

REGISTERED NUMBER: 03473956 (England and Wales)

STRATEGIC REPORT, DIRECTORS' REPORT AND  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2017  
FOR  
SCOTTS HOLDINGS LIMITED

THURSDAY



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15/11/2018  
COMPANIES HOUSE

**SCOTTS HOLDINGS LIMITED**

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**for the year ended 30 September 2017**

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**SCOTTS HOLDINGS LIMITED**

**COMPANY INFORMATION**  
**for the year ended 30 September 2017**

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**DIRECTORS:** A DeLuca  
P A Jones

**SECRETARY:** TMF Corporate Administration Services Limited

**REGISTERED OFFICE:** 5th Floor  
6 St. Andrew Street  
London  
EC4A 3AE

**REGISTERED NUMBER:** 03473956 (England and Wales)

**AUDITOR:** Deloitte LLP  
Statutory Auditor  
2 New Street Square  
London  
EC4A 3BZ

**SCOTTS HOLDINGS LIMITED**

**STRATEGIC REPORT**  
**for the year ended 30 September 2017**

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The directors, in preparing this Strategic Report, have complied with s414C of the Companies Act 2006.

**PRINCIPAL ACTIVITIES**

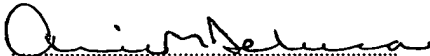
The principal activity of the company is that of a holding company.

**REVIEW OF BUSINESS**

As can be seen in the statement of comprehensive income for the year set out on page 7, loss for the financial year after taxation is £2,256,000 (2016: £1,939,000). Net Liabilities as set on page 8 are £9,142,000 (2016: £6,886,000).

The company is a holding company for SMG Gardening (UK) Ltd (formerly The Scotts Company (UK) Limited). On 31 August 2017, SMG Gardening (UK) Ltd completed the sale of all of its operating assets and liabilities to Garden Care Tradeco Limited in accordance with the Business Sale and Purchase Agreement. Subsequent to the sale, the primary operating activity of the company is to meet the future obligations and requirements of the retirement benefit schemes. A discussion on the principal risks are set out within the financial statements of SMG Gardening (UK) Ltd.

**APPROVED AND SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:**

  
Director

Date: 14 Nov. 2018

**SCOTTS HOLDINGS LIMITED**

**DIRECTORS' REPORT**  
**for the year ended 30 September 2017**

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The directors present their annual report and the audited financial statements for the year ended 30 September 2017.

**DIVIDENDS**

The directors do not recommend payment of a dividend for the year ended 30 September 2017 (2016: nil).

**DIRECTORS**

The directors who held office during the year and subsequently were as follows:

Mr P Jones  
Mrs A DeLuca  
Mr D O'Donnell (resigned on 10 November 2017)

The company has made qualifying third party indemnity provisions for the benefit of its directors which remain in force at the date of this report.

**GOING CONCERN**

The company reports a net liability of £9,142,000 (2016 - £6,886,000). However, the company utilises a third party worldwide revolving facility to finance the working capital requirements of the UK business. This revolving credit facility, for up to \$1,900,000,000, arranged at a group level by its ultimate parent undertaking, the Scotts Miracle-Gro Company Inc. (the "Group"), is committed until October 2020. In addition the Group has provided a letter of support to the company indicating it will provide such financial support as may be required to enable the company to meet its obligations as they fall due.

The company and Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the company and Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

**AUDITOR**

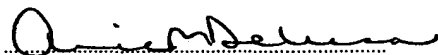
Each of the persons who is a director at the date of approval of this report confirms that:

- 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/she ought to have taken as a director in order to make himself/herself 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 s418 of the Companies Act 2008.

A resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting.

**APPROVED BY THE BOARD OF DIRECTORS:**



Director

Date: 14 Nov 2018

**SCOTTS HOLDINGS LIMITED**

**DIRECTORS' RESPONSIBILITIES STATEMENT**  
**for the year ended 30 September 2017**

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The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 accounting 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
SCOTTS HOLDINGS LIMITED**

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**Report on the audit of the financial statements**

**Opinion**

In our opinion the financial statements of Scotts Holdings Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 30 September 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 14.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

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

**Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

**Other information**

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

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

We have nothing to report in respect of these matters.

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
SCOTTS HOLDINGS LIMITED**

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**Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Report on other legal and regulatory requirements**

**Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

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

Under the Companies Act 2006 we are required to report in respect of the following matters 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 respect of these matters.

**Use of our report**

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.

*Kevin Thompson*

Kevin Thompson (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom

Date: *14 November 2018*



**SCOTTS HOLDINGS LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME**  
**for the year ended 30 September 2017**

	Notes	2017 £'000	2016 £'000
TURNOVER		-	-
Administrative expenses		<u>(23)</u>	<u>(22)</u>
OPERATING LOSS		(23)	(22)
Interest payable and similar expenses	5	<u>(2,233)</u>	<u>(1,917)</u>
LOSS BEFORE TAXATION	6	(2,256)	(1,939)
Tax on loss	7	<u>-</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR		(2,256)	(1,939)
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR		<u>(2,256)</u>	<u>(1,939)</u>

All results are derived from continuing operations.

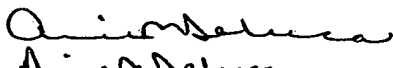
**SCOTTS HOLDINGS LIMITED (REGISTERED NUMBER: 03473956)**

**STATEMENT OF FINANCIAL POSITION**

**As at 30 September 2017**

	Notes	2017 £'000	2016 £'000
<b>FIXED ASSETS</b>			
Investments	8	49,742	49,742
<b>CURRENT ASSETS</b>			
Debtors	9	634	634
<b>CREDITORS</b>			
Amounts falling due within one year	10	(59,518)	(57,262)
<b>NET CURRENT LIABILITIES</b>		<u>(58,884)</u>	<u>(56,628)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(9,142)</u>	<u>(6,886)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	105,000	105,000
Capital Contribution	12	18,575	18,575
Retained earnings	12	(132,717)	(130,461)
<b>SHAREHOLDERS' FUNDS/(DEFICIT)</b>		<u>(9,142)</u>	<u>(6,886)</u>

The financial statements of Scotts Holdings Limited registered number 03473956 were approved by the Board of Directors on 14. Nov. 2018. These were signed on its behalf by:

  
Aimee Deluca  
Director

**SCOTTS HOLDINGS LIMITED**

**STATEMENT OF CHANGES IN EQUITY**  
**for the year ended 30 September 2017**

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	Called up share capital £'000	Retained earnings £'000	Capital Contribution £'000	Total equity £'000
Balance at 1 October 2015	105,000	(128,522)	-	(23,522)
Changes in equity				
Total comprehensive income/(expense)	-	(1,939)	18,575	16,636
Balance at 30 September 2016	105,000	(130,461)	18,575	(6,886)
Changes in equity				
Total comprehensive income/(expense)	-	(2,256)	-	(2,256)
Balance at 30 September 2017	105,000	(132,717)	18,575	(9,142)

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The notes form part of these financial statements

**SCOTTS HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 September 2017**

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**1. GENERAL INFORMATION**

Scotts Holding Limited is a Company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the strategic report on page 2.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

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 accounts of The Scotts Miracle-Gro Company Inc., are available to the public and can be obtained as set out in note 13.

The Company has applied Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) issued by the Financial Reporting Council (FRC) incorporating the Amendments to FRS 101 issued by the FRC in July 2015 other than those relating to legal changes and has not applied the amendments to Company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 that are effective for accounting periods beginning on or after 1 January 2016.

**2. ACCOUNTING POLICIES**

The Company meets the definition of a qualifying entity under Financial Reporting Standard (FRS 101) 'Reduced Disclosure Framework' issued by the Financial Reporting Council. Accordingly, in the year ended 30 September 2016 the Company has changed its accounting framework from pre-2015 UK GAAP to FRS 101 and has, in doing so, applied the requirements of IFRS 1.6-33 and related appendices. These financial statements have been prepared in accordance with FRS 101.

The Company has elected to use previous revaluation as deemed cost on transition to IFRS measurement and recognition principles.

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

**Basis of accounting**

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

**Going concern**

As set out in the directors' report on page 3, the accounts have been prepared on the going concern basis. On 31 August 2017, SMG Gardening (UK) Ltd completed the sale of all of its operating assets and liabilities to Garden Care Tradeco Limited in accordance with the Business Sale and Purchase Agreement. The directors intend to keep the company in existence as a non-trading entity for the foreseeable future.

**Consolidation**

The company is exempt under section 401 of the Companies Act 2006 from the requirements to prepare consolidated financial statements. The company and its subsidiaries are included in the consolidated accounts of The Scotts Miracle-Gro Company Inc., a company which is resident in the United States of America.

**SCOTTS HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the year ended 30 September 2017**

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**2. ACCOUNTING POLICIES - continued**

**Financial instruments**

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

**Financial assets**

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

**Loans and receivables**

Trade debtors, loans, and other debtors that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

**Impairment of financial assets**

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

**Reclassification of financial assets**

Reclassification is only permitted in rare circumstances and where the asset is no longer held for the purpose of selling in the short-term. In all cases, reclassifications of financial assets are limited to debt instruments. Reclassifications are accounted for at the fair value of the financial asset at the date of reclassification.

**Derecognition of financial assets**

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

**SCOTTS HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the year ended 30 September 2017**

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**2. ACCOUNTING POLICIES - continued**

**Financial liabilities and equity**

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

**Equity Instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

**Other financial liabilities**

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

**Derecognition of financial liabilities**

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

**Investments in subsidiary undertakings**

Investments in subsidiary undertakings are recorded at cost less provision for impairment.

**SCOTTS HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the year ended 30 September 2017**

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**2. ACCOUNTING POLICIES - continued**

**Taxation**

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

**Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes 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**

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. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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 based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

**3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Company's accounting policies, which are described in note 2, directors have not made any critical accounting judgements and key sources of estimation uncertainty, that have a significant effect on the amount recognised in the Financial Statements.

**SCOTTS HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the year ended 30 September 2017**

**4. DIRECTORS' REMUNERATION AND TRANSACTIONS**

The company has no employees (2016: none) other than the directors.

**Directors' remuneration and transactions**

The directors of the company are also directors of the company's subsidiary SMG Gardening (UK) Ltd, and received from that company remuneration as set out below. It is not practical to allocate the directors' remuneration between amounts received for services as directors of Scotts Holdings Limited and for services in respect of SMG Gardening (UK) Ltd.

	2017 £'000	2016 £'000
Directors' remuneration		
Emoluments	-	-
Company contributions to money purchase pension schemes	-	-
	<u>-</u>	<u>-</u>

The number of directors who:

	No.	No.
Are members of a money purchase pension scheme	-	-
Exercised options over shares in the company	-	-
Had awards receivable in the form of shares under a long-term incentive scheme	-	-

	£'000	£'000
Remuneration of the highest paid director:		
Emoluments	-	-
Company contributions to money purchase pension schemes	-	-
	<u>-</u>	<u>-</u>

The highest paid director is not a member of SMG Gardening (UK) Ltd's defined benefit pension scheme.

**5. INTEREST PAYABLE AND SIMILAR EXPENSES**

	2017 £'000	2016 £'000
Loans from fellow group undertakings	2,233	1,917
	<u>2,233</u>	<u>1,917</u>

**6. LOSS BEFORE TAXATION**

	2017 £'000	2016 £'000
Is stated after charging:		
Auditor's remuneration:		
The analysis of auditor's remuneration is as follows:		
- Fees payable to the company's auditor for the audit of the company's annual financial statements	23	22



**SCOTTS HOLDINGS LIMITED****NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the year ended 30 September 2017****7. TAXATION**

	2017 £'000	2016 £'000
Based on results for the year	-	-
Current tax for the year	-	-

The current tax charge for the year differs from the standard rate of corporation tax in the UK of 19.5% (2016: 20%). The credit for the year can be reconciled to the loss in the profit or loss account as follows:

	2017 £'000	2016 £'000
Loss before tax	(2,256)	(1,939)
Tax at the UK corporation tax rate of 19.5% (2016: 20%)	(440)	(388)
Effects of:		
Current year losses not recognised	440	388
	-	-

There are approximately £22,575,436 (2016: £20,341,278) of taxable losses of which £16,907,977 have been currently reallocated to another group company under Section 171A of TCGA 1992. A potential deferred tax asset of £1,076,817 on the remaining £5,667,459 of taxable losses has not been recognised in the financial statements due to insufficient evidence of future taxable profits.

The Finance (No2) Act 2015, which provides for reductions in the main rate of corporation tax from 20% to 19% effective from 1 April 2017 to 18% effective from 1 April 2020, was substantively enacted on 26 October 2015. Subsequently, the Finance Act 2016, which provides for a further reduction in the main rate of corporation tax to 17% effective from 1 April 2020, was substantively enacted on 6 September 2016. These rate reductions will be used in the calculation of current tax charges in the future periods in which these rates will apply.

**8. FIXED ASSET INVESTMENTS**

	2017 £'000
<b>COST</b>	
At 1 October 2016	
and 30 September 2017	160,618
<b>PROVISIONS FOR IMPAIRMENT</b>	
At 1 October 2016	
and 30 September 2017	110,876
<b>NET BOOK VALUE</b>	
At 30 September 2017	49,742
At 30 September 2016	49,742

**SCOTTS HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
for the year ended 30 September 2017

**8. FIXED ASSET INVESTMENTS - continued**

Interests in group undertakings

Name of undertaking	Country of incorporation or registration	Principal activity	Description of shares	Proportion of nominal value of issued shares held by the company %	
				Group	Company
SMG Gardening (UK) Ltd	England and Wales	Meet the future obligations and requirements of the retirement benefit schemes	Ordinary	100	-
Levington Group Limited	England and Wales	Dormant	Ordinary	100	100
OM Scotts International Investments Limited	England and Wales	Holding company	Ordinary	100	100
The Scotts Company (Manufacturing) Limited	England and Wales	Manufacture of garden care products	Ordinary	100	-
Humax Horticulture Limited	England and Wales	Dormant	Ordinary	100	-

The above companies operate principally in their country of incorporation. SMG Gardening (UK) Ltd; Levington Group Ltd; OM Scotts International Investments Ltd; The Scotts Company (Manufacturing) Ltd and Humax Horticulture Ltd have their registered address at 5<sup>th</sup> Floor, 6 St. Andrew Street, London EC4A 3AE.

**9. DEBTORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2017	2016
	£'000	£'000
Amounts owed by group undertakings	<u>634</u>	<u>634</u>

**10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2017	2016
	£'000	£'000
Amounts owed to group undertakings	59,473	57,217
Accrued expenses	<u>45</u>	<u>45</u>
	<u>59,518</u>	<u>57,262</u>

**11. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:		Nominal value:	2017	2016
Number:	Class:		£'000	£'000
105,000,006	Ordinary shares	£1	<u>105,000</u>	<u>105,000</u>

**SCOTTS HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the year ended 30 September 2017**

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**12. RESERVES**

	Retained earnings £'000	Capital Contribution £'000	Totals £'000
At 1 October 2016	(130,461)	18,575	(111,886)
Deficit for the year	<u>(2,256)</u>	<u>-</u>	<u>(2,256)</u>
At 30 September 2017	<u>(132,717)</u>	<u>18,575</u>	<u>(114,142)</u>

**13. IMMEDIATE AND ULTIMATE PARENT COMPANY**

The company is a subsidiary undertaking of The Scotts Miracle-Gro Company Inc. incorporated in the state of Ohio, USA. The Scotts Miracle-Gro Company Inc. is considered by the directors to be the ultimate controlling party.

The largest group in which the results of the company are consolidated is headed by The Scotts Miracle-Gro Company Inc. The consolidated financial statements of The Scotts Miracle-Gro Company Inc. are available to the public and may be obtained from The Scotts Miracle-Gro Company Inc., 14111 Scottslawn Road, Marysville, Ohio 43041 USA.

The immediate parent company is Scotts Sierra Investments Inc., incorporated in the US, by virtue of its interest in 100% of the equity of Scotts Holdings Limited.

**14. EVENTS AFTER THE REPORTING PERIOD**

There were no events after the balance sheet date that require disclosure in these financial statements.