

BUTTERS GROUP LIMITED

**DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2014**



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COMPANIES HOUSE

BUTTERS GROUP LIMITED

COMPANY INFORMATION

Directors R F M Adair (Chairman)
O Bettum
A Coaten
S A Phillips
W S Hatchett
S Esdale

Company secretary S A Phillips

Registered number 06055242

Registered office Fulney Farm
Kellet Gate
Spalding
Lincolnshire
PE12 6EH

Independent auditor BDO LLP
Regent House
Clinton Avenue
Nottingham
NG5 1AZ

Bankers Yorkshire Bank
11 Smithy Row
Nottingham
NG1 3EJ

Solicitors Gateley LLP
Citygate East
Tollhouse Hill
Nottingham
NG1 5FS

BUTTERS GROUP LIMITED

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BUTTERS GROUP LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2014

Introduction

The directors present their Group Strategic Report for the year ended 30 September 2014. The period reported is a twelve month period, prior period comparatives to September 2013 report a fifteen month period.

Principal activity

The principal activity of the company is that of a holding company. The principal activity of the group is that of suppliers and growers of horticultural and floral arrangements, trading with the UK's major supermarkets, DIY and on line retailers.

Business review and key performance indicators

The financial performance of the group is summarised below:

	2014 £000's	2013 £000's	Change %	2012 £000's
Turnover	59,404	61,342	-3.2%	43,051
Gross Profit	12,864	12,123	+6.1%	8,404
Distribution costs	4,655	5,099	-8.7%	2,620
Administration Expenses (before depreciation/amortisation)	7,269	7,536	-3.5%	4,943
EBITDA	940	(512)	+283.6%	841

*2012-13 reporting period is 15 months

The trading performance of the group during the year improved significantly, EBITDA increased by £1.5m despite the lower turnover. Group turnover reported in the financial statements is lower as a result of the extended prior period reporting.

In 2013, the group reported the acquisition of Verde Horticulture Limited as part of a group strategy to develop new markets and customers. From acquisition, the group began the process of turning around the previously loss making business, by concentrating turnover, reducing the sites and resources it operates and establishing tighter group controls and reporting. The result of these initiatives contributing to the improved group profitability, and wider strategy.

Turnover from other group companies was largely consistent with previous years on an annual like for like basis, Butters Flowers Limited's volumes continue to increase (£1.6m) due to the strengthened relationship with a major retailer and continuing increases in on-line, direct to consumer volumes. Revenues derived from Keith Butters Limited, have stabilised following the previous year's reductions, and works closely with Verde Horticulture Limited to maximise opportunities in the plants and bulbs sector of the group.

Group EBITDA for the year was £940k against prior period loss of £512k, the primary driver of the £1.5m improvement in EBITDA is the turnaround and first full year reporting of Verde Horticulture Limited generating an EBITDA of £211k, an increase of £1.2m.

The group continues to invest heavily in capital projects, spending £494k (2013 - £579k) across the three sites it operates. The return from this investment can be demonstrated by the increased supply chain efficiencies generated by the vertical integration of growing own product for resale, opposed to trading, increased capacity at Butters Flowers Limited and efficiencies in Keith Butters Limited.

The improved profitability in the year and positive working capital movements generated £1.6m of cash during the year, reducing net debt by £0.6m.

It is expected, following the continued investment into capital projects and initiatives to drive efficiencies that group profits and cash generation will further improve in 2014-15. Other strategic developments are also being evaluated to enhance longer term profitability and shareholder value.

BUTTERS GROUP LIMITED

GROUP STRATEGIC REPORT (continued) FOR THE YEAR ENDED 30 SEPTEMBER 2014

Key performance indicators for the group continue to be the constant review of all operating margins and cash generation. Non-financial performance indicators include the review of service and quality levels expected by our customers, and likewise the expectations we have of suppliers.

The group is committed to ensuring, wherever possible, that environmental standards are preserved and that sustainable raw materials are used with its products and practices.

Principal risks and uncertainties

Foreign exchange has a fundamental and constant influence on the group, tight internal controls and reporting ensure the risk is managed effectively.

Currency risk is managed using appropriate hedging strategies designed to minimise the group's exposure to foreign exchange fluctuations. These instruments are entered into with FCA regulated organisations. Policies are in place to ensure foreign currency exchange risk is evaluated and mitigated in the most timely and effective method.

This report was approved by the board and signed on its behalf.



A Coaten
Director

Date: 24 April 2015

BUTTERS GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2014

The directors present their report and the financial statements for the year ended 30 September 2014.

Results and dividends

The loss for the year, after taxation, amounted to £1,469,000 (2013 - loss £3,722,000). The loss includes interest on long term shareholder debt of £1,190,000 (2013 - £1,360,000), the reduction is largely due to the extended prior period. The interest rate on the shareholder debt is fixed with accrued interest rolled into the principal amount annually.

During the year the company paid dividends of £Nil (2013 - £Nil).

Directors

The directors who served during the year were:

R F M Adair (Chairman)
O Bettum
A Coaten
S A Phillips
W S Hatchett
S Esdale

Future outlook

The group aims to strengthen its position with current and new "blue chip" customers by delivering innovative plant, flower and bulb ranges, building on its reputation for quality and service. The group will also continue to work tirelessly with long standing worldwide suppliers to improve raw material sourcing and development.

Revenue and profitability improvements will be generated from returns on investment made to increase revenues, capacity, and production for growing own product for resale. The need to be lean and efficient will enable the group to compete in difficult market conditions, where price, service and quality are paramount.

BUTTERS GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2014

Post balance sheet events

On 18th March 2015, the company passed resolutions at general and class meetings amending the Articles of association and restructuring preference share and loan note holdings. An unaudited illustration of the restructure is shown below using the group balance sheet at 30th September 2014 as a reference, the result converts the equivalent of £13.6m of previously classified debt into separate classes of ordinary shares, pari passu.

	£ 000's	Balance Sheet at 30 Sept 2014 £ 000's	Conversion of Loan Note Debt £ 000's	Conversion of Preference Shares £	Conversion of Accrued Preference Dividends £	Revised Balance Sheet £ 000's
Fixed assets :						
Intangible Fixed Assets - Goodwill		4,931				4,931
Tangible Fixed Assets		1,779				1,779
Stocks		3,826				3,826
Debtors		4,815				4,815
Cash at bank and in hand		424				424
Creditors :						
Other creditors - including bank	(10,226)					(10,226)
Preference shares	(5,416)			5,416		
Accrued preference dividends	(4,327)				4,327	
Shareholder loans	(3,851)		3,851			
Accrued shareholder loan interest	(2,309)					(2,309)
		(26,129)				
Net Assets / (Liabilities)		(10,354)	3,851	5,416	4,327	3,240

Called up share capital :

L Ords		3,851			3,851
P Ords			5,416		5,416
PD Ords				4,327	4,327
"A" and Ordinary Shares	257				257
Total Called Up Share Capital	257	3,851	5,416	4,327	13,851
Profit and loss account	(10,611)				(10,611)
Shareholders' Funds / (Deficit)	(10,354)	3,851	5,416	4,327	3,240

In 2013-14, the annual interest and accrued preference dividend charged to the profit and loss account was £1.2m, the above restructure will significantly reduce this charge.

BUTTERS GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2014

Employee involvement

The group's policy is to consult and discuss with employees matters likely to affect their interests at staff councils and other meetings.

Information on matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees concerning the financial and economic factors affecting the group's performance.

Qualifying third party indemnity provisions

The group maintains liability insurance for directors and officers as permitted by the Companies Act 2006.

Provision of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company and the group's auditor in connection with preparing its report and to establish that the company and the group's auditor is aware of that information.

This report was approved by the board and signed on its behalf.



A Coaten
Director

Date: 24 April 2015

BUTTERS GROUP LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the group strategic report, 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom accounting standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the company and the group 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 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 and the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions, to disclose with reasonable accuracy at any time the financial position of the company and to 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BUTTERS GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BUTTERS GROUP LIMITED

We have audited the financial statements of Butters Group Limited for the year ended 30 September 2014 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work 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 auditor

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the company's affairs as at 30 September 2014 and of the group's loss for the period 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the the group strategic report and directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

BUTTERS GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BUTTERS GROUP LIMITED

Matters on which we are required to report by exception

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

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



Richard Wilson (Senior statutory auditor)
for and on behalf of BDO LLP, Statutory auditor
Nottingham
United Kingdom

01 May 2015

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

BUTTERS GROUP LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2014**

	Note	Year ended 30 September 2014 £000	Period ended 30 September 2013 £000
TURNOVER	1,2	59,404	61,342
Cost of sales		<u>(46,540)</u>	<u>(49,219)</u>
GROSS PROFIT		12,864	12,123
Distribution costs		(4,655)	(5,099)
Administrative expenses		(8,301)	(8,621)
Exceptional administrative expenses		-	(700)
Total administrative expenses		<u>(8,301)</u>	<u>(9,321)</u>
Operating profit/(loss) before goodwill amortisation:		426	(1,715)
Goodwill amortisation		<u>(518)</u>	<u>(582)</u>
OPERATING LOSS	3	(92)	(2,297)
Bank interest payable	7	(121)	(127)
Rolled up shareholder loan interest	7	(455)	(521)
Rolled up preference dividend	7	<u>(735)</u>	<u>(839)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,403)	(3,784)
Tax on loss on ordinary activities	8	<u>(66)</u>	<u>62</u>
LOSS FOR THE FINANCIAL PERIOD		<u><u>(1,469)</u></u>	<u><u>(3,722)</u></u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the profit and loss account.

The notes on pages 13 to 30 form part of these financial statements.

BUTTERS GROUP LIMITED
REGISTERED NUMBER: 06055242

CONSOLIDATED BALANCE SHEET
AS AT 30 SEPTEMBER 2014

	Note	£000	2014 £000	£000	2013 £000
FIXED ASSETS					
Intangible fixed assets	9		4,931		5,471
Tangible fixed assets	10		<u>1,779</u>		<u>1,817</u>
			6,710		7,288
CURRENT ASSETS					
Stocks	13	3,826		3,131	
Debtors	14	4,815		8,124	
Cash at bank and in hand		<u>424</u>		<u>3</u>	
		9,065		11,258	
CREDITORS: amounts falling due within one year	15	<u>(12,315)</u>		<u>(13,437)</u>	
NET CURRENT LIABILITIES			<u>(3,250)</u>		<u>(2,179)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>3,460</u>		<u>5,109</u>
CREDITORS: amounts falling due after more than one year					
Bank loans	16		653		758
Other creditors	16		61		296
Shareholder loans	16	5,812		5,382	
Shareholder loan interest - accrued not yet capitalised	16	348		322	
Preference share capital	16	3,791		4,332	
Rolled up preference dividends	16	<u>3,149</u>		<u>2,904</u>	
Total shareholder financing			13,100		12,940
CAPITAL AND RESERVES					
Called up share capital	18	257		257	
Profit and loss account	19	<u>(10,611)</u>		<u>(9,142)</u>	
	20		<u>(10,354)</u>		<u>(8,885)</u>
			<u>3,460</u>		<u>5,109</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



A Coaten
Director

Date: 24 April 2015

The notes on pages 13 to 30 form part of these financial statements.

BUTTERS GROUP LIMITED
REGISTERED NUMBER: 06055242

COMPANY BALANCE SHEET
AS AT 30 SEPTEMBER 2014

	Note	£000	2014 £000	2013 £000
FIXED ASSETS				
Investments	11		6,755	6,755
CURRENT ASSETS				
Debtors		2,537		2,536
CREDITORS: amounts falling due within one year	15	<u>(2,803)</u>	<u>(1,772)</u>	
NET CURRENT (LIABILITIES)/ASSETS			<u>(266)</u>	<u>764</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u><u>6,489</u></u>	<u><u>7,519</u></u>
CREDITORS: amounts falling due after more than one year				
Shareholder loans	16	5,812		5,382
Shareholder loan interest - accrued not yet capitalised	16	348		322
Preference share capital	16	3,791		4,332
Rolled up preference dividends	16	3,149		2,904
Amounts owed to group undertakings	16	<u>200</u>	<u>200</u>	
			13,300	13,140
CAPITAL AND RESERVES				
Called up share capital	18	257		257
Profit and loss account	19	<u>(7,068)</u>	<u>(5,878)</u>	
	20		<u><u>(6,811)</u></u>	<u><u>(5,621)</u></u>
			<u><u>6,489</u></u>	<u><u>7,519</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



A Coaten
Director

Date: 24 April 2015

The notes on pages 13 to 30 form part of these financial statements.

BUTTERS GROUP LIMITED

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2014**

		Year ended 30 September 2014 £000	Period ended 30 September 2013 £000
	Note		
Net cash flow from operating activities	21	2,341	(2,248)
Returns on investments and servicing of finance	22	(121)	(127)
Taxation	22	-	(95)
Capital expenditure and financial investment	22	(476)	(519)
Acquisitions and disposals	22	-	(44)
CASH INFLOW/(OUTFLOW) BEFORE FINANCING		1,744	(3,033)
Financing	22	(105)	(161)
INCREASE/(DECREASE) IN CASH IN THE YEAR		1,639	(3,194)

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT
FOR THE YEAR ENDED 30 SEPTEMBER 2014**

	Year ended 30 September 2014 £000	Period ended 30 September 2013 £000
Increase/(decrease) in cash in the year	1,639	(3,194)
Cash outflow from decrease in debt and lease financing	105	161
CHANGE IN NET DEBT RESULTING FROM CASH FLOWS	1,744	(3,033)
Preference share rolled up dividends	(735)	(839)
Shareholders' loan rolled up interest	(455)	(521)
MOVEMENT IN NET DEBT IN THE YEAR	554	(4,393)
Net debt at 1 October 2013	(17,810)	(13,417)
NET DEBT AT 30 SEPTEMBER 2014	(17,256)	(17,810)

The notes on pages 13 to 30 form part of these financial statements.

BUTTERS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2014

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The group has net liabilities of £10,354,000 and net current liabilities of £3,250,000 and has reported a loss for the year of £1,469,000. The company has net liabilities of £6,811,000 and net current liabilities of £266,000. In view of this, the directors have carried out a detailed review to determine whether the preparation of the financial statements on a going concern basis remains appropriate.

The directors' review of the group and of the company takes into consideration budgets and cashflow forecasts for the period to 30 September 2016. The budgets and cashflow forecasts have been prepared on a prudent basis, and taking into consideration the anticipated continuing impact of the current economic climate. The position is that the group and the company have sufficient cash flows to meet its obligations.

On 18th March 2015, the company passed resolutions at general and class meetings amending the Articles of association and restructuring preference share and loan note holdings the result of which converts the equivalent of £13.6m of previously classified debt into separate classes of ordinary shares, *pari passu*. The impact of this financial restructuring is reflected in the post balance sheet events note in the directors' report, indicating that if the restructuring had been undertaken as at 30 September 2014, the unaudited net assets of the Group would have been £3,240,000.

The board of Butters Properties Limited, a subsidiary company, has confirmed that the balances due to the company of £200,000 (2013 - £200,000) will not be recalled for the period of review of the going concern assessment, which is 30 September 2016.

Taking the above into consideration, the directors consider it appropriate to prepare the financial statements on a going concern basis.

The group's accounting reference date is 30 September. It is the group's policy to prepare financial statements for the accounting period to the nearest Saturday to this date. The accounting period covers 29 September 2013 to 27 September 2014. The comparative figures are for the period 01 July 2012 to 28 September 2013.

1.2 Basis of consolidation

The financial statements consolidate the accounts of Butters Group Limited and all of its subsidiary undertakings ('subsidiaries').

1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods supplied during the year, exclusive of Value Added Tax and trade discounts.

Turnover from the sale of goods is recognised when the goods are delivered and title has passed.

1.4 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the profit and loss account over its estimated economic life.

Amortisation is provided at the following rates:

Goodwill	- 5 - 20% straight line
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BUTTERS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2014

1. ACCOUNTING POLICIES (continued)

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	5% straight line
Short term leasehold property	-	over the period of the lease
Plant & machinery	-	10 - 33% straight line and reducing balance
Motor vehicles	-	25 - 33% straight line and reducing balance
Computer equipment	-	10 - 50% straight line and reducing balance

1.6 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

1.7 Operating leases

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

1.8 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks and include goods in transit.

1.9 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

BUTTERS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2014

1. ACCOUNTING POLICIES (continued)

1.10 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

1.11 Pensions

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

2. TURNOVER

The whole of the turnover is attributable to the principal activity of the group.

All turnover arose within the United Kingdom.

3. OPERATING LOSS

The operating loss is stated after charging/(crediting):

	Year ended 30 September 2014 £000	Period ended 30 September 2013 £000
Amortisation of intangible fixed assets	518	582
Depreciation of tangible fixed assets:		
- owned by the group	514	503
Operating lease rentals:		
- plant and machinery	258	218
- other operating leases	243	290
Difference on foreign exchange	(709)	(180)
Profit on sale of tangible assets	-	(55)
Impairment of intangible fixed assets	-	700
	<hr/>	<hr/>

BUTTERS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2014

4. AUDITOR'S REMUNERATION

	Year ended 30 September 2014 £000	Period ended 30 September 2013 £000
Fees payable to the company's auditor for the audit of the company's annual accounts	6	6
Fees payable to the company's auditor in respect of:		
The auditing of accounts of subsidiaries of the company pursuant to legislation	30	37
Other services relating to taxation	4	5
All other services	3	49
	=====	=====

5. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	Year ended 30 September 2014 £000	Period ended 30 September 2013 £000
Wages and salaries	6,920	6,884
Social security costs	466	564
Other pension costs	56	56
	=====	=====
	7,442	7,504
	=====	=====

The average monthly number of employees, including the directors, during the year was as follows:

	Year ended 30 September 2014 No.	Period ended 30 September 2013 No.
Office, management and sales	105	93
Transport, packing and nursery	205	154
	=====	=====
	310	247
	=====	=====

BUTTERS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2014

6. DIRECTORS' REMUNERATION

	Year ended 30 September 2014 £000	Period ended 30 September 2013 £000
Emoluments	<u>455</u>	<u>549</u>
Company pension contributions to defined contribution pension schemes	<u>14</u>	<u>-</u>
Amounts paid to third parties for directors' remuneration services	<u>25</u>	<u>31</u>

During the year retirement benefits were accruing to 2 directors (2013 – Nil) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £188,000 (2013 - £209,000).

7. INTEREST PAYABLE

	Year ended 30 September 2014 £000	Period ended 30 September 2013 £000
On bank loans and overdrafts	32	39
Invoice discounting interest payable	89	88
Bank interest payable	121	127
Rolled up shareholder loan interest	455	521
Rolled up preference dividend	735	839
Total interest payable	<u>1,311</u>	<u>1,487</u>

BUTTERS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2014

8. TAXATION

	Year ended 30 September 2014 £000	Period ended 30 September 2013 £000
Analysis of tax charge in the period		
Current tax (see note below)		
UK corporation tax charge on loss for the period	44	-
Deferred tax (see note 17)		
Origination and reversal of timing differences	22	(62)
Tax on loss on ordinary activities	<u>66</u>	<u>(62)</u>

Factors affecting tax charge for the period

The tax assessed for the period is higher than (2013 - higher than) the standard rate of corporation tax in the UK of 23% (2013 - 23%). The differences are explained below:

	Year ended 30 September 2014 £000	Period ended 30 September 2013 £000
Loss on ordinary activities before tax	<u>(1,403)</u>	<u>(3,784)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 23% (2013 - 23%)	(323)	(870)
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	118	443
Expenses not deductible for tax purposes	154	281
Capital allowances for period in excess of depreciation and amortisation	12	29
Capital gains	-	14
Changes in provisions leading to an increase in the tax charge	91	33
Unrelieved tax losses carried forward	(8)	70
Current tax charge for the year/period (see note above)	<u>44</u>	<u>-</u>

Factors that may affect future tax charges

The provision for deferred tax is calculated based on the tax rates enacted or substantially enacted at the balance sheet date. The Chancellor of the Exchequer has announced that the rate of corporation tax will be reduced each year until 2015 when it will remain at 20%. At the balance sheet date the rate of 20% had been substantively enacted.

BUTTERS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2014

9. INTANGIBLE FIXED ASSETS

	Goodwill £000
Group	
Cost	
At 1 October 2013	8,816
Reassessment of fair value	(22)
	<hr/> 8,794
At 30 September 2014	<hr/> 8,794
Amortisation	
At 1 October 2013	3,345
Charge for the year	518
	<hr/> 3,863
At 30 September 2014	<hr/> 3,863
Net book value	
At 30 September 2014	<hr/> <hr/> 4,931
At 30 September 2013	<hr/> <hr/> 5,471

The goodwill at 1 October 2012 was based on provisional fair values in respect of the acquisition of Verde Horticulture Limited made by the Group in the prior year. In accordance with accounting standards, the directors have reassessed the fair value of the assets acquired and have readjusted the related goodwill value by £22,000.

10. TANGIBLE FIXED ASSETS

	Freehold property £000	Short term leasehold property £000	Plant & machinery £000	Motor vehicles £000	Computer equipment £000	Total £000
Group						
Cost						
At 1 October 2013	995	462	2,496	23	995	4,971
Additions	-	84	363	-	47	494
Disposals	-	-	(18)	-	-	(18)
	<hr/> 995	<hr/> 546	<hr/> 2,841	<hr/> 23	<hr/> 1,042	<hr/> 5,447
At 30 September 2014	<hr/> 995	<hr/> 546	<hr/> 2,841	<hr/> 23	<hr/> 1,042	<hr/> 5,447
Depreciation						
At 1 October 2013	359	208	1,716	11	860	3,154
Charge for the year	50	92	266	4	102	514
	<hr/> 409	<hr/> 300	<hr/> 1,982	<hr/> 15	<hr/> 962	<hr/> 3,668
At 30 September 2014	<hr/> 409	<hr/> 300	<hr/> 1,982	<hr/> 15	<hr/> 962	<hr/> 3,668
Net book value						
At 30 September 2014	<hr/> <hr/> 586	<hr/> <hr/> 246	<hr/> <hr/> 859	<hr/> <hr/> 8	<hr/> <hr/> 80	<hr/> <hr/> 1,779
At 30 September 2013	<hr/> <hr/> 636	<hr/> <hr/> 254	<hr/> <hr/> 780	<hr/> <hr/> 12	<hr/> <hr/> 135	<hr/> <hr/> 1,817

Included in the cost of land and buildings is freehold land at cost of £71,000 (2013 - £71,000) which is not depreciated.

BUTTERS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2014

11. FIXED ASSET INVESTMENTS

Company	Investments in subsidiary companies £000
Cost	
At 1 October 2013 and 30 September 2014	6,755
Net book value	
At 30 September 2014	6,755
At 30 September 2013	6,755

Details of the principal subsidiaries can be found under note number 12.

12. PRINCIPAL SUBSIDIARIES

Company name	Country	Percentage Shareholding	Description
Castlegate 363 Limited	United Kingdom	100%	Dormant
Keith Butters Limited*	United Kingdom	100%	Horticultural arrangements
Butters Properties Limited*	United Kingdom	100%	Property management
Butters Flowers Limited*	United Kingdom	100%	Horticultural arrangements
Butters Trustees Limited*	United Kingdom	100%	Dormant
Verde Horticulture Limited*	United Kingdom	100%	Horticultural arrangements

The entities marked with an * are 100% owned subsidiaries of Castlegate 363 Limited.

13. STOCKS

	<u>Group</u>		<u>Company</u>	
	2014	2013	2014	2013
	£000	£000	£000	£000
Goods for resale	3,826	3,131	-	-

14. DEBTORS

	<u>Group</u>		<u>Company</u>	
	2014	2013	2014	2013
	£000	£000	£000	£000
Trade debtors	4,244	7,501	-	-
Amounts owed by group undertakings	-	-	2,537	2,536
Prepayments and accrued income	569	599	-	-
Deferred tax asset (see note 17)	2	24	-	-
	4,815	8,124	2,537	2,536

BUTTERS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2014**

15. CREDITORS:
Amounts falling due within one year

	Group		Company	
	2014	2013	2014	2013
	£000	£000	£000	£000
Bank overdraft and other borrowings	1,125	2,343	-	-
Trade creditors	5,643	7,228	-	-
Corporation tax	44	-	-	-
Other taxation and social security	855	1,040	-	-
Other creditors	233	356	-	-
Accruals and deferred income	1,612	698	-	-
Preference share capital (See note 18)	1,625	1,083	1,625	1,083
Rolled up preference dividends	1,178	689	1,178	689
	12,315	13,437	2,803	1,772

Disclosure of the terms and conditions attached to the non-equity shares are made in note 18.

The bank overdraft is secured by a fixed and floating charge over the group's assets.

Included within the bank overdraft and other borrowings is a balance of £105,000 (2013 - £105,000) relating to a bank loan. Disclosure of the securities attached to the bank loan is made in note 16.

Also included in the bank overdraft and other borrowings figure is £671,000 (2013 - £2,129,000) relating to invoice discounting which is secured by a fixed and floating charge over the related trade debtor balances within the group.

16. CREDITORS:
Amounts falling due after more than one year

	Group		Company	
	2014	2013	2014	2013
	£000	£000	£000	£000
Bank loans	653	758	-	-
Shareholder loans	5,812	5,382	5,812	5,382
Amounts owed to group undertakings	-	-	200	200
Other creditors	61	296	-	-
Shareholder loan interest - accrued not yet capitalised	348	322	348	322
Preference share capital (See note 18)	3,791	4,332	3,791	4,332
Rolled up preference dividends	3,149	2,904	3,149	2,904
	13,814	13,994	13,300	13,140

Disclosure of the terms and conditions attached to the non-equity shares is made in note 18.

BUTTERS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2014

16. CREDITORS:

Amounts falling due after more than one year (continued)

Creditors include amounts not wholly repayable within 5 years as follows:

	Group		Company	
	2014	2013	2014	2013
	£000	£000	£000	£000
Repayable by instalments	7,173	3,954	6,940	3,616
Repayable other than by instalments	6,160	5,704	6,160	5,704
	13,333	9,658	13,100	9,320

Bank loan

The bank loan is secured by a debenture creating a first legal charge over the freehold property at Kellet Gate, Spalding, Lincolnshire, a fixed and floating charge over all the properties and assets of the group and by an unlimited cross-guarantee between Butters Properties Limited, Keith Butters Limited, Butters Flowers Limited, Castlegate 363 Limited and Verde Horticulture Limited.

Shareholders' loan

The principle amount of the notes constituted by this instrument is limited to £3,851,000. The notes were fully subscribed by ordinary shareholders and are repayable on the earlier of an exit event or the twelfth anniversary of issue, being 22 August 2020. An exit event is a flotation, sale or disposal. Payment of all sums including interest is secured by each group company on the terms and subject to the conditions of the debenture and the guarantee, and is fully subordinated to the bank.

Interest is payable at 8% per annum and is rolled up to the principal annually on 31 December each year.

Preference shares

Disclosure of the repayment terms attached to the preference shares is made in note 18.

BUTTERS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2014

17. DEFERRED TAXATION

	Group		Company	
	2014	2013	2014	2013
	£000	£000	£000	£000
At beginning of year / period	24	(37)	-	-
Movement in the year / period	(22)	61	-	-
At end of year / period	2	24	-	-

The deferred taxation balance is made up as follows:

	Group		Company	
	2014	2013	2014	2013
	£000	£000	£000	£000
Accelerated capital allowances	44	(13)	-	-
Losses and other deductions	(46)	37	-	-
	(2)	24	-	-

A deferred tax asset of £401,000 (2013 - £322,000) has not been recognised in the company balance sheet of Butters Group Limited because there is insufficient evidence that the balance will prove recoverable.

BUTTERS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2014

18. SHARE CAPITAL

	2014 £000	2013 £000
Shares classified as capital		
Allotted, called up and fully paid		
226,000 A Ordinary shares of £1 each	226	226
31,000 Ordinary shares of £1 each	31	31
	<u>257</u>	<u>257</u>

The share capital of the company also incorporates 1 B Ordinary share of £1 and 1 C Ordinary share of £1, which do not feature in the analysis above due to rounding.

Shares classified as debt

Allotted, called up and fully paid		
5,415,542 Preference shares of £1 each	5,416	5,416
	<u>5,416</u>	<u>5,416</u>

Preference shares

As disclosed in the Articles of Association and subject to the Companies Act 2006, 10% of preference shares are redeemable annually on 31 March each year commencing in 2013. The company must redeem all preference shares in issue upon the occurrence of a sale or listing. A preference dividend equivalent to an interest rate of 8% is compounded 6 monthly with payment made at the same time as the preference shares are redeemed.

BUTTERS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2014

19. RESERVES

	Profit and loss account £000
Group	
At 1 October 2013	(9,142)
Loss for the financial year	(1,469)
	<u>(10,611)</u>
At 30 September 2014	<u>(10,611)</u>
Company	Profit and loss account £000
At 1 October 2013	(5,878)
Loss for the financial year	(1,190)
	<u>(7,068)</u>
At 30 September 2014	<u>(7,068)</u>

20. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

	2014 £000	2013 £000
Group		
Opening shareholders' deficit	(8,885)	(5,163)
Loss for the period	(1,469)	(3,722)
	<u>(10,354)</u>	<u>(8,885)</u>
Closing shareholders' deficit	<u>(10,354)</u>	<u>(8,885)</u>
Company	2014 £000	2013 £000
Opening shareholders' deficit	(5,621)	(4,261)
Loss for the period	(1,190)	(1,360)
	<u>(6,811)</u>	<u>(5,621)</u>
Closing shareholders' deficit	<u>(6,811)</u>	<u>(5,621)</u>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own profit and loss account.

BUTTERS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2014**

21. NET CASH FLOW FROM OPERATING ACTIVITIES

	Year ended 30 September 2014 £000	Period ended 30 September 2013 £000
Operating loss	(92)	(2,297)
Amortisation of intangible fixed assets	518	582
Depreciation of tangible fixed assets	514	503
Impairments of fixed assets	-	700
Profit on disposal of tangible fixed assets	-	(55)
(Increase)/decrease in stocks	(695)	121
Decrease/(increase) in debtors	3,287	(351)
Decrease in creditors	(1,213)	(1,451)
Reassessment of fair value	22	-
Net cash inflow/(outflow) from operating activities	2,341	(2,248)

22. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	Year ended 30 September 2014 £000	Period ended 30 September 2013 £000
Returns on investments and servicing of finance		
Bank Interest paid	(121)	(127)
Taxation		
Corporation tax repaid/(paid)	-	(95)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(494)	(579)
Sale of tangible fixed assets	18	60
Net cash outflow from capital expenditure	(476)	(519)
Acquisitions and disposals		
Cost of acquisition of component	-	(44)

BUTTERS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2014

22. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)

	Year ended 30 September 2014 £000	Period ended 30 September 2013 £000
Financing		
Repayment of loans	(105)	(161)

23. ANALYSIS OF CHANGES IN NET DEBT

	1 October 2013 £000	Cash flow £000	Other non-cash changes £000	30 September 2014 £000
Cash at bank and in hand	3	421	-	424
Bank overdraft and other borrowings	(2,238)	1,218	-	(1,020)
	<u>(2,235)</u>	<u>1,639</u>	<u>-</u>	<u>(596)</u>
Debt:				
Debts due within one year	(1,877)	105	(1,136)	(2,908)
Debts falling due after more than one year	(13,698)	-	(54)	(13,752)
	<u>(17,810)</u>	<u>1,744</u>	<u>(1,190)</u>	<u>(17,256)</u>

24. MAJOR NON-CASH TRANSACTIONS

Transactions included within the non-cash changes above represent £735,000 of preference dividends rolled up during the period and £455,000 of accrued interest on the shareholders' loan balance.

25. CONTINGENT LIABILITIES

The company has entered into a cross guarantee with other group companies for an amount of £1,377,000 (2013 - £3,192,000) to the group's bankers at the year end.

26. PENSION COMMITMENTS

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £56,000 (2013 - £56,000). Contributions totalling £56,000 (2013 - £48,000) were payable to the fund at the balance sheet date and are included in creditors.

BUTTERS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2014

27. OPERATING LEASE COMMITMENTS

At 30 September 2014 the group had annual commitments under non-cancellable operating leases as follows:

Group	Land and buildings		2014 £000	Other 2013 £000
	2014 £000	2013 £000		
Expiry date:				
Within 1 year	-	-	14	92
Between 2 and 5 years	227	190	165	101
After more than 5 years	-	275	-	-

28. FINANCIAL COMMITMENTS

At the balance sheet date the group had entered into foreign currency forward contracts of £13.2 million (2013 - £5.9 million) to cover part of future overseas purchases. The fair value of these contracts, which is not recognised in these financial statements, is a liability of £182,000 (2013 - liability of £40,000).

29. RELATED PARTY TRANSACTIONS

These financial statements consolidate information about the company and all of its subsidiary undertakings. Accordingly, the company has taken advantage of the exemption in FRS 8 Related Party Transactions from disclosing transactions with other members of the group.

During the year Bestport Ventures LLP invoiced the company £25,000 (2013 - £31,000) in respect of the services provided by O Bettum as a director. This is included in the directors remuneration note. The balance outstanding at the year end was £Nil (2013 - £Nil).

BUTTERS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2014

Included within shareholders loans due after more than one year are the following amounts relating to amounts loaned to the company and group in the prior year. Amounts owed to related parties in relation to loan notes at 30 September 2014:

	Shareholders loan capital	Accrued shareholder loan interest	Total
	£000	£000	£000
R F M Adair	5,052	302	5,354
Others	760	46	806
	<u>5,812</u>	<u>348</u>	<u>6,160</u>

Amounts owed to related parties in relation to loan notes at 30 September 2013:

	Shareholders loan capital	Accrued shareholder loan interest	Total
	£000	£000	£000
R F M Adair	4,684	281	4,965
Others	698	41	739
	<u>5,382</u>	<u>322</u>	<u>5,704</u>

Interest charged on shareholders loans through the profit and loss account amounted to:

	2014	2013
	£000	£000
R F M Adair	396	453
Others	59	68
	<u>455</u>	<u>521</u>

Amounts owed to related parties in relation to preference shares at 30 September 2014:

	Preference share capital	Rolled up preference dividends	Total
	£000	£000	£000
J N Hooper	47	38	85
R F M Adair	3,718	2,971	6,689
Others	1,651	1,318	2,969
	<u>5,416</u>	<u>4,327</u>	<u>9,743</u>

BUTTERS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2014

Amounts owed to related parties in relation to preference shares at 30 September 2013:

	Preference share capital	Rolled up preference dividends	Total
	£000	£000	£000
J N Hooper	47	26	73
R F M Adair	3,718	2,473	6,191
Others	1,651	1,093	2,744
	<u>5,416</u>	<u>3,592</u>	<u>9,008</u>

Rolled up dividends charged on preference shares through the profit and loss account amounted to:

	2014 £000	2013 £000
J N Hooper	6	7
R F M Adair	505	576
Others	224	256
	<u>735</u>	<u>839</u>

30. POST BALANCE SHEET EVENTS

On 18th March 2015, the company passed resolutions at general and class meetings amending the Articles of association and restructuring preference share and loan note holdings. An unaudited illustration of the restructure is shown in the directors' report using the group balance sheet at 30th September 2014 as a reference, the result converts the equivalent of £13.6m of previously classified debt into separate classes of ordinary shares, pari passu.

In 2013-14, the annual interest and accrued preference dividend charged to the profit and loss account was £1.2m, this restructure will significantly reduce this charge.

31. CONTROLLING PARTY

Bestport Ventures LLP is the manager of an investment fund being the majority shareholder of Butters Group Limited.

In the opinion of the directors there is no single ultimate controlling party.