

REGISTERED NUMBER: 07731420 (England and Wales)

**AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2018
FOR
HILLVIEW GARDEN CENTRES (REDDITCH) LTD**

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FOR THE YEAR ENDED 31 JANUARY 2018**

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HILLVIEW GARDEN CENTRES (REDDITCH) LTD

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 JANUARY 2018**

DIRECTORS:

B J Douglas-Davies
L S Ditz
M S Gordon

REGISTERED OFFICE:

Harben House
Harben Parade
Finchley Road
LONDON
NW3 6LH

REGISTERED NUMBER:

07731420 (England and Wales)

AUDITORS:

KBSP Partners LLP
Chartered Accountants
Statutory Auditors
Harben House
Harben Parade
Finchley Road
LONDON
NW3 6LH

HILLVIEW GARDEN CENTRES (REDDITCH) LTD (REGISTERED NUMBER: 07731420)

**BALANCE SHEET
31 JANUARY 2018**

	Notes	2018 £	£	2017 £	£
FIXED ASSETS					
Tangible assets	5		3,660,741		3,595,463
CURRENT ASSETS					
Stocks	6	2,222,948		330,930	
Debtors	7	762,989		495,093	
Cash at bank and in hand		106,834		38,593	
		3,092,771		864,616	
CREDITORS					
Amounts falling due within one year	8	4,413,029		1,872,977	
NET CURRENT LIABILITIES			(1,320,258)		(1,008,361)
TOTAL ASSETS LESS CURRENT LIABILITIES			2,340,483		2,587,102
CREDITORS					
Amounts falling due after more than one year	9		2,790,702		2,648,514
NET LIABILITIES			(450,219)		(61,412)
CAPITAL AND RESERVES					
Called up share capital	12		350,000		250,000
Retained earnings			(800,219)		(311,412)
SHAREHOLDERS' FUNDS			(450,219)		(61,412)

The financial statements have been prepared and delivered in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

In accordance with Section 444 of the Companies Act 2006, the Profit and loss account has not been delivered.

The financial statements were approved by the Board of Directors on 30 October 2018 and were signed on its behalf by:

B J Douglas-Davies - Director

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2018**

1. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the provisions of Section 1A "Small Entities" of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. Under Companies Act 2006, Section 454, on a voluntary basis, the directors can amend the financial statements if they subsequently prove to be defective.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Going concern

The company meets its day-to-day working capital requirements through careful management of working capital positions. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, with the continued financial support from its parent company and fellow subsidiary undertakings, and the continued availability of the group bank overdraft and loan facility. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Significant judgements and estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

i) Critical judgement in applying the entity's accounting policies

There are no judgements in applying the entity's accounting policies that have a significant risk of causing a material misstatement to the financial statements.

ii) Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

(b) Taxation

The company establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities.

Turnover

Turnover represents garden centre takings, net of discounts and value added tax.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JANUARY 2018

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- 2% on cost
Plant and machinery	- 10% on cost
Fixtures and fittings	- 20% on cost
Computer equipment	- 25% on cost

Depreciation is charged to administrative expenses in the profit and loss account.

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the statement of comprehensive income.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

At the end of each reporting period stock is assessed for impairment. If an item of stock is impaired, it is reduced to its selling price less costs to sell and an impairment charge is recognised in the profit and loss accounts. Where a reversal of the impairment is recognised the impairment charge is reversed, upto the original impairment loss and is recognised in the profit and loss account.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JANUARY 2018

2. **ACCOUNTING POLICIES - continued**

Deferred tax cont.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period and that are expected to apply to the reversal of timing difference.

Foreign currencies

(i) Functional and presentational currency

The company's functional and presentational currency is Pound Sterling for all years presented.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using spot exchange rates at the date of transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss account within 'finance (expenses)/income'. All other foreign exchange gains and losses are presented in the profit and loss account within 'Other operating (losses)/gains'.

Hire purchase and leasing commitments

Rentals paid under operating leases are charge to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company contributes to money purchase pension schemes for the benefit of certain employees. Contributions payable are charged to the profit and loss account in the period to which they relate.

Financial instruments

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where a transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. 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 and loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payable, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at present value of the future receipts discounted a market rate of interest.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JANUARY 2018**

2. ACCOUNTING POLICIES - continued

Financial liabilities cont.

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

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts 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 payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Financial assets and liabilities are offset and 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.

Cash and cash equivalents

Cash includes cash in hand and deposits held with banks. Bank overdrafts, when applicable, are shown within borrowings in current liabilities. Cash equivalents are highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the statement of comprehensive income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as deduction, net of tax, from the proceeds.

3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 289 (2017 - 27) .

4. AUDITORS' REMUNERATION

	2018	2017
	£	£
Fees payable to the company's auditors for the audit of the company's financial statements	<u>38,341</u>	<u>7,501</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JANUARY 2018

5. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Fixtures and fittings £
COST OR VALUATION			
At 1 February 2017	3,082,397	412,866	187,390
Additions	-	138,803	5,798
Disposals	-	(1,250)	-
At 31 January 2018	<u>3,082,397</u>	<u>550,419</u>	<u>193,188</u>
DEPRECIATION			
At 1 February 2017	13,088	48,899	92,342
Charge for year	6,193	51,633	23,518
Eliminated on disposal	-	(21)	-
At 31 January 2018	<u>19,281</u>	<u>100,511</u>	<u>115,860</u>
NET BOOK VALUE			
At 31 January 2018	<u>3,063,116</u>	<u>449,908</u>	<u>77,328</u>
At 31 January 2017	<u>3,069,309</u>	<u>363,967</u>	<u>95,048</u>
	Motor vehicles £	Computer equipment £	Totals £
COST OR VALUATION			
At 1 February 2017	1,250	99,537	3,783,440
Additions	-	32,198	176,799
Disposals	(1,250)	-	(2,500)
At 31 January 2018	<u>-</u>	<u>131,735</u>	<u>3,957,739</u>
DEPRECIATION			
At 1 February 2017	-	33,648	187,977
Charge for year	34	27,698	109,076
Eliminated on disposal	(34)	-	(55)
At 31 January 2018	<u>-</u>	<u>61,346</u>	<u>296,998</u>
NET BOOK VALUE			
At 31 January 2018	<u>-</u>	<u>70,389</u>	<u>3,660,741</u>
At 31 January 2017	<u>1,250</u>	<u>65,889</u>	<u>3,595,463</u>

6. STOCKS

	2018 £	2017 £
Stocks	<u>2,222,948</u>	<u>330,930</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JANUARY 20187. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2018	2017
	£	£
Trade debtors	9,384	1,445
Amounts owed by group undertakings	242,418	377,707
Other debtors	12,416	33,846
VAT	-	21,224
Deferred tax asset	304,695	35,329
Prepayments and accrued income	194,076	25,542
	<u>762,989</u>	<u>495,093</u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

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

	2018	2017
	£	£
Bank loans and overdrafts	772,966	946,301
Trade creditors	2,090,021	403,249
Amounts owed to group undertakings	890,474	427,895
Social security and other taxes	41,512	11,014
VAT	167,825	-
Other creditors	235,664	52,571
Directors' current accounts	113,248	9,848
Accrued expenses	101,319	22,099
	<u>4,413,029</u>	<u>1,872,977</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

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

	2018	2017
	£	£
Other loans more 5yrs non-inst	<u>2,790,702</u>	<u>2,648,514</u>
Amounts falling due in more than five years:		
Repayable otherwise than by instalments		
Other loans more 5yrs non-inst	<u>2,790,702</u>	<u>2,648,514</u>

"Other loans" due in over 5 years are interest free.

The directors have not measured "Other loans" at net present value on the basis that this treatment reflects the substance of the transaction. This is a departure from the requirements of FRS 102. If the "Other loans" balance was discounted to net present value the effect on the accounts would be as follows: - a reduction in the loan balance of £441,006 and an addition to the capital contribution reserve of the same amount. In future years the discounting would be unwound through the profit and loss account to the "Other loans" cash value at the expected date of repayment.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JANUARY 2018**

10. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2018	2017
	£	£
Within one year	396,814	7,266
Between one and five years	1,380,875	-
In more than five years	3,270,300	-
	<u>5,047,989</u>	<u>7,266</u>

Operating lease commitments above include £4,829,300 relating to leasehold properties held by fellow subsidiaries. These commitments are included here because this company uses those properties for its garden centre trade and in practice will settle rent payable demands as they fall due.

Operating lease commitments totalling £1,584,000 are included above that relate to a leasehold property, owned by a fellow subsidiary, that was sold subsequent to the year end.

11. SECURED DEBTS

The following secured debts are included within creditors:

	2018	2017
	£	£
Bank overdrafts	<u>772,966</u>	<u>946,301</u>

12. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2018	2017
			£	£
350,000	Ordinary	£1	<u>350,000</u>	<u>250,000</u>

During the year 100,000 Ordinary shares of £1 each were allotted and fully paid at par, through a partial conversion of a loan from the parent company.

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

13. DISCLOSURE UNDER SECTION 444(5B) OF THE COMPANIES ACT 2006

The Report of the Auditors was qualified on the following basis:

Basis for qualified opinion on financial statements

Trevor Berkley FCA (Senior Statutory Auditor)
for and on behalf of KBSP Partners LLP

The accounts do not measure an interest free long term loan from a group company at net present value, which is a departure from the requirements of FRS 102. The effect of this on the accounts is explained in Note 9.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JANUARY 2018**

14. CONTINGENT LIABILITIES

During the prior year the company entered into a cross guarantee agreement along with its parent and fellow subsidiaries relating to a group wide bank overdraft facility. During the current and prior year, the company has no contingent liability in relation to this bank overdraft facility since the overdraft is included in full on this company's balance sheet.

The company also entered into a cross guarantee and pledged its freehold property as security on its parent company's bank loan. At the year end the balance on this loan was £2,274,311 (2017: £2,415,235).

15. POST BALANCE SHEET EVENTS

Post year end the trade and assets of Studley Green Garden Centre, which forms part of Burford House Garden Store Limited, a fellow subsidiary, was sold to a third party. The fixed assets of this site will be disposed of in Burford House Garden Store, and its trade will cease in the accounts of Hillview Garden Centres (Redditch) Limited.

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