

Company Registration Number: 01413241 (England and Wales)

**MATLOCK GARDEN, WATERLIFE
& PET CENTRE LIMITED**

REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2010

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COMPANIES HOUSE

MATLOCK GARDEN, WATERLIFE & PET CENTRE LIMITED

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Directors

A Roper
P K Wright

Secretary and registered office

T M Shaw
Brambridge Park Garden Centre
Kiln Lane
Brambridge
Eastleigh
Hampshire
SO50 6HT

Company registration number

01413241 (England and Wales)

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, for the year ended 31 December 2010

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with the Companies Act 2006 and for being satisfied that the financial statements give a true and fair view

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). The financial statements are required by law to 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 those 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,
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The directors are responsible for keeping proper accounting records that 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.

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

PRINCIPAL ACTIVITIES

The principal activity of the company is property holding.

RESULTS AND DIVIDENDS

The results of the company for the period are set out in detail on page 5.

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

DIRECTORS

The directors of the company who served during the year were -

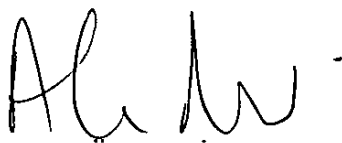
A Roper
P K Wright

AUDITOR

BDO Limited have expressed their willingness to continue in office Under the Companies Act 2006 Section 487 (2) they will be automatically re-appointed as auditors 28 days after these accounts are sent out

In preparing the Director's Report, the directors have taken advantage of the exemptions allowed for small companies as set out in the Companies Act 2006

Approved by the Board of Directors on 27 April 2011

A handwritten signature in black ink, appearing to read 'A Roper', with a horizontal line extending to the right.

A Roper
Director

**INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF
MATLOCK GARDEN, WATERLIFE & PET CENTRE LIMITED**

We have audited the financial statements of Matlock Garden, Waterlife & Pet Centre Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 13. 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 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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement within 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.

Our responsibility is to audit and express an audit opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB'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.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' 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
MATLOCK GARDEN, WATERLIFE & PET 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 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

BDO Limited

Richard Paul Jackson FCA (Senior statutory auditor)
For and on behalf of BDO Limited, Statutory auditor
Chartered Accountants
Place du Pré
Rue du Pré
St Peter Port
Guernsey

Date *27 April 2011*

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2010

	Note	2010 £	2009 £ (restated)
TURNOVER		-	-
Cost of sales		-	-
GROSS PROFIT		-	-
Other income		572,751	508,176
OPERATING PROFIT	2	572,751	508,176
Interest payable		(25,506)	(4,440)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		547,245	503,736
Taxation charged	3	(153,229)	(112,868)
PROFIT FOR THE FINANCIAL YEAR	7	394,016	390,868

A statement of movements on reserves is included in note 7 to these financial statements

The notes on pages 8 to 12 form an integral part of these financial statements

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**YEAR ENDED 31 DECEMBER 2010**

	2010 £	2009 £ (restated)
Profit for the financial year	394,016	390,868
Unrealised deficit on revaluation of freehold property	(509,750)	-
Total recognised gains and losses for the financial period	(115,734)	390,868

A reconciliation of movements in shareholders' funds is set out in note 8 to the financial statements

The notes on pages 8 to 12 form an integral part of these financial statements

BALANCE SHEET

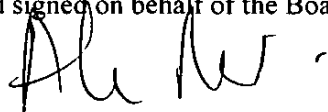
31 DECEMBER 2010

	Note	£	2010 £	£	2009 £ (restated)
FIXED ASSETS					
Tangible assets	4		7,500,000		8,000,000
CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR	5	(1,535,344)		(1,919,610)	
NET CURRENT LIABILITIES			(1,535,344)		(1,919,610)
TOTAL ASSETS LESS CURRENT LIABILITIES			5,964,656		6,080,390
CAPITAL AND RESERVES					
Called up share capital	6		19,508		19,508
Revaluation reserve	7		3,311,489		3,821,239
Capital redemption reserve	7		492		492
Profit and loss reserve	7		2,633,167		2,239,151
SHAREHOLDERS' FUNDS	8		5,964,656		6,080,390

Matlock Garden, Waterlife & Pet Centre Limited

Company number: 01413241

These financial statements were approved by the Board of Directors on 27 April 2011
and signed on behalf of the Board of Directors by



A Roper
Director

The notes on pages 8 to 12 form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2010

1. ACCOUNTING POLICIES**Convention**

These financial statements have been prepared in accordance with the historical cost convention as modified by the revaluation of freehold land and buildings. The principal accounting policies which the directors have adopted within that convention are set out below.

Income

Rental income is accounted for on an accruals basis.

Freehold land and buildings

Freehold land and buildings are stated at their revalued amounts, being their current value at the date of revaluation. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

Any revaluation increase arising on the revaluation of land and buildings is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to the profit and loss account to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of the same asset. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the revaluation reserve is transferred to the capital reserve.

No depreciation is charged on freehold land. The directors consider that the company's freehold buildings are maintained in such a state of repair that their residual value is at least equal to their net book value. As a result the corresponding depreciation charge would not be material and therefore is not charged in the profit and loss account. The directors perform annual impairment reviews in accordance with the requirements of Financial Reporting Standard No. 11 – Impairment of Fixed Assets and Goodwill and of Financial Reporting Standard No. 15 – Tangible Fixed Assets, to ensure that the carrying value of such assets is not lower than their recoverable amount.

Going concern

The directors have prepared the financial statements on a going concern basis. The directors consider this to be appropriate as they have received assurances from the company's ultimate parent company to the effect that the ultimate parent company will continue to make funds available to the company for the foreseeable future and will continue to meet the company's obligations to other creditors as and when they fall due.

2. OPERATING PROFIT

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

The auditors' remuneration was borne by Blue Diamond Limited (the parent company). No director received any remuneration during the year (2009 – nil).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2010

3. TAXATION

Provision has been made in these financial statements for United Kingdom taxation as follows -

	2010 £	2009 £ (restated)
<i>UK Corporation Tax</i>		
Current tax on profits for the period	153,229	141,046
Over provision in previous years	-	(28,178)
	<hr/> 153,229	<hr/> 112,868

The current tax charge for the period reconciles to the standard rate of corporation tax in the UK as explained below

	2010 £	2009 £
Profit on ordinary activities before tax	<hr/> 547,245	<hr/> 503,736
Profit on ordinary activities at the standard rate of corporation tax in the UK of 28%	153,229	141,046
Over provision in prior years	-	(28,178)
Current tax charged	<hr/> 153,229	<hr/> 112,868

4. TANGIBLE ASSETS

Freehold
Land and
Buildings
£

VALUATION AND NET BOOK VALUE

At 1 January 2010 (restated)	8,000,000
Additions	9,750
Deficit on revaluation (note 7)	(509,750)
	<hr/>
At 31 December 2010	<hr/> 7,500,000

The company's freehold land, buildings and investment properties are included in these financial statements at the directors' estimate of their open market value at 31 December 2010. The directors' assessment of current value is based upon professional valuations carried out on 31 December 2010 by A Evans BSc MRICS Dip Rating ACI Arb IRRV (Hons), of Gilbert Evans, a member of the Royal Institution of Chartered Surveyors.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2010

5. CREDITORS - AMOUNTS FALLING DUE
WITHIN ONE YEAR

	2010 £	2009 £ (restated)
UK corporation tax payable	168,839	178,889
Other taxes payable	177,107	-
Due to ultimate parent company (note 10)	1,189,398	1,740,721
	<hr/>	<hr/>
	1,535,344	1,919,610
	<hr/>	<hr/>

The amount due to ultimate parent company is unsecured, bears interest at 1 5% above the UK LIBOR rate and is repayable on demand

6. CALLED UP SHARE CAPITAL

	2010 £	2009 £
Authorised:		
99,508 'A' ordinary shares of £1 each	99,508	99,508
492 'B' ordinary shares of £1 each	492	492
	<hr/>	<hr/>
	100,000	100,000
	<hr/>	<hr/>
Allotted, called up and fully paid:		
19,508 'A' ordinary shares of £1 each	19,508	19,508
	<hr/>	<hr/>

7. RESERVES

	Redemption Reserve £	Capital Revaluation Reserve £	Profit and Loss Account £	Total £
At 1 January 2010 – previously stated	492	3,821,239	2,276,994	6,098,725
Prior year adjustment (note 9)	-	-	(37,843)	(37,843)
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 January 2010 – restated	492	3,821,239	2,239,151	6,060,882
Deficit on revaluation (note 4)	-	(509,750)	-	(509,750)
Profit for the year	-	-	394,016	394,016
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2010	492	3,311,489	2,633,817	5,945,148
	<hr/>	<hr/>	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2010

8. RECONCILIATION OF MOVEMENT
IN SHAREHOLDERS' FUNDS

	2010 £	2009 £ (restated)
Profit for the financial year	394,016	390,868
Other recognised gains and losses for the year	(509,750)	-
	<hr/>	<hr/>
Net (reduction in)/addition to shareholders' funds	(115,734)	390,868
Opening shareholders' funds (previously £6,118,233 before prior year adjustment)	6,080,390	5,689,522
	<hr/>	<hr/>
Closing shareholders' funds	5,964,656	6,080,390
	<hr/>	<hr/>

9. PRIOR YEAR ADJUSTMENT

The prior year adjustment relates to a change in the basis of the calculation of the acquisition of the Matlock and Derby garden centres in 2008 in adjustments to land and buildings of £2,000,000 (debit), ultimate parent company balance of £2,000,000 (credit), tax liability of £37,843 (credit) and the profit and account brought forward of £37,843 (debit)

10. 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 MGCL Limited, a company incorporated in England. The ultimate parent company is 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.

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 or investees of that group. Copies of the group financial statements are available from Blue Diamond Limited, Rue du Friquet, Castel, Guernsey, Channel Islands.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2010

11. CONTINGENT LIABILITY

In consideration for making available to the Blue Diamond Limited group loan and overdraft facilities of up to £20,500,000, 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	Goodies Limited
BDL No 1 Limited	MGCL Limited
BDL No 2 Limited	Matlock Garden, Waterlife & Pet Centre Limited
Blue Diamond Limited	Olympus Sportswear (Guernsey) Limited
Blue Diamond Trading Limited	St Martins Garden & Pet Centre Limited
Blue Diamond UK Limited	St Peters Furniture Centre Limited
Fruit Export Company Limited	St Peters Garden Centre Limited

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

12. CASH FLOW STATEMENT

The company is a wholly owned subsidiary of MGCL Limited and is included in 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 FRS 1