

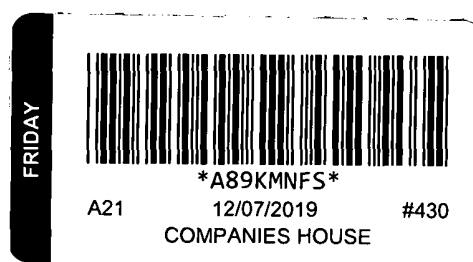
Chester Garden Centre Limited

Annual Report and Financial Statements

Year Ended

31 December 2018

Company Number: 01391377 (England and Wales)



Chester Garden Centre Limited

Company Information

Directors	A. Roper R. J. Hemans
Registered number	01391377 (England and Wales)
Registered office	Brambridge Park Garden Centre Kiln Lane Brambridge Eastleigh Hampshire SO50 6HT
Trading address	Grosvenor Garden Centre Wrexham Road Belgrave Chester CH4 9EB
Independent auditor	BDO Limited Chartered Accountants PO Box 180 Place du Pre Rue du Pre St Peter Port Guernsey GY1 3LL
Bankers	The Royal Bank of Scotland International Limited (trading as NatWest International) 1 Gategny Esplanade St Peter Port Guernsey Channel Islands GY1 4BQ
Head office	Rue due Friquet Castel Guernsey Channel Islands GY5 7SS

Chester Garden Centre Limited

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Chester Garden Centre Limited

Strategic Report For the Year Ended 31 December 2018

Introduction

The Directors present the Strategic Report for Chester Garden Centre Limited (the "Company") for the year ended 31 December 2018.

Business review and principal activity

Chester Garden Centre Limited is a subsidiary of Blue Diamond UK Limited, and its Ultimate Parent Company is Blue Diamond Limited, a company registered in Guernsey. The principal activity of the Company is the operation of a garden centre under the trading name of Grosvenor Garden Centre.

2018 was a difficult year for the Company with a number of headwinds combining to reduce profit after tax from £0.7m to £0.6m. The weather was also volatile with a cold, icy start to the key gardening season in March and April that led to significant declines in sales, but was then followed by one of the warmest summers for many years and an incredible recovery in overall sales.

Indeed, full-year turnover increased by 7.8% with most of the growth coming in the garden centre. Margin fell from 50.9% to 50.4% mainly because of profit erosion in the restaurant that has now been repaired. Gross profit rose by nearly 6.6%.

Operating profit fell from £0.8m to £0.7m due to three main factors. The rental payable increased in line with the terms of the lease, moving from a fixed base rent to one related to turnover. Staff costs increased but remained in line with turnover. There was an unfortunate oil spill that cost over £0.1m to clean up. We took quick, decisive action in collaboration with the local authority and the Environment Agency and I am pleased to say there were no adverse regulatory consequences. We have taken the necessary steps to ensure this does not happen again.

The Company enjoys a healthy financial position with net assets of £6.2m and funding available from its ultimate parent company to continue its planned growth strategy. We continue to invest in the business with much of the focus in 2018 on the restaurant.

Financial key performance indicators

Turnover grew by 7.8% in total. The gross margin decreased from 50.9% to 50.4%. Operating profit margin declined from 10.8% to 7.9% due to the factors described above and our return on capital employed decreased from 17.2% to 13.4%.

Average cost per employee increased by 11.8% but this was offset by average turnover and gross profit per employee, which increased by 12.1% and 10.9% respectively.

Our stock turn improved to 4.4, which we intend to increase to 4.5 in the medium-term.

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.

Principal risks and uncertainties (continued)

Economic risk

Chester Garden Centre Limited

Strategic Report (continued) For the Year Ended 31 December 2018

Like all retailers, the company is exposed to economic weakness and falls in consumer confidence. The last ten 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.

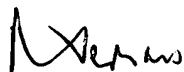
Future developments

We have had an excellent start to 2019, which has been helped by more favourable weather conditions in the early months of the key gardening season. We continue to outperform the Garden Centre Association in sales.

We are facing some tough comparatives from May onwards but we are cautiously optimistic that 2019 will see a return to profit growth. There have been further costs related to the oil spill but the clean-up has now been completed and we are confident there will be no further costs.

We will be starting the second phase of the refurbishment of the garden centre in the next couple of years and we are also assessing the extension and refurbishment of the restaurant in the medium-term.

This report was approved by the Board and signed on its behalf by:



.....
R. J. Hemans
Director

Date:

8/7/19

Chester Garden Centre Limited

Directors' Report For the Year Ended 31 December 2018

The Directors present their report and the unaudited financial statements for the year ended 31 December 2018.

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; and
- 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.

Results and dividends

The profit for the year, after taxation, amounted to £585,970 (2017:£711,621).

The Company did not pay any dividends during the year under review (2017: £nil).

Directors

The Directors who served during the year and to date were:

A. Roper
R. J. Hemans

Matters covered in the Strategic Report

The principal activity and future developments of the Company are set out in the Strategic Report.

Chester Garden Centre Limited

Directors' Report (continued) For the Year Ended 31 December 2018

Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.


Post balance sheet events

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

Auditor

The auditor, BDO Limited, 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 by:



.....
R. J. Hemans

Director

Date:

8/7/19

Opinion

We have audited the financial statements of Chester Garden Centre Limited ("the Company") for the year ended 31 December 2018 which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position, and the related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 Company's affairs at 31 December 2018 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.

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 Financial Reporting Council's (FRC's) Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

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 and Director's 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 in the Directors' Report, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located at the FRC'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 member 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 member those matters we are required to state to the member 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 member for our audit work, for this report, or for the opinions we have formed.



Stuart Martin Phillips (Senior Statutory Auditor)
For and on behalf of BDO Limited (Statutory Auditor)
Place du Pre
Rue du Pre
St Peter Port
Guernsey

Date: 09 July 2019

Chester Garden Centre Limited

Statement of Income and Retained Earnings For the Year Ended 31 December 2018

	Note	2018 £	2017 £
Turnover	4	8,340,193	7,739,357
Cost of sales		(4,136,704)	(3,795,412)
Gross profit		<u>4,203,489</u>	<u>3,943,945</u>
Administrative expenses		(3,530,063)	(3,178,377)
Other operating income		(11,871)	70,134
Operating profit	5	<u>661,555</u>	<u>835,702</u>
Interest receivable	7	71,008	55,612
Interest payable	8	-	(1,738)
Profit before tax		<u>732,563</u>	<u>889,576</u>
Tax on profit	9	(146,593)	(177,955)
Profit for financial year		<u><u>585,970</u></u>	<u><u>711,621</u></u>
Retained earnings at the beginning of the year		4,567,396	3,855,775
Profit for the year		585,970	711,621
Retained earnings at the end of the year		<u><u>5,153,366</u></u>	<u><u>4,567,396</u></u>

All of the amounts included above relate to continuing activities.


The notes on pages 10 to 19 form part of these financial statements.

Chester Garden Centre Limited
Registration number: 01391377 (England and Wales)

Statement of Financial Position
As at 31 December 2018

	Note	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Tangible assets	10		2,049,582		2,089,654
Current assets					
Stocks	11	949,386		919,714	
Debtors	12	4,182,585		3,384,051	
Cash at bank and in hand		66,631		94,018	
		5,198,602		4,397,783	
Creditors: amounts falling due within one year	13	(1,094,818)		(920,041)	
Net current assets			4,103,784		3,477,742
Net assets			6,153,366		5,567,396
Capital and reserves					
Share capital	15	1,000,000		1,000,000	
Profit and loss account		5,153,366		4,567,396	
Total equity			6,153,366		5,567,396

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


.....

R. J. Hemans
Director

Date: 8/7/19

The notes on pages 10 to 19 form part of these financial statements.

Chester Garden Centre Limited

Notes to the Financial Statements For the Year Ended 31 December 2018

1. General information

Chester Garden Centre Limited is a private Company, limited by shares and incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the Company Information page and the Company's principal activity is set out in the Strategic Report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis 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 ("FRS 102") 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 consistently applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

In preparing the financial statements of the Company, advantage has been taken of the following disclosure exemptions available to qualifying entities:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the group and the parent company would be identical;
- No cash flow statement or net debt reconciliation has been presented for the Company;
- Disclosure in respect of the categories of financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole;
- No disclosure has been given for the aggregate remuneration of the key management personnel of the Company as their remuneration is included in the totals for the group as a whole.

This information is included in the consolidated financial statements of Blue Diamond Limited as at 31 December 2018 and these financial statements may be obtained from the registered address of the head office as set out on the Company Information page.

2.3 Revenue recognition

Turnover comprises revenue from garden centres and is measured at the fair value of the consideration received or receivable for goods provided in the normal course of business, net of returns, Value Added Tax, and discounts. Sales of goods are recognised at the point of sale to the customer when the Company has transferred the significant risks and rewards of ownership to the buyer.

2.4 Other operating income

Other operating income consists of concession rental income and is recognised in the Statement of Income and Retained Earnings over the period of the lease.

Chester Garden Centre Limited

Notes to the Financial Statements For the Year Ended 31 December 2018

2. Accounting policies (continued)

2.5 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 the Statement of Income and Retained Earnings 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.

2.6 Operating leases

Rentals paid under operating leases are charged to the Statement of Income and Retained Earnings on a straight line basis over the lease term.

2.7 Finance costs

Finance costs are charged to the Statement of Income and Retained Earnings over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount.

2.8 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.

At each reporting date the Company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation 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 on the following basis:

Leasehold improvements	- Over lease period
Motor vehicles	- 4 years
Furniture, fixtures and equipment	- 3 - 10 years
Computer equipment	- 3 - 4 years

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 the Statement of Income and Retained Earnings.

Chester Garden Centre Limited

Notes to the Financial Statements For the Year Ended 31 December 2018

2. Accounting policies (continued)

2.9 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Net realisable value represents the estimated selling price less costs to be incurred in marketing, selling and distribution.

Cost is calculated using the weighted average method and includes all costs incurred in bringing each product to its present location and condition. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase of stock.

2.10 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities including trade and other receivables, trade payables and loans to related parties.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an 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.

2.11 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.12 Cash at bank and on hand

Cash is represented by cash in hand, bank deposits and deposits with financial institutions with maturities of less than three months and have an insignificant risk of change in value. .

2.13 Creditors

Short term creditors are measured at the transaction price.

2.14 Current and deferred taxation

The tax expense for the year comprises of current and deferred tax. Tax is recognised in the Statement of Income and Retained Earnings, except that a charge attributable to an item of income or expense recognised directly in equity is also recognised directly in equity.

The current 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 is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Chester Garden Centre Limited

Notes to the Financial Statements For the Year Ended 31 December 2018

2. Accounting policies (continued)

2.15 Profit and loss account

Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the Directors have made the following significant judgments and key estimates:

Tangible fixed assets:

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Stocks:

Stocks are reviewed constantly for damage, obsolescence and slow movement and no provision is required because it would be immaterial given the proactive, vigilant approach management takes.

4. Turnover

The whole of the turnover is attributable to the Company's principal activity of operating a garden centre, wholly derived in the United Kingdom.

5. Operating profit

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

	2018 £	2017 £
Depreciation of tangible fixed assets	165,103	123,774
Loss on disposals of tangible fixed assets	-	1,413
Concession rental income	11,871	(70,134)
Fees payable to the Company's auditor:		
- Audit pursuant to legislation	6,000	-
Foreign exchange gains	(1,031)	(338)
Operating lease rentals: property	632,723	510,795
Defined benefit pension cost	12,419	6,575

Operating profit is stated after charging management fees of £451,204 (2017: £484,484) payable to the Parent Company and 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.

Chester Garden Centre Limited

Notes to the Financial Statements For the Year Ended 31 December 2018

6. Employees

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	1,378,756	1,295,520
Social security costs	79,329	66,992
Cost of defined contribution scheme	12,419	6,575
	<u>1,470,504</u>	<u>1,369,087</u>

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

	2018 No.	2017 No.
Management	3	3
Retail	145	151
	<u>148</u>	<u>154</u>

The Directors did not receive any emoluments from the Company during the current or prior year.

Employees are eligible to join a Group Personal Pension Plan operated by Aviva and offered through Blue Diamond Limited. 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's contributions to the fund amounted to £2,702 (2017: £2,639). The Company pays contributions on behalf of its employees to the National Employment Savings Trust ("NEST"), which is a pension scheme set up by the UK Government. The pension costs charged in these financial statements includes contributions to NEST for the year amounting to £9,718 (2017: £3,936).

7. Interest receivable

	2018 £	2017 £
On loan due from ultimate parent company	70,973	55,612
On tax recoverable	35	-
	<u>71,008</u>	<u>55,612</u>

Chester Garden Centre Limited

Notes to the Financial Statements For the Year Ended 31 December 2018

8. Interest payable

	2018 £	2017 £
On hire purchase contracts	-	341
Other interest payable	-	1,397
	<u>-</u>	<u>1,738</u>

9. Taxation

	2018 £	2017 £
UK Corporation tax		
Current tax on profits for the year	141,427	163,337
Adjustments in respect of previous periods	(346)	(980)
Total current tax	<u>141,081</u>	<u>162,357</u>
Deferred tax		
Origination and reversal of timing differences	(2,010)	17,813
Changes to tax rates	7,445	4,664
Adjustment in respect of previous periods	77	(6,879)
Total deferred tax	<u>5,512</u>	<u>15,598</u>
Taxation on profit on ordinary activities	<u><u>146,593</u></u>	<u><u>177,955</u></u>

Chester Garden Centre Limited

Notes to the Financial Statements For the Year Ended 31 December 2018

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2017: 19.25%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	732,528	889,576
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.25%)	139,180	171,482
Effects of:		
Effect of tax rate change	7,682	4,433
Expenses not deductible for tax purposes	-	9,900
Adjustments to tax charge in respect of prior periods	(269)	(7,860)
Total tax charge for the year	146,593	177,955

Factors that may affect future tax charges

The UK corporation tax rate of 19% will reduce to 17% with effect from 1 April 2020. These rates were substantively enacted at the financial year end.

Chester Garden Centre Limited

Notes to the Financial Statements For the Year Ended 31 December 2018

10. Tangible fixed assets

	Leasehold improvements £	Motor vehicles £	Furniture, fixtures and equipment £	Computer equipment £	Total £
Cost					
At 1 January 2018	4,190,878	27,619	2,227,947	76,979	6,523,423
Additions	494	-	118,764	5,772	125,030
At 31 December 2018	<u>4,191,372</u>	<u>27,619</u>	<u>2,346,711</u>	<u>82,751</u>	<u>6,648,453</u>
Depreciation					
At 1 January 2018	2,525,155	26,265	1,823,533	58,816	4,433,769
Charge for the year	75,368	1,354	80,708	7,672	165,102
At 31 December 2018	<u>2,600,523</u>	<u>27,619</u>	<u>1,904,241</u>	<u>66,488</u>	<u>4,598,871</u>
Net book value					
At 31 December 2018	<u>1,590,849</u>	<u>-</u>	<u>442,470</u>	<u>16,263</u>	<u>2,049,582</u>
At 31 December 2017	<u>1,665,723</u>	<u>1,354</u>	<u>404,414</u>	<u>18,163</u>	<u>2,089,654</u>

11. Stocks

	2018 £	2017 £
Goods for resale	<u>949,386</u>	<u>919,714</u>

12. Debtors

	2018 £	2017 £
Trade debtors	13,819	15,866
Prepayments and sundry debtors	67,904	88,080
Amount due from Blue Diamond Limited	4,035,570	3,209,301
Deferred tax (note 14)	65,292	70,804
	<u>4,182,585</u>	<u>3,384,051</u>

Chester Garden Centre Limited

Notes to the Financial Statements For the Year Ended 31 December 2018

12. Debtors (continued)

The amount due from Blue Diamond Limited, the ultimate parent company is unsecured, bears interest at 1.5% (2017: 1.5%) above the one-month LIBOR rate on the net amount receivable and is repayable on demand.

13. Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	542,999	529,299
Accruals	158,166	78,524
Other taxes and social security	252,226	237,007
UK corporation tax	141,427	75,211
	<u>1,094,818</u>	<u>920,041</u>

14. Deferred tax

	2018 £	2017 £
At beginning of year	70,804	86,402
Charged to profit	(5,512)	(15,598)
At end of year	<u>65,292</u>	<u>70,804</u>

The deferred tax asset comprises of following:

	2018 £	2017 £
Capital allowances recoverable	<u>65,292</u>	<u>70,804</u>

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

15. Share capital

	2018 £	2017 £
Authorised, allotted, called up and fully paid		
1,000,000 ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

Chester Garden Centre Limited

Notes to the Financial Statements For the Year Ended 31 December 2018

16. Contingent liabilities

The Company is party to a composite cross guarantee agreement for the loan and overdraft facilities of the Ultimate Parent Company with The Royal Bank of Scotland International Limited (trading as NatWest International). At the year end the liabilities covered by the guarantee totalled £40,463,215 (2017: £24,373,123).

17. Commitments under operating leases

At 31 December 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	502,140	502,144
Later than 1 year and not later than 5 years	2,008,560	2,008,576
Later than 5 years	9,289,590	9,791,808
	<u>11,800,290</u>	<u>12,302,528</u>

18. Related party transactions

In the preparation of these financial statements the Directors have taken advantage of the exemption under FRS 102 and have not disclosed the details of related party transactions with wholly owned subsidiaries of Blue Diamond Limited.

The amount due from and terms with Blue Diamond Limited are set out in note 12.

19. Ultimate parent company and controlling party

The Company's immediate parent company is Blue Trading Limited, a Company incorporated in Guernsey.

The ultimate parent company is Blue Diamond Limited, a Company incorporated in Guernsey. This is the largest and smallest group in which the Company's results are consolidated. Copies of the group financial statements are available from Rue de Friquet, Castel, Guernsey, GY5 7SS.

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.