

Company registration number 05202816 (England and Wales)

GARDENING EXPRESS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

GARDENING EXPRESS LIMITED

COMPANY INFORMATION

Director Mr C D Bonnett

Company number 05202816

Registered office 1386 Londor. Road
Leigh on Sea
Essex
England
SS9 2UJ

Auditor Francis James & Partners LLP
1386 Londor. Road
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GARDENING EXPRESS LIMITED

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GARDENING EXPRESS LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

The director presents the strategic report for the year ended 31 December 2021.

Fair review of the business

The director is pleased to report that the turnover of the company for the year was only 6% less than the previous year. It was acknowledged by the director that the exceptional growth in turnover experienced during the year to 31 December 2020, was driven by the good weather and the closure of traditional Garden Centre's due to the Covid 19 lockdown rules, imposed by the government during the spring of 2020.

The turnover for the year ended 31 December 2021 is a 250% improvement on the turnover for the year ended 31 December 2019, the last reporting year prior to the pandemic.

Despite the small drop in turnover and increased costs, the company has maintained a healthy level of profitability.

Principal risks and uncertainties

The principal risks and uncertainties that effect the company are as follows;

The weather is a key contributing factor in the sales performance of the company. This is especially true during the busy spring period. If the weather is good during the early part of the spring season, then this traditionally drives higher sales throughout the rest of this period. Given that the company's main product mix, is for garden plants, which are traditionally purchased during this part of the year, the weather conditions can either increase or suppress the sales volumes.

The reputation of the company as a trusted supplier of goods to the general public is also a potential risk. The company endeavors to ensure that the customer experience is as positive as possible. It has also invested heavily in its customer service department to ensure that any queries or complaints are dealt with as quickly and efficiently as possible. This often involves the educating the company's customers in how plants grow and develop over the various seasons during the year. To this effect the company is working with specialist web-site designers to increase the knowledge content of its web-site. Given the large product range offered by the company, this process is likely to be a medium term project, but it is expected to provide long term benefits to both the customer and the company.

Key performance indicators

The key financial performance indicators for the company are its turnover, gross profit percentage, the proportion of the turnover spent on labour costs and the proportion of turnover spent on internet advertising.

As a retail business the turnover of the company is important to drive the rest of the business. Despite this the company has a policy of not pushing for turnover purely to maintain a high level of sales. The company will only sell products on which it can either make a reasonable gross profit margin, or to encourage customers to increase the overall spend in their shopping basket. During the year the turnover dropped slightly from the previous year. This was expected due to the unusual spike in turnover during the Spring of 2020. The company is continuing to monitor its turnover to ensure that it remains sustainable and where possible is driven by returning customers.

The gross profit percentage is an important indicator as it ensures that the sales the company makes are being made at a reasonable margin in order to fund for the overheads and retained earnings of the business. During the year the gross profit in respect of the purchase cost of the good sold remained within the desired parameters.

The percentage of turnover spent on labour costs is an important financial indicator as the cost of labour is a large proportion of the expenses of the business. As is similar to all horticultural businesses the labour input is used not only the processing of the current orders, and the care of fast moving stock, but also the growing of crops for future sale. During the year the labour costs as a percentage of turnover increased slightly. This was be due to the small decrease in turnover, which allowed that the labour force to spend more time on growing future crops.

The other main key financial performance indicator is the cost of the internet advertising as a percentage of turnover. This is important as it is a monitor of the effectiveness of the internet based advertising campaigns on driving turnover. During the year the company experienced an increase in this percentage. This was due to the higher prices being charged by the internet based advertisers and search engines. The company has further developed its plans to reduce its reliance on this method of driving sales volumes, by developing the knowledge base within its own websites. The company will then be able to increase its organic customer capture program, thereby reducing the cost of the advertising in order to maintain or increase the turnover.

GARDENING EXPRESS LIMITED
STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Other performance indicators

Being an internet based company the company carefully monitors various web based statistics.

It monitors the web traffic to its sites together with the sources of these visits and the effectiveness of any advertising or social media campaigns.

The company also monitors the size of its GDPR compliant database this provides an important indication of the level of regular and engaged customers.

On behalf of the board

Mr C D Bonnett

Director

30 September 2022

GARDENING EXPRESS LIMITED
DIRECTOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

The director presents his annual report and financial statements for the year ended 31 December 2021.

Principal activities

The principal activity of the company continued to be that of the sale of plants via an internet based mail order system.

Results and dividends

The profit for the year has been included in these Accounts of £216,171 (2020: profit of £1,185,411).

No ordinary dividends were paid. The director does not recommend payment of a final dividend.

Director

The director who held office during the year and up to the date of signature of the financial statements was as follows:

Mr C D Bonnett

Financial instruments

The company has maintained its traditional approach to financing its activities using only bank borrowings when necessary. During the year the company refinanced its operations using a Corona Virus Business Interruption loan. This provided additional working capital to invest in stock for the 2022 season. The director will monitor this facility and other available to it in order to ensure it remain the most suitable product for the company.

The company continues to maintain its low risk approach to funding its asset, stock purchases and working capital requirements. The company continue to use traditional bank finance wherever possible. The company will also continue in its policy of reinvesting any surplus funds in its operations.

Future developments

The company has continued its work on various projects to enhance its profile in the gardening market place.

During 2021 the company sourced as supply of garden furniture to enhance its product ranges. This is expected to be a slow growing sector of the market for the company. At present the customer base will perceive the company as being a "plant only" supplier. To this effect the company will gradually increase its profile in this new sector of the market to it.

The company has also been working on its own brand of compost and garden tools. The own brand compost is now being sold to its customers. The garden tools are in development and expected to be available in the 2023 season.

As part of the company's plan to enhance its standing in the gardening sector it has been developing its own garden based magazine. The launch issue was published in the Spring of 2022 and has been sent to a sample of the company's customer base to obtain feedback for the future development of the magazine. If the initial print run and circulation of 80,000 is maintained the magazine will be in the top 5 gardening based magazines in the UK by circulation.

Auditor

The auditor, Francis James & Partners LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

GARDENING EXPRESS LIMITED
DIRECTOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

On behalf of the board

Mr C D Bonnett
Director

30 September 2022

GARDENING EXPRESS LIMITED

DIRECTOR'S RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

The director is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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. He is 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.

GARDENING EXPRESS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GARDENING EXPRESS LIMITED

Opinion

We have audited the financial statements of Gardening Express Limited (the 'company') for the year ended 31 December 2021 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 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 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

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the director with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The director is responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

GARDENING EXPRESS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF GARDENING EXPRESS LIMITED

Matters on which we are required to report by exception

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 material misstatements in the strategic report or the director's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of director

As explained more fully in the director's responsibilities statement, the director is 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 director determines 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 director is 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 director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

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.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

- The nature of the industry and sector, control environment and business performance including the design of the company's policies, key drivers for directors remuneration;
- results of our enquiries of management, internal audit and the Audit & Risk Committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the company's documentation of their policies and procedures relating to:
- identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of noncompliance;
- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
- the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;

The matters discussed among the audit engagement team including significant component audit teams and involving relevant internal specialists, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

GARDENING EXPRESS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF GARDENING EXPRESS LIMITED

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Audit & Risk Committee in-house and external legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the rationale of any significant transactions that are unusual or outside the normal course of operations.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or noncompliance with laws and regulations throughout the audit.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Key audit matters which we are required to address

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. Key audit matters are not intended to represent all matters that were discussed with them. Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole. Our opinion on the financial statements is not modified with respect to any of the key audit matters described below, and we do not express an opinion on these individual matters.

Closing stock

We were unable to attend a year end stock take for the company, as the company was in the process of restructuring its stock control systems around the year end and was therefore not able to provide us with the assistance required to be able to conduct the necessary testing on stock items held.

Subsequent to the year end we have attended the company's premises to test the quantities of physical stock held at that date. These tests proved satisfactory.

As referred to in the Accounting Policies, most of the stock held by the company consists of growing crops and therefore the normal cost basis of stock valuation is not appropriate to many of the company's lines of stock.

In this regard, we have not been able to verify the cost of all stocks held in the normal manner. However, we have been able to carry out alternative tests to satisfy ourselves as to the overall value of stock held at the year end.

GARDENING EXPRESS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF GARDENING EXPRESS LIMITED

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.

David Petrassi BA (Hons) FCCA FCA
Senior Statutory Auditor
For and on behalf of Francis James & Partners LLP

30 September 2022

Chartered Accountants
Statutory Auditor

1386 London Road
Leigh on Sea
Essex
England
SS9 2UJ

GARDENING EXPRESS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
Gross profit		1,174,878	1,856,648
Administrative expenses		(886,843)	(404,327)
Operating profit	4	288,035	1,452,321
Interest receivable and similar income	7	44	-
Interest payable and similar expenses	8	(14,418)	(54,843)
Profit before taxation		273,661	1,397,478
Tax on profit	9	(57,490)	(212,067)
Profit for the financial year		216,171	1,185,411

The profit and loss account has been prepared on the basis that all operations are continuing operations.

GARDENING EXPRESS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
	£	£
Profit for the year	216,171	1,185,411
Other comprehensive income	-	-
Total comprehensive income for the year	<hr/> 216,171	<hr/> 1,185,411

GARDENING EXPRESS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Goodwill	10		1		1
Other intangible assets	10		76,819		85,614
			<hr/>		<hr/>
Total intangible assets			76,820		85,615
Tangible assets	11		454,079		151,500
			<hr/>		<hr/>
			530,899		237,115
Current assets					
Stocks	12	2,166,224		1,248,724	
Debtors	13	3,035,301		2,487,668	
Cash at bank and in hand		774,973		1,192,339	
			<hr/>		<hr/>
			5,976,498		4,928,731
Creditors: amounts falling due within one year					
	14	(1,922,610)		(2,254,504)	
		<hr/>		<hr/>	
Net current assets			4,053,888		2,674,227
			<hr/>		<hr/>
Total assets less current liabilities			4,584,787		2,911,342
			<hr/>		<hr/>
Creditors: amounts falling due after more than one year					
	16	(1,436,739)		(27,382)	
		<hr/>		<hr/>	
Provisions for liabilities					
Deferred tax liability	17	47,917		-	
		<hr/>	(47,917)	<hr/>	-
			<hr/>		<hr/>
Net assets			3,100,131		2,883,960
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	19		1,000		1,000
Profit and loss reserves			3,099,131		2,882,960
			<hr/>		<hr/>
Total equity			3,100,131		2,883,960
			<hr/>		<hr/>

The financial statements were approved and signed by the director and authorised for issue on 30 September 2022

Mr C D Bonnett
Director

Company Registration No. 05202816

GARDENING EXPRESS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 January 2020	1,000	1,697,549	1,698,549
Year ended 31 December 2020:			
Profit and total comprehensive income for the year	-	1,185,411	1,185,411
Balance at 31 December 2020	1,000	2,882,960	2,883,960
Year ended 31 December 2021:			
Profit and total comprehensive income for the year	-	216,171	216,171
Balance at 31 December 2021	1,000	3,099,131	3,100,131

GARDENING EXPRESS LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	24	(824,273)		1,643,811	
Interest paid		(14,418)		(54,843)	
Income taxes refunded/(paid)		2,006		(46,499)	
Net cash (outflow)/inflow from operating activities		(836,685)		1,542,469	
Investing activities					
Purchase of intangible assets		(13,392)		-	
Purchase of tangible fixed assets		(405,824)		(934)	
Interest received		44		-	
Net cash used in investing activities		(419,172)		(934)	
Financing activities					
Repayment of borrowings		(3,000)		-	
Repayment of bank loans		841,491		(110,017)	
Net cash generated from/(used in) financing activities		838,491		(110,017)	
Net (decrease)/increase in cash and cash equivalents		(417,366)		1,431,518	
Cash and cash equivalents at beginning of year		1,192,339		(239,179)	
Cash and cash equivalents at end of year		774,973		1,192,339	

GARDENING EXPRESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

Gardening Express Limited is a private company limited by shares incorporated in England and Wales. The registered office is 1386 London Road, Leigh on Sea, Essex, England, SS9 2UJ.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, [modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value]. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the director continues to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods provided in the normal course of business, and is shown net of VAT and other sales related taxes.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least 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.

1.5 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

GARDENING EXPRESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software and Web-site development over the estimated useful life

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and equipment	20% reducing balance
Fixtures and fittings	20% reducing balance
Computers	33% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

The valuation of the stocks of growing crops includes provision for any increase in value as the crop grows and matures into a higher value item.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, this includes any packaging materials held.

GARDENING EXPRESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end 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 have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

GARDENING EXPRESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.12 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 reporting end date.

GARDENING EXPRESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end 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 account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the director is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

GARDENING EXPRESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

3 Turnover and other revenue

	2021	2020
	£	£
Turnover analysed by class of business		
Online retail	17,249,853	18,081,441
	<u> </u>	<u> </u>
	2021	2020
	£	£
Other revenue		
Interest income	44	-
	<u> </u>	<u> </u>

4 Operating profit

	2021	2020
	£	£
Operating profit for the year is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	5,500	4,500
Depreciation of owned tangible fixed assets	103,245	37,990
Amortisation of intangible assets	22,187	18,839
Operating lease charges	94,209	41,070
	<u> </u>	<u> </u>

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021	2020
	Number	Number
	19	14
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2021	2020
	£	£
Wages and salaries	400,593	266,190
Social security costs	33,518	21,185
Pension costs	22,971	4,842
	<u> </u>	<u> </u>
	457,082	292,217
	<u> </u>	<u> </u>

6 Director's remuneration

	2021	2020
	£	£
Remuneration for qualifying services	12,000	12,000
	<u> </u>	<u> </u>

GARDENING EXPRESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

7	Interest receivable and similar income	2021	2020
		£	£
	Interest income		
	Interest on bank deposits	44	-
		<u>44</u>	<u>-</u>
	Investment income includes the following:		
	Interest on financial assets not measured at fair value through profit or loss	44	-
		<u>44</u>	<u>-</u>
8	Interest payable and similar expenses	2021	2020
		£	£
	Interest on financial liabilities measured at amortised cost:		
	Other interest on financial liabilities	12,411	32,829
	Other finance costs:		
	Other interest	2,007	22,014
		<u>14,418</u>	<u>54,843</u>
9	Taxation	2021	2020
		£	£
	Current tax		
	UK corporation tax on profits for the current period	-	210,688
		<u>-</u>	<u>210,688</u>
	Deferred tax		
	Origination and reversal of timing differences	57,490	1,379
		<u>57,490</u>	<u>1,379</u>
	Total tax charge	57,490	212,067
		<u>57,490</u>	<u>212,067</u>

GARDENING EXPRESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

9 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021 £	2020 £
Profit before taxation	273,661	1,397,478
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	51,996	265,521
Group relief	9,699	(55,185)
Permanent capital allowances in excess of depreciation	(61,694)	352
Deferred tax movement	57,489	1,379
Taxation charge for the year	57,490	212,067

10 Intangible fixed assets

	Goodwill £	Software and Web-site development £	Total £
Cost			
At 1 January 2021	26,500	188,391	214,891
Additions	-	13,392	13,392
At 31 December 2021	26,500	201,783	228,283
Amortisation and impairment			
At 1 January 2021	26,499	102,777	129,276
Amortisation charged for the year	-	22,187	22,187
At 31 December 2021	26,499	124,964	151,463
Carrying amount			
At 31 December 2021	1	76,819	76,820
At 31 December 2020	1	85,614	85,615

GARDENING EXPRESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

11 Tangible fixed assets

	Plant and equipment £	Fixtures and fittings £	Computers £	Total £
Cost				
At 1 January 2021	440,438	11,423	7,751	459,612
Additions	399,848	709	5,267	405,824
At 31 December 2021	840,286	12,132	13,018	865,436
Depreciation and impairment				
At 1 January 2021	294,868	5,711	7,533	308,112
Depreciation charged in the year	101,629	838	778	103,245
At 31 December 2021	396,497	6,549	8,311	411,357
Carrying amount				
At 31 December 2021	443,789	5,583	4,707	454,079
At 31 December 2020	145,570	5,712	218	151,500

During the year the company has invested in the Plant and Machinery and infrastructure at its main distribution centre to allow for future growth.

12 Stocks

	2021 £	2020 £
Growing crops and other stock for sale	2,166,224	1,248,724

13 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	80,948	71,667
Amounts owed by group undertakings	2,613,812	2,393,239
Other debtors	340,541	13,189
	3,035,301	2,478,095
Deferred tax asset (note 17)	-	9,573
	3,035,301	2,487,668

GARDENING EXPRESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

14 Creditors: amounts falling due within one year

	Notes	2021 £	2020 £
Bank loans	15	87,643	658,509
Trade creditors		855,291	930,260
Amounts owed to group undertakings		1,933	-
Corporation tax		279,175	277,168
Other taxation and social security		329,493	7,421
Other creditors		340,073	352,145
Accruals and deferred income		29,002	29,001
		<u>1,922,610</u>	<u>2,254,504</u>

15 Loans and overdrafts

	2021 £	2020 £
Bank loans	1,500,000	658,509
Other loans	24,382	27,382
	<u>1,524,382</u>	<u>685,891</u>
Payable within one year	87,643	658,509
Payable after one year	1,436,739	27,382
	<u>1,524,382</u>	<u>685,891</u>

The long-term loans are now guaranteed under the government backed Corona Virus Business Interruption loan scheme.

The new Corona Virus Business Interruption loan is to be repaid over a period of 6 years. Repayments commence on the first anniversary of the drawdown of the loan.

The loan is subject to interest at 4.25% over Bank of England base rate.

16 Creditors: amounts falling due after more than one year

	Notes	2021 £	2020 £
Bank loans and overdrafts	15	1,412,357	-
Other borrowings	15	24,382	27,382
		<u>1,436,739</u>	<u>27,382</u>

GARDENING EXPRESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

17 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2021 £	Liabilities 2020 £	Assets 2021 £	Assets 2020 £
Balances:				
Accelerated capital allowances	47,917	-	-	9,573
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
				2021
Movements in the year:				£
Asset at 1 January 2021				(9,573)
Charge to profit or loss				57,490
				<u> </u>
Liability at 31 December 2021				47,917
				<u> </u>

The deferred tax liability set out above is expected to reverse within [12 months] and relates to accelerated capital allowances that are expected to mature within the same period.

18 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	22,971	4,842
	<u> </u>	<u> </u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

19 Share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £1 each	1,000	1,000	1,000	1,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

20 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021 £	2020 £
Within one year	12,000	12,000
	<u> </u>	<u> </u>

GARDENING EXPRESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

22 Directors' transactions

Dividends totalling £0 (2020 - £0) were paid in the year in respect of shares held by the company's directors.

During the year the company rented part of its nursery facilities from the director for £22,000.

During the year the company paid a one-off management charge of £365,000 to a fellow subsidiary company.

23 Ultimate controlling party

The ultimate parent company is Gardening Express Group Holdings Limited

24 Cash (absorbed by)/generated from operations

	2021 £	2020 £
Profit for the year after tax	216,171	1,185,411
Adjustments for:		
Taxation charged	57,490	212,067
Finance costs	14,418	54,843
Investment income	(44)	-
Amortisation and impairment of intangible assets	22,187	18,839
Depreciation and impairment of tangible fixed assets	103,245	37,990
Movements in working capital:		
(Increase)/decrease in stocks	(917,500)	517,781
Increase in debtors	(557,206)	(416,094)
Increase in creditors	236,966	32,974
Cash (absorbed by)/generated from operations	(824,273)	1,643,811

25 Analysis of changes in net funds/(debt)

	1 January 2021 £	Cash flow £	31 December 2021 £
Cash at bank and in hand	1,192,339	(417,366)	774,973
Borrowings excluding overdrafts	(685,891)	(838,491)	(1,524,382)
	<u>506,448</u>	<u>(1,255,857)</u>	<u>(749,409)</u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.