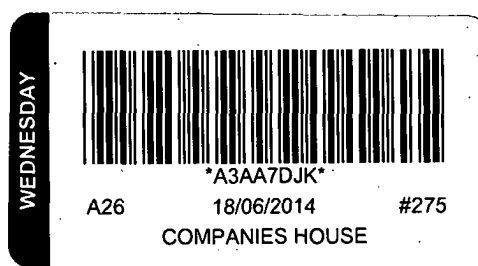


CHATSWORTH GARDEN CENTRE LIMITED
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2013



CHATSWORTH GARDEN CENTRE LIMITED

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6	Balance sheet
7	Notes forming part of the financial statements

Directors

G.R. Dorey	(Chairman)
A. Roper	(Managing Director)

Registered office

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

Company registration number

01513341 (England and Wales)

Auditor

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

The directors submit their report and the audited financial statements of the company, which is registered in England, for the financial year ended 31 December 2013.

DIRECTORS' RESPONSIBILITIES

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

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

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;
- 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.

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 the operation of a garden centre.

DIRECTORS' REPORT**RESULTS AND DIVIDENDS**

The profit and loss account for the year is set out 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.

DIRECTORS

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

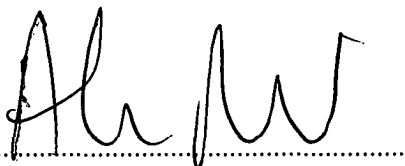
G.R. Dorey	(Chairman) (appointed 24 June 2013)
A. Roper	(Managing Director)
P.K. Wright	(resigned 24 June 2013)

AUDITOR

BDO Limited has 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 to the members, unless the members exercise their rights under the Companies Act 2006 to prevent their re-appointment.

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

By order of the board

A handwritten signature in black ink, appearing to be 'A. Roper', written over a horizontal dotted line.

A. Roper
Director

14 May 2014

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

We have audited the financial statements of Chester Garden Centre Limited for the year ended 31 December 2013 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 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 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 Directors' 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 2013 and of its loss 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 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 CHATSWORTH 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 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; or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies' regime.

BDO Limited.

Richard Jackson (Senior Statutory Auditor)
For and on behalf of BDO Limited, Statutory Auditor
Place du Pré
Rue du Pré
St Peter Port
Guernsey

14 May 2014
.....
Date

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	Year ended 31 December 2013 £	Period 1 March to 31 December 2012 £
TURNOVER	2	2,392,873	1,858,256
Cost of sales		(1,132,237)	(901,093)
GROSS PROFIT		1,260,636	957,163
Administrative expenses		(1,282,197)	(912,262)
OPERATING (LOSS)/PROFIT	2	(21,561)	44,901
Interest receivable		283	31
Interest payable	4	(13,388)	(2,965)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(34,666)	41,967
Tax on (loss)/profit on ordinary activities	5	7,514	(13,608)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	11	(27,152)	28,359

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

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

There were no movements in shareholders' funds during the year other than the loss for the financial year.

A statement of movements on reserves is included in note 11 to these financial statements.

The notes on pages 7 to 13 form an integral part of these financial statements.

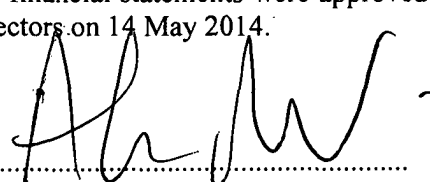
BALANCE SHEET

31 DECEMBER 2013

	Note	2013	2012
		£	£
FIXED ASSETS			
Tangible assets	6	507,665	528,344
CURRENT ASSETS			
Stock		445,816	506,283
Prepayments and sundry debtors		20,960	20,743
Cash at bank and in hand		468,159	736,486
		934,935	1,263,512
CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR	7	(706,965)	(971,316)
NET CURRENT ASSETS		227,970	292,196
TOTAL ASSETS LESS CURRENT LIABILITIES		735,635	820,540
CREDITOR – AMOUNT FALLING DUE AFTER MORE THAN ONE YEAR	8	(300,982)	(350,982)
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred tax	9	(24,977)	(32,730)
NET ASSETS		409,676	436,828
CAPITAL AND RESERVES			
Called up share capital	10	98	98
Reserves	11	409,578	436,730
SHAREHOLDERS' FUNDS		409,676	436,828

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies

The financial statements were approved and authorised for issue by the Board of Directors on 14 May 2014.



.....
A. Roper
Director

The notes on pages 7 to 13 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

1. ACCOUNTING POLICIES**Convention**

These financial statements have been prepared in accordance with the historical cost convention and in accordance with United Kingdom Generally Accepted Accounting Practice. The principal accounting policies which the directors have adopted within that convention are set out below.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less any estimated residual value, over their expected useful lives on the following basis:

Leasehold improvements	Over the remaining life of the lease
Fixtures and fittings	5 - 10 years
Machinery and equipment	3 - 10 years
Motor vehicle	4 years
Computer equipment	3 - 4 years

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 and services provided 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.

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.

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.

Pension Costs

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR 31 DECEMBER 2013

2. TURNOVER AND OPERATING LOSS

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

	Year ended 31 December 2013 £	Period 1 March to 31 December 2012 £
Operating (loss)/profit is stated after charging:		
Auditor's remuneration	7,085	2,465
Depreciation – owned tangible assets	49,205	42,758
Operating lease:		
- Land and buildings	200,000	150,000
	<hr/>	<hr/>

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

The operating loss for the year of £27,152 (2012: profit of £28,359) is stated after charging administration fees of £76,572 (2012: £55,749) payable to the parent company (note 15) and £43,072 (2012: £nil) payable to the ultimate parent company. An element of the administration fees relates to the provision of services by certain directors who are employed by the parent and ultimate parent company.

3. EMPLOYEES

	Year ended 31 December 2013 £	Period 1 March to 31 December 2012 £
Staff costs (including directors) consist of:		
Wages and salaries	606,132	454,488
National insurance	38,745	30,250
Pension (note 13)	4,876	3,636
Other staff costs	11,152	5,782
	<hr/>	<hr/>
	660,905	494,156
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The average number of employees during the year was 39 (2012: 37). No dividends were paid to directors during the year (2012: nil). The directors did not receive any emoluments from the company during the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

4. INTEREST PAYABLE	Year ended 31 December 2013 £	Period 1 March to 31 December 2012 £
Bank interest payable	219	2,965
Interest payable on loan due to ultimate parent company (note 15)	13,169	-
	<hr/>	<hr/>
	13,388	2,965
	<hr/>	<hr/>
5. TAXATION ON PROFIT ON ORDINARY ACTIVITIES	Year ended 31 December 2013 £	Period 1 March to 31 December 2012 £
<i>UK Corporation Tax</i>		
Current tax charge	-	15,774
Adjustment in respect of previous periods	239	(3,675)
	<hr/>	<hr/>
	239	12,099
<i>Deferred tax</i>		
Origination and reversal of timing differences	(4,906)	1,509
Effect of change in tax rate	(2,847)	-
	<hr/>	<hr/>
	(7,753)	1,509
	<hr/>	<hr/>
Tax on (loss)/profit on ordinary activities	(7,514)	13,608
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The current tax charge for the year differs from the standard rate of corporation tax in the UK. The differences are explained below:

	Year ended 31 December 2013 £	Period 1 March to 31 December 2012 £
(Loss)/profit on ordinary activities before tax	(34,666)	41,967
	<hr/>	<hr/>
Tax on ordinary activities at the standard rate of corporation tax in the UK of 23%/24%	(7,973)	10,072
Effects of:		
Expenses not deductible for tax purposes	173	-
Depreciation in excess of capital allowances	7,247	6,217
Marginal tax relief	-	(515)
Loss carried forward	553	-
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Current tax charge for the year/period	-	15,774
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

6. TANGIBLE ASSETS

	Leasehold Improvements £	Plant & Equipment £	Motor Vehicle £	Fixtures & Fittings £	Computer Equipment £	Total £
COST						
At 1 January 2013	941,382	640,569	24,052	64,023	41,432	1,711,458
Additions	2,952	3,250	-	2,853	19,471	28,526
Disposals	-	-	-	-	(10,145)	(10,145)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2013	944,334	643,819	24,052	66,876	50,758	1,729,839
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
DEPRECIATION						
At 1 January 2013	628,146	471,282	20,679	23,942	39,065	1,183,114
Charge for the year	10,490	27,870	794	7,150	2,901	49,205
Disposals	-	-	-	-	(10,145)	(10,145)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2013	638,636	499,152	21,473	31,092	31,821	1,222,174
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
NET BOOK VALUE						
At 31 December 2013	305,698	144,667	2,579	35,784	18,937	507,665
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At 31 December 2012	313,236	169,287	3,373	40,081	2,367	528,344
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7. CREDITORS - AMOUNTS FALLING DUE
WITHIN ONE YEAR

	2013 £	2012 £
Trade creditors	205,228	106,548
Accruals and deferred income	12,964	11,710
UK corporation tax creditor	152	29,545
Other taxes and social security	84,875	65,434
Amount due to ultimate parent company (note 15)	403,746	758,079
	<hr/>	<hr/>
	706,965	971,316
	<hr/>	<hr/>

The amount due to ultimate parent company is unsecured, bears interest at 1.5% above the one-month LIBOR rate (2012: interest free) and is repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

8. CREDITOR - AMOUNT FALLING DUE
AFTER ONE YEAR

	2013 £	2012 £
Amount due to ultimate parent company (note 15)	300,982	350,982

The amount due to ultimate parent company is unsecured, bears interest at 1.5% above the one-month LIBOR rate (2012: interest free) and is repayable after more than one year.

9. DEFERRED TAX

	2013 £	2012 £
As at beginning of the financial year/period	32,730	31,221
Change to profit and loss account (note 5)	(7,753)	1,509
At end of the financial year/period	24,977	32,730
The provision for deferred tax comprises:		
Accelerated capital allowances	24,977	32,730

10. CALLED UP SHARE CAPITAL

	2013 £	2012 £
Authorised:		
100,000 Ordinary shares of £1 each	100,000	100,000
Allotted, called up and fully paid:		
98 Ordinary shares of £1 each	98	98

11. RESERVES

	Capital redemption reserve £	Profit and loss account £	Total £
At 1 January 2013	2	436,728	436,730
Loss for the financial year	-	(27,152)	(27,152)
At 31 December 2013	2	409,576	409,578

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

12. PENSION COMMITMENTS

Employees are eligible to join a Group Personal Pension Plan operated by Aviva and offered through Blue Diamond Limited (note 15). 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 year the company contributions payable to the fund amounted to £4,876 (2012: £3,636).

13. FINANCIAL COMMITMENTS

At 31 December 2013, the company had an annual commitment under a non-cancellable operating lease for land and buildings. The rental payable under this lease in the next year is as follows:

Date of termination of lease:	£
After more than 5 years	218,750

14. CONTINGENT LIABILITY

In consideration for making available to the Blue Diamond Limited group loan and overdraft facilities of up to £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	Chester Garden Centre Limited
BDL No 1 Limited	Fruit Export Company Limited
BDL No 2 Limited	Goodies Limited
Blue Diamond Limited	MGCL Limited
Blue Diamond Trading Limited	Olympus Sportswear (Guernsey) Limited
Blue Diamond UK Limited	St. Peters Furniture Centre Limited
Blue Diamond UK Properties Limited	St Martin's Garden & Pet Centre Limited
Chatsworth Garden Centre 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.

15. 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 UK Limited, a company registered in England. 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.

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 as are they are all wholly owned by the 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

FOR THE YEAR ENDED 31 DECEMBER 2013

16. CASH FLOW STATEMENT

The company is a wholly owned subsidiary of Blue Diamond UK 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 Financial Reporting Standard No.1 - Cash Flow Statements.