

**Wyevale Garden Centres Holdings Limited**

**Annual Report and Financial Statements**

**For the year ended 30 December 2018**

**Registered Company Number: 01972554**



# **Wyevale Garden Centres Holdings Limited**

*Registered Number: 01972554*

## **Annual Report and financial statements for the year ended 30 December 2018**

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# **Wyevale Garden Centres Holdings Limited**

*Registered Number: 01972554*

## **Officers and professional advisers**

### **Directors**

Richard MacLachlan

### **Company secretary**

Laura Harradine-Greene

### **Registered office**

Wyevale Garden Centres  
GW Business Centre (GW1)  
Second Floor, Room 2-3, Great West House  
Great West Road  
Brentford,  
Middlesex  
TW8 9DF

### **Auditor**

KPMG LLP  
2 Forbury Place  
33 Forbury Road  
Reading  
RG1 3AD  
United Kingdom

# **Wyevale Garden Centres Holdings Limited**

*Registered Number: 01972554*

## **Strategic report**

The Directors present their annual report and the audited financial statements for Wyevale Garden Centres Holdings Limited for the year ended 30 December 2018. This financial year consists of a 52 week period that will be known as a 'year' for the purposes of these financial statements (2017 53 week period). The results of the Company are consolidated into Wyevale Garden Centres Capital Limited (The "Group") and the principal activity of the Group was the operation of garden centres in the United Kingdom.

## **Business review**

The Directors are satisfied with the performance of the Company during the year as it continues to support the rest of the Group through maintaining the property portfolio and the contracts of employment.

Since the year end date, the sale of the Wyevale Group has concluded and the Group is no longer trading.

This will now trigger an orderly closure process over the coming months, including finalising all payments and obligations due to stakeholders of the Group and making distributions to the shareholder as appropriate. Following this, it is the intention for the Wyevale Garden Centres Group of companies to enter into Members Voluntary Liquidation. This will then allow the business to make a final distribution to the ultimate shareholder to complete their exit from the business.

## **Key performance indicators ("KPIs")**

As the purpose of the Company is to support other Group entities, it is the opinion of the Directors that, other than those set out in the profit and loss account for the year, there are no key performance indicators for the Company whose disclosure is necessary for an understanding of the development, performance or position of the business.

## **Financial result**

The financial results of the Company are summarised below:

- Operating profit was £39.7 million (2017: £130.1 million loss).
- Profit before tax for the year was £39.9 million (2017: £134.7 million loss).
- Profit for the financial year was £44.5 million (2017: £133.6 million loss).
- Net assets at the financial year end were £344.7 million (2017: £299.3 million).

## **Principal risks and uncertainties**

The Directors consider the risk profile of the Company to be closely aligned to that of the overall group and therefore the Group strategy towards risk and uncertainty is presented below.

The risks that the Group faces are reduced given that the Wyevale Group has ceased trading. The two key remaining risks are as follows:

### *Ensuring sufficient funds to complete liquidation*

With the cessation of trading, the Group no longer has income, therefore there is a risk that it does not have sufficient funds to repay all creditors during the orderly closure process and ultimately during the Members' Voluntary Liquidation.

## **Wyevale Garden Centres Holdings Limited**

*Registered Number: 01972554*

### **Strategic report (continued)**

#### **Principal risks and uncertainties (continued)**

The Group has mitigated this risk by ensuring it has more than sufficient cash reserves to meet all its liabilities. It has also made substantial progress in settling or quantifying the vast majority of outstanding liabilities in advance of beginning the liquidation process. This includes repayment of all external debt, settling contractual liabilities where the obligation to pay ran beyond the final trading date of the business, making one off contributions to the pension scheme to ensure it has sufficient funds to purchase a bulk annuity policy to provide greater security to members' benefits and engagement with suppliers to reconcile and settle any outstanding balances.

#### *"Brexit" risk*

With the cessation of trade, much of the risk caused by the decision to "leave the European Union" (following the United Kingdom European Membership referendum on 23rd June 2016) is no longer relevant. However, "Brexit" could still cause an indirect risk to the business, as the Group will be expecting its furniture suppliers to continue to honour any warranty claims made by customers (with product having either a 2-5 year warranty period). If those furniture suppliers are impacted by the economic downturn that a "no deal" Brexit is likely to cause, and are no longer able to service these warranty claims, the Group will have to compensate those customers affected accordingly.

The Group has mitigated this risk by ensuring it has sufficient reserves to meet the costs of the warranty claims, should the suppliers be unable to offer the customers suitable replacements.

#### **Post balance sheet events**

On 10 September 2019, the completion of the sales process was announced, with the final transaction of 22 centres. This will now trigger an orderly closure process over the coming months, including finalising all payments and obligations due to stakeholders of the Group and making distributions to the shareholder as appropriate. Following this, it is the intention for the Wyevale Garden Centres Group of companies to enter into Members Voluntary Liquidation. This will then allow the business to make a final distribution to the ultimate shareholder to complete their exit from the business.

In relation to the closure process, a group capital restructure has been performed in 2019.

As part of this capital restructure, the Company undertook a share capital reduction to reduce its share capital to £1 and also declared a dividend of £70.0 million to its immediate parent entity Garden Centre Holdings Limited.

The Group has also made significant lump sum contributions into the Group Pension Scheme (for which the Company is the Sponsoring Employer) totalling £16.5 million which has allowed the Trustees to purchase a bulk annuity policy covering all its members, and which significantly improves the long term security of members' benefits. Furthermore, the group has ring fenced funds to allow the Trustees to complete a fully buy out of the Scheme, expected to happen in 2020.

## **Wyevale Garden Centres Holdings Limited**

*Registered Number: 01972554*

### **Strategic report (continued)**

#### **Going concern**

On 18 November 2019, the directors took the decision to cease trading following the completion of the Group sale process. As the directors intend to liquidate the company following the settlement of the remaining net assets, they have not prepared the financial statements on a going concern basis. The effect of this is explained in note 1.

Approved by the Board of Directors on 6 March 2020 and signed on behalf of the Board:



Richard Maclachlan  
**Director**

# **Wyevale Garden Centres Holdings Limited**

*Registered Number: 01972554*

## **Directors' report**

### **Principal activity**

The principal activities of the Company during the year ended 30 December 2018 were those of a property holding Company for the Group.

### **Directors**

The Directors who served during the year and subsequently were as follows:

Anthony Jones (resigned 6<sup>th</sup> December 2019)  
Richard MacLachlan (appointed 1<sup>st</sup> February 2019)  
Roger McLaughlan (resigned 1<sup>st</sup> February 2019)

### **Officers**

The Company secretaries who served during the year and subsequently were as follows:

Laura Harradine-Greene (appointed 1<sup>st</sup> February 2018)  
Mary Elizabeth Bourlet (resigned 1<sup>st</sup> February 2018)

### **Dividends**

The Company paid £nil dividends in the year (2017: £nil).

### **Health and safety**

The Group, of which the Company is a member, has a policy to protect, so far as is reasonably practical, the health and safety and welfare of all of its employees, customers and other visitors to its premises and to comply with relevant health and safety legislation. The Group has a comprehensive health and safety policy which is reviewed and updated regularly. Risk assessments are undertaken to assess hazards and whom they affect. A formal structure of audit and management reporting exists with a monitoring process which is regularly reviewed by the Directors.

### **Employee involvement**

The Group, of which the Company is a member, has a policy of open information to employees concerning factors affecting their interests as employees and also the development of the Group. It consults employees on a regular basis to ensure that their views are taken into account in making decisions on matters likely to affect their interests.

## **Wyevale Garden Centres Holdings Limited**

*Registered Number: 01972554*

### **Directors' report (continued)**

#### **Disabled employees**

The Group, of which the Company is a member, has a policy to give full and fair consideration to suitable applications for employment by disabled persons, having regard to particular aptitudes and abilities. Disabled employees are eligible to participate in all training, career development and promotion opportunities available to all staff. Opportunities also exist for employees of the Group who become disabled, to continue their employment or to be trained in other positions in the Group.

#### **Disclosure of information to the auditor**

Each of the persons who is a Director at the date of approval of this report confirms that:

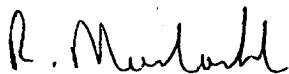
- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

#### **Auditor**

KPMG LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board of Directors on 6 March 2020 and signed on behalf of the Board:



Richard Maclachlan  
**Director**



## **Wyevale Garden Centres Holdings Limited**

*Registered Number: 01972554*

### **Statement of Directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements**

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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 and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so (as explained in note 1, the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis).

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## **Independent auditor's report to the members of Wyevale Garden Centres Holdings Limited**

### **Opinion**

We have audited the financial statements of Wyevale Garden Centres Holdings Limited ("the company") for the year ended 30 December 2018 which comprise the Profit and loss account, Statement of comprehensive income/(expense), Balance sheet and Statement of changes in equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework* and
- have been 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **The impact of uncertainties due to the UK exiting the European Union on our audit**

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as recoverability of goodwill and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the group's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

### **Emphasis of matter - non-going concern basis of preparation**

We draw attention to the disclosure made in note 1 to the financial statements which explains that the financial statements have not been prepared on the going concern basis for the reason set out in that note.

Our opinion is not modified in respect of this matter.

## **Independent auditor's report to the members of Wyevale Garden Centres Holdings Limited (continued)**

### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

**Independent auditor's report to the members of Wyevale Garden Centres Holdings Limited (continued)**

**The purpose of our audit work and to whom we owe our responsibilities**

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.



**Simon Baxter (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
2 Forbury Place  
33 Forbury Road  
Reading  
RG1 3AD  
6 March 2020

**Wyevale Garden Centres Holdings Limited***Registered Number: 01972554***Profit and loss account****As at 30 December 2018**

	Notes	2018 £'000	2017 £'000
Turnover	4	83,240	91,039
Operating expenses		(43,554)	(221,118)
Non-recurring items included within operating expenses are:			
Investment in subsidiaries impairment	5	(18,375)	(119,350)
Profit on disposal	5	55,200	-
Pension scheme closure	5	(167)	(216)
Impairment of fixed assets and investment property	5	-	(13,532)
<b>Operating profit/(loss)</b>	6	<u>39,686</u>	<u>(130,079)</u>
Interest receivable and similar income	7	7,794	3,902
Interest payable and similar charges	8	(7,594)	(8,548)
<b>Profit/(Loss) before tax</b>		<u>39,886</u>	<u>(134,725)</u>
Tax credit	9	<u>4,630</u>	<u>1,154</u>
<b>Profit/(Loss) for the financial year</b>		<u><u>44,516</u></u>	<u><u>(133,571)</u></u>

The accompanying notes form an integral part of the financial statements.

All results are from continuing operations.

**Wyevale Garden Centres Holdings Limited***Registered Number: 01972554***Statement of comprehensive income/(expense)****As at 30 December 2018**

	Notes	2018 £'000	2017 £'000
Actuarial loss on defined benefit pension scheme	23	1,100	161
Tax credit on defined benefit pension scheme taken directly to equity		(188)	(27)
<b>Net gain recognised directly in equity</b>		<u>912</u>	<u>134</u>
 Profit/(Loss) for the financial year		<u>44,516</u>	<u>(133,571)</u>
 <b>Total comprehensive profit/(loss) for the year attributable to the Owners of the Company</b>		<u><u>45,428</u></u>	<u><u>(133,437)</u></u>

The accompanying notes form an integral part of the financial statements.

# Wyevale Garden Centres Holdings Limited

Registered Number: 01972554

## Balance sheet

As at 30 December 2018

	Notes	2018 £'000	2017 £'000
<b>Fixed assets</b>			
Goodwill	11	5,191	5,191
Property, plant and equipment	12	5,732	29,332
Investment property	13	68,225	88,252
Investments in subsidiaries	14	266,402	266,402
		<u>345,550</u>	<u>389,177</u>
<b>Current assets</b>			
Debtors - due in less than one year	15	132,638	66,300
		<u>132,638</u>	<u>66,300</u>
<b>Creditors: Amounts falling due within one year:</b>			
Other payables	16	(123,706)	(140,072)
Obligations under finance leases	17	(355)	(355)
		<u>(124,061)</u>	<u>(140,427)</u>
<b>Net current assets/(liabilities)</b>		<u>8,577</u>	<u>(74,127)</u>
<b>Creditors: Amounts falling due after more than one year:</b>			
Deferred tax	19	-	(4,443)
Retirement benefit obligation	23	(2,977)	(4,683)
Obligation under finance leases	17	(4,293)	(4,467)
Provisions	18	(2,149)	(2,177)
		<u>(9,419)</u>	<u>(15,770)</u>
<b>Net assets</b>		<u>344,708</u>	<u>299,280</u>
<b>Capital and reserves</b>			
Called up share capital	20	198,151	198,151
Share premium	21	51,010	51,010
Profit and loss account		95,547	50,119
<b>Total shareholders' funds</b>		<u>344,708</u>	<u>299,280</u>

The accompanying notes form an integral part of the financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 6 March 2020. They were signed on its behalf by:



Richard Maclachlan  
Director

## Wyevale Garden Centres Holdings Limited

Registered Number: 01972554

### Statement of changes in equity As at 30 December 2018

	Note	Called up share capital £'000	Share premium £'000	Profit and loss account £'000	Total £'000
Balance at 31 December 2017		198,151	51,010	50,119	299,280
Share capital issued during the year	20	-	-	-	-
Total comprehensive income for the year		-	-	45,428	45,428
Balance at 30 December 2018		198,151	51,010	95,547	344,708

The accompanying notes form an integral part of the financial statements.



# Wyevale Garden Centres Holdings Limited

Registered Number: 01972554

## Notes to financial statements

For the year ended 30 December 2018

### 1. General information

Wyevale Garden Centres Holdings Limited is a Company incorporated in the United Kingdom under the Companies Act 2006.

These financial statements are separate financial statements. The Company is exempt from the preparation of consolidated financial statements, because it is included in the Group financial statements of Wyevale Garden Centres Capital Limited. The Group financial statements of Wyevale Garden Centres Capital Limited are available to the public and can be obtained as set out in note 25.

#### **Basis of accounting**

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, the Company has adopted FRS 101 as issued by the Financial Reporting Council in the current and prior year. The financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to presentation of comparative information of certain assets, financial instruments, presentation of a cash-flow statement, standards not yet effective and related party transactions.

Where required, equivalent disclosures are given in the group financial statements of Wyevale Garden Centres Capital Limited. The Group financial statements of Wyevale Garden Centres Capital Limited are available to the public and can be obtained as set out in note 25.

In the current financial year, the Company has also adopted the following standards:

- IFRS 9 Financial Instruments

#### Adoption of IFRS 9

IFRS 9 'Financial Instruments' replaced IAS 39 'Financial Instruments: Recognition and Measurement' with the exception of macro hedge accounting. The standard became applicable for the current financial year.

#### *Classification and measurement*

The Company has made the following classification changes:

– all financial instruments classified as loans and receivables under IAS 39 have been classified and measured at amortised cost under IFRS 9.

#### *Impairment*

IFRS 9 requires the Company to recognise expected credit losses (ECL), and to update the amount of ECL recognised at each reporting date to reflect changes in the credit risk of financial assets. The ECL have been measured under the simplified approach for trade receivables and under the general approach for intercompany loan receivables. The assessment of credit risk and the estimation of ECL are required to be unbiased, forward-looking and probability-weighted, determined by evaluating at the reporting date for each financial asset a range of possible outcomes using reasonable and supportable information about past events, current conditions and forecasts of future events and economic conditions. The estimation of ECL also takes into account the time value of money.

# **Wyevale Garden Centres Holdings Limited**

*Registered Number: 01972554*

## **Notes to financial statements (continued)**

**For the year ended 30 December 2018**

### **1. General information (continued)**

The Company has used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9, but rather those of IAS 39. No material adjustments have been made to these financial statements on adoption of IFRS 9.

The financial statements have been prepared under the historical cost basis.

The Company has opted to apply Section 390 (3) of the Companies Act 2006. This permits the Company to end its financial year on 30 December 2018 (2017: 31 December 2017) as it is not more than 7 days after or before the end of the year dated 31 December 2018 (2017: 31 December 2017).

#### **Going concern**

On 10 September 2019, the completion of the sales process was announced, with the final transaction of 22 centres and the Group ceased trading on 18 November 2019. This will now trigger an orderly closure process over the coming months, including finalising all payments and obligations due to stakeholders of the Group and making distributions to the shareholder as appropriate. Following this, it is the intention for the Wyevale Garden Centres Group of companies to enter into Members Voluntary Liquidation. This will then allow the business to make a final distribution to the ultimate shareholder to complete their exit from the business.

As the business has now ceased trading and the directors intend to liquidate the company following the settlement of the remaining net assets, they have not prepared the financial statements on a going concern basis.

### **2. Significant accounting policies**

**The principal accounting policies adopted are set out as follows:**

#### **Turnover recognition**

Rental income is accrued on a time basis and is recognised within 'turnover'. Management charges are also included within the turnover and recognised on accrual basis.

#### **Operating profit**

Operating profit is stated after charging non-recurring costs but before investment income and finance costs.

#### **Goodwill**

Goodwill represents the excess of the cost of acquisition over the Company's interest at fair value of identifiable assets, liabilities and contingent liabilities of a subsidiary, associate, or jointly controlled entity at the date of acquisition. Goodwill is initially recognised as an infinite intangible asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in the profit and loss statement and is not subsequently reversed.

## **Wyevale Garden Centres Holdings Limited**

*Registered Number: 01972554*

### **Notes to financial statements (continued)**

**For the year ended 30 December 2018**

#### **2. Significant accounting policies (continued)**

##### **Goodwill (continued)**

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from the synergies of the business combination.

Cash generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit, pro-rata on the basis of the carrying amount of each asset in the unit. Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which goodwill has been allocated. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates, property valuations and cash flow forecasts. Management estimates discount rates using rates that reflect current market assessments of the time value of money and the risks specific to the cash generating unit.

##### **Non-recurring items**

Non-recurring items are incremental items of income or expenditure included within the operating results of the Group but which, individually or, if of a similar nature, in aggregate should, in the opinion of the Directors, be disclosed separately to assist an understanding the underlying performance of the Group.

##### **Leasing**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Company at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

##### **Retirement benefit costs**

The Group operates a funded defined benefit (final salary pension) scheme, which has been set up under a trust that holds its financial assets separately from those of the Group. In addition, a number of defined contribution arrangements are currently operated. Payment to defined contribution retirement benefit schemes are charged as an expense as they fall due.

## Wyevale Garden Centres Holdings Limited

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### Notes to financial statements (continued)

For the year ended 30 December 2018

#### 2. Significant accounting policies (continued)

##### Retirement benefit costs (continued)

The difference between the value of defined benefit pension scheme assets and defined pension scheme liabilities is recorded on the balance sheet as a retirement benefit asset or obligation.

Defined benefit pension scheme assets are measured at the fair value using bid price for assets with quoted prices. Defined benefit pension scheme liabilities are measured at the balance sheet date by an independent actuary using the projected unit method and discounted at the current rate of return of high quality corporate bonds of equivalent term and currency to the liability.

Service cost, which is the increase in the present value of the liabilities of the Group's defined pension schemes expected to arise from employee service in the period, is included in operating costs. Net finance cost is calculated by applying the discount rate used for the scheme liabilities to the net deficit.

Changes in the retirement obligation arise from differences between the return on scheme assets and interest included in the Income Statement, and from actuarial gains and losses from experience adjustments and changes in demographic or financial assumptions. Such changes are classified as remeasurements and are charged or credited to equity and recorded in the statement of comprehensive income in the year in which they arise.

##### Property, plant and equipment

Property, plant and equipment is stated at cost or deemed cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write-off the cost or valuation, less estimated residual value of each asset on a straight-line basis over its expected useful life as follows:

- |                                      |                                                                                                   |
|--------------------------------------|---------------------------------------------------------------------------------------------------|
| • Freehold Buildings                 | Over 50 years on cost less residual value                                                         |
| • Long leasehold land and buildings  | Over term of the lease or 50 years, whichever is the shorter period, on cost less residual value. |
| • Short leasehold land and buildings | Over the period of the lease.                                                                     |

The estimated residual values of assets are determined by the Directors by reference to the on-going review of the condition of the assets and consideration of other factors relevant to the market values excluding inflation. Annual impairment tests are performed on these properties. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit and loss statement.

##### Investment property

Investment property assets are carried at cost less accumulated depreciation and any recognised impairment in value. Depreciation is charged on investment property on a straight-line basis over its expected useful life:

- |                      |                                           |
|----------------------|-------------------------------------------|
| • Freehold buildings | Over 50 years on cost less residual value |
|----------------------|-------------------------------------------|

The estimated residual values of assets are determined by the directors by reference to the on-going review of the condition of the assets and consideration of other factors relevant to the market values excluding inflation. Annual impairment tests are performed on these properties. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit and loss account.

## **Wyevale Garden Centres Holdings Limited**

*Registered Number: 01972554*

### **Notes to financial statements (continued)**

**For the year ended 30 December 2018**

#### **2. Significant accounting policies (continued)**

##### **Impairment of assets**

The Company reviews the carrying amounts of its assets annually to determine whether those assets have suffered an impairment loss. If any such loss exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Recoverable amount is the higher of fair value less disposal costs and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using the Group's weighted average cost of capital.

Management estimates discount rates using rates that reflect current market assessments of the time value of money and the risks specific to the Group's cash generating units.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

##### **Taxation**

The tax expense represents the sum of the tax payable currently and deferred tax.

Taxable profit differs from profit before tax as reported in the profit and loss statement because it excludes some items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

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 liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss statement, except when it relates to items charged or credited to equity directly, in which case the deferred tax is also dealt with in equity.

##### **Financial instruments**

Financial assets and liabilities are recognised on the Company's balance sheet when the Company becomes party to the contractual provisions of the instrument. The Company has determined the classes of financial assets and liabilities to be cash and borrowings, loans and receivables and trade and other payables.

##### **Financial assets**

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'fair value through other comprehensive income' and 'amortised cost'. Classification and subsequent remeasurement depends on the Group's business model for managing the financial asset and its cash flow characteristics. Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost.

## Wyevale Garden Centres Holdings Limited

Registered Number: 01972554

### Notes to financial statements (continued)

For the year ended 30 December 2018

#### 2. Significant accounting policies (continued)

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash on-hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

##### *Trade and other receivables*

Trade receivables are non interest-bearing and are recognised initially at fair value, and subsequently at amortised cost using the effective interest rate method, less provision for impairment.

##### *Impairment of financial assets*

The Group assesses on a forward-looking basis the expected credit losses (ECLs) associated with its financial assets carried at amortised cost. The ECLs are updated at each reporting date to reflect changes in credit risk. The three-stage model for impairment has been applied to loans and advances to customers and banks, debt instruments at fair value through other comprehensive income, and loan receivables from other group entities (intercompany loans). The credit risk is determined through modelling a range of possible outcomes for different loss scenarios, using reasonable and supportable information about past events, current conditions and forecasts of future events and economic conditions and taking into account the time value of money. A 12-month ECL is recognised, unless the credit risk on the financial asset increases significantly after initial recognition, when the lifetime ECL is recognised.

For trade and other receivables, the Group applies the simplified approach permitted by IFRS 9, with lifetime ECLs recognised from initial recognition of the receivable. These assets are grouped, based on shared credit risk characteristics and days past due, with ECLs for each grouping determined, based on the Group's historical credit loss experience, adjusted for factors specific to each receivable, general economic conditions and expected changes in forecast conditions.

##### *Previous accounting policy for financial assets in 2017:*

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- default in interest or principal payments;
- it becoming probable that the borrower will enter bankruptcy.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account.

##### **Financial liabilities**

##### *Trade and other payables*

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

##### **Share capital**

Share capital represents the Ordinary shares issued by the Company and are recorded at the proceeds received less direct issue costs.

## **Wyevale Garden Centres Holdings Limited**

*Registered Number: 01972554*

### **Notes to financial statements (continued)**

**For the year ended 30 December 2018**

#### **3. Critical accounting judgements and key sources of estimation uncertainty**

In the process of applying the Company's accounting policies which are described above, management have not made any significant judgements that effect on the amounts recognised in the financial statements aside from the application of the assumptions below.

##### **Tax provisions**

Assessing the outcome of uncertain tax positions requires judgments to be made regarding the result of negotiations with and enquiries from tax authorities. The assessments made are based on advice from independent tax advisers and the status of on-going discussions with the relevant tax authorities.

##### **Depreciation and carrying amounts of property plant and equipment and investment property**

Calculating the depreciation charge and hence the carrying value for property, plant and equipment and investment property requires estimates to be made of the useful lives of the assets. The estimates are based on the Group's experience of similar assets.

##### **Investment impairment**

Determining whether investments are impaired requires consideration of the recoverable value of the underlying investment. Where the recoverable value is based upon the value in use, the Company is required to estimate the future cash flows expected to arise from the investment and a suitable discount rate to calculate the present value.

Where the recoverable value is based upon fair value less cost to sell the fair values assigned to the underlying assets are key judgements.

The recoverable value has been determined from an assessment of the underlying value of the assets held by the subsidiary Company.

##### **Retirement benefit obligations**

Determining the amount of the Company's retirement benefit obligations and the net costs of providing such benefits requires assumptions to be made concerning long-term interest rates, inflation, salary and pension increases, investment returns and longevity of current and future pensioners. Changes in these assumptions could significantly impact the amount of the obligations or the cost of providing such benefits. The Company makes assumptions concerning these matters with the assistance of advice from independent qualified actuaries. Details of the assumptions made are set out in note 23 to the financial statements.

##### **Dilapidations**

Where the Company has a contractual obligation under its operating leases, a dilapidation provision is recognised based on management's best estimate of the unavoidable cost of repairs and maintenance.

## Wyevale Garden Centres Holdings Limited

Registered Number: 01972554

### Notes to financial statements (continued)

For the year ended 30 December 2018

#### 4. Turnover

	2018 £'000	2017 £'000
Rental income from subsidiary undertakings	6,514	6,789
Management charges to subsidiary undertakings	76,726	84,250
Total turnover	<u>83,240</u>	<u>91,039</u>

For management purposes the Company has one reportable segment and operates only within the United Kingdom. Consequently the turnover, segment result, carrying amount of segment assets, segment liabilities, segment capital additions and segment depreciation are as disclosed within these financial statements for the Company as a whole.

#### 5. Non-recurring items

	2018 £'000	2017 £'000
Investment in subsidiaries impairment	-	(119,350)
Profit on disposal	55,200	-
Pension scheme closure	(167)	(216)
Impairment of fixed assets and investment property (note 13)	<u>(18,375)</u>	<u>(13,532)</u>
Total non-recurring items	<u>36,658</u>	<u>(133,098)</u>

Profit on disposal in 2018 primarily relates to the profit on disposal recognised as a result of the disposal of garden centres in 2018 as part of the group sale process.

Additionally, an impairment charge of £18.4 million (2017: £13.5 million) was recognised as a result of the Company's annual impairment review, see note 13 for further details.

As a result of the annual impairment review, an impairment charge of £nil has been recorded against investments in subsidiaries (2017: £119.4 million).



## Wyevale Garden Centres Holdings Limited

Registered Number: 01972554

### Notes to financial statements (continued)

For the year ended 30 December 2018

#### 6. Operating (loss)/profit for the financial year

Operating profit for the year has been arrived at after charging:

	2018	2017
	£'000	£'000
Depreciation charge for the year (notes 12 and 13)	3,443	4,116
Profit on disposal	55,200	-
	<u>58,643</u>	<u>4,116</u>

Fees for the audit of the Company for the year ended 30 December 2018 of £5,000 (31 December 2017: £5,000) were borne by another Group Company. Fees paid to the Company's auditor for services other than the statutory audit of the Company are not disclosed in these financial statements since the consolidated financial statements of Wyevale Garden Centres Capital Limited are required to disclose non-audit fees on a consolidated basis.

#### 7. Interest receivable and similar income

	2018	2017
	£'000	£'000
Intercompany interest	7,793	3,902
Other interest	1	-
	<u>7,794</u>	<u>3,902</u>

#### 8. Interest payable and similar charges

	2018	2017
	£'000	£'000
Interest on obligations under finance leases	211	-
Interest payable to Group undertakings	7,269	7,981
Other interest	114	141
Unwinding of discount on provisions	-	426
	<u>7,594</u>	<u>8,548</u>

# Wyevale Garden Centres Holdings Limited

Registered Number: 01972554

## Notes to financial statements (continued)

For the year ended 30 December 2018

### 9. Tax

	2018 £'000	2017 £'000
Current tax:		
Prior year adjustment	-	(461)
Total current tax	-	(461)
Deferred tax (note 19):		
Current year credit	(5,330)	(46)
Prior year adjustment	139	(647)
Effect of changes in tax rates	561	-
Total deferred tax credit	(4,630)	(693)
Total tax credit	(4,630)	(1,154)

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) were substantively enacted on 26 October 2015. A further reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

The credit for the year can be reconciled to the profit and loss account as follows:

	2018 £'000	2017 £'000
Profit/(Loss) before tax	39,886	(134,725)
Tax at the UK corporation tax rate of 19% (2017: 19.25%)	7,578	(25,935)
Group relief	(814)	-
Expenses not deductible	8,286	25,806
Adjustments in respect of prior years	139	(1,108)
Reduction in deferred tax liability due to change of rate	561	6
Amounts not recognised	6,321	77
Income not taxable	(14,846)	-
Change to sales basis	(11,855)	-
Total tax credit	(4,630)	(1,154)

## Wyevale Garden Centres Holdings Limited

Registered Number: 01972554

### Notes to financial statements (continued)

For the year ended 30 December 2018

#### 10. Staff cost

All employees of the Group are directly employed by the Company, but all costs are borne by other Group companies.

	2018 £'000	2017 £'000
Their aggregate remuneration for the 52 week period to 31 December 2017 comprised:		
Wages and salaries	75,956	82,871
Social security costs	4,455	5,036
Other pension costs	1,369	1,720
	<u>81,780</u>	<u>89,627</u>

The Directors and executive management team, who are the key management personnel of the Company, are not remunerated by the Company but are remunerated by the Group. During 2018 the key management personnel received the following remuneration:

	2018 £'000	2017 £'000
Emoluments	3,026	2,322
Payment on loss of office	283	179
Company contributions to defined contribution pension schemes	33	77
	<u>3,342</u>	<u>2,578</u>

At 30 December 2018, retirement benefits were accruing to £nil (2017: £nil) for Directors under the defined benefit scheme. The number of Directors and executive management team, who were members of pension schemes during the year was as follows:

	2018 No.	2017 No.
Defined contribution schemes	<u>4</u>	<u>5</u>

## Wyevale Garden Centres Holdings Limited

Registered Number: 01972554

### Notes to financial statements (continued)

For the year ended 30 December 2018

#### 10. Staff cost (continued)

##### Highest paid Director

The above amounts include the following in respect of the highest paid Director:

	2018 £'000	2017 £'000
Emoluments	882	578
Payment on loss of office	-	-
Company contributions to defined contribution pension schemes	-	-
	<u>882</u>	<u>578</u>

#### 11. Goodwill

	£'000
Cost	
At 31 December 2017 and 30 December 2018	<u>5,191</u>
Accumulated impairment losses	
At 31 December 2017 and 30 December 2018	<u>-</u>
Carrying amount:	
At 31 December 2017 and 30 December 2018	<u>5,191</u>

The goodwill relates to the acquisition of the trade and assets of Woodlands nursery in 2002, and is therefore all allocated to that cash generating unit ("CGU").

##### *Impairment of goodwill*

The Company tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. The recoverable amounts of the CGU are determined from value in use calculations and assessment of the net realisable value of the CGU.

In 2018, the recoverable value of the intangible assets was determined with reference to the assessment of the fair value less costs to sell, with reference to the prices agreed with buyers to purchase the garden centres of the group.

In the prior year, an analysis of value in use was performed within the impairment test. The key assumptions for the value in use calculation were discount rates, growth rates and cash flow forecasts. Management estimates discount rates using rates that reflect current market assessments of the time value of money and the risks specific to the Company. The growth rates are based on the Group's maintainable earnings forecast, after excluding future profits generated from future capital expenditure and an external assessment of the market growth rate.

## Wyevale Garden Centres Holdings Limited

Registered Number: 01972554

### Notes to financial statements (continued)

For the year ended 30 December 2018

#### 12. Property, plant and equipment

	Land and buildings £'000	Plant and equipment £'000	Motor vehicles £'000	Assets under construction £'000	Total £'000
<b>Cost:</b>					
At 31 December 2017	64,882	8,170	269	1,027	74,348
Additions	389	-	-	-	389
Disposals	(12,498)	(2,579)	-	-	(15,077)
Asset transfer	1,027	-	-	(1,027)	-
At 30 December 2018	<u>53,800</u>	<u>5,591</u>	<u>269</u>	<u>-</u>	<u>59,660</u>
<b>Accumulated depreciation and impairment:</b>					
At 31 December 2017	38,326	6,421	269	-	45,016
Charge for the year	1,811	261	-	-	2,072
Impairment	18,375	-	-	-	18,375
Eliminated on disposals	(10,444)	(1,091)	-	-	(11,535)
At 30 December 2018	<u>48,068</u>	<u>5,591</u>	<u>269</u>	<u>-</u>	<u>53,928</u>
<b>Carrying amount:</b>					
At 30 December 2018	<u>5,732</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,732</u>
At 31 December 2017	<u>26,556</u>	<u>1,749</u>	<u>-</u>	<u>-</u>	<u>29,332</u>

The carrying amount of the Group's and entity's land and buildings includes an amount of £nil (2017: £21,934,043) in respect of assets held under finance leases.

#### *Impairment of property, plant and equipment*

In 2018, the carrying value of all of the assets were supported by fair value, with reference to the sale prices for garden centres agreed with purchasers of the Group's portfolio of garden centres.

In the prior year, the key assumptions for the value in use calculation were the discount rates, growth rates and cash flow forecasts. Management estimates discount rates using rates that reflect current market assessments of the time value of money and the risks specific to the Group. The growth rates were based on the Group's forecast maintainable earnings, after excluding future profits generated from future capital expenditure and an external assessment of the market growth rate. The Group assumed a growth rate applied into perpetuity of 2.8% in 2017. The rate used to discount the forecast cash flows was the Group's weighted average cost of capital of 8.81%.

Due to the Group sale process, a value in use calculation was not appropriate for the 2018 impairment testing and as such, the impairment testing was completed by assessing the fair value less costs to sell of each CGU.

In 2018, the carrying value of all of the assets were supported by fair value, with reference to the sale prices for garden centres agreed with purchasers of the Group's portfolio of garden centres.

# Wyevale Garden Centres Holdings Limited

Registered Number: 01972554

## Notes to financial statements (continued)

For the year ended 30 December 2018

### 12. Property plant and equipment (continued)

A total impairment of £18.4 million was recorded (2017: £6.8 million). These losses were included as a non-recurring item within 'operating expenses'.

### 13. Investment property

	Land and buildings £'000	Assets under construction £'000	Total £'000
<b>Cost:</b>			
At 31 December 2017	165,222	117	165,339
Additions	893	-	893
Disposals	(34,633)	-	(34,633)
Asset transfer	117	(117)	-
At 30 December 2018	<u>131,599</u>	<u>-</u>	<u>131,599</u>
<b>Cost:</b>			
<b>impairment:</b>			
At 31 December 2017	77,087	-	77,087
Charge for the year	1,371	-	1,371
Impairment	-	-	-
Eliminated on disposals	(15,084)	-	(15,084)
At 30 December 2018	<u>63,374</u>	<u>-</u>	<u>63,374</u>
<b>Carrying amount:</b>			
At 30 December 2018	<u>68,225</u>	<u>-</u>	<u>68,225</u>
At 31 December 2017	<u>88,135</u>	<u>117</u>	<u>88,252</u>

#### *Impairment of investment property*

In 2018, the carrying value of all of the assets were supported by fair value, with reference to the sale prices for garden centres agreed with purchasers of the Group's portfolio of garden centres.

In the prior year, the key assumptions for the value in use calculation were the discount rates, growth rates and cash flow forecasts. Management estimates discount rates using rates that reflect current market assessments of the time value of money and the risks specific to the Group. The growth rates were based on the Group's forecast maintainable earnings, after excluding future profits generated from future capital expenditure and an external assessment of the market growth rate. The Group assumed a growth rate applied into perpetuity of 2.8% in 2017. The rate used to discount the forecast cash flows was the Group's weighted average cost of capital of 8.81%.

Due to the Group sale process, a value in use calculation was not appropriate for the 2018 impairment testing and as such, the impairment testing was completed by assessing the fair value less costs to sell of each CGU.

## Wyevale Garden Centres Holdings Limited

Registered Number: 01972554

### Notes to financial statements (continued)

For the year ended 30 December 2018

#### 13. Investment property (continued)

In 2018, the carrying value of all of the assets were supported by fair value, with reference to the sale prices for garden centres agreed with purchasers of the Group's portfolio of garden centres.

A total impairment of £nil was recorded (2017: £6.7 million). These losses were included as a non-recurring item within 'operating expenses'.

#### 14. Investments in subsidiaries

<b>Cost:</b>	<b>£'000</b>
At 31 December 2017	385,752
Acquisitions during the year	-
At 30 December 2018	<u>385,752</u>
 <b>Accumulated impairment:</b>	
At 31 December 2017	119,350
Impairment	-
At 30 December 2018	<u>119,350</u>
 At 30 December 2018	<u>266,402</u>
 At 31 December 2017	<u>266,402</u>

During the previous year the company subscribed for 150,000,000 additional shares in Wyevale Garden Centres Limited as part of a Group balance sheet reorganisation exercise.

## Wyevale Garden Centres Holdings Limited

Registered Number: 01972554

### Notes to financial statements (continued)

For the year ended 30 December 2018

#### 14. Investment in subsidiaries (continued)

A list of investments in subsidiaries as at 30 December 2018, including the name, country of incorporation, proportion of ownership interest is shown below:

Name	Country of incorporation	Percentage holding	Direct/Indirect
Wyevale Acquisitions Borrower Limited	England & Wales	100%	Direct
Wyevale Garden Centres Limited	England & Wales	100%	Direct
Blooms of Bressingham Holdings Limited (*)	England & Wales	100%	Direct
Bridgemere Nurseries Limited (*)	England & Wales	100%	Direct
Oakheart Limited (*)	England & Wales	100%	Direct
Auldene Holdings Limited (*)	England & Wales	100%	Direct
Great Gardens of England Investments Limited (*)	England & Wales	100%	Direct
Great Park Nurseries Limited (*)	England & Wales	100%	Direct
Glamorgan Vale (Leisure Centres) Limited (*)	England & Wales	100%	Direct
H Warburton (Timperley) Limited (*)	England & Wales	100%	Direct
Jackswood Garden Centre Limited (*)	England & Wales	100%	Direct
Country Gardens Limited (*)	England & Wales	100%	Direct
Foster Nurseries Limited (*)	England & Wales	100%	Direct
Kennedys Garden Centres Limited (*)	England & Wales	100%	Direct
EHGT Limited	England & Wales	nil	Indirect
Wyevale Garden Centres Acquisitions Limited	England & Wales	nil	Indirect
Wyevale Garden Centres G&L Limited	England & Wales	nil	Indirect
Podington Nurseries Limited	England & Wales	nil	Indirect
Raglan Garden Centre Limited	England & Wales	nil	Indirect
Golden Acres Holdings Limited	England & Wales	nil	Indirect
Golden Acres Nurseries Limited	England & Wales	nil	Indirect
Blooms of Bressingham Limited (*)	England & Wales	nil	Indirect
Jardinerie Limited (*)	England & Wales	nil	Indirect
Heighley Gate Garden Centre Limited (*)	England & Wales	nil	Indirect
Old Barn Nurseries Limited (*)	England & Wales	nil	Indirect
Sanders Garden World Limited (*)	England & Wales	nil	Indirect
Auldene Nurseries Limited (*)	England & Wales	nil	Indirect
Peter Barratt's Garden Centres (Beverley) Limited (*)	England & Wales	nil	Indirect
Bridgemere Nurseries Trading Limited (*)	England & Wales	nil	Indirect
Wych Cross Nurseries Limited	England & Wales	nil	Indirect
WGC Seeds Holdings Limited	England & Wales	nil	Indirect
WGC Seeds Limited	England & Wales	nil	Indirect



## Wyevale Garden Centres Holdings Limited

Registered Number: 01972554

### Notes to financial statements (continued)

For the year ended 30 December 2018

#### 14. Investments in subsidiaries (continued)

During the year 2 companies were sold, Woodcote Green Nurseries Limited and Woodcote Green Nurseries (Holdings) Limited.

Subsequent to the year end 20 companies were dissolved.

The companies incorporated in England and Wales have the following registered address:

Wyevale Garden Centres  
GW Business Centre (GW1)  
Second Floor, Room 2-3, Great West House  
Great West Road  
Brentford,  
Middlesex  
TW8 9DF

#### 15. Debtors – due in less than one year

	2018 £'000	2017 £'000
Other receivables	200	-
Amounts owed by Group undertakings	132,438	66,300
	<u>132,638</u>	<u>66,300</u>

The Directors consider that the carrying amount of the other receivables approximates their fair value. Interest is charged on amounts owed by Group undertakings at 6.25% (2017: 6.25%).

#### 16. Other payables

	2018 £'000	2017 £'000
Other payables	4	3
Accruals and deferred income	-	1,144
Amounts owed to Group undertakings	123,702	138,925
	<u>123,706</u>	<u>140,072</u>

The Directors consider that the carrying amount of the other payables approximate their fair value. Interest is charged at 6.25% (2017: 6.25%) on amounts owed to Group undertakings, which are repayable on demand.

# Wyevale Garden Centres Holdings Limited

Registered Number: 01972554

## Notes to financial statements (continued)

For the year ended 30 December 2018

### 17. Obligations under finance leases

	Minimum lease payments		Present value of minimum lease payments	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Amounts payable under finance leases:				
Within one year	386	386	355	355
In the second to fifth years inclusive	1,544	1,544	1,191	1,191
After five years	5,089	5,475	3,102	3,276
	<u>7,019</u>	<u>7,405</u>	<u>4,648</u>	<u>4,822</u>
Less: future finance charges	<u>(2,371)</u>	<u>(2,583)</u>		
Present value of lease obligations	<u>4,648</u>	<u>4,822</u>		
Less: Amount due for settlement within 12 months			<u>(355)</u>	<u>(355)</u>
			<u>4,293</u>	<u>4,467</u>

It is the Company's policy to lease certain of its fixtures and equipment under finance leases. The most significant lease, representing approximately 49% of the Company's obligations expires in 2034. For the year ended 30 December 2018 the average effective borrowing rate was 7.56% (2017: 7.56%). Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

All lease obligations are denominated in sterling. The fair value of the Company's lease obligations approximates to their carrying amount. The Company's obligations under finance leases are secured by the lessors' charges over the leased assets.

### 18. Provisions

	Dilapidation provision £'000
At 31 December 2017	2,177
Provision recognised	-
Utilisation of provision	(28)
Unwinding of discount on provision	-
At 30 December 2018	<u>2,149</u>

The dilapidations provision relates to a management estimate of the cost to return existing leasehold property to their original condition.

# Wyevale Garden Centres Holdings Limited

Registered Number: 01972554

## Notes to financial statements (continued)

For the year ended 30 December 2018

### 19. Deferred tax

The following are the major deferred tax liabilities recognised by the Company and movements thereon during the current and prior reporting year.

	Business combi- nations non-deductible assets	Short term timing diffe- rences	Accele- rated capital allowance	Revalu- ation of building	Retire- ment benefit obliga- tions	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 25 December 2016	127	-	4,689	1,223	(930)	5,109
Charge/(credit) to income	(7)	-	(64)	(6)	31	(46)
Prior year adjustment	1	-	(725)	-	77	(647)
Tax rate change	-	-	-	-	-	-
Charge to reserves	-	-	-	-	27	27
At 31 December 2017	121	-	3,900	1,217	(795)	4,443
Charge/(credit) to income	(121)	-	(4,230)	(1,217)	608	(4,960)
Prior year adjustment	-	-	330	-	-	330
Charge to reserves	-	-	-	-	187	187
At 31 December 2018	-	-	-	-	-	-

As described in note 9, the UK corporation tax rate reduced from 20% to 19% from 1 April 2017. In accordance with the Finance (No.2) Act 2016, the UK corporation tax rate will reduce from 19% to 17% from 1 April 2020. As these changes had been substantively enacted at the Balance sheet date they are reflected in these financial statements.

## Wyevale Garden Centres Holdings Limited

Registered Number: 01972554

### Notes to financial statements (continued)

For the year ended 30 December 2018

#### 20. Called up share capital

	2018 £'000	2017 £'000
Issued and fully paid: 792,602,766 (2017: 792,602,766) Ordinary shares of £0.25p each	<u>198,151</u>	<u>198,151</u>

#### 21. Share premium

	Share premium reserve £'000
Balance at 31 December 2017 and 30 December 2018	<u>51,010</u>

#### 22. Remuneration of key management personnel and related party transactions

The Directors of the Company who are also the key management personnel are not remunerated by the Company. They are instead remunerated by the Group. Please refer to note 10.

##### Trading transactions

During the year, the Company did not enter into any transactions with related parties who are not members of the Group.

At 30 December 2018, the Company owed £123,702,000 (2017: £138,925,000) to other Group undertakings.

At 30 December 2018, the Company was owed £132,438,000 (2017: £66,300,000) by other Group undertakings.

The amounts outstanding are unsecured and will be settled in cash.

##### Guarantees:

At the date of the balance sheet the Company was listed as an obligor Company for the external borrowings of the Group's debt facilities.

## Wyevale Garden Centres Holdings Limited

Registered Number: 01972554

### Notes to financial statements (continued)

For the year ended 30 December 2018

#### 23. Retirement benefit schemes

All of the employees of the Group are directly employed by Wyevale Garden Centres Holdings Limited.

##### *Defined contribution schemes*

The total cost charged to profit and loss statement of £1,369,000 (2017: £1,720,000) represents contributions payable to these schemes by the Group at rates specified in the rules of the plans.

##### *Defined benefit schemes*

The most recent formal actuarial valuation in respect of the defined benefit scheme was carried out by a qualified actuary as at 1 January 2015 using the Projected Unit Credit method. This was then rolled forward to 30 December 2018 taking into account the changes to the assumptions to reflect the requirements of IAS 19. The actuarial valuation mortality assumptions are based on the Self Administered Pension Scheme ('SAPS') tables, with future mortality improvements based on the CMI 2016 Core Projections model, allowing for a long term improvement rate of 1.25% p.a. The mortality tables are adjusted to take account of scheme-specific experience, based on the longevity analysis carried out using the Aon Hewitt Longevity Model.

The assumed life expectations on retirement at age 65 are:

	2018 years	2017 years
<b>Retiring today</b>		
Male	22.9	23.0
Female	24.4	24.5
<b>Retiring in 20 years</b>		
Male	23.5	23.5
Female	25.8	26.0

The Scheme exposes the Company to a number of risks, the most significant of which are:

##### **Asset volatility**

The liabilities are calculated using a discount rate set with reference to corporate bond yields; if assets underperform this yield, this will create a deficit. The Scheme holds a significant proportion of growth assets which, though expected to outperform corporate bonds in the long-term, create volatility and risk in the short-term. The allocation to growth assets is monitored to ensure it remains appropriate given the Scheme's long term objectives.

##### **Changes in bond yields**

A decrease in corporate bond yields will increase the value placed on the Scheme's liabilities for accounting purposes, although this will be partially offset by an increase in the value of the Scheme's bond holdings, and the buy-in policy covering some of the Scheme's liabilities.

## Wyevale Garden Centres Holdings Limited

Registered Number: 01972554

### Notes to financial statements (continued)

For the year ended 30 December 2018

#### 23. Retirement benefit schemes (continued)

##### Inflation risk

A significant proportion of the Scheme's benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation). The majority of the assets are either unaffected by or only loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.

##### Life expectancy

The majority of the Scheme's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the liabilities. The buy-in policy covering some of the Scheme's liabilities will protect the Scheme against increases in life expectancy for the members covered by the policy.

A contingent liability exists in relation to the equalisation of Guaranteed Minimum Pension ("GMP"). The UK Government intends to implement legislation which could result in an increase in the value of GMP for some categories of member. This would increase the defined benefit obligation of the Scheme. At this stage, it is not possible to quantify the impact of this change.

The principal sensitivities regarding the principal assumptions used to measure the scheme liabilities are as follows:

	Valuation at 2018 %	Valuation at 2017 %
Discount rate	3.0	2.7
Inflation assumption	3.3	3.2
Expected rate of salary increases	2.2	2.1
Future pension increases	3.1	3.1

Amounts recognised in income in respect of these defined benefit schemes are as follows:

	2018 £'000	2017 £'000
Current service cost	-	(261)
Interest cost	(114)	(141)
Curtailment	-	(77)
	<u>(114)</u>	<u>(479)</u>

Of the charge for the year, £nil (2017: £338,000) has been included in administrative expenses. Interest costs of £114,000 (2017: £141,000) have been included within investment income.

## Wyevale Garden Centres Holdings Limited

Registered Number: 01972554

### Notes to financial statements (continued)

For the year ended 30 December 2018

#### 23. Retirement benefit schemes (continued)

Amounts recognised in Statement of comprehensive income in respect of these defined benefit schemes are as follows:

	2018 £'000	2017 £'000
Return on scheme assets (in excess of) / below that recognised in net interest	1,636	(1,700)
Actuarial (gains) / losses due to changes in financial assumptions	(1,779)	1,992
Actuarial gains due to changes in demographic assumptions	(648)	(267)
Actuarial gains due to a liability experience	(309)	(186)
	<u>(1,100)</u>	<u>(161)</u>

The amount included in the balance sheet arising from the Company's obligations in respect of its defined benefit retirement benefit schemes is as follows:

	2018 £'000	2017 £'000
Present value of defined benefit obligations	27,569	31,529
Fair value of scheme assets	(24,592)	(26,846)
Deficit in scheme	<u>2,977</u>	<u>4,683</u>
Liability recognised in the balance sheet	<u>2,977</u>	<u>4,683</u>

This amount is present in the balance sheet as follows:

Non-current liabilities	<u>2,977</u>	<u>4,683</u>
	<u>2,977</u>	<u>4,683</u>

# Wyevale Garden Centres Holdings Limited

Registered Number: 01972554

## Notes to financial statements (continued)

For the year ended 30 December 2018

### 23. Retirement benefit schemes (continued)

Movements in the present value of defined benefit obligations were as follows:

	2018 £'000	2017 £'000
At 31 December 2017	31,529	30,405
Service cost	-	261
Interest cost	806	888
Curtailments	-	77
Contributions from scheme members	-	33
Actuarial (gain)/loss	(2,736)	1,539
Benefits paid	(2,030)	(1,674)
At 30 December 2018	<u>27,569</u>	<u>31,529</u>

Movements in the present value of fair value of scheme assets were as follows:

	2018 £'000	2017 £'000
At 31 December 2017	26,846	25,380
Expected return on scheme assets	692	747
Actuarial (loss)/gain	(1,636)	1,700
Contributions from the sponsoring companies	720	660
Contributions from scheme members	-	33
Benefits paid	(2,030)	(1,674)
At 30 December 2018	<u>24,592</u>	<u>26,846</u>

The analysis of the scheme assets and the expected rate of return at the balance sheet date were as follows:

	Fair value of assets 2018 £'000	Fair value of assets 2017 £'000
Equity instruments	-	5,919
Insured annuities	6,348	6,898
Multi-asset credit	-	5,077
DCS assets	17,542	-
Gilts	-	8,842
Other assets	702	110
	<u>24,592</u>	<u>26,846</u>



## Wyevale Garden Centres Holdings Limited

Registered Number: 01972554

### Notes to financial statements (continued)

For the year ended 30 December 2018

#### 23. Retirement benefit schemes (continued)

The history of experience adjustments is as follows:

	2018	2017
	£'000	£'000
Experience adjustments on scheme liabilities		
Amount (£)	(2,736)	1,539
Percentage of scheme liabilities (%)	-9.9%	4.9%
Experience adjustments on scheme assets		
Amount (£)	(1,636)	1,700
Percentage of scheme assets (%)	-6.7%	6.3%

#### 24. Post balance sheet events

On 10 September 2019, the completion of the sales process was announced, with the final transaction of 22 centres and the Group ceased trading on 18 November 2019. This will now trigger an orderly closure process over the coming months, including finalising all payments and obligations due to stakeholders of the Group and making distributions to the shareholder as appropriate. Following this, it is the intention for the Wyevale Garden Centres Group of companies to enter into Members Voluntary Liquidation. This will then allow the business to make a final distribution to the ultimate shareholder to complete their exit from the business.

In relation to the closure process, a group capital restructure has been performed in 2019.

As part of this capital restructure, the Company undertook a share capital reduction to reduce its share capital to £1 and also declared a dividend of £70.0 million to its immediate parent entity Garden Centre Holdings Limited.

The Group has also made significant lump sum contributions into the Group Pension Scheme (for which the Company is the Sponsoring Employer) totalling £16.5 million which has allowed the Trustees to purchase a bulk annuity policy covering all its members, and which significantly improves the long term security of members' benefits. Furthermore, the group has ring fenced funds to allow the Trustees to complete a fully buy out of the Scheme, expected to happen in 2020.

#### 25. Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking is Garden Centre Holdings Limited, a Company registered in Scotland.

The Company's ultimate parent undertaking is Wyevale Garden Centres Capital Limited, a Company registered in England and Wales. This is the largest group in which the Company's results are consolidated.

The smallest group in which the Company's results are consolidated is Wyevale Garden Centres Capital Limited.

Copies of the group financial statements of Wyevale Garden Centres Capital Limited are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

The Company's ultimate owner is Terra Firma Holdings Limited a Company registered in Guernsey, and the Directors consider Guy Hands to be ultimate controlling party.