,274	1,412,055
<b>Operating profit</b>	4	<b>943,639</b>	<b>2,830,422</b>
Interest receivable and similar income	7	560,000	-
Interest payable and similar expenses	8	(2,917)	(93,314)
Disposal subsidiary undertakings	9	10,254,607	-
<b>Profit before taxation</b>		<b>11,755,329</b>	<b>2,737,108</b>
Tax on profit	10	(170,795)	(560,588)
<b>Profit for the financial year</b>		<b>11,584,534</b>	<b>2,176,520</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# **FROSTS GARDEN CENTRE LIMITED**

## **STATEMENT OF COMPREHENSIVE INCOME**

***FOR THE YEAR ENDED 31 JULY 2022***

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	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Profit for the year</b>	<b>11,584,534</b>	<b>2,176,520</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>	<b><u>11,584,534</u></b>	<b><u>2,176,520</u></b>


# FROSTS GARDEN CENTRE LIMITED

## REVISED BALANCE SHEET

AS AT 31 JULY 2022

	Notes	2022 £	2021 £
<b>Fixed assets</b>			
Goodwill	11		10,241
Tangible assets	12	1,485,834	2,485,274
		<u>1,485,834</u>	<u>2,495,515</u>
<b>Current assets</b>			
Stocks	14	2,110,348	1,728,398
Debtors	15	11,400,470	1,437,146
Cash at bank and in hand		4,489,576	3,095,710
		<u>18,000,394</u>	<u>6,261,254</u>
<b>Creditors: amounts falling due within one year</b>	16	(3,181,746)	(3,990,290)
<b>Net current assets</b>		<u>14,818,648</u>	<u>2,270,964</u>
<b>Total assets less current liabilities</b>		<u>16,304,482</u>	<u>4,766,479</u>
<b>Creditors: amounts falling due after more than one year</b>	17	(7,624)	(49,668)
<b>Provisions for liabilities</b>			
Deferred tax liability	19		4,487
			<u>(4,487)</u>
<b>Net assets</b>		<u>16,296,858</u>	<u>4,712,324</u>
<b>Capital and reserves</b>			
Called up share capital	21	12,834	12,834
Profit and loss reserves		16,284,024	4,699,490
<b>Total equity</b>		<u>16,296,858</u>	<u>4,712,324</u>

The financial statements were approved by the board of directors and authorised for issue on 8 June 2023 and are signed on its behalf by:



J.C. Frost  
Director

Company Registration No. 01272637

# FROSTS GARDEN CENTRE LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JULY 2022

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	Share capital £	Profit and loss reserves £	Total £
Balance at 1 August 2020	12,834	2,522,970	2,535,804
Year ended 31 July 2021:			
Profit and total comprehensive income for the year	-	2,176,520	2,176,520
	<hr/>	<hr/>	<hr/>
Balance at 31 July 2021	12,834	4,699,490	4,712,324
Year ended 31 July 2022:			
Profit and total comprehensive income for the year	-	11,584,534	11,584,534
	<hr/>	<hr/>	<hr/>
Balance at 31 July 2022	<u>12,834</u>	<u>16,284,024</u>	<u>16,296,858</u>

# FROSTS GARDEN CENTRE LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JULY 2022

	Notes	2022 £	£	2021 £	£
<b>Cash flows from operating activities</b>					
Cash (absorbed by)/generated from operations	25	(8,897,818)		3,131,851	
Interest paid		(2,917)		(93,314)	
Income taxes paid		(575,296)		(51,199)	
<b>Net cash (outflow)/inflow from operating activities</b>		(9,476,031)		2,987,338	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(416,825)		(443,108)	
Proceeds on disposal of tangible fixed assets		756,918		392	
Proceeds on disposal of investments		10,254,607		-	
Receipts arising from loans made		(234,512)		-	
Dividends received		560,000		-	
<b>Net cash generated from/(used in) investing activities</b>		10,920,188		(442,716)	
<b>Financing activities</b>					
Repayment of bank loans		-		(4,282,271)	
Payment of finance leases obligations		(50,291)		(51,921)	
<b>Net cash used in financing activities</b>		(50,291)		(4,334,192)	
<b>Net increase/(decrease) in cash and cash equivalents</b>		1,393,866		(1,789,570)	
Cash and cash equivalents at beginning of year		3,095,710		4,885,280	
<b>Cash and cash equivalents at end of year</b>		4,489,576		3,095,710	

# **FROSTS GARDEN CENTRE LIMITED**

## **NOTES TO THE REVISED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022**

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### **1 Accounting policies**

#### **Company information**

Frosts Garden Centre Limited is a private company limited by shares incorporated in England and Wales. The registered office is Newport Road, Woburn Sands, Milton Keynes, Bucks, MK17 8UE.

#### **1.1 Accounting convention**

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

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group.

The financial statements of the company are consolidated in the financial statements of FGC Holdings Ltd. These consolidated financial statements are available from its registered office, Woburn Sands, Milton Keynes, Buckinghamshire, United Kingdom, MK17 8UE.

#### **1.2 Going concern**

The directors have assessed the impact of Covid-19 which is not considered either to be an adjusting event in respect of the financial statements for the year ended 31 July 2021, nor of such significance to the company's operations that there are any material matters to disclose in relation to it. Naturally, the directors will be assessing the short, mid and long term impacts of Covid-19 as part of their wider strategic planning, however at this point they do not consider that issues stemming from the Covid-19 outbreak alter their assessment of the company as a going concern.

#### **1.3 Turnover**

Turnover represents amounts receivable for goods and services net of VAT and trade discounts. It is recognised when the risks and rewards have been transferred to the customer, in this case it is when the item is scanned through the tills.

#### **1.4 Intangible fixed assets - goodwill**

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of 10 years.



# FROSTS GARDEN CENTRE LIMITED

## NOTES TO THE REVISED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

### 1 Accounting policies

(Continued)

#### 1.5 Tangible fixed assets

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

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life on a strict monthly basis, using the straight line method, as follows:

Land and buildings freehold	Land is not depreciated. Buildings between 5%-20% straight line
Land and buildings leasehold	Between 5%-10% straight line
Plant and machinery	Between 5%-50% straight line
Fixtures and fittings	Between 5%-50% straight line
Motor vehicles	20% straight line

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

#### 1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

#### 1.7 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is arrived at on an average invoice cost basis. Specific provisions are made where net realisable value of stock is less than its average invoice cost, with amounts being written off to the profit and loss account when they arise.

#### 1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.9 Financial instruments

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

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

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

#### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

# FROSTS GARDEN CENTRE LIMITED

## NOTES TO THE REVISED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2022

### 1 Accounting policies

(Continued)

#### **Other financial assets**

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

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

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

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

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

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

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

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

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

#### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

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

# FROSTS GARDEN CENTRE LIMITED

## NOTES TO THE REVISED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2022

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### 1 Accounting policies

(Continued)

#### **Other financial liabilities**

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

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

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

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

### 1.10 Equity instruments

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

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

### 1.11 Taxation

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

#### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

#### **Deferred tax**

Deferred tax arises as a result of including items of income and expenditure in taxation computations in periods different from those in which they are included in the company's accounts. Deferred tax is provided in full on timing differences that result in an obligation to pay more (or less) tax at a future date, at the average tax rates that are expected to apply when the timing differences reverse, based on current tax rates and laws.

### 1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

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

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

# **FROSTS GARDEN CENTRE LIMITED**

## **NOTES TO THE REVISED FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 JULY 2022**

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### **1 Accounting policies**

**(Continued)**

#### **1.13 Retirement benefits**

The company operates a defined contribution pension. The pension costs charged in the financial statements represent the contributions payable by the company during the year. Differences between contributions payable in the year and contribution actually paid are shown as either accruals or prepayments in the balance sheet.

#### **1.14 Leases**

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

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

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

#### **1.15 Government grants**

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

### **2 Judgements and key sources of estimation uncertainty**

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

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

# FROSTS GARDEN CENTRE LIMITED

## NOTES TO THE REVISED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2022

### 3 Turnover and other revenue

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

	2022 £	2021 £
<b>Turnover analysed by class of business</b>		
Horticulture	5,529,231	9,142,831
Leisure	6,640,552	8,082,384
Restaurant	3,255,793	2,339,068
Events	413,715	214,615
Other	1,192,340	751,766
	<u>17,031,631</u>	<u>20,530,664</u>

	2022 £	2021 £
<b>Other significant revenue</b>		
Dividends received	560,000	-
Share of retail support costs	356,448	424,079
Other government grants received	-	51,578
Franchise income	213,885	256,285
Furlough rebate	6,224	680,113
	<u></u>	<u></u>

### 4 Operating profit

	2022 £	2021 £
Operating profit for the year is stated after charging/(crediting):		
Government grants	(6,224)	(731,691)
Fees payable to the company's auditor for the audit of the company's financial statements	26,200	18,028
Depreciation of owned tangible fixed assets	658,785	653,069
Depreciation of tangible fixed assets held under finance leases	-	34,634
Loss on disposal of tangible fixed assets	562	108
Amortisation of intangible assets	10,241	60,756
Operating lease charges	596,759	717,776
	<u></u>	<u></u>

### 5 Employees

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

	2022 Number	2021 Number
Administration	37	38
Retail	317	319
	<u>354</u>	<u>357</u>

# FROSTS GARDEN CENTRE LIMITED

## NOTES TO THE REVISED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2022

### 5 Employees

(Continued)

Their aggregate remuneration comprised:

	2022 £	2021 £
Wages and salaries	4,757,008	5,003,233
Social security costs	316,298	333,348
Pension costs	105,146	348,520
	<u>5,178,452</u>	<u>5,685,101</u>

### 6 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	146,578	223,805
Company pension contributions to defined contribution schemes	9,220	242,660
	<u>155,798</u>	<u>466,465</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2021 - 2).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2022 £	2021 £
Remuneration for qualifying services	n/a	106,752

As total directors' remuneration was less than £200,000 in the current year, no disclosure is provided for that year.

Directors remuneration includes benefits in kind of £20,630 (2021: £21,278).

### 7 Interest receivable and similar income

	2022 £	2021 £
Income from fixed asset investments		
Income from shares in group undertakings	<u>560,000</u>	<u>-</u>

# FROSTS GARDEN CENTRE LIMITED

## NOTES TO THE REVISED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

### 8 Interest payable and similar expenses

	2022 £	2021 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	2,917	92,759
<b>Other finance costs:</b>		
Interest on finance leases and hire purchase contracts	-	555
	<u>2,917</u>	<u>93,314</u>

### 9 Disposal of subsidiary fixed asset investments

	2022 £	2021 £
Gain on disposal of fixed asset investments	<u>10,254,607</u>	<u>-</u>

### 10 Taxation

	2022 £	2021 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	<u>242,340</u>	<u>575,296</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<u>(71,545)</u>	<u>(14,708)</u>
<b>Total tax charge</b>	<u>170,795</u>	<u>560,588</u>

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

	2022 £	2021 £
Profit before taxation	<u>11,755,329</u>	<u>2,737,108</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	2,233,513	520,051
Amortisation on assets not qualifying for tax allowances	1,945	11,544
Dividend income	(106,400)	-
Amount of deferred tax expense relating to timing difference	(9,888)	28,993
Disposal of FMF and FB	<u>(1,948,375)</u>	<u>-</u>
<b>Taxation charge for the year</b>	<u>170,795</u>	<u>560,588</u>

# FROSTS GARDEN CENTRE LIMITED

## NOTES TO THE REVISED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2022

### 11 Intangible fixed assets

	Goodwill £
<b>Cost</b>	
At 1 August 2021 and 31 July 2022	678,641
<b>Amortisation and impairment</b>	
At 1 August 2021	668,400
Amortisation charged for the year	10,241
At 31 July 2022	678,641
<b>Carrying amount</b>	
At 31 July 2022	-
At 31 July 2021	10,241

### 12 Tangible fixed assets

	Land and buildings freehold £	Land and buildings leasehold £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
<b>Cost</b>						
At 1 August 2021	1,798,562	3,481,308	3,733,190	689,803	125,447	9,828,310
Additions	7,132	55,720	266,364	87,609	-	416,825
Disposals	(1,805,694)	(433,142)	(1,020,038)	(342,238)	(49,022)	(3,650,134)
At 31 July 2022	-	3,103,886	2,979,516	435,174	76,425	6,595,001
<b>Depreciation and impairment</b>						
At 1 August 2021	1,530,965	2,417,576	2,721,126	601,181	72,188	7,343,036
Depreciation charged in the year	29,921	285,316	296,172	28,893	18,483	658,785
Eliminated in respect of disposals	(1,560,886)	(272,966)	(713,086)	(315,090)	(30,626)	(2,892,654)
At 31 July 2022	-	2,429,926	2,304,212	314,984	60,045	5,109,167
<b>Carrying amount</b>						
At 31 July 2022	-	673,960	675,304	120,190	16,380	1,485,834
At 31 July 2021	267,597	1,063,732	1,012,064	88,622	53,259	2,485,274



# FROSTS GARDEN CENTRE LIMITED

## NOTES TO THE REVISED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2022

### 12 Tangible fixed assets (Continued)

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

	2022 £	2021 £
Plant and machinery	39,337	131,980
Motor vehicles	7,581	14,954
	<u>46,918</u>	<u>146,934</u>

### 13 Fixed asset investments

#### Movements in fixed asset investments

	Investments £
<b>Cost or valuation</b>	
At 1 August 2021	-
Additions	756,918
Disposals	(756,918)
At 31 July 2022	-
<b>Carrying amount</b>	
At 31 July 2022	-
At 31 July 2021	-

### 14 Stocks

	2022 £	2021 £
Finished goods and goods for resale	<u>2,110,348</u>	<u>1,728,398</u>

### 15 Debtors

	2022 £	2021 £
<b>Amounts falling due within one year:</b>		
Trade debtors	88,435	71,638
Amounts owed by group undertakings	2,100,000	822,998
Other debtors	8,929,387	173,495
Prepayments and accrued income	215,590	369,015
	<u>11,333,412</u>	<u>1,437,146</u>

# FROSTS GARDEN CENTRE LIMITED

## NOTES TO THE REVISED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2022

15 Debtors		(Continued)	
		2022 £	2021 £
Amounts falling due after more than one year:			
Deferred tax asset (note 19)		67,058	-
		<u>67,058</u>	<u>-</u>
<b>Total debtors</b>		<b>11,400,470</b>	<b>1,437,146</b>
		<u>11,400,470</u>	<u>1,437,146</u>
16 Creditors: amounts falling due within one year			
	Notes	2022 £	2021 £
Obligations under finance leases	18	36,290	44,537
Trade creditors		1,061,739	1,829,486
Corporation tax		242,340	575,296
Other taxation and social security		937,499	772,207
Other creditors		159,618	95,721
Accruals and deferred income		744,260	673,043
		<u>3,181,746</u>	<u>3,990,290</u>
		<u>3,181,746</u>	<u>3,990,290</u>
17 Creditors: amounts falling due after more than one year			
	Notes	2022 £	2021 £
Obligations under finance leases	18	7,624	49,668
		<u>7,624</u>	<u>49,668</u>
		<u>7,624</u>	<u>49,668</u>
18 Finance lease obligations			
		2022 £	2021 £
Future minimum lease payments due under finance leases:			
Within one year		36,290	44,537
In two to five years		7,624	49,668
		<u>43,914</u>	<u>94,205</u>
		<u>43,914</u>	<u>94,205</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

# FROSTS GARDEN CENTRE LIMITED

## NOTES TO THE REVISED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2022

### 19 Deferred taxation

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

	Liabilities 2022 £	Liabilities 2021 £	Assets 2022 £	Assets 2021 £
<b>Balances:</b>				
Accelerated capital allowances	-	10,027	56,295	-
Tax losses	-	(718)	-	-
Temporary timing differences	-	(4,822)	10,763	-
	<u>-</u>	<u>4,487</u>	<u>67,058</u>	<u>-</u>
				<b>2022 £</b>
<b>Movements in the year:</b>				
Liability at 1 August 2021				4,487
Credit to profit or loss				(71,545)
				<u>(67,058)</u>
Asset at 31 July 2022				<u>(67,058)</u>

### 20 Retirement benefit schemes

	2022 £	2021 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>105,146</u>	<u>348,520</u>

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

### 21 Share capital

	2022 £	2021 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
128,340 Ordinary shares of 10p each	<u>12,834</u>	<u>12,834</u>

# FROSTS GARDEN CENTRE LIMITED

## NOTES TO THE REVISED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2022

### 22 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022 £	2021 £
Within one year	244,626	697,323
Between two and five years	255,514	2,135,466
	<u>500,140</u>	<u>2,832,789</u>

Included within operating leases is an agreement for the rent of land over a term of 125 years. A break clause exists allowing a minimum of 2 years notice, therefore the commitment has been entered for a period of 2 years.

### 23 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2022 £	2021 £
Aggregate compensation	<u>233,804</u>	<u>304,034</u>

Under FRS102 33.6, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director of the entity.

#### Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Sales 2022 £	Sales 2021 £	Purchases 2022 £	Purchases 2021 £
Willington Garden Centre	<u>262,634</u>	<u>922,753</u>	<u>187,968</u>	<u>126,522</u>

	2022 £	2021 £
Amounts due to related parties		
Willington Garden Centre	<u>7,954</u>	<u>164,597</u>

# FROSTS GARDEN CENTRE LIMITED

## NOTES TO THE REVISED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2022

### 23 Related party transactions

(Continued)

The following amounts were outstanding at the reporting end date:

	2022	2021
Amounts due from related parties	£	£
Willington Garden Centre	45,572	8,437

The following amounts were outstanding at the reporting end date:

Loan to Mr J C Frost amounting to £115,000 (Repaid in full February 2023).

Loan to Mr J A Frost amounting to £118,873 (Awaiting payment).

Loan to Mrs S A Frost amounting to £639 (Repaid in full February 2023).

In respect of the above, there are no terms relating to the payment of interest or repayment dates.

# FROSTS GARDEN CENTRE LIMITED

## NOTES TO THE REVISED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2022

### 23 Related party transactions

(Continued)

#### Other information

A relationship exists with Willington Garden Centre, a partnership in which 2 of the Directors hold a combined 25% ownership stake.

The company has applied the exemption within FRS102 section 33.1A not to disclose transactions with group companies on the basis that it is a wholly owned subsidiary.

### 24 Ultimate controlling party

As at 31 July 2022, the company was wholly owned by FGC Holdings Limited, the parent company, incorporated in England and Wales.

The ultimate controlling parties are J A Frost and J C Frost, directors and shareholders of the ultimate parent company, acting in concert.

### 25 Cash (absorbed by)/generated from operations

	2022 £	2021 £
Profit for the year after tax	11,584,534	2,176,520
<b>Adjustments for:</b>		
Taxation charged	170,795	560,588
Finance costs	2,917	93,314
Investment income	(560,000)	-
Loss on disposal of tangible fixed assets	562	108
Amortisation and impairment of intangible assets	10,241	60,756
Depreciation and impairment of tangible fixed assets	658,785	687,703
Gain on sale of investments	(10,254,607)	-
<b>Movements in working capital:</b>		
(Increase)/decrease in stocks	(381,950)	9,785
Increase in debtors	(9,661,754)	(803,920)
(Decrease)/increase in creditors	(467,341)	346,997
<b>Cash (absorbed by)/generated from operations</b>	<b>(8,897,818)</b>	<b>3,131,851</b>

### 26 Analysis of changes in net funds

	1 August 2021 £	Cash flows £	31 July 2022 £
Cash at bank and in hand	3,095,710	1,393,866	4,489,576
Obligations under finance leases	(94,205)	50,291	(43,914)
	<u>3,001,505</u>	<u>1,444,157</u>	<u>4,445,662</u>