

# Blue Diamond UK Properties Limited

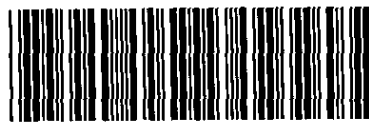
Unaudited Report and Financial Statements

Year Ended

31 December 2016

Company Number: 01413241 (England and  
Wales)

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# **Blue Diamond UK Properties Limited**

## **Company Information**

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<b>Directors</b>	A. Roper R.J. Hemans
<b>Registered number</b>	01413241 (England and Wales)
<b>Registered office</b>	Brambridge Park Garden Centre Kiln Lane Brambridge Eastleigh Hampshire SO50 6HT
<b>Head office</b>	Rue du Friquet Castel Guernsey Channel Islands
<b>Accountants</b>	BDO Limited PO Box 180 Place du Pre Rue du Pre St Peter Port Guernsey GY1 3LL

# Blue Diamond UK Properties Limited

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# **Blue Diamond UK Properties Limited**

## **Directors' Report For the Year Ended 31 December 2016**

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The Directors present their report and the financial statements for the year ended 31 December 2016.

### **Directors' responsibilities statement**

The Directors are responsible for preparing 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;
- 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.

### **Principal activity**

The principal activity of the Company is property holding.

### **Dividends**

The results for the year are set out in the Statement of Income and Retained Earnings on page 4.

The Company paid an interim dividends of £4,000,000 during the year (2015: £nil) and the Directors do not *intend to recommend a final dividend for the year*.

### **Directors**

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

A. Roper  
R.J. Hemans

### **Audit exemption**

In accordance with section 479C of the UK Companies Act 2006 (the 'Act'), Blue Diamond Limited, the Ultimate Parent Company, has given a guarantee to the Company in respect of the year ending 31 December 2016, therefore it is exempt from the requirements of the Act relating to the audit of individual company accounts. The guarantee effectively means that the Blue Diamond Limited will discharge all outstanding liabilities of the Company at 31 December 2016 should the Company be unable to satisfy them.

# Blue Diamond UK Properties Limited


Directors' Report (continued)  
For the Year Ended 31 December 2016

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## Small companies note

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

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



.....  
**R.J. Hemans**  
Director

Date: 21/6/17

## Blue Diamond UK Properties Limited

### Chartered Accountants' Report to the Board of Directors on the preparation of the Unaudited Statutory Financial Statements of Blue Diamond UK Properties Limited for the Year Ended 31 December 2016

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In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Blue Diamond UK Properties Limited for the year ended 31 December 2016 which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position and the related notes from the Company accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <http://www.icaew.com/en/members/regulations-standards-and-guidance/>.

This report is made solely to the Board of Directors of Blue Diamond UK Properties Limited, as a body, in accordance with the terms of our engagement letter dated 14 January 2015. Our work has been undertaken solely to prepare for your approval the financial statements of Blue Diamond UK Properties Limited and state those matters that we have agreed to state to the Board of Directors of Blue Diamond UK Properties Limited, as a body, in this report in accordance with ICAEW Technical Release TECH07/16AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Blue Diamond UK Properties Limited and its Board of Directors, as a body, for our work or for this report.

It is your duty to ensure that Blue Diamond UK Properties Limited has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and profit or loss of Blue Diamond UK Properties Limited. You consider that Blue Diamond UK Properties Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or review of the financial statements of Blue Diamond UK Properties Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.

*BDO LIMITED*

BDO Limited  
Chartered Accountants  
Place du Pre  
Rue du Pre  
St Peter Port  
Guernsey

Date: *21 June 2017*

# Blue Diamond UK Properties Limited

## Statement of Income and Retained Earnings For the Year Ended 31 December 2016

	Note	2016 £	2015 £
Income		1,794,864	1,045,655
Administrative expenses		(22,394)	(29,396)
Fair value adjustment on investment properties		-	2,582,096
<b>Operating profit</b>	4	<u>1,772,470</u>	<u>3,598,355</u>
Interest receivable	5	526	-
Interest payable	6	(237,797)	(41,873)
<b>Profit before tax</b>		<u>1,535,199</u>	<u>3,556,482</u>
Tax on profit	7	(31,973)	(709,830)
<b>Profit after tax</b>		<u>1,503,226</u>	<u>2,846,652</u>
Retained earnings at the beginning of the year		10,667,946	7,821,294
Profit for the year		1,503,226	2,846,652
Dividends declared and paid		(4,000,000)	-
<b>Retained earnings at the end of the year</b>		<u>8,171,172</u>	<u>10,667,946</u>

There were no recognised gains and losses for 2016 or 2015 other than those included above.

The notes on pages 6 to 12 form part of these financial statements.

**Blue Diamond UK Properties Limited**  
Registered number: 01413241 (England and Wales)

**Statement of Financial Position**  
**As at 31 December 2016**

	Note	2016 £	2016 £	2015 £	2015 £
<b>Fixed assets</b>					
Investment property	9		23,198,066		19,532,096
			<u>23,198,066</u>		<u>19,532,096</u>
<b>Current assets</b>					
Debtors	10	1,100		-	
Creditors: amounts falling due within one year	11	(201,593)		(30,833)	
<b>Net current liabilities</b>			<u>(200,493)</u>		<u>(30,833)</u>
<b>Total assets less current liabilities</b>			<u>22,997,573</u>		<u>19,501,263</u>
Creditors: amounts falling due after more than one year	12		(13,751,396)		(7,519,373)
Deferred tax	13		(1,055,005)		(1,293,944)
<b>Net assets</b>			<u><u>8,191,172</u></u>		<u><u>10,687,946</u></u>
<b>Capital and reserves</b>					
Called up share capital	14		19,508		19,508
Capital redemption reserve			492		492
Profit and loss account			8,171,172		10,667,946
			<u><u>8,191,172</u></u>		<u><u>10,687,946</u></u>

The Directors consider that the Company is entitled to exemption from audit under section 479A of the Companies Act 2006 (the "Act"). The member has not required the Company to obtain an audit for the year in question in accordance with section 476 of the Act.

The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements. The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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



.....  
**R.J. Hemans**  
Director

Date: 21/6/17

The notes on pages 6 to 12 form part of these financial statements.



# **Blue Diamond UK Properties Limited**

## **Notes to the Financial Statements For the Year Ended 31 December 2016**

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### **1. General information**

Blue Diamond UK Properties 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 Directors' 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 as modified by the revaluation of investment properties, and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") and the Companies Act 2006.

The financial statements are presented in 'sterling', which is the company's functional and presentation currency.

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 accounting policies (see note 3).

The following principal accounting policies have been applied:

#### **2.2 Revenue**

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

Rental income from turnover based rent agreements is recognised in the period in which the income is earned.

#### **2.3 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.

#### **2.4 Investment property**

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

#### **2.5 Financial instruments**

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities including loans from 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.

# Blue Diamond UK Properties Limited

## Notes to the Financial Statements For the Year Ended 31 December 2016

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### 2. Accounting policies (continued)

#### 2.6 Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

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

#### 2.7 Current and deferred tax

The tax expense for the year comprises 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 and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

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

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

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

#### 2.8 Profit and loss account

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

#### 2.9 Dividends

Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders.

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

Freehold properties are revalued every third and fifth year based on advice from an expert and an assessment of market conditions and the financial and operating performances of the underlying businesses. No valuations were performed in the current year. Investment properties were assessed for indicators of fair value changes.

Key inputs into the property valuations included the financial performance of the garden centres, market conditions, benchmarking and physical inspection of the properties.

# Blue Diamond UK Properties Limited

## Notes to the Financial Statements For the Year Ended 31 December 2016

### 4. Income and operating profit

Income, comprising rental income from investment property, and operating profit derive wholly from continuing activities carried out exclusively in the United Kingdom.

No director received any remuneration during the year and the Company had no employees (2015: nil).

### 5. Interest receivable

	2016 £	2015 £
Interest receivable on tax	526	-

### 6. Interest payable

	2016 £	2015 £
On amount due to Ultimate Parent Company	237,797	41,873

### 7. Taxation

	2016 £	2015 £
<b>Corporation tax</b>		
Current tax on profits for the year	275,419	161,910
Adjustments in respect of previous periods	(4,507)	(45,290)
<b>Total current tax</b>	270,912	116,620
<b>Deferred tax</b>		
Origination and reversal of timing differences	31,621	551,358
Adjustment in respect of previous periods	(17,151)	41,852
Change in rate	(253,409)	-
<b>Total deferred tax</b>	(238,939)	593,210
<b>Taxation on profit on ordinary activities</b>	31,973	709,830

# Blue Diamond UK Properties Limited

## Notes to the Financial Statements For the Year Ended 31 December 2016

### 7. 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 20% (2015: 20%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	1,535,199	3,556,482
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 -20%)	307,040	711,296
Effects of:		
Effect of tax rate change	(253,409)	1,972
Adjustments to tax charge in respect of prior periods	(21,658)	(3,438)
Total tax charge for the year	31,973	709,830

#### Factors that may affect future tax charges

The current rate of UK corporation tax of 20% will reduce to 19% with effect from 1 April 2017, with a further reduction to 17% with effect from 1 April 2020. These rates have been substantively enacted at the financial year end and are reflected in these financial statements.

### 8. Dividends

	2016 £	2015 £
Interim dividend	4,000,000	-

# Blue Diamond UK Properties Limited

## Notes to the Financial Statements For the Year Ended 31 December 2016

### 9. Investment property

	Freehold investment property £
<b>Valuation</b>	
At 1 January 2016	19,532,096
Additions at cost	3,665,970
<b>At 31 December 2016</b>	<b>23,198,066</b>

Details on the assumptions made and the key sources of estimation uncertainty are given in note 3.

No revaluation adjustments were made in the current financial year as the Directors are of the opinion that the market values of investment properties have not changed materially. The carrying values before additions are based on valuations as at 31 December 2015 carried out by an independent, professionally qualified valuer. The valuations were undertaken in accordance with the Royal Institute of Chartered Surveyors' Appraisal and Valuation Manual on an open market value for existing use basis.

The Company has provided first legal charges in favour of The Royal Bank of Scotland International Limited (trading as NatWest) over its freehold land and buildings as security for Group bank loan and overdraft facilities as set out in note 15.

#### At 31 December 2016

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

	2016 £	2015 £
Historic cost	17,112,300	13,446,330
Valuation	23,198,066	19,532,096
<b>Excess of carrying value over historic cost basis</b>	<b>6,085,766</b>	<b>6,085,766</b>

### 10. Debtors

	2016 £	2015 £
Prepayments	1,100	-

# Blue Diamond UK Properties Limited

## Notes to the Financial Statements For the Year Ended 31 December 2016

### 11. Creditors: amounts falling due within one year

	2016 £	2015 £
UK corporation tax	154,736	18,775
Accruals	46,857	12,058
	<u>201,593</u>	<u>30,833</u>

### 12. Creditors: amounts falling due after more than one year

	2016 £	2015 £
Amount due to Blue Diamond Limited	<u>13,751,396</u>	<u>7,519,373</u>

The amount due to Blue Diamond Limited, the ultimate parent company, is unsecured and bears interest at 1.5% (2015: 1.5%) above the one month UK LIBOR rate per annum. Whilst the amount is repayable on demand, the Directors have received assurance that the loan will not be repayable within one year.

### 13. Deferred tax

	2016 £	2015 £
At beginning of year	(1,293,944)	(700,734)
Credited/(charged) to profit	238,939	(593,210)
<b>At end of year</b>	<u>(1,055,005)</u>	<u>(1,293,944)</u>

The provision for deferred tax is made up as follows:

	2016 £	2015 £
Accelerated capital allowances	(92,151)	(76,791)
Revaluation of investment properties	(962,854)	(1,217,153)
	<u>(1,055,005)</u>	<u>(1,293,944)</u>

# Blue Diamond UK Properties Limited

## Notes to the Financial Statements For the Year Ended 31 December 2016

### 14. Share capital

	2016 £	2015 £
<b>Authorised, allotted, called up and fully paid</b>		
19,508 'A' ordinary shares of £1 each	19,508	19,508

### 15. Contingent liabilities

The Company is party to a cross guarantee agreement for the group loan and overdraft facilities of its ultimate parent company, Blue Diamond Limited. At the year end the liabilities covered by these guarantees totalled £25,599,673 (2015: £27,647,994). In the opinion of the Directors, no liability to the Company is expected to arise as a result of this guarantee.

### 16. Controlling party and related party disclosures

The parent company and controlling party, which has interests in 100% (2015: 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 accordance with s479C of the UK Companies Act 2006 (the 'Act'), Blue Diamond Limited has given a guarantee to the Company in respect of the year ending 31 December 2016, which means it is exempt from the requirements of the Act relating to the audit of individual company accounts. The guarantee effectively means that the Blue Diamond Limited will discharge all outstanding liabilities of the Company at 31 December 2016 should the Company be unable to satisfy them.

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.