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Blooms of Bressingham Limited

Directors' report and financial statements

Registered number 3659183

Year ended 28 January 2007

Contents

Company information

Registered office	Blooms Garden Centre Bath Road Haresfield Stonehouse Gloucester GL10 3DP
Directors	A Livingston J Hodkinson S Ratcliffe B Stevenson JA Kitching
Secretary	Mr SJ Foale
Bankers	Barclays Bank Plc PO Box 47 37 Milsom Street Bath BA1 1DW
Solicitors	Wedlake Bell 16 Bedford Street Covent Garden London WC2E 9HF BPE St James's House St James's Square Cheltenham Gloucestershire GL50 3PR
Auditors	KPMG Audit Plc 100 Temple Street Bristol BS1 6AG

Directors' report

The directors present their report and the audited financial statements for the year ended 28 January 2007

Principal activity

The principal activity of the company during the period continued to be the operation of retail garden centres

Trading

Overall sales were 13% up on last year

Results and dividends

The trading results for the period, and the company's financial position at the end of the period, are shown in the attached financial statements

The directors have not recommended a dividend *(2006 £Nil)*

Business review

Although it proved to be a difficult trading year for the whole industry, we achieved 12 7% sales growth aided by the refurbishment of Cheltenham and Cardiff, and the acquisition of Worcester garden centre

Plant sales were particularly affected by bad weather in March, April and May This in turn affected other product groups connected to plants, gardening, compost, landscaping materials and containers The only two product groups that performed well in the spring were gift and café which were above budget, these areas were not affected by the weather

Immediately after a poor spring the weather turned to one of the hottest summers on record which affected plant sales for the remainder of the year This was with the added burden of hose-pipe bans on several of our centres, together with the disruption from the development works at Bicester By the end of the summer like for like sales we were 2 5% down on the previous year Following a successful Christmas period, we ended the year with like for like sales 0 4% down on the previous year

Gross profit margins rose from 47 3% to 48 3%, which has resulted from the continued re-focusing of our range architecture, improved buying power resulted of new centres and increased supplier support

Operating Profit declined by 14 3%, administration expenses rose by 20 3% which was mainly due to the addition of new centres On a like for like basis this increase was 6 6% on last year, resulting from higher utility costs, maintenance costs, and one off professional costs

Profit before tax, goodwill amortisation and exceptional items declined by 4 2%

	2007	2006	Change
	£000	£000	
Sales	**23,950**	21,254	12 7%
Margin	**48.3%**	47 3%	1pc
Operating profit	**1,398**	1,631	(14 3%)
Other operating income	**1,009**	874	15 4%
Pre-tax profit	**987**	5,898	(83 2%)
Adjusted pre-tax profit*	**1,236**	1,290	(4 2%)

* *(Before exceptional and non-recurring items and goodwill amortisation)*

Directors' report *(continued)*

Trading in year 2007 to date

This season has started off extremely well with sales up to 29 April being 18 8% up on last year and 19 2% up on budget, with like for like sales being 16 86% up on budget and 22 7% up on last year This equates to just over £360,000 excluding VAT over budget to date With a good forecast for the first week in May and bank holiday sales look likely to remain strong and even with a poor summer we should be able to hit the original sales budget by the end of the year

Key Business Risks

The only major risk to Blooms is the unpredictability of the weather and the affect this has on trading, for example the five weeks of sunshine in March/April saw sales rising £770k over expectations and the two weeks following two weeks of rain saw £450k of this lost Although we are still well over budget on sales year to date as always in this industry we are unable to predict the weather for the remainder of the year

Directors

The directors who served the company during the period were as follows

JA Kitching	
S Sajid	(resigned 19 April 2007)
AM Lorimer	(resigned 25 April 2007)
W King	(resigned 19 April 2007)
A Livingston	(appointed 23 April 2007)
J Hodkinson	(appointed 23 April 2007)
S Ratcliffe	(appointed 23 April 2007)
B Stevenson	(appointed 23 April 2007)

Post balance sheet events

13th February West Coast Capital (Floris) made and offered to buy the entire ordinary shares of Blooms of Bressingham Limited and the contract went unconditional on the 9 March 2007 All bank debt was repaid by West Coast Capital (Floris) on the 29 March 2007

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

KPMG Audit Plc will resign on approval of these financial statements PricewaterhouseCoopers LLP are to be appointed to fill the casual vacancy arising

By order of the board

JA Kitching
Director

Bath Road
Haresfield
Stonehouse
Gloucester
GL10 3DP
29/5 2007

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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, 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985 They 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

KPMG

KPMG Audit Plc

100 Temple Street
Bristol
BS1 6AG
United Kingdom

Independent auditors' report to the members of Blooms of Bressingham Limited

We have audited the financial statements of Blooms of Bressingham Limited for the year ended 28 January 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes These financial statements have been prepared under the accounting policies set out therein

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 4

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements

Independent auditors' report to the members of Blooms of Bressingham Limited *(continued)*

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 28 January 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

29 May 2007

Profit and loss account
for the year ended 28 January 2007

	Note	2007 £	2006 £
Turnover	2	**23,949,331**	21,254,452
Cost of sales		**(12,378,494)**	(11,200,627)
Gross profit		**11,570,837**	10,053,825
Administrative expenses		**(11,181,694)**	(9,296,879)
Other operating income	3	**1,008,767**	874,395
Operating profit	4	**1,397,910**	1,631,341
Exceptional items	5	**-**	4,844,911
Investment income		**15,796**	-
Interest receivable	8	**180,233**	108,626
Interest payable	9	**(606,126)**	(686,224)
Profit on ordinary activities before taxation		**987,813**	5,898,654
Tax on profit on ordinary activities	10	**(152,842)**	(280,277)
Profit for the financial year	25	**834,971**	5,618,377

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the period as set out above

The accompanying accounting policies and notes form part of these financial statements

Balance sheet
at 28 January 2007

	Note		28 January 2007 £		29 January 2006 £
Fixed assets					
Intangible assets	*11*		**392,946**		27,460
Tangible assets	*12*		**22,463,557**		20,521,940
Investments	*13*		**2,295,678**		2,295,678
			25,152,181		22,845,078
Current assets					
Stocks	*14*	**2,935,667**		2,733,163	
Debtors	*15*	**6,316,928**		13,339,793	
Cash at bank and in hand		**3,130,940**		1,469,275	
		12,383,535		17,542,231	
Creditors: amounts falling due within one year	*16*	**(13,985,462)**		(17,539,854)	
Net current (liabilities)/assets			**(1,601,927)**		2,377
Total assets less current liabilities			**23,550,254**		22,847,455
Creditors : amounts falling due after more than one year	*17*		**(187,500)**		(319,673)
Net assets			**23,362,754**		22,527,782
Capital and reserves					
Called up equity share capital	*23*		**731,034**		731,034
Share premium account	*24*		**4,500,000**		4,500,000
Profit & Loss reserve	*25*		**5,148,710**		4,313,739
Capital contribution reserve	*26*		**12,983,009**		12,983,009
Shareholders' funds	*27*		**23,362,753**		22,527,782

These financial statements were approved by the directors on 29/5 2007 and are signed on their behalf by

JA Kitching
Director

The accompanying accounting policies and notes form part of these financial statements

Notes
(forming part of the financial statements)

1 Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards The financial statements are made up to 28 January 2007 being the last Sunday in the month making a 52 week *(2006 52 week)* period

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below

In these financial statements the following new standards have been adopted for the first time

- FRS 20 'Share based payment',

The adoption of FRS20 has had no material impact on Blooms of Bressingham Limited

The company was, at the end of the period, a wholly owned subsidiary of another company incorporated in the EEC and, in accordance with section 228 of the Companies Act 1985, is not required to produce, and has not published, consolidated accounts

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement

Turnover

Turnover and other operating income is the total amount receivable for goods supplied and services provided, excluding VAT and trade discounts Turnover is attributable to the operation of retail garden centres entirely within the United Kingdom

Goodwill

Positive purchased goodwill arising on acquisitions is capitalised, classified as an asset on the balance sheet and amortised over its estimated useful life up to a maximum of 20 years This length of time is presumed to be the maximum useful life of purchased goodwill because it is difficult to make projections beyond this period Goodwill is reviewed for impairment at the end of the first full financial year following each acquisition and subsequently as and when necessary if circumstances emerge that indicate that the carrying value may not be recoverable

Intangible assets

Trademarks are included at cost, net of depreciation

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Goodwill	-	5% straight line
Trademarks	-	5% straight line

Notes *(continued)*

1 Accounting policies *(continued)*

Tangible fixed assets and depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Freehold property	-	2% straight line
Leasehold property	-	3% straight line
Plant and machinery	-	12%-25% straight line

Freehold land is not depreciated

Tangible fixed assets are stated at cost net of depreciation and any impairment

No depreciation has been charged on assets under the course of construction Interest costs incurred during the course of construction have been capitalised until the asset is brought into use

Stocks

Stocks are valued at the lower of cost, estimated at selling value less mark up and net realisable value, after making due allowance for obsolete and slow moving items

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts, are capitalised in the balance sheet and are depreciated over their useful lives The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet

The interest elements of the rental obligations are included in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date Deferred tax assets are recognised when it is more likely than not that they will be recovered Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date Except where otherwise required by accounting standards, full provision without discounting is made for all timing differences which have arisen but not reversed at the balance sheet date

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction Exchange differences are taken into account in arriving at the operating profit

Notes *(continued)*

2 Turnover

The turnover and profit before tax are attributable to the one principal activity of the company An analysis of turnover is given below

	2007 £	2006 £
United Kingdom	**23,949,331**	21,254,452

3 Other operating income

	2007 £	2005 £
Rent receivable	**806,924**	727,308
Overhead recovery	**196,478**	139,430
Commission income	**5,365**	7,657
	1,008,767	874,395

4 Operating profit

Operating profit is stated after charging/(crediting)

	2007 £	2006 £
Amortisation	**18,185**	236,184
Depreciation of owned fixed assets	**694,115**	682,856
Depreciation of assets held under finance leases	**100,977**	33,611
Loss/(profit) on disposal of fixed assets	**13,984**	(19,328)
Auditors' remuneration		
Audit of these financial statements	**52,139**	46,000
Amounts receivable by auditors and their associates in respect of		
Other Services relating to taxation	**30,891**	14,480
Other	**-**	-
Operating lease costs		
Land and buildings	**1,181,780**	881,176
Other	**81,196**	74,740
Net loss/(gain) on foreign currency translation	**139**	(2,925)

Notes *(continued)*

5 Exceptional items

	2007 £	2006 £
Included after operating profit		
Profit on sale and leaseback of Bicester freehold	-	4,833,163
Deferred proceeds from the sale of new plant marketing	-	11,748
Profit on sale of fixed assets	-	4,844,911

The profit on sale of fixed assets recognised in 2006 related to the sale and lease back of the Bicester freehold

6 Directors and employees

The average number of staff employed by the company during the financial period amounted to

	2007 No.	2006 No
Administrative staff	50	44
Operating centre staff	346	290
	396	334

The aggregate payroll costs of the above were

	2007 £	2006 £
Wages and salaries	5,466,450	4,309,756
Social security costs	366,476	275,415
Other pension costs	1,059	5,021
	5,833,985	4,590,192

7 Directors

Remuneration in respect of directors was as follows

	2007 £	2006 £
Emoluments receivable	397,436	345,305
Aggregate emoluments of the highest paid director	119,327	99,000

Notes *(continued)*

8 Interest receivable

	2007 £	2006 £
Bank interest	**180,233**	108,626

9 Interest payable and similar charges

	2007 £	2006 £
Inter-group interest	**591,482**	672,946
Interest payable on bank borrowing	**-**	5,956
Finance charges	**14,644**	7,322
	606,126	686,224

10 Taxation on ordinary activities

(a) Analysis of charge in the year

	2007 £	2006 £
Current tax		
UK corporation tax	**7,853**	234,000
Adjustment in respect of prior year	**(188,254)**	-
Total current tax (credit)/charge	**(180,401)**	234,000
Deferred tax		
Origination and reversal of timing differences	**326,560**	27,111
Adjustment in respect of prior year	**6,683**	19,166
Total deferred tax charge (note 19)	**333,243**	46,277
Tax on profit on ordinary activities	**152,842**	280,277

Notes *(continued)*

10 Taxation on ordinary activities *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the period is lower *(2006 lower)* than the standard rate of corporation tax in the UK of 30% *(2006 30%)*

	2007 £	2006 £
Profit on ordinary activities before taxation	**987,813**	5,898,654
Profit on ordinary activities at 30% *(2006 30%)*	**296,344**	1,769,596
Expenses not deductible for tax purposes	**157,752**	118,013
Depreciation in excess of capital allowances/(capital allowances in excess of depreciation)	**(106,361)**	131,000
Short term timing differences	**(438)**	-
Tax losses brought forward utilised in the year	**-**	(192,000)
Losses carried forward	**(219,761)**	-
Group relief	**(115,137)**	(25,357)
Marginal relief	**-**	(6,000)
Rollover relief on profit on disposal of property	**-**	(622,558)
Chargeable gains	**-**	159,057
Capital losses utilised	**-**	(53,400)
Profit on disposal of fixed assets not taxable	**-**	(1,044,351)
Effect of tax being charged at 19%	**(4,546)**	-
Adjustment in respect of prior year	**(188,254)**	-
Total current tax (credit)/charge (note 10(a))	**(180,401)**	234,000

11 Intangible fixed assets

	Goodwill £	Trademarks £	Total £
Cost			
At beginning of year	185,000	43,693	228,693
Additions (note 32)	383,671	-	383,671
	568,671	**43,693**	**612,364**
Amortisation			
At beginning of year	185,000	16,233	201,233
Charge for the year	16,000	2,185	18,185
At end of year	**201,000**	**18,418**	**219,418**
Net book value			
At beginning of year	-	27,460	27,460
At end of year	**367,671**	**25,275**	**392,946**

Notes *(continued)*

12 Tangible fixed assets

	Freehold property £	Leasehold property £	Plant and machinery £	Assets under construction £	Total £
Cost					
At beginning of year	10,004,909	11,565,781	2,241,692	531,394	24,343,776
Additions	56,473	511,117	579,676	3,002,809	4,150,075
Disposals	(2,390)	-	(37,258)	(1,393,773)	(1,433,421)
Reclassification of completed developments	669,852	735,969	180,642	(1,586,463)	-
At end of year	10,728,844	12,812,867	2,964,752	553,967	27,060,430
Depreciation					
At beginning of year	771,700	1,567,543	1,482,593	-	3,821,836
Charge for the year	148,512	381,786	264,794	-	795,092
On disposals	-	-	(20,055)	-	(20,055)
At end of year	920,212	1,949,329	1,727,332	-	4,596,873
Net book value					
At beginning of year	9,233,209	9,998,238	759,099	531,394	20,521,940
At end of year	**9,808,632**	**10,863,538**	**1,237,420**	**553,967**	**22,463,557**

Freehold property includes amounts for land of £3,073,000 *(2006 £3,073,000)*, which is not depreciated

At the year end, the figures stated above include assets held under finance leases as follows

	Leasehold property £	Plant and machinery £	Total £
Net book value			
At beginning of year	498,711	229,023	727,734
Depreciation provided for in year	50,711	50,266	100,977
At end of year	**448,000**	**178,757**	**626,757**

Notes *(continued)*

13 Investments

	Shares in group undertakings £
Cost	
At beginning and end of year	2,295,678
Net book value	
At beginning and end of year	**2,295,678**

The company owns 100% of the issued share capital of the companies listed below

	2007 £	2006 £
Aggregate capital and reserves		
Blooms New Plants Limited	**2**	2
Blooms Garden Centres Limited	**2**	2
Gardeneasy com Limited (held indirectly)	**-**	-
Profit and loss for the year		
Blooms New Plants Limited	**-**	-
Blooms Garden Centres Limited	**-**	-
Gardeneasy com Limited (held indirectly)	**-**	-

Under the provision of section 228 of the Companies Act 1985, the company is exempt from preparing consolidated accounts and has not done so, therefore the accounts show information about the company as an individual entity

The entire trade and assets of Blooms New Plants Limited were transferred to Blooms of Bressingham Limited at book value in a prior period No adjustment has been made to the carrying value of the company's investment in a subsidiary company As there has been no overall loss to the group because the trade and assets are retained by the company, the directors consider that this policy is necessary in order that the financial statements may give a true and fair view This represents a departure from accounting principles, which require assets to be written down to the lower of cost and net realisable value If an adjustment had been made, it would require a write off in relation to Blooms New Plants Limited through the company profit and loss account

Blooms New Plants Limited and Gardeneasy com Limited are dormant

14 Stocks

	2007 £	2006 £
Finished goods	**2,916,177**	2,722,424
Gift voucher stock	**19,490**	10,739
	2,935,667	2,733,163

Notes *(continued)*

15 Debtors

	2007 £	2006 £
Trade debtors	**226,724**	775,477
Amounts owed by group undertakings	**4,770,862**	4,300,000
Other debtors	**79,753**	6,783,526
Prepayments and accrued income	**506,563**	435,922
Corporation tax	**21,401**	-
Deferred taxation (note 19)	**711,625**	1,044,868
	6,316,928	13,339,793

All debtors fall due within one year

16 Creditors: amounts falling due within one year

	2007 £	2006 £
Bank loans and overdrafts	**517,365**	391,302
Trade creditors	**1,973,059**	1,681,834
Amounts owed to group undertakings	**9,814,033**	13,608,739
Corporation tax	**-**	234,000
Other taxation and social security	**650,370**	541,759
Amounts due under finance leases	**125,000**	117,827
Other creditors	**35,590**	38,950
Accruals and deferred income	**870,045**	925,443
	13,985,462	17,539,854

Bank borrowings are secured by first legal charges over the group's freehold and leasehold properties and by an unlimited cross guarantee given by group companies Amounts due under finance leases are secured by the related assets

17 Creditors: amounts falling due after more than one year

	2007 £	2006 £
Amounts due under finance leases	**187,500**	319,673

Amounts due under finance leases are secured by the related assets

Notes *(continued)*

18 Obligations under finance leases and hire purchase agreements

Future commitments under finance leases and hire purchase agreements are as follows

	2007 £	2006 £
Amounts payable within one year	**125,000**	117,827
Amounts payable between two and five years	**187,500**	319,673
	312,500	437,500

19 Deferred taxation

	2007 £	2006 £
At beginning of year	**(1,044,868)**	(1,091,145)
Movement in year (note 10)	**333,243**	46,277
At end of year	**(711,625)**	(1,044,868)

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of

	2007		2006	
	Provided £	**Unprovided** £	Provided £	Unprovided £
Accelerated capital allowances	**469,279**	-	286,468	-
Unutilised losses	**(1,189,301)**	-	(1,342,532)	-
Revaluation of buildings	-	**888,000**	-	888,000
Short term timing differences	**8,397**	-	11,196	-
Other timing differences	-	**1,308,000**	-	1,308,000
(Asset)/provision at end of year	**(711,625)**	**2,196,000**	(1,044,868)	2,196,000

No provision has been made for taxation which would accrue if the land and buildings which were recorded at fair value on acquisition, were disposed of at their revalued amounts The amount of £888,000 *(2006 £888,000)* unprovided is shown under unprovided revaluation of buildings

No provision has been made for the taxation which would accrue if assets into which gains have been rolled over were disposed of The amount of £1,308,000 *(2006 £1,308,000)* unprovided is shown under unprovided other timing differences

The deferred tax asset provided for is included within debtors (see note 15)

Notes *(continued)*

20 Leasing commitments

At 28 January 2006, the company had annual commitments under non-cancellable operating leases as set out below

	2007		2006	
	Land and buildings	**Other items**	Land and buildings	Other items
	£	**£**	£	£
Operating lease which expire				
Within one year	**-**	**43,337**	-	43,337
Within two to five years	**-**	**167,000**	-	189,210
After more than five years	**911,000**	**-**	987,438	-
	911,000	**210,337**	987,438	232,547

21 Contingent liabilities

The company has guaranteed the bank borrowings of Blooms of Bressingham Holdings Plc and its subsidiary undertakings which at 28 January 2007 amounted to £9,270,000 *(2006 £10,400,000)*

At 28 January 2007 and 29 January 2006, there were no other contingent liabilities

22 Related party transactions

As a wholly owned subsidiary of Blooms of Bressingham Holdings Plc, the company is exempt from the requirements of Financial Reporting Standard No 8 to disclose transactions with other members of the group headed by that company

23 Share capital

	2007	2006
	£	£
Authorised share capital		
9,206,949 ordinary shares of 10p each *(2006 9,206,949 ordinary shares of 10p each)*	**920,695**	920,695

	2007		2006	
	No	**£**	No	£
Allotted, called up and fully paid				
Ordinary shares of 10p each *(2006 ordinary shares of 10p each)*	**7,310,339**	**731,034**	7,310,339	731,034

Notes *(continued)*

24 Share premium account

	2007 £	2006 £
Balance brought forward	**4,500,000**	-
Premium on issue of shares	-	4,500,000
Balance carried forward	**4,500,000**	4,500,000

25 Profit and loss account

	2007 £	2006 £
Balance brought forward	**4,313,739**	(1,304,638)
Retained profit for the financial period	**834,971**	5,618,377
Balance carried forward	**5,148,710**	4,313,739

26 Capital contribution reserve

	2007 £	2006 £
Balance brought forward	**12,983,009**	-
Waiver of intercompany debt	-	12,983,009
Balance carried forward	**12,983,009**	12,983,009

The write off of inter company debt relates to amounts of £11,922,201 and £1,060,810 owed by the company to Blooms of Bressingham Plc and Blooms New Plants Limited respectively that were waived in the prior period as part of a restructuring of inter company balances within the Group

27 Reconciliation of movements in shareholders' funds

	2007 £	2006 £
Profit for the financial year	**834,971**	5,618,377
Opening shareholders' funds/(deficit)	**22,527,782**	(1,073,604)
Issue of shares	-	5,000,000
Write off of intercompany debt	-	12,983,009
Closing shareholders' funds	**23,362,753**	22,527,782

Notes *(continued)*

28 Capital commitments

The company had £2,516,000 *(2006 £1,057,000)* of capital commitments outstanding at 29 January 2007, which related to developments at the Bicester site

29 Ultimate parent company

The director considers that the ultimate parent undertaking of this company is its parent company, Blooms of Bressingham Holdings Plc by virtue of its ownership of 100% of the share capital

The largest and smallest group of undertakings, for which group accounts have been drawn up, is that headed by Blooms of Bressingham Holdings Plc Copies of the consolidated group accounts can be obtained from Bath Road, Haresfield, Nr Stonehouse, Gloucestershire, GL10 3DP

30 Going concern

The financial statements have been prepared on a going concern basis The directors consider that this is appropriate as they have received confirmation from the company's parent undertaking that it will continue to support the company to enable it to meet its day-to-day trading expenses

31 Post balance sheet events

On 13 February 2007, West Coast Capital (Floris) made an offer to buy the entire share capital of the Company,. The contract became unconditional on 9 March 2007

32 Acquisitions

	Book Value	Adjustments	Fair Value
	£000	£000	£000
Fixed Assets			
Tangible assets	65	-	65
Current Assets			
Stock	362	-	362
Debtors	3	-	3
Cash	2	-	2
Net assets	432	-	432
Goodwill (note 11)			384
Consideration			**816**

During the period the Company acquired the trade and assets of Worcester Garden Centre All consideration was paid in cash