

CHESTER GARDEN CENTRE LIMITED

**ANNUAL REPORT AND AUDITED
FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2014

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CHESTER GARDEN CENTRE LIMITED

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Directors

G.R. Dorey	(Chairman)
A. Roper	(Managing Director)
R.J. Hemans	(Finance director)

Registered office

Brambridge Park Garden Centre
Kiln Lane
Brambridge
Eastleigh
Hampshire
SO50 6HT

Company registration number

01391377 (England and Wales)

Independent Auditor

BDO Limited
Place du Pré
Rue du Pré
St Peter Port
Guernsey
GY1 3LL

REPORT OF THE DIRECTORS

The directors submit their report and the audited financial statements of the company, which is registered in England and Wales, for the financial year ended 31 December 2014.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Report of the Directors, the Strategic Report and the financial statements in accordance with applicable laws and regulations.

The Companies Act 2006 requires the directors to prepare financial statements for each financial period. 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 Companies Act 2006 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 estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The directors confirm that they have complied with the above requirements in preparing the financial statements.

Having made the requisite enquiries, so far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware, and the directors have taken all the steps they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of this information.

PRINCIPAL ACTIVITIES

The principal activity of the company is the operation of garden centres.

RESULTS AND DIVIDENDS

The results of the company for the year are set out in detail on page 7.

The company has not paid any interim dividends during the year and the directors do not intend to recommend a final dividend for the year.

REPORT OF THE DIRECTORS

EMPLOYEES

As with all growing companies, finding the right people is a constant challenge. This is particularly difficult for us as our ethos is different from those in our sector. We have recognised that our best people have come from within and are very pleased that many of our staff are developing into fine department heads, managers and category managers over the last year.

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

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

POLICY AND PRACTICE ON THE PAYMENT OF CREDITORS

The company and the group's policy concerning the payment of suppliers is to agree terms of payment at the start of business with each supplier and to adhere to these terms in accordance with the contractual obligations.

DIRECTORS

The directors of the company who served during the year and to date were:-

G.R. Dorey	(Chairman)	
A. Roper	(Managing Director)	
R.J. Hemans	(Finance Director)	(appointed 18 August 2014)

INDEPENDENT AUDITOR

BDO Limited has expressed its willingness to continue in office. Under the Companies Act 2006 section 487(2) they will be automatically re-appointed as auditor 28 days after these accounts are sent to the members, unless the members exercise their rights under the Companies Act 2006 to prevent their re-appointment.

Approved by the Board of Directors on 23 April 2015 and signed on behalf of the Board by:



.....
A. Roper
Director

STRATEGIC REPORT**FOR THE YEAR ENDED 31 DECEMBER 2014****REVIEW OF THE BUSINESS INCLUDING FINANCIAL PERFORMANCE AND POSITION**

2014 was an excellent year for the Company with record levels of turnover and profitability. We benefited from the sustained good weather and the upturn in the UK economy, and both our garden centre and restaurant reported strong results.

Profit before tax increased by nearly 80% as turnover grew and costs were kept firmly under control. Although profit after tax grew by only 8%, this is actually positive because it is actually the result of the Company's profitability, which gave rise to a tax charge rather than credit for the first time in many years.

The Company's financial position remains very solid, with net assets of £3.7m and support available both from internally generated funds and its parent company.

The Company lost an important tenant during the year that went into administration, but this tenant was replaced in June 2014 by a strong covenant in the form of Maidenhead Aquatics, one of the UK's leading retailers of fish and related species.

KEY PERFORMANCE INDICATORS

Turnover increased by 9.3% thanks to a combination of excellent weather, the recovering UK economy and some first-class retailing in our garden centre. Turnover growth was good in both the garden centre and the restaurant. Average spend rose significantly and there were particularly strong performances in the Fashion, Garden Leisure and Plants categories.

Gross margin declined because we changed restaurant suppliers during the year and missed out on the rebate from our old supplier for three months. We expect to regain this and more in future years, and to benefit from improved levels of service.

The fall in gross margin was more than offset, however, by controlling our overheads, which dropped by nearly 4% as we reduced staff costs (average FTEs decreased by 5) and property costs. We also benefited from a review of the centre's rateable value.

Return on capital employed improved from 9.6% to 15.2% because we increased profits and managed our stock more effectively. Stock turn increased from 2.83 to 3.26.

PRINCIPAL RISKS AND UNCERTAINTIES

It is inevitable that the company will face some risks and uncertainties, of which the main ones are the following:

Weather risk

Unseasonal weather can significantly affect sales, which then cannot be recovered because of the defined patterns of the gardening season. This is what the Company and the Industry suffered in 2012 and 2013. We manage this risk by diversifying our product offering into areas that are less affected by the weather, such as home, pet care and restaurants.

STRATEGIC REPORT**FOR THE YEAR ENDED 31 DECEMBER 2014****PRINCIPAL RISKS AND UNCERTAINTIES (continued)****Economic risk**

Like all retailers, the company is exposed to economic weakness and falls in consumer confidence. The last six years have been very difficult since the onset of the financial crisis in 2008, but we manage this by adopting strict cost control and focusing on working capital management, as well as ensuring our prices are competitive and our offering is tailored to our target market, the ABC1 customer.

Competition risk

Although the garden centre industry remains fairly fragmented, it is consolidating rapidly. We are focused on our competitive position and intend to participate in the consolidation of the industry to build scale and harvest all the benefits that brings, and we will remain ruthlessly devoted to our target market, the ABC1 customer, offering them the environment, service and product range they demand.

Funding risk

The company is dependent on its ultimate parent company for funding. The ultimate parent company enjoys an excellent relationship with its bank, offers material asset backing, has access to sufficient finance and currently benefits from low interest rates. The company is regularly monitoring this and is focused on managing its cash flows and working capital.

Employee risk

The success of the company is dependent on the recruitment, retention and motivation of its employees, particularly directors and managers. The company offers competitive remuneration packages, the opportunity of an interesting career and progression, develops and trains its employees and communicates with them regularly by both telling and listening.

FUTURE DEVELOPMENTS

We are expecting another year of positive growth in 2015 although it will be restrained by the ongoing A483 road works, which are having a marked impact on customer numbers. We are countering this by focusing on a superior product offering, enhanced customer experience and robust cost control. We expect to secure more tenants during the coming year as we look to exploit the significant space in the Centre and drive footfall to the Centre by offering complementary products to our own that will appeal to our ABC1 demographic.

Approved by the Board of Directors on 23 April 2015 and signed on behalf of the Board by:



.....
A. Roper
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHESTER GARDEN CENTRE LIMITED

We have audited the financial statements of Chester Garden Centre Limited for the year ended 31 December 2014 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards ('United Kingdom Generally Accepted Accounting Practice').

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 is 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.

Respective responsibilities of the directors and auditor

As explained more fully in the Directors' Responsibilities Statement within the Report of the Directors, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 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 properly prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

**INDEPENDENT AUDITOR'S REPORT TO THE
MEMBERS OF CHESTER GARDEN CENTRE LIMITED
(continued)**

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept; or returns adequate for our audit have not been received from branches visited by us; or
- the company's 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.



.....
Stuart Phillips FCA (Senior Statutory Auditor)
For and on behalf of BDO Limited, Statutory Auditor
Place du Pré
Rue du Pré
St Peter Port
Guernsey

Date: 16th May 2015

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 £	2013 £
TURNOVER	2	6,774,840	6,197,177
Cost of sales		(3,477,516)	(3,058,071)
GROSS PROFIT		3,297,324	3,139,106
Administrative expenses		(2,803,881)	(2,908,752)
Other operating income		64,237	79,143
OPERATING PROFIT	2	557,680	309,497
Interest receivable	6	10,668	6,468
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		568,348	315,965
Tax on profit on ordinary activities	4	(134,305)	85,339
PROFIT FOR THE FINANCIAL YEAR	10	434,043	401,304

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There were no recognised gains or losses other than the profit for the financial year.

There were no movements in shareholder's funds during the year other than the profit for the financial year.

A statement of movements on reserves is included in note 10 to these financial statements.


The notes on pages 9 to 14 form an integral part of these financial statements.

BALANCE SHEET

AS AT 31 DECEMBER 2014

	Note	2014	2013
		£	£
FIXED ASSETS			
Tangible assets	5	1,866,797	1,993,576
CURRENT ASSETS			
Stock		1,065,019	1,079,334
Debtors	6	1,369,919	744,937
Cash at bank and in hand		81,353	534,662
Deferred tax asset	7	87,720	95,894
		<hr/>	<hr/>
		2,604,011	2,454,827
CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR	8	(812,899)	(1,224,537)
		<hr/>	<hr/>
NET CURRENT ASSETS		1,791,112	1,230,290
		<hr/>	<hr/>
NET ASSETS		3,657,909	3,223,866
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	9	1,000,000	1,000,000
Reserves	10	2,657,909	2,223,866
		<hr/>	<hr/>
SHAREHOLDERS' FUNDS		3,657,909	3,223,866
		<hr/>	<hr/>

The financial statements were approved by the Board of Directors and authorised for issue on 23 April 2015. They were signed on its behalf by:



.....
A. Roper
Director

The notes on pages 9 to 14 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 DECEMBER 2014****1. ACCOUNTING POLICIES****Convention**

These financial statements have been prepared under the historical cost convention and in accordance with applicable law and United Kingdom Accounting Standards. The principal accounting policies which the directors have consistently adopted within that convention are set out below.

Turnover

Turnover comprises revenue from the retailing of garden centre products and is measured at the fair value of the consideration received or receivable for goods in the normal course of business, net of returns, discounts and Value Added Tax. Sales of goods are recognised at the point of sale to the customer when title has passed to them.

Operating Leases

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Concession rental income is recognised in the profit and loss account within 'Other operating income', on a straight line basis over the term of the lease.

Pension Costs

Pension costs are the amount of contributions payable to a defined contribution pension scheme in respect of the accounting period.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation of tangible fixed assets is provided to write off their cost less any residual value on a straight line basis over their estimated useful lives as follows:

Leasehold improvements	Over the remaining life of the lease
Machinery and equipment	3 - 10 years
Motor vehicles	4 years
Fixtures, fixtures and fittings	4 - 10 years
Computer equipment	3 - 4 years

Stock

Stock, which comprises retail goods for resale, is stated at the lower of cost and net realisable value after making due provision for damaged, obsolete or slow moving items.

Cost is calculated using the weighted average method and includes all costs incurred in bringing each product to its present location and condition. Net realisable value represents the estimated selling price less costs to be incurred in marketing, selling and distribution.

Deferred Tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet method. Deferred tax balances are recognised for all temporary differences that have originated but not reversed by the balance sheet date, except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences. Deferred tax balances are not discounted.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR 31 DECEMBER 2014

2. TURNOVER AND OPERATING PROFIT

Turnover and operating profit derive wholly from continuing activities carried out exclusively in the United Kingdom and are wholly attributable to the principal activity of the company.

	2014 £	2013 £
Operating profit is stated after charging/(crediting):		
Depreciation – owned tangible assets	180,117	202,085
Profit on disposal of fixed assets	(800)	-
Auditor's remuneration	5,700	5,235
Operating lease:		
- Land and buildings	453,645	450,000
	<hr/>	<hr/>

There were no non-audit services provided by the auditor in the current or prior years.

Operating profit is stated after charging management fees of £254,057 (2013: £200,787) payable to the parent company and £140,654 (2013: £112,943) payable to the ultimate parent company. An element of the management fees relates to the provision of services by certain directors who are employed by the parent and ultimate parent companies.

3. EMPLOYEES

	2014 £	2013 £
Staff costs consist of:		
Wages and salaries	1,130,465	1,154,594
Social security costs	62,782	66,431
Pension contributions	6,595	1,636
	<hr/>	<hr/>
	1,199,842	1,222,661
	<hr/>	<hr/>

The average weekly number of employees, including directors, during the year was as follows:

	2014 No.	2013 No.
Management	3	3
Retail	121	114
	<hr/>	<hr/>
	124	117
	<hr/>	<hr/>

The directors did not receive any emoluments from the company during the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

3. EMPLOYEES

Employees are eligible to join a Group Personal Pension Plan operated by Aviva and offered through Blue Diamond Limited (note 18). This is a defined contribution pension scheme whereby funding is based on a fixed percentage of salary and the assets of the scheme are held separately from those of the company in an independently administered fund. During the period the company contributions to the fund amounted to £3,969 (2013: £1,636).

The company also joined the National Employment Savings Trust ("NEST") in February 2014, which is a pension scheme set up by the UK Government and into which the company pays contributions on behalf of its employees. The pension costs charged in these financial statements includes to NEST for the year amounting to £2,192 (2013: £nil).

4. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	2014 £	2013 £
<i>UK corporation tax</i>		
Current tax on profits for the year	117,011	10,555
Adjustment in respect of prior periods	9,120	-
	<hr/> 126,131	<hr/> 10,555
<i>Deferred tax</i>		
Recognition of deferred tax asset	-	(179,072)
Origination and reversal of timing differences	4,826	67,607
Effect of change in tax rate	8,814	15,571
Adjustment in respect of prior periods	(5,466)	-
	<hr/> 8,174	<hr/> (95,894)
Tax on profit on ordinary activities	<hr/> 134,305	<hr/> (85,339)

The current tax charge for the year differs from the standard rate of corporation tax in the UK. The differences are explained below:

	2014 £	2013 £
Profit on ordinary activities before tax	568,348	315,965
Tax on ordinary activities at the standard rate of corporation tax in the UK of 21% (2013: 23%)	<hr/> 119,353	<hr/> 72,672
Effects of:		
Depreciation in excess of capital allowances	6,431	5,874
Marginal tax relief	-	(549)
Change in tax rate	2,805	118
Utilisation of losses carried forward	(11,578)	(67,560)
	<hr/> 117,011	<hr/> 10,555
Current tax charge for the year	<hr/> 117,011	<hr/> 10,555

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

5. TANGIBLE ASSETS

	Leasehold Improvements £	Machinery and Equipment £	Furniture, Fixtures and Fittings £	Motor Vehicles £	Computer Equipment £	Total £
COST						
At 1 January 2014	3,880,513	302,827	1,595,824	47,155	48,220	5,874,539
Additions	12,341	5,741	18,280	13,000	3,976	53,338
Disposals	-	-	-	(19,536)	-	(19,536)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2014	3,892,854	308,568	1,614,104	40,619	52,196	5,908,341
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
DEPRECIATION						
At 1 January 2014	2,319,820	253,372	1,252,748	47,155	7,868	3,880,963
Charge for the year	52,447	15,505	95,266	1,896	15,003	180,117
Disposals	-	-	-	(19,536)	-	(19,536)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2014	2,372,267	268,877	1,348,014	29,515	22,871	4,041,544
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
NET BOOK VALUE						
At 31 December 2014	1,520,587	39,691	266,090	11,104	29,325	1,866,797
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2013	1,560,693	49,455	343,076	-	40,352	1,993,576
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

6. DEBTORS

	2014 £	2013 £
Trade debtors	41,223	38,915
Prepayments	175,581	64,453
Sundry debtors	20,565	-
Amount due from ultimate parent company (note 13)	1,132,550	641,569
	<hr/>	<hr/>
	1,369,919	744,937
	<hr/>	<hr/>

The amount due from ultimate parent company is unsecured, bears interest at 1.5% above the one-month LIBOR rate (2013: 1.5% above the one-month LIBOR rate) on the net amount receivable and is repayable on demand.

Interest receivable on the net amount due from the ultimate parent company of £10,668 (2013: £6,468) is included in the profit and loss account for the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

7. DEFERRED TAX ASSET

	2014 £	2013 £
Provision for deferred tax		
Accelerated capital allowances	87,720	95,894
	<hr/>	<hr/>
Movement in the year:		
Charged to profit and loss account (note 4)	8,174	
	<hr/>	

The directors are of the opinion that the company will generate sufficient profits in the future to recover the asset.

8. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 £	2013 £
Trade creditors	478,940	466,560
Accruals	19,370	29,096
Other taxation and social security	188,458	168,156
UK corporation tax payable	126,131	10,555
Amount due to ultimate parent company (note 13)	-	550,170
	<hr/>	<hr/>
	812,899	1,224,537
	<hr/>	<hr/>

The amount due to ultimate parent company was unsecured, bore interest at 1.5% above the one-month LIBOR rate on the net amount receivable and was repayable on demand.

9. CALLED UP SHARE CAPITAL

	2014 £	2013 £
Allotted, called up and fully paid:		
1,000,000 Ordinary shares of £1 each	1,000,000	1,000,000
	<hr/>	<hr/>

10. PROFIT AND LOSS ACCOUNT

	£
At 1 January 2014	2,223,866
Profit for the financial year	434,043
	<hr/>
At 31 December 2014	2,657,909
	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

12. FINANCIAL COMMITMENTS**Commitments under operating leases**

The company leases property under operating leases and the rentals payable under these lease in the next year are as follows:-

	2014 £	2013 £
Date of termination of lease:		
- After more than 5 years	450,000	450,000

13. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The parent company and controlling party, which has interests in 100% of the issued share capital of the company is Blue Diamond Trading Limited, a company incorporated in Guernsey. Throughout the year the ultimate parent company was Blue Diamond Limited, a company incorporated in Guernsey. The issued share capital of Blue Diamond Limited is owned by numerous parties and therefore, in the opinion of the directors, the ultimate controlling party is Blue Diamond Limited.

14. RELATED PARTY DISCLOSURES

In the preparation of these financial statements the directors have taken advantage of the exemption under Financial Reporting Standard No. 8 - Related Party Disclosures and have not disclosed the details of related party transactions with entities that are part of the Blue Diamond Limited group which are wholly owned by a member of the group. Copies of the group financial statements are available from Blue Diamond Limited, Rue du Friquet, Castel, Guernsey, Channel Islands.

15. CONTINGENT LIABILITY

In consideration for making available to the Blue Diamond Limited group loan and overdraft facilities of up to £23,011,494 (2013: £23,416,665) The Royal Bank of Scotland International Limited (trading as NatWest) has requested that a composite cross guarantee structure be established. Accordingly, the following Blue Diamond Limited group companies have entered into such cross guarantees:

B.D. Properties Limited	Fruit Export Company Limited
Blue Diamond Limited	Goodies Limited
Blue Diamond Trading Limited	MGCL Limited
Blue Diamond UK Limited	Olympus Sportswear (Guernsey) Limited
Blue Diamond UK Properties Limited	St. Peter's Furniture Centre Limited
Chatsworth Garden Centre Limited	St. Peter's Garden Centre Limited
Chester Garden Centre Limited	

In the opinion of the directors no loss to the company is likely to arise as a result of these guarantees.

16. CASH FLOW STATEMENT

The company is wholly owned and included within the consolidated financial statements of Blue Diamond Limited. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard No.1 - Cash Flow Statements.