We just keep growing...

Blue Diamond Limited

ANNUAL REPORT & CONSOLIDATED FINANCIAL STATEMENTS

2020

BLUE DIAMOND®

Inspirational retailing with a point of difference.
We offer style, emotion and innovation for the home and garden.
Striving to create an aspirational environment that encourages
loyalty and satisfaction for all our customers.

Blue Diamond Limited
ANNUAL REPORT & CONSOLIDATED FINANCIAL STATEMENTS
2020

BLUE DIAMOND LIMITED
(Incorporated in Guernsey, Channel Islands)

DIRECTORS

S. Burke	(Chairman)
A. Roper	(Managing Director)
R.J. Hemans	(Finance Director)
Sir John Collins	
C.L. Williams	
T.Carey	
D. Ummels	

COMPANY SECRETARY
R.J. Hemans

REGISTERED NUMBER
12307 (Guernsey)

REGISTERED OFFICE
Rue du Friquet
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Guernsey GY5 7SS
Channel Islands

INDEPENDENT AUDITOR
BDO LLP
Arcadia House
Maritime Walk
Ocean Village
Southampton
SO14 3TL

BANKERS
The Royal Bank of Scotland
International Limited
(Trading as NatWest International)
1 Glategny Esplanade
St. Peter Port
Guernsey GY1 4BQ
Channel Islands

LEGAL REPRESENTATIVES
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Les Banques
St. Peter Port
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Channel Islands

UNITED KINGDOM
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London
United Kingdom

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I am very pleased to report a truly record year for Blue Diamond, with profit before tax up 64% to £23.5m on sales up 11% to £201m. Our year end net debt was just £5.3m which is 0.2 times EBITDA and a gearing ratio of 4%.

Shareholders will have seen from our various updates the roller-coaster nature of the year, but the key factor producing these results has been the sustained strong garden centre trading, focused on plants and garden products, that we saw from the end of the first lockdown in May 2020 right up to Christmas.

Overall, this produced an 11% increase in sales, whilst like-for-like sales were flat year on year. Within this, however, garden centre sales grew by 24% (12% like-for-like) whereas restaurant sales fell by 42% (46% like-for-like). Once again, the ex-Wyevale stores were the best performers, with garden centre sales growth averaging 25% across the year.

Gross margins overall declined slightly to 49.8%, but this was purely due to the reduced mix of restaurant sales and underlying margins actually improved, mainly because of a lower element of promotional discounting.

It is at the net profit level, however, that we saw a dramatic increase in performance. This year's profit before tax represented an 11.7% return on sales and a 17.3% return on capital employed, compared with 7.9% and 14% respectively last year. This magnified result is partly due to the way in which the strong sales were concentrated into only a part of the business and part of the year, where we kept costs tight and thus saw much of the benefit in profits. On the other hand, in the parts of the business, or the parts of the year, where sales were badly hit by restrictions, then the mitigating actions we took, and the support we received, meant that the profit impact was curtailed.

In this context I want to acknowledge the support we received from Government, landlords and other parties during the year, especially during the period of closure of the entire business. The Coronavirus Job Retention Scheme (furlough), in particular, achieved its purpose in enabling us to retain almost all of our colleagues in employment during closure, and to continue to retain restaurant colleagues up to now. Without this scheme we would have been forced to lay off the great majority, which would have been a tragedy for them and for Blue Diamond.

In total we received £10.1m across all forms of Government financial support, and against this we calculate that full and partial closures have cost us £21m from the gross profit impact of lost sales. In the case of lost garden centre sales (about half the total), some of this may have come back following re-opening.

It is difficult to estimate any sort of underlying performance for 2020. We can say with reasonable confidence that the business would have progressed well had there been no virus. As I said in my last report to you, I do believe that some of the benefit of strong trading seen in the second half will continue in the longer term. But having said this, I believe we should see some of that performance as a 'spike' brought on by the impact of Covid.

The Company has ended the year in a very strong cash position, with net debt in the lowest position I have seen in my time with Blue Diamond. The enhanced profitability has played an important part in this, but so have the cash-conserving measures taken during the year, in particular the reduction in capital investment and the suspension of the 2019 final dividend.

The Board has given careful consideration to the question of dividends. As is clear from these figures, there is no longer a case for suspending the 2019 final dividend and so we propose to reinstate it at the rate of 4.7 pence per share, which is in line with our published dividend policy. We aim to pay this dividend as soon as practicable. As for the final dividend for 2020, we believe it should be based on a sustainable level of profitability. We are also mindful that without Government support our profit would have been much lower and that taxpayers' money should not be used to fund a dividend. On this basis we propose a final dividend of 5.5 pence per share making a total for 2020 of 7.5 pence per share. We are also proposing, from this payment onwards, to offer shareholders the option of receiving a scrip dividend (that is, paid in additional shares rather than in cash) if they choose to do so. Details of this will be included with the AGM notice.

Our experience of 2020 has left us confident in the future prospects for Blue Diamond. Our strong cash position will enable us to resume investment in our estate, in particular to continue the process of upgrading the ex-Wyevale stores which has been so beneficial to date, but also including major investment into some of our core centres, starting with Newbridge in 2021. Early trading results for this year have been encouraging, even though the further lockdowns have had an impact and we are still without our restaurants. Against this, you may have seen news of the pressure on freight costs from the Far East and this is likely to have a very material effect on our garden furniture profitability this year.

We have rarely if ever had to prepare a budget in circumstances of such uncertainty and so it is very difficult to predict how the business will perform overall in 2021. Trade in the first four months of the year has been very strong, despite having no restaurants. However there remains a lot of uncertainty, and from June we will be comparing against excellent trading figures in 2020.

We will therefore continue to manage cautiously, for example committing to capital investment in stages as we see how trading unfolds during the year, and ensuring that we maintain generous headroom in our debt facilities. At the end of March 2021, we refinanced our borrowings with a club arrangement involving RBSI and Barclays. This arrangement reflects the increased size of the business, spreads risk, and brings financial benefits from competition between lenders.

We are thus very well placed to meet whatever conditions we face in 2021 and beyond, to continue to build the underlying strength and profitability of the business, and to take advantage of whatever opportunities may present themselves in coming years.

I announced to you previously that, very sadly for us, Sir John Collins has told us he will retire from the Board after the AGM in 2021. John has been a huge influence for good, and takes much credit for persuading the Board of the opportunity available to the Company, thus starting the chain of events which has enabled Blue Diamond to grow so successfully in recent years. Chairmen often note how a retiring director will be missed, but it has never been more true than in this case. Thank you, John, for the many great things you have done for us in your time on the Board.

I am very pleased that David Ummels has joined our Board. David has a strong background in the financial world and will be well known to many in Guernsey, in particular for his remarkable work in support of the arts on the island. David will in due course take over as chair of our Audit Committee when John steps down. Meantime we also tendered the Company's audit during the year and as a result have switched from BDO Guernsey to BDO Southampton.

I never conclude my report to you without acknowledging the contribution of the Blue Diamond team to our results. This has been a year requiring extraordinary efforts, and we have seen them across the business and throughout the year. Whether it was just coming into work whilst the virus was spreading in the community, or helping build our vital delivery operation during lockdown, or managing the huge swings in demand, or helping customers cope with Covid-safe shopping, so many of our colleagues made contributions above and beyond anything normal. On your behalf I thank them one and all for this spirit, which makes Blue Diamond the successful business it is.

Simon Burke - Chairman
6 May 2021

"...The average spend increase turbo-charged sales to enable the garden centres to deliver a turnover of £181m (excluding restaurants), which was nearly £7m above the original sales budget and £35m ahead of 2019. Our like for like garden centre sales increase was 9.7% up against the industry (GCA) performance of 2.7%."

Alan Roper - Managing Director

2020 was a year in which having perfect vision would still not have enabled you to predict the outcome.

In March lockdown meant that all our businesses were closed for an unspecified period at the start of our peak trading season for gardening. The industry's reaction to managing a period with cash out obligations, but no cash in, varied. Many mothballed their businesses by furloughing all their employees to conserve cash, whereas I decided that we needed to act quickly to generate positive cash flow even though this meant keeping many employees on the payroll. There was at this point no indication of when we might be able to re-open. In the event the garden centres remained closed for 8 weeks until the 13th May. The restaurants did not all fully open until the end of July only to close again on the 4th November.

Working with my team we quickly established a home delivery operation, which meant establishing a call centre for our customers to phone through their orders. By the latter stages of the lockdown period, we had loaded our website with all our gardening products and customers were able to order online. We established a set of new protocols because effectively this was a new business and benchmarked productivity by centre to ensure we maximised delivery volumes.

The first week of home delivery generated sales including VAT of £588k, by the second week £975k, and by the fifth week we were generating £2m of cash per week. The business owes a debt of gratitude to those employees that opted to remain at work rather than furlough themselves. We have since financially rewarded these employees for their loyalty and hard work. The home delivery operation during lockdown was a very pressured and intense working environment.

The next challenge was to open and operate within the Covid customer and employee safety guidelines. The only way forward was to calculate exactly how many customers were allowed per square metre based on Government guidelines. We worked this out to finite detail and prevailed upon the stores to work to these numbers. In many stores we introduced a traffic light system that counted people in and out, thus changing the lights from red, meaning stay outside, to green, meaning enter. It was vitally important to remove human judgement from the process of customer management, be it the customer's or the employee's judgement. Overt risk-averse judgements from either party would have resulted in knee-jerk reactions within the stores, limiting the number of customer transactions processed in a day. Thus, we processed the maximum number of customers within the centres within the parameters of the Covid safety guidelines. Our stores were regularly checked by local authorities, particularly when a risk-averse individual had perceived an unsafe environment, and we were always found to be operating within the safety rules.

This approach can be seen to have been successful when we compare our footfall for the year to the GCA (Garden Centre Association), see table below. By comparison in a normal year as represented by 2019, footfall was up for the industry by 2.4% compared to Blue Diamond up by 5.1%.

TRADING TRENDS FOR 2020

BD average year to date excluding Wyevale stores

GARDEN CENTRE SALES	% variance
GCA Average	2.7
BD Average	9.7

GARDEN CENTRE CUSTOMER NUMBERS	% variance
GCA Average	-21.7
BD Average	-12.7

The industry footfall was down by 21.7% compared to 12.7% for Blue Diamond. These are like-for-like figures and excludes data from our recent Wyevale acquisitions. Sales would therefore have been £19.3m (£8.9m gross profit) lower had our footfall performance been aligned with the industry's.

Another impact on trade caused by Covid was average spend. In 2019 average spend was up 5%, last year average spend was up by 28%. The average spends increased due to the filtering out of the browsing shopper, which shifted the shopper type to the must-have shopper. In addition, lockdown restricted people's activities to their homes and gardens, thus focussing consumer spending on these two areas.

The average spend increase turbo-charged sales to enable the garden centres to deliver a turnover of £181m (excluding restaurants), which was nearly £7m above the original sales budget and £35m ahead of 2019. Our like for like garden centre sales increase was 9.7% up against the industry (GCA) performance of 2.7%.

However, the restaurants were closed for five months last year, meaning restaurant like-for-like sales dropped by 46%, reducing the gross profit contribution against budget by £14.1m. This deficit was partly offset by the government business support initiatives, which totalled £10.1m.

The year ended with a very successful Christmas trading period, which saw sales up 29% compared to the industry (GCA) average performance of 10.5%.

Wyevale acquisition progress

Nine of the Wyevale centres were purchased in August 2018 and seven were purchased in September 2019.

The table below illustrates the growth we have generated within these businesses in our short period of ownership. The Wyevale 9 are up 83% in gross profit from £11.6m in 2018 to £21.2m in 2020.

	GROSS PROFIT					
	2020	2019	2018	£ Var 20 vs 19	% Var 20 vs 19	% Var 20 vs 18
GROUP	83,874,051	70,095,970	60,977,121	13,778,081	20%	38%
GROUP EXCLUDING ALL WYEVALE	53,514,563	47,089,948	43,080,184	6,424,615	14%	24%
WYEVALE (ALL)	30,359,489	23,006,022	17,896,936	7,353,467	32%	70%
WYEVALE 9	21,195,905	16,601,250	11,573,420	4,594,655	28%	83%
WYEVALE 7	9,163,584	6,404,772	6,323,517	2,758,812	43%	45%

Later this year in 2021 the ground will be broken to make way for two new Blue Diamond centres. One at Scotch Corner and the other on the Elveden Estate in Suffolk.

Finally, my thanks to the extraordinary efforts, commitment and loyalty made by our employees in this extraordinary, challenging year.

Alan Roper - Managing Director
6 May 2021

BLUE DIAMOND DELIVERS WHEN IT REALLY COUNTS

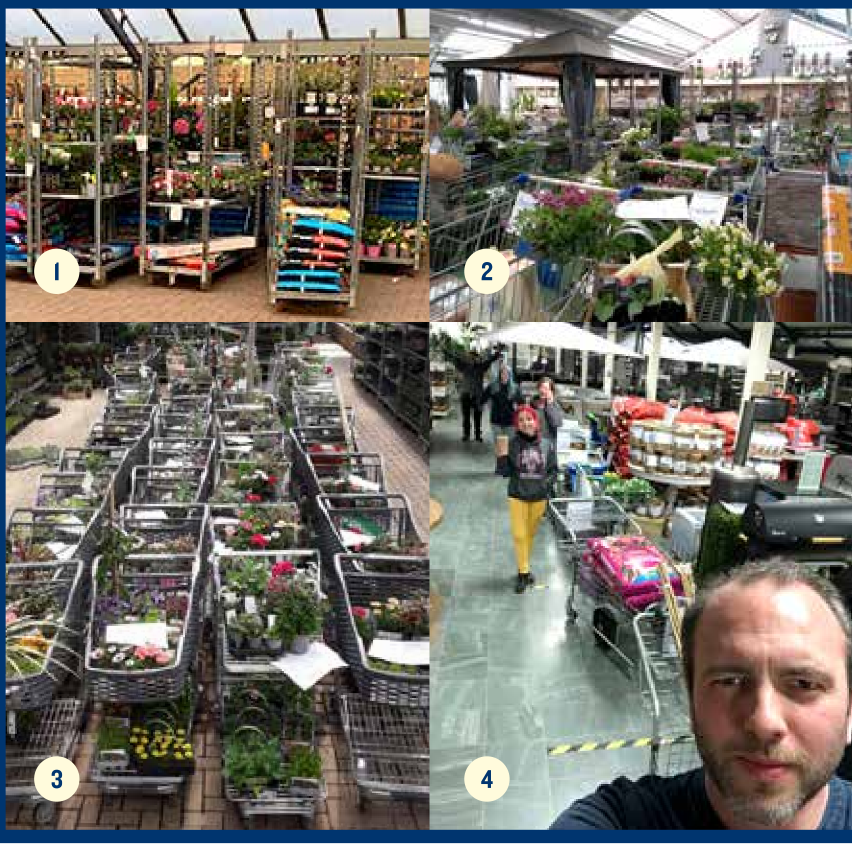
March 2020 saw the start of something no one could have predicted, a national lockdown due to the emerging threat of Coronavirus. This coincided with the beginning of our peak trading season for gardening and while it saw the majority of garden centres conserving cash by temporarily closing, Blue Diamond saw an opportunity to continue trading and maintain cash flow.

Through decisive action and planning, our home delivery service was born. We quickly established a call centre to take phone orders which evolved into an online ordering system as the lockdown endured. Orders were packed and organised in selected centres so they could be efficiently dispatched by our volunteer drivers.

The lockdown home delivery operation was often a very pressured and intense working environment and Blue Diamond owes a debt of gratitude to those employees that played their part in this pivotal moment. It's also worth mentioning the positive feedback we received from many customers who were so grateful of our support, enabling the continuation of their gardening passions and in turn helping their mental well-being through such a tough and sometimes isolating time.

WELL DONE BLUE DIAMOND!

The first week of home delivery generated sales including VAT of £588k, by the second week £975k, and by the fifth week we were generating £2m of cash per week.



1. Harlow Garden Centre
2. Newbridge Garden Centre
3. Percy Thrower's Garden Centre
4. Weighbridge Garden Centre

SCOTCH CORNER
Introducing our 'angel of the north'

Despite these challenging times, we continue to spread our wings and as part of this growth, Blue Diamond are pleased to announce work has begun on our fourth purpose-built, and largest ever, garden centre. Sited on a newly developed retail park just off the A1, Scotch Corner Garden Centre marks our first foray into north east England. The main building, totalling 8446m^2, combines retail space, warehousing, Eat & Play children's area, restaurant and a Kipling Pâtisserie. In addition, there is a covered plant area occupying 1896m^2 plus an external plant area of 3907m^2.

Scotch Corner Garden Centre is due to open in Spring 2023.

THE MAGNIFICENT SEVEN
Our centre refurbishments for 2020

Last year the focus was very much on refurbishing the 7 former Wyevale sites acquired in 2019:

1. Bridgemere Garden Centre (this page)
Plants, sundries, furniture and fashion in January-March 2020.
House plants, books, cards in November 2020.

2. Hereford Garden Centre
Plants and sundries in covered area January-March 2020.
Small fashion set up in March 2020. Shop tidied up with old Wyevale shop fit. A new shop fit in home and cards early 2020.

3. Lower Morden Garden Centre
Full internal refurbishment of all retail areas in January-March 2020.

4. Percy Thrower's Garden Centre
Refurbishment of kitchen area in August 2020.

5. Rake Garden Centre
Full refurbishment internally and externally in January-March 2020.

6. Tunbridge Wells Garden Centre
Full refurbishment internally and externally in January-March 2020.

7. Worcester Garden Centre
Full refurbishment internally and externally in January-March 2020.

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Directors’ Report for the year ended 31 December 2020

The Directors submit their report and the audited financial statements of the Group for the year ended 31 December 2020. The Consolidated Financial Statements have been prepared on the basis set out in note 2 to the financial statements. The Company is incorporated in Guernsey.

Directors’ responsibilities statement
The Directors are responsible for preparing the Directors’ Report and the Consolidated Financial Statements in accordance with applicable law and generally accepted accounting practice.

Company law in Guernsey 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 Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies for the Group’s financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the Consolidated Financial Statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group’s transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the Consolidated Financial Statements comply with the Companies (Guernsey) Law, 2008. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in Guernsey governing the preparation and dissemination of Consolidated Financial Statements and other information included in Directors' Reports may differ from legislation in other jurisdictions.

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 each Director is aware, there is no relevant audit information of which the Group’s auditor is unaware, and
- each Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Group’s Auditor is aware of that information.

Principal activity
The principal activity of the Group is the operation of garden centres.

Results and dividends
The results of the Group for the year are set out in detail on page 16.

An interim dividend for the year ended 31 December 2020 of 2p per share totalling £690,000 was paid on 3 December 2020.

The Directors have declared a final dividend for the year ended 31 December 2019 of 4.7p per share, which will be paid on 7 May 2021 to those shareholders on the register at 30 April 2021.

The Directors have also declared a final dividend for the year ended 31 December 2020 of 5.5p per share, which will be paid on 15 June 2021 to those shareholders on the register at 31 May 2021.

Going concern
The financial statements have been prepared on the going concern basis as the Directors have prepared detailed budgets for a period of at least 12 months from the date of signing the accounts which show that the Company is expected to be able to meet all its liabilities as they fall due. However, it is acknowledged that the global and UK outbreak of COVID-19 has had a profound impact on the global and UK economy and businesses.

As a result of the market uncertainty due to the ongoing COVID-19 situation, the possible impact on available cash during the next 12 months trading has been modelled under a range of assumptions and sensitivities. As part of this, the Directors have produced a detailed going concern stress test. The conclusion of our stress test is that the business could sustain the loss of more than £52m (30%) of turnover over the course of the 12 months following the date of the financial statements, without exceeding current banking facilities.

Going concern (continued)

The Group is expected to remain in a strong financial position during the forecast period from the date of signing the accounts. The Directors are confident of being able to trade for a period of at least 12 months from the approval of the financial statements and have therefore concluded that it is appropriate for the financial statements to be prepared on the going concern basis. Following the Group's refinancing on 31 March 2021, the Group has access to £60m of borrowing facilities until at least 31 March 2024.

Post balance sheet events

On 31 March 2021 the Group refinanced all of its bank loans and facilities, which as at 31 December 2020 totalled £52m. The transaction encompassed a new term loan of £32m and a revolving credit facility of £28m. The term loan is repayable quarterly over fifteen years. The facilities are available for the three years with the option of two 1-year extensions. The Group has also negotiated a £10m accordion facility, which provides additional flexibility to develop and invest in the business.

On 1 April 2021 the Group exercised the call option to purchase the remaining 75% of the share capital of Milton Park (Dorset) Ltd for £1,807,770.

On 29 April 2021 the Directors proposed a final dividend for the year ended 31 December 2019 of 4.7p per share, and a final dividend for the year ended 31 December 2020 of 5.5p per share. The dividends have not been accrued in these financial statements because the dividends were declared after the balance sheet date.

Auditors

During the year, BDO LLP were appointed as the auditor in replacement of BDO Limited. A resolution to re-appoint BDO LLP as auditor will be proposed at the Annual General Meeting.

Directors

The Directors shown below have held office during the whole of the period from 1 January 2020 to the date of this report.

A. Roper	(Managing Director)
R. J. Hemans	(Finance Director)
S. Burke	(Chairman)
Sir J. Collins	
C. L. Williams	
T. Carey	
D. Ummels	(Appointed 1 January 2021)

On behalf of the board:

R. J. Hemans
Director

6 May 2021

Independent Auditor's Report to the Members of Blue Diamond Limited

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2020 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 (Guernsey) Law, 2008.

We have audited the financial statements of Blue Diamond Limited ("the Group") for the year ended 31 December 2020 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, applying Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group 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 Directors' 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 Group'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 Directors with respect to going concern are described in the relevant sections of this report.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the Consolidated Financial Statements and our Auditor's Report thereon. Our opinion on the Consolidated 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 Consolidated 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.

Other Companies (Guernsey) Law, 2008 reporting

We have nothing to report in respect of the following matters where the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Group; or
- the financial statements are not in agreement with the accounting records; or
- we have failed to obtain all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Responsibilities of the Directors

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

In preparing the Consolidated Financial Statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have 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 Consolidated 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- discussions with management regarding consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- evaluation and testing of the operating effectiveness of management's controls designed to prevent and detect irregularities;
- challenging assumptions made by management in their significant accounting estimates in particular in relation to estimation of inventory provisions and assessing whether the judgements made in accounting entries are indicative of potential bias;
- identifying and testing journal entries, in particular any manual journal entries posted to revenue or control accounts and journals posted by senior management;
- reviewing senior management board meeting minutes for evidence of any fraud or non-compliance with laws and regulations.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. 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.

BDO LLP
Chartered Accountants
Southampton

6 May 2021

Consolidated Statement of Comprehensive Income

Year ended 31 December 2020

	Note	2020 £000	2019 £000
Turnover	7	**201,181**	181,590
Cost of sales		**(100,916)**	(88,322)
Gross profit		**100,265**	93,268
Distribution costs		**(549)**	-
Administrative expenses		**(86,544)**	(81,507)
		13,172	11,761
Reversal of revaluation deficit on freehold properties	15	**957**	-
Other operating income	9	**10,265**	3,687
Profit on sale on freehold property		**-**	500
Group operating profit	7	**24,394**	15,948
Share of profit for the year in joint venture and associated undertaking	16	**603**	168
Loss on financial derivatives		**-**	(105)
		24,997	16,011
Interest receivable and similar income	10	**2**	27
Interest payable and similar expenses	11	**(1,450)**	(1,683)
Profit before taxation		**23,549**	14,355
Taxation on profit	12	**(5,689)**	(2,728)
Profit for the financial year		**17,860**	11,627
Earnings per share	28	**51.76p**	33.70p
Other comprehensive income			
Unrealised surplus on revaluation of freehold properties	15	**30,457**	-
Movement in deferred tax relating to revaluation of freehold properties	25	**(3,499)**	-
Other comprehensive income for the year		**26,958**	-
Total comprehensive income for the year		**44,818**	11,627
Profit attributable to: Owners of the parent		**44,818**	11,627

The notes on pages 21 to 49 form part of these financial statements.

Consolidated Balance Sheet

As at 31 December 2020

	Note	2020 £000	2020 £000	2019 (restated) £000	2019 (restated) £000
Fixed assets					
Intangible assets	14		**2,654**		2,826
Tangible fixed assets	15		**133,602**		103,387
Investments	16		**4,093**		3,738
			140,349		109,951
Current assets					
Stocks	17	**27,117**		26,699	
Debtors	18	**10,327**		9,967	
Cash at bank and in hand	19	**32,308**		322	
		69,752		36,988	
Creditors					
Amounts falling due within one year	20	**(72,058)**		(25,988)	
Net current (liabilities)/assets			**(2,306)**		11,000
Total assets less current liabilities			**138,043**		120,951
Creditors					
Amounts falling due after more than one year	21		**(2,886)**		(34,298)
Provisions for liabilities	25		**(6,515)**		(2,139)
Net assets			**128,642**		84,514
Capital and reserves					
Called up share capital	26		**690**		690
Share premium			**5,015**		5,015
Revaluation reserve			**36,130**		9,172
Capital reserve			**9,439**		9,439
Retained earnings			**77,368**		60,198
Total equity			**128,642**		84,514

The financial statements were approved by the Board of Directors and authorised for issue on 6 May 2021 and were signed on its behalf by:

R. J. Hemans
Director

The notes on pages 21 to 49 form part of these financial statements.

Consolidated Statement of Changes in Equity

Year ended 31 December 2020

	Called up share capital £000	Retained earnings £000	Share premium £000
Balance at 1 January 2019 (as previously stated)	690	51,418	5,015
Prior year adjustment (note 3)	-	(901)	-
Balance at 1 January 2019 (as restated)	690	50,517	5,015
Changes in equity			
Profit for the year	-	11,627	-
Transfer of realised gain on disposal of freehold properties	-	159	-
Total comprehensive income	-	11,786	-
Dividends	-	(2,105)	-
Balance at 31 December 2019 (as restated)	690	60,198	5,015
Changes in equity			
Profit for the year	-	17,860	-
Surplus on revaluation of freehold properties (note 15)	-	-	-
Movement in deferred tax relating to revaluation of freehold properties (note 25)	-	-	-
Total comprehensive income	-	17,860	-
Dividends (note 13)	-	(690)	-
Balance at 31 December 2020	690	77,368	5,015

The notes on pages 21 to 49 form part of these financial statements.

Consolidated Statement of Changes in Equity (continued)

Year ended 31 December 2020

	Revaluation reserve £000	Capital reserve £000	Total equity £000
Balance at 1 January 2019 (as previously stated)	9,331	9,439	75,893
Prior year adjustment (note 3)	-	-	(901)
Balance at 1 January 2019 (as restated)	9,331	9,439	74,992
Changes in equity			
Profit for the year	-	-	11,627
Transfer of realised gain on disposal of freehold properties	(159)	-	-
Total comprehensive income	(159)	-	11,627
Dividends	-	-	(2,105)
Balance at 31 December 2019 (as restated)	9,172	9,439	84,514
Changes in equity			
Profit for the year	-	-	17,860
Surplus on revaluation of freehold properties (note 15)	30,457	-	30,457
Movement in deferred tax relating to revaluation of freehold properties (note 25)	(3,499)	-	(3,499)
Total comprehensive income	26,958	-	44,818
Dividends (note 13)	-	-	(690)
Balance at 31 December 2020	36,130	9,439	128,642

The notes on pages 21 to 49 form part of these financial statements.

Consolidated Cash Flow Statement

Year ended 31 December 2020

	Notes	2020 £000	2019 £000
Cash flows from operating activities			
Profit for the financial year		**17,860**	11,627
Adjustments for:			
Amortisation of intangible assets	14	**172**	148
Depreciation of tangible assets	15	**5,535**	4,085
Loss/(profit) on disposal of tangible assets		**19**	(509)
Amortisation of lease incentives		**(116)**	(34)
Reversal of revaluation deficit on freehold properties		**(957)**	-
Foreign exchange losses		**139**	67
Share of profit before tax of joint venture and associated undertaking	16	**(603)**	(168)
Loss on financial derivatives		**-**	105
Interest receivable	10	**(2)**	(27)
Interest payable	11	**1,450**	1,683
Taxation charge	12	**5,689**	2,728
Increase in stocks		**(418)**	(4,863)
Increase in debtors		**(517)**	(678)
Increase/(decrease) in creditors		**7,808**	(2,444)
Increase/(decrease) in provisions		**108**	(25)
Lease incentives received		**2,131**	1,021
Corporation tax paid		**(2,825)**	(1,970)
Interest received		**2**	15
Interest paid		**(1,230)**	(1,425)
Net cash generated from operating activities		**34,245**	9,336
Cash flows from investing activities			
Acquisition costs of business combinations		**-**	(11,078)
Proceeds from sale of tangible fixed assets		**-**	1,023
Purchases of tangible fixed assets		**(4,355)**	(7,140)
Acquisition of investment in joint venture		**(197)**	-
Repayments from joint venture and associated undertaking		**999**	394
Net cash used in investing activities		**(3,553)**	(16,801)
Cash flows from financing activities			
Finance charges paid		**-**	(366)
Repayment of bank loans		**(625)**	(2,500)
Capital element of finance leases repaid		**(42)**	(48)
Equity dividends paid	13	**(690)**	(2,105)
Net cash used in financing activities		**(1,357)**	(5,019)
Net increase/(decrease) in cash and cash equivalents		**29,335**	(12,484)
Cash and cash equivalents at the beginning of the year		**(1,710)**	10,774
Cash and cash equivalents at the end of the year	19	**27,625**	(1,710)
Cash and cash equivalents at the end of the year comprise:			
Bank and cash balances		**32,308**	322
Bank overdrafts		**(4,683)**	(2,032)
		27,625	(1,710)

The notes on pages 21 to 49 form part of these financial statements.

Notes to the Consolidated Financial Statements

Year ended 31 December 2020

INDEX OF NOTES

Notes to the Consolidated Financial Statements

Year ended 31 December 2020

1. GENERAL INFORMATION

Blue Diamond Limited is a private company, limited by shares and registered in Guernsey under the Companies (Guernsey) Law, 2008. The address of the registered office is given on the Company Information page and the nature of the Group's operations and its principal activities are set out in the Directors' Report.

2. ACCOUNTING POLICIES

Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") and the Companies (Guernsey) Law 2008.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires the Directors to exercise judgment in applying the Group's accounting policies (see note 4).

Going concern

The financial statements have been prepared on the going concern basis as the Directors have prepared detailed budgets for a period of at least 12 months from the date of signing the accounts which show that the Company is expected to be able to meet all its liabilities as they fall due. However, it is acknowledged that the global and UK outbreak of COVID-19 has had a profound impact on the global and UK economy and businesses.

As a result of the market uncertainty due to the ongoing COVID-19 situation, the possible impact on available cash during the next 12 months trading has been modelled under a range of assumptions and sensitivities. As part of this, the Directors have produced a detailed going concern stress test. The conclusion of our stress test is that the business could sustain the loss of more than £52m (30%) of turnover over the course of the 12 months following the date of the financial statements, without exceeding current banking facilities.

The Group is expected to remain in a strong financial position during the forecast period from the date of signing the accounts. The Directors are confident of being able to trade for a period of at least 12 months from the approval of the financial statements and have therefore concluded that it is appropriate for the financial statements to be prepared on the going concern basis. Following the Group's refinancing on 31 March 2021, the Company has access to £60m of borrowing facilities until at least 31 March 2024.

Parent company financial statements

These financial statements do not include the separate financial statements of the Parent Company as they are presented separately and can be obtained from the Group's registered office. The following principal accounting policies have been consistently applied:

Basis of consolidation

The Consolidated Financial Statements present the results of Blue Diamond Limited and its subsidiaries (the "Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The Consolidated Financial Statements incorporate the results of business combinations using the purchase method. In the Consolidated Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2020

2. ACCOUNTING POLICIES (continued)

Turnover

Turnover comprises revenue from garden centres and is measured at the fair value of the consideration received or receivable for goods provided in the normal course of business, net of returns, Value Added Tax, other sales taxes and discounts. Sales of goods are recognised at the point of sale to the customer when the Group has transferred the significant risks and rewards of ownership to the buyer.

Other operating income

Other operating income includes concession rental income, which is recognised in the Consolidated Statement of Comprehensive Income over the period of the lease.

Government grant

Grants are accounted under the accruals model as permitted by FRS 102. Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure within Other Operating Income.

During the year, income received from the Coronavirus Job Retention Scheme has been accounted for in accordance with the above.

Functional and presentational currency

The Group's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the 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 Consolidated Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Pensions

The Group participates in defined contribution pension schemes for both its Channel Island and United Kingdom employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

Contributions to these schemes are charged to the Consolidated Statement of Comprehensive Income in the year in which they become payable. Amounts not paid are shown in accruals as a liability in the Consolidated Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

Finance costs

Finance costs are charged to the Consolidated Statement of Comprehensive Income over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2020

2. ACCOUNTING POLICIES (continued)

Intangible assets - Goodwill

Goodwill represents the amount by which the purchase consideration for the acquisition of a business exceeds the fair value to the Group of the separable net assets acquired. Negative goodwill represents the amount by which the fair value of the separable net assets of a business acquired exceeds the purchase consideration. Goodwill is initially recognised at cost and is subsequently measured at cost less accumulated amortisation and impairment, if applicable.

Goodwill amortisation is calculated by applying the straight-line method to its estimated useful life. Goodwill is being amortised to 'administrative expenses' over 20 years.

Estimates of the useful economic life of goodwill are based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and other assumptions that market participants would consider in respect of similar businesses.

Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the Group assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold buildings	40 - 50 years
Leasehold improvements	10 - 35 years, limited to lease term
Motor vehicles	4 years
Furniture, fixtures and equipment	3 - 10 years
Computer equipment	3 - 4 years

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 in the Consolidated Statement of Comprehensive Income.

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2020

2. ACCOUNTING POLICIES (continued)

Revaluation of tangible fixed assets

Freehold properties initially recognised at cost and subsequently carried at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Fair values are determined from market-based evidence obtained by independent professionally qualified valuers every three years. The Directors carry out desktop reviews of the fair values in between the independent valuations to ensure that the amounts do not differ materiality from that which would have been determined using independent valuations at the reporting date.

Revaluation gains and losses are recognised in Other Comprehensive Income unless losses exceed the previously recognised gains in which case the excess losses are recognised in the Consolidated Statement of Comprehensive Income. Any reversals of such losses are also recognised in the Consolidated Statement of Comprehensive Income.

Associates and joint ventures

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in the operating and financial policy decisions but not control.

In the Consolidated Financial Statements, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investor's share of the profit or loss less dividends, other comprehensive income and equity of the associate. The Consolidated Statement of Comprehensive Income includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the Consolidated Balance Sheet, the interests in associated undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition. Any premium on acquisition is dealt with in accordance with the Group's goodwill policy.

During May 2018, Blue Diamond UK Limited entered into a transaction to acquire 25% of Milton Park (Dorset) Limited from Lagan Farms (Dorset) Limited. At the same time, an option was put in place for both the buyers and sellers to allow the disposal of the remaining 75%.

In May 2020, the Lagan Farms (Dorset) Limited exercised their option to sell the remaining 75%.

A prior year adjustment has been recognised in these financial statements to disclose the liability agreed at the date the option was granted. Please refer to the prior year adjustment accounting policy for further information.

On 1 April the Company exercised the put option to purchase the remaining 75% of the share capital of Milton Park (Dorset) Ltd for £1,807,770.

Stocks

Stocks, which comprise retail goods for resale, are stated at the lower of cost and net realisable value after making due provision for damaged, obsolete or slow-moving items.

Cost is calculated using the weighted average method and includes all costs incurred in bringing each product to its present location and condition. Net realisable value represents the estimated selling price less costs to be incurred in marketing, selling and distribution.

2. ACCOUNTING POLICIES (continued)

Supplier rebates

The price that the Group pays suppliers for goods is determined through negotiations with suppliers regarding both the list price and a variety of rebates and discounts. The principal categories of rebate income are in the form of volume and marketing rebates.

Volume rebates are earned on purchases from the supplier and are recognised over the period set out in the supplier agreement. Marketing rebates include promotions, mark downs and marketing support provided by suppliers. Marketing rebates are agreed with suppliers for specific products.

Rebate income is recognised when the Group has contractual entitlement to the income, the income can be estimated reliably, and when it is probable the income will be received. Rebate income recognised is recorded against cost of sales and stocks, which is adjusted to reflect the lower purchase cost for the goods on which a rebate is earned. Depending on the agreement with suppliers, rebate invoices are either received in cash from the supplier or netted off against costs of sales. Rebates receivable at the year-end are presented as trade debtors.

Financial instruments

With the exception of derivative instruments, the Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities such as trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments, such as loans and other accounts receivable and payable, are initially measured at the present value of the future payments and subsequently at amortised cost using the effective interest rate method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

However, if the arrangements of a short-term instrument constitute a financing transaction, such as the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially and subsequently, at the present value of the future payments discounted at the market rate of interest for a similar debt instrument.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the Consolidated Balance Sheet when there is an 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.

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 the Consolidated Statement of Comprehensive Income in finance costs or income as appropriate. The Group does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

Cash and bank balances

Cash and bank balances represent cash in hand, current and deposits accounts with financial institutions with maturities of not more than three months and have insignificant risk of change in value. Cash and bank balances are disclosed net of bank overdrafts that are subject to the right of offset and form an integral part of the Group's cash management strategy.

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2020

2. ACCOUNTING POLICIES (continued)

Leases

Rentals payable or receivable under operating leases are charged or credited to the Consolidated Statement of Comprehensive Income on a straight-line basis over the lease term.

Operating lease incentives received to enter into lease agreements are released to the Consolidated Statement of Comprehensive Income over the term of the lease. The unamortised balance is recognised in creditors.

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the Consolidated Statement of Comprehensive Income over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the Consolidated Statement of Comprehensive Income over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital element reduces the amounts payable to the lessor.

During the year the Group negotiated rent concessions with landlords, of which £2.1m were in exchange for lease extensions or the removal of break clauses, and have therefore been spread over the remaining terms of the leases.

Sale and leaseback

When a sale and leaseback transaction results in an operating lease, and it is clear that the transaction is established at fair value, any profit or loss is recognised immediately. If the sale price is below fair value, any profit or loss is recognised immediately unless the loss is compensated for by future lease payments at below market price. In that case any such loss is amortised in proportion to the lease payments over the period for which the asset is expected to be used. If the sale price is above fair value, the excess over fair value is amortised over the period for which the asset is expected to be used.

Onerous leases

Where the unavoidable costs of a lease exceed the economic benefit expected to be received from it, a provision is made for the present value of the obligations under the lease.

Provisions

A provision is recognised when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligation.

Where the unavoidable costs of a lease exceed the economic benefit expected to be received from it, a provision is made for the present value of the obligations under the lease.

Current and deferred taxation

The tax charge for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except that a charge attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Year ended 31 December 2020

2. ACCOUNTING POLICIES (continued)

Current and deferred taxation (continued)

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

1. The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
2. Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
3. Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when declared by the Board of Directors.

Reserves

The Group's reserves are as follows:

Share premium
The share premium account includes the premium on issue of equity shares, net of any issue costs.

Capital reserve
The capital reserve represents profits on the disposal of fixed property assets and capital dividends received. These profits are transferred to the capital reserve from the Consolidated Statement of Comprehensive Income in the period in which the profits are recognised.

Revaluation reserve
The revaluation reserve represents the unrealised revaluation gains on freehold land and buildings, net of the movement in deferred tax.

Profit and loss account
The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

Administrative expenses

Administrative expenses include all wages and salaries.

The Group benefited from £3.8m of rates discounts from UK Local Authorities in 2020 as part of the relief offered to retail and hospitality businesses to mitigate the impact of Covid-19.

In 2019, administration expenses included £0.2m of distribution costs. Distribution costs are now disclosed separately in the Consolidated Statement of Comprehensive Income but no adjustment has been made in the prior year because it is immaterial.

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2020

3. PRIOR YEAR ADJUSTMENTS

Deferred tax

An error was discovered in the calculation of the deferred tax position resulting from the acquisition of the nine garden centres from Wyevale Garden Centres Ltd in 2018.

The split of fixed assets acquired between assets eligible and ineligible for capital allowances was misstated, with eligible fixed assets being understated.

Whilst this error was identified and corrected in the 2018 final tax computation submitted to HMRC, the financial statements were not amended in 2019.

The 2018 deferred tax liability should therefore have been higher by £901,000, which is considered a material adjustment in comparison with the materiality threshold used for the 2018 audit and is therefore a prior year adjustment.

This prior year adjustment has resulted in a decrease to ‘Retained Earnings’ and an increase in the ‘Deferred tax provision’ as at 1 January 2019 of £901,000.

Fixed asset investments

In May 2018, the Group entered into a transaction to acquired 25% of Milton Park (Dorset) Limited. At the same time, a put and call option was put in place for both the buyers and sellers to allow the disposal of the remaining 75%.

Given that the put and call option was symmetric, this effectively guaranteed that one of the options would be exercised and the liability to purchase the remaining 75% shareholding was materially fixed.

The deferred consideration for the 75% shareholding should have been recognised in May 2018.

This prior year adjustment has resulted in an increase in ‘Fixed asset investments’ and an increase in ‘Creditors: amounts falling due within one year’ as at 31 December 2019 of £1,961,000.

The investment was incorrectly presented as an associate in the past and is now presented as a joint venture, noting that correcting this has had no effect on the amount of investments, assets or the Statement of Financial position totals (excluding the impact of the option). There have been no changes in equity accounting.

4. SIGNIFICANT JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing these Consolidated Financial Statements, the Directors have made the following significant judgements and key estimates:

Goodwill
Goodwill arising on the acquisition of garden centres and restaurants is amortised over 20 years because these are long term investments that are expected to last 20 years. They are reviewed annually for any signs of impairment. No impairment of goodwill is required because the recoverable amounts exceed their carrying amounts based on management’s assessment of market conditions and financial and operating performances.

Tangible fixed assets
Tangible fixed assets, other than freehold land, are depreciated over their useful lives considering residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Freehold land is considered to have an unlimited useful life and is therefore not depreciated.

Freehold land and buildings were revalued in 2020 based on advice from an independent expert and an assessment of market conditions and the financial and operating performances of the underlying businesses. Key inputs into the property valuations included the financial performance of the garden centres, the overall potential for the property and business, location, catchment, local demographics, competition, planning, plot size, market conditions, benchmarking and physical inspection of the properties.

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2020

4. SIGNIFICANT JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Tangible fixed assets (continued)
There are a number of estimates considered as part of the valuation process including assessing the garden centre market as a whole and the availability of comparable data within the market, the useful economic life of each property and considering expected future consumer spending habits and trends which may have an impact on the valuation of the properties.

Freehold land at Les Baissieres in Guernsey with a carrying amount of £265,000 has not been revalued because there is limited comparable information and the future value of the site depends on the States of Guernsey's planning policy. The carrying amount is the historic cost of the land.

Stocks
Determining stock provisioning involves estimating the realisable value of the stocks held by the Group. Calculating the recoverable realisable value of stocks requires a degree of estimation in terms of the likely demand and prices for individual stock items. Management monitor demand very closely and continue to ensure that any changes in the market are appropriately reflected in their assessments.

5. DISCONTINUED/CONTINUING OPERATIONS

	2020 Continuing	2020 Discontinued	2020 Total	2019 Total
Turnover	200,799	382	201,181	181,590
Cost of sales	(100,564)	(352)	(100,916)	(88,322)
Gross profit	100,235	30	100,265	93,268
Distribution costs	(549)	-	(549)	-
Administrative expenses	(86,037)	(507)	(86,544)	(81,507)
	13,649	(477)	13,172	11,761
Reversal of revaluation deficit on freehold properties	957	-	957	-
Other operating income	10,265	-	10,265	3,687
Profit on sale of freehold property	-	-	-	500
Group operating profit	24,871	(477)	24,394	15,948

The Group discontinued three non-core businesses during the year at the end of their leases (see note 16).

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2020

6. SEGMENT ANALYSIS

By geographical area	UK		CI		GROUP	
	31/12/2020	31/12/2019 (restated)	31/12/2020	31/12/2019	31/12/2020	31/12/2019 (restated)
Turnover	**182,939**	164,235	**18,242**	17,355	**201,181**	181,590
Profit before interest and taxation						
Regional profit	**29,460**	20,116	**4,290**	4,015	**33,750**	24,131
Reversal of revaluation deficit on freehold properties	**79**	-	**878**	-	**957**	-
Profit on sale of freehold properties	**-**	500	**-**	-	**-**	500
Group costs	**-**	-	**-**	-	**(9,710)**	(8,620)
Group profit before interest and tax	**29,539**	20,616	**5,168**	4,015	**24,997**	16,011
Segment total assets less current liabilities						
Segment net assets	**110,424**	78,478	**32,762**	22,026	**143,186**	100,504
Unallocated assets and liabilities	**N/A**	N/A	**N/A**	N/A	**(5,143)**	20,447
Total assets less current liabilities	**110,424**	78,478	**32,762**	22,026	**138,043**	120,951

7. TURNOVER AND GROUP OPERATING PROFIT

Turnover and group operating profit are stated after charging/(crediting):

	2020 £000	2019 £000
Amortisation of goodwill	**200**	175
Amortisation of negative goodwill	**(28)**	(27)
Depreciation of tangible fixed assets	**5,535**	4,085
Profit on sale of freehold properties	**-**	(500)
(Loss)/(profit) on sale of other tangible fixed assets	**19**	(9)
Fees payable to the Group's Auditor		
- Audit of the Group's Consolidated Financial Statements	**60**	63
- Audit of the subsidiary companies	**85**	60
- Other non-audit services	**-**	50
Foreign exchange losses	**139**	67
Operating lease expense	**14,216**	13,535
Defined contribution pension cost	**695**	652
Rental income in other operating income	**(3,881)**	(3,649)
Government grants in other operating income	**(6,338)**	-

Year ended 31 December 2020

8. EMPLOYEES

	2020 £000	2019 £000
Wages and salaries	**46,324**	40,246
Social security costs	**2,866**	2,523
Other pension costs	**695**	652
	49,885	43,421
The average number of employees during the year was as follows:		
Management	**106**	99
Retail	**3,377**	3,229
	3,483	3,328

Pensions - United Kingdom employees

Group employees in the United Kingdom may be eligible to join a Group Personal Pension Plan operated by Aviva. This is a defined contribution pension scheme whereby funding is based on a fixed percentage of salary and the assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charged in these financial statements includes contributions payable by Group companies to the scheme in the year ended 31 December 2020 amounting to £125,369 (2019: £109,155).

The Group also pays contribution to the National Employment Savings Trust ("NEST"), which is a pension scheme set up by the UK Government. The pension costs charged in these financial statements includes contributions payable by Group companies to NEST in the year amounting to £485,657 (2019: £424,030).

Pensions - Channel Islands employees

The Group's Channel Islands employees may be eligible to join a defined contribution scheme operated by Zurich Assurance plc. The funding is based upon a fixed percentage of salary and the assets of the scheme are held separately from those of the Group in an independently administered fund. The total amount of pension contributions payable by Group companies to the Channel Islands scheme in the year ended 31 December 2020 was £16,289 (2019: £55,202). In addition, during the year the Group paid contributions of £67,879 (2019: £63,396) into the personal pension schemes of two (2019: two) Directors of the Group.

9. OTHER OPERATING INCOME

	2020 £000	2019 £000
Government grant income	**6,338**	-
Concession rents receivable	**3,881**	3,649
Other	**46**	38
	10,265	3,687

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2020

10. INTEREST RECEIVABLE AND SIMILAR INCOME

	2020 £000	2019 £000
Interest on loans receivable	**1**	12
Bank interest receivable	**1**	15
	2	27

11. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020 £000	2019 £000
Interest on loan from joint venture company	**5**	-
Bank interest and finance charges	**1,439**	1,677
Finance leases and hire purchase contracts	**6**	6
	1,450	1,683

12. TAXATION

	2020 £000	2019 £000
Provision for current tax		
Current tax on UK profits for the year	**3,697**	1,919
Current tax on Jersey retail profits for the year	**473**	407
Guernsey tax on net rental income	**2**	2
Adjustments in respect of previous periods	**524**	2
	4,696	2,330
Group's share of joint venture and associated undertaking current tax	**202**	48
Total current tax	**4,898**	2,378
Provision for deferred tax		
Origination and reversal of timing differences	**145**	235
Changes to tax rates	**230**	1
Adjustments in respect of previous periods	**394**	114
Group's share of joint venture and associated undertaking deferred tax	**22**	-
Total deferred tax	**791**	350
Taxation on profit	**5,689**	2,728

Year ended 31 December 2020

12. TAXATION (continued)

Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in Guernsey of 0% (2019: 0%). The differences are explained below:

	2020 £000	2019 £000
Profit before tax	**23,549**	14,355
Profit multiplied by standard rate of corporation tax in Guernsey of 0%	**-**	-
Effects of:		
UK corporation tax on UK taxable profits at 19% (2019: 19%)	**3,786**	2,266
Jersey corporation tax on retail profits at 20% (2019: 20%)	**535**	407
Share of joint venture and associated undertaking tax	**224**	48
Expenses not deductible for tax purposes	**51**	29
Non-taxable income	**(259)**	(106)
Effect of change in rate	**230**	(1)
Fixed asset differences	**160**	(121)
Deferred tax not recognised	**44**	-
Capital gains	**-**	90
Adjustments to tax charge in respect of prior periods	**918**	116
Total tax charge for the year	**5,689**	2,728

The Group's Guernsey taxable profits are chargeable to income tax at the standard rate of 0% and the Group's Jersey retail profits are taxable at 20% (2019: 20%). The current rate of UK corporation tax of 19% was previously announced to be reduced to 17% with effect from 1 April 2020. Since the year end the UK Government has announced that the rate will be maintained at 19%. The rates have been substantively enacted at the financial year end and are reflected in these Consolidated Financial Statements.

13. DIVIDENDS

	2020 £000	2019 £000
Ordinary shares		
Final 2019 dividend of 0p per share (2018: 4.1p per share)	**-**	1,415
Interim 2020 dividend of 2p per share (2019: 2p per share)	**690**	690
	690	2,105

An interim dividend for the year ended 31 December 2020 of 2p per share totalling £690,000 was paid on 3 December 2020.

The Directors have declared a final dividend for the year ended 31 December 2019 of 4.7p per share, which will be paid on 7 May 2021 to those shareholders on the register at 30 April 2021.

The Directors have also declared a final dividend for the year ended 31 December 2020 of 5.5p per share, which will be paid on 15 June 2021 to those shareholders on the register at 31 May 2021.

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2020

14. INTANGIBLE FIXED ASSETS

	Goodwill £000	Negative goodwill £000	Totals £000
Cost			
At 1 January 2020 and 31 December 2020	3,996	(544)	3,452
Amortisation			
At 1 January 2020	921	(295)	626
Charge for the year	200	(28)	172
At 31 December 2020	1,121	(323)	798
Net book value			
At 31 December 2020	2,875	(221)	2,654
At 31 December 2019	3,075	(249)	2,826

At 31 December 2020, individually material carrying amounts of goodwill are attributable to Coton Orchard Garden Centre of £894,000 (2019: £948,000), with a remaining amortisation period of 17 years, and Trelawney Garden Centre of £721,000 (2019: £773,000), with a remaining amortisation period of 14 years.

Year ended 31 December 2020

15. TANGIBLE FIXED ASSETS

	Freehold land and buildings £000	Leasehold improvements £000	Motor vehicles £000
Cost			
At 1 January 2020	**67,976**	**25,362**	**614**
Additions	**42**	**743**	**152**
Disposals	**-**	**-**	**(20)**
Revaluation	**30,662**	**-**	**-**
At 31 December 2020	**98,680**	**26,105**	**746**
Depreciation			
At 1 January 2020	**-**	**4,605**	**367**
Charge for the year	**751**	**1,206**	**103**
Disposals	**-**	**-**	**(20)**
Revaluation adjustments	**(751)**	**-**	**-**
At 31 December 2020	**-**	**5,811**	**450**
Net book value			
At 31 December 2020	**98,680**	**20,294**	**296**
At 31 December 2019	67,976	20,757	247

	Furniture, fixtures and equipment £000	Computer equipment £000	Totals £000
Cost			
At 1 January 2020	**26,376**	**3,582**	**123,910**
Additions	**3,070**	**348**	**4,355**
Disposals	**(179)**	**(21)**	**(220)**
Revaluation	**-**	**-**	**30,662**
At 31 December 2020	**29,267**	**3,909**	**158,707**
Depreciation			
At 1 January 2020	**13,436**	**2,115**	**20,523**
Charge for the year	**2,877**	**598**	**5,535**
Disposals	**(159)**	**(23)**	**(202)**
Revaluation adjustments	**-**	**-**	**(751)**
At 31 December 2020	**16,154**	**2,690**	**25,105**
Net book value			
At 31 December 2020	**13,113**	**1,219**	**133,602**
At 31 December 2019	12,940	1,467	103,387

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2020

15. TANGIBLE FIXED ASSETS (continued)

The net book value of land and buildings may be further analysed as follows:

	2020 £000	2019 £000
Freehold land and buildings - garden centres	**97,750**	67,046
Freehold land	**930**	930
	98,680	67,976

The carrying values are based on valuations at 31 December 2020 carried out by an independent, professionally qualified valuer and reviewed at the reporting date by the Directors. The valuations were undertaken in accordance with the Royal Institution of Chartered Surveyors' Appraisal and Valuation Manual on an open market value for existing use basis.

Details of the assumptions made and the key sources of estimation uncertainty are given in note 4.

If land and buildings had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	2020 £000	2019 £000
Historic costs	**58,422**	58,379
Accumulated depreciation	**(751)**	-
	57,669	58,379

The revaluation reserve as at 31 December 2020 is stated net of cumulative deferred tax adjustments of £4,722,000 (2019: £1,223,000). There were no revaluation gains realised during the year as a result of the sale of freehold properties (2019: £159,000). The net revaluation surplus for the year of £30,457,000 is comprised of a net surplus of £957,000 recognised in the Consolidated Statement of Comprehensive Income and a surplus of £29,500,000 recognised in other comprehensive income and the revaluation reserve.

The Group has provided first legal charges in favour of The Royal Bank of Scotland International Limited (trading as NatWest) over its freehold land and buildings with a carrying value of £84,450,000 (2019: £55,053,171), promissory notes to the value of £4,000,000 (2019: £4,000,000) and a bond to the value of £10,200,000 (2019: £6,000,000) as security for the Group's bank loan and overdraft facilities (note 22).

Sale and leaseback

There were no sale and leasebacks entered into during year.

Finance leases

The net book value of equipment and vehicles for the Group includes an amount of £3,454 (2019: £44,841) in respect of assets held under finance leases (note 23). Such assets are generally classified as finance leases as the rental period amounts to the estimated useful economic life of the assets concerned and often the Group has the right to purchase the assets outright at the end of the minimum lease term by paying a nominal amount.

Year ended 31 December 2020

16. FIXED ASSET INVESTMENTS

	Joint venture £000	Associated undertaking £000	Unlisted investments £000	Totals
Cost				
At 1 January 2020 (as previously stated)	1,213	560	4	1,777
Prior year adjustment	1,961	-	-	1,961
At 1 January 2020 (as restated)	**3,174**	**560**	**4**	**3,738**
Share of joint venture's profit for the year before tax	**603**	**-**	**-**	**603**
Share of joint venture's tax for the year	**(224)**	**-**	**-**	**(224)**
Other adjustments	**-**	**(23)**	**-**	**(23)**
At 31 December 2020	**3,552**	**537**	**4**	**4,093**
Net book value				
At 31 December 2020	**3,552**	**537**	**4**	**4,093**
At 1 January 2020 (restated)	**3,174**	**560**	**4**	**3,738**

Associate undertakings

John Le Sueur and Company Limited
The Group owns 50% of the issued share capital of John Le Sueur and Company Limited, a company registered in Jersey, with the principal activity of investment holding and a financial year end of 30 September each year.

Milton Park (Dorset) Limited
The Group owns 25% of the issued share capital of Milton Park (Dorset) Limited, a company registered in England and Wales), with the principal activity of a garden centre. The Group is party to a put and call option with the Sellers to acquire the remaining 75% of the ordinary shares for £1,764,435 before 31 May 2021.

During May 2018, Blue Diamond UK Limited entered into a transaction to acquire 25% of Milton Park (Dorset) Limited from Lagan Farms (Dorset) Limited. At the same time, an option was put in place for both the buyers and sellers to allow the disposal of the remaining 75%.

In May 2020, the Lagan Farms (Dorset) Limited exercised their option to sell the remaining 75%.

During 2020, the Company made two interim payments totalling £197,000 for the remaining 75% of the share capital of Milton Park (Dorset) Ltd.

On 1 April 2021 the Company exercised the call option to purchase the remaining 75% of the share capital of Milton Park (Dorset) Ltd for £1,808,000, including interest. On the same date the trade and net assets of Milton Park (Dorset) Ltd were transferred to Blue Diamond UK Ltd, a subsidiary indirectly held by Blue Diamond Ltd, leaving Milton Park (Dorset) Limited dormant.

A prior year adjustment has arisen in relation to the investment in Milton Park (Dorset) Limited.

Given that the put and call option was symmetric, this effectively guaranteed that one of the options would be exercised and the liability to purchase the remaining 75% shareholding was materially fixed.

The deferred consideration for the 75% shareholding should have been recognised in May 2018.

This prior year adjustment has resulted in an increase in 'Fixed asset investments' and an increase in 'Creditors: amounts falling due within one year' as at 31 December 2019 of £1,961,000.

The investment was incorrectly presented as an associate in the past and is now presented as a joint venture, noting that correcting this has had no effect on the amount of investments, assets or the Statement of Financial position totals (excluding the impact of the option). There have been no changes in equity accounting.

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2020

16. FIXED ASSET INVESTMENTS (continued)

Subsidiary undertakings

Blue Diamond Limited holds 100% of the ordinary share capital in the following subsidiary undertakings, all of which are wholly owned and included in these Consolidated Financial Statements, with the same financial year end:

Directly Held	Incorporated	Principal activity
B.D. Properties Limited	Guernsey	Property and investment holding
Blue Diamond trading Limited	Guernsey	Investment holding
MGCL Limited	England	Dormant
Fryer's Nurseries Limited	England	Dormant
Indirectly held		
Blue Diamond UK Limited	England	Garden centre retailer
Brown & Green (Farm Shops) Limited	England	Farm shop retailer
Chatsworth Garden Centre Limited	England	Dormant
Chester Garden Centre Limited	England	Garden centre retailer
Fruit Export Company Limited	Guernsey	Garden centre retailer
Newbridge Nurseries Limited	England	Dormant
Goodies Limited	Guernsey	Gift retailer
Blue Diamond UK Properties Limited	England	Property investment
Olympus Sportswear (Guernsey) Limited	Guernsey	Sportswear and equipment retailer
St. Peter's Furniture Centre Limited	Jersey	Dormant
St. Peter's Garden Centre Limited	Jersey	Garden centre retailer

Group reorganisation

The trade of Brown & Green (Farm Shops) Limited ceased on 6 March 2020 and the lease ended on 5 April 2020. The Company made a loss of £90,895 in the year ending 31 December 2020.

The trade and net assets of Chatsworth Garden Centre Limited were transferred to Blue Diamond UK Limited on 1 January 2020.

Olympus Sportswear (Guernsey) Limited ceased trading on 13 June 2020 and the lease ended on 12 July 2020. The Company made a loss of £312,366 in the year ending 31 December 2020.

Goodies Limited ceased trading on 25 July 2020 when the lease ended. The Company made a loss of £81,471 in the year ending 31 December 2020.

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2020

17. STOCKS

	2020 £000	2019 £000
Goods for resale	**27,117**	26,699

Goods for resale are disclosed net of a provision for slow moving and obsolete stock of £507,057 (2019: £559,583). An impairment reversal of £52,526 (2019: £383) was recognised in cost of sales against stock as a movement in the provision.

18. DEBTORS

	2020 £000	2019 £000
Trade debtors	**5,744**	4,344
Prepayments	**3,067**	4,250
Other debtors	**1,462**	1,138
Amount due from associated company	**54**	235
	10,327	9,967

The amounts due from the associated company is unsecured, repayable on demand and is subject to interest at 1.5% above one-month sterling LIBOR per annum. The amount was repaid in full on 1 March 2021.

Trade debtors are stated after provisions for impairment of £nil (2019: £nil).

19. CASH AND CASH EQUIVALENTS

	2020 £000	2019 £000
Cash at bank and in hand	**32,308**	322
Less: bank overdrafts (note 20)	**(4,683)**	(2,032)
	27,625	(1,710)

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2020

20. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £000	2019 £000
Amount due on purchase of Joint Venture Company (note 16)	**1,764**	-
Trade creditors	**15,583**	11,684
Bank overdrafts (note 19)	**4,683**	2,032
Lease incentives (note 21)	**116**	34
Bank loans (note 22)	**32,895**	2,500
Accruals and other creditors	**6,270**	3,754
Amounts due to Joint Venture Company	**818**	-
Other taxes and social security	**6,765**	4,548
Corporation tax	**3,161**	1,290
Obligations under finance leases (note 23)	**3**	45
Derivative financial instruments	**-**	101
	72,058	25,988

The amounts due to the Joint Venture Company is unsecured, payable on demand and is subject to interest at 1.5% above one-month sterling LIBOR per annum.

21. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2020 £000	2019 (restated) £000
Amount due on purchase of Joint Venture Company	**-**	1,961
Bank loans (note 22)	**-**	30,800
Lease incentive	**2,886**	953
Accruals and other creditors	**-**	584
	2,886	34,298

The lease incentives are amortised over the terms of the leases. The amounts falling due in over 5 years total £2,421,000.

Year ended 31 December 2020

22. LOANS

	2020 £000	2019 £000
The maturities of sources of debt finance are due as follows:		
In one year or less	**32,895**	2,500
In more than one year but not more than two years	**-**	2,500
In more than two years but not more than five years	**-**	28,300
	32,895	33,300

The bank loans and overdrafts bear interest at commercial rates linked to LIBOR and the Bank of England Base Rate as agreed with The Royal Bank of Scotland International Limited (trading as NatWest). The overall position is as follows:

The Group has one £37m term loan with The Royal Bank of Scotland International Limited (RBSI), which is repayable in thirty-six monthly instalments commencing on 30 September 2018. Each monthly instalment is calculated using a fifteen-year capital and interest repayment programme with a final lump sum payment due on 16 August 2021.

The Group's revolving credit facility of £16m increased to £24m on 31 March 2020 until 31 December 2020, when it decreased back to £16m until 16 August 2021. The overdraft facility of £3m has been renewed and is committed until 16 August 2021.

On 30 December 2016 the Group entered into a five year fixed interest rate swap of £7m with NatWest, which expires on 31 December 2021. The swap is non amortising and fixes the one month LIBOR element of the interest payable on the term loans at 0.88%. Interest payable on the loans is made up of the floating one month LIBOR rate and a fixed bank margin.

At the end of each month NatWest credits the actual one month LIBOR rate to the Group and then debits the fixed rate of 0.88%. The Board decided to take out this swap to take advantage of low interest rates and to reduce the Group's interest rate risk.

The bank loans and overdrafts are secured by way of first legal charges, bonds and promissory notes over certain of the Group's properties as disclosed in note 15. The Group has also provided a cross guarantee as detailed in note 29.

On 31 March 2021 the Company refinanced all of its bank loans and facilities, which as at 31 December 2020 totalled £52m. The transaction encompassed a new term loan of £32m and a revolving credit facility of £28m. The term loan is repayable quarterly over fifteen years. The facilities are available for the three years with the option of two 1-year extensions. The Company has also negotiated a £10m accordion facility, which provides additional flexibility to develop and invest in the business.

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2020

23. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Non-cancellable operating leases	
	2020 £000	2019 £000
Within one year	**13,966**	13,856
Between one and five years	**53,114**	53,146
In more than five years	**273,307**	281,718
	340,387	348,720

The future minimum lease payments receivable by the Group under non-cancellable operating leases are as follows:

	2020 £000	2019 £000
Within one year	**3,000**	3,621
Between one and five years	**4,395**	5,100
In more than five years	**545**	565
	7,940	9,286

Minimum lease payments under finance leases fall due as follows:

	2020 £000	2019 £000
Within one year	**3**	45

Assets secured under these agreements are disclosed in note 15.

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2020

24. FINANCIAL INSTRUMENTS

	2020 £000	2019 £000
Financial assets		
Financial assets measured at amortised cost	**39,568**	6,039
Financial derivatives measured at fair value through profit and loss	**-**	-
	39,568	6,039

	2020 £000	2019 £000
Financial liabilities		
Financial liabilities measured at amortised cost	**(60,252)**	(51,765)
Financial derivatives measured at fair value through profit and loss	**-**	(101)
	(60,252)	(51,664)

Financial assets measured at amortised cost comprise cash and cash equivalents, trade debtors, other debtors and amounts owed by associated undertakings. Financial liabilities measured at amortised cost comprise bank loans, bank overdrafts, trade creditors and other creditors. Financial derivatives measured at fair value through profit or loss comprise of foreign currency forward contracts.

25. PROVISIONS FOR LIABILITIES

	2020 £000	2019 (restated) £000
Deferred tax	**6,361**	2,093
Dilapidation provision	**95**	-
Onerous lease	**59**	46
	6,515	2,139
Deferred tax		
At beginning of year	**2,093**	1,930
Charged to profit	**769**	350
On business combination	**-**	(187)
Charged to other comprehensive income	**3,499**	-
At end of year	**6,361**	2,093
The provision for deferred taxation is made up of:		
Accelerated capital allowances	**1,583**	951
Revaluation gains on freehold properties	**4,789**	1,167
Other short term timing differences	**(11)**	(25)
	6,361	2,093

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2020

25. PROVISIONS FOR LIABILITIES (continued)

Dilapidation provision

	2020 £000	2019 £000
At beginning of year	-	-
Charged to profit	95	-
At end of year	95	-

Onerous lease

	2020 £000	2019 £000
At beginning of year	46	71
Utilised in year	-	(25)
Charged to profit	13	-
At end of year	59	46

An error was discovered in the calculation of the deferred tax position resulting from the acquisition of the nine garden centres from Wyevale Garden Centres Ltd in 2018.

The split of fixed assets acquired between assets eligible and ineligible for capital allowances was misstated, with eligible fixed assets being understated.

Whilst this error was identified and corrected in the 2018 final tax computation submitted to HMRC, the financial statements were not amended in 2019.

The 2018 deferred tax liability should therefore have been higher by £901,000, which is considered a material adjustment in comparison was the materiality threshold used for the 2018 audit and is therefore a prior year adjustment.

This prior year adjustment has resulted in a decrease to ‘Retained earnings’ and an increase in the ‘Deferred tax provision’ as at 1 January 2019 of £901,000.

The onerous lease provision will unwind by 30 April 2022 and is disclosed net of rent receivable from sub-letting the site.

Year ended 31 December 2020

26. CALLED UP SHARE CAPITAL

	2020 £000	2019 £000
Authorised 38,000,000 (2019: 38,000,000) ordinary shares of £0.02 each	**760**	760

	2020 £000	2019 £000
Allotted, called up and partly paid 34,500,000 ordinary shares of £0.02 each	**690**	690

27. PARENT COMPANY RESULT FOR THE YEAR

The Company has not presented its own statement of comprehensive income in these financial statements. The loss after tax of the Parent Company for the year was £640,721 (2019: £1,110,262).

28. EARNINGS PER SHARE

	Profit for year 2020 £000	Earnings per share 2020 P	Profit for year 2019 £000	Earnings per share 2019 P
Basic earnings per share	**17,860**	**51.76**	11,627	33.70

29. CONTINGENT LIABILITIES

The Company and its subsidiaries (note 16) are party to a composite cross guarantee agreement for the loan and overdraft facilities of the Group with The Royal Bank of Scotland International Limited (trading as NatWest). At the year end the liabilities covered by the guarantee totalled £33,041,673 (2019: £36,166,667).

In the opinion of the Directors, no liability to the Group is expected to arise as a result of these guarantees.

30. CAPITAL COMMITMENTS

The Group is party to an option exercised post year end as set out in note 16.

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2020

31. RELATED PARTY DISCLOSURES

In the preparation of these financial statements the Directors have taken advantage of the exemption under FRS 102 and have not disclosed the details of related party transactions with wholly owned subsidiaries of Blue Diamond Limited.

The following transactions took place between the Group and its associated companies during the year:

	2020 £000	2019 £000
Interest receivable	**1**	12
Interest payable	**(5)**	-
Rent paid	**(200)**	(200)

Key management personnel, of which there were 29 in 2020 (2019: 24), includes all Directors and a number of senior managers who together have authority and responsibility for planning, directing and controlling the activities of the Group. The total compensation (including salaries, pensions, national insurance and bonuses) payable to key management personnel for services provided to the Group during the year was £3,331,178 (2019: £3,171,643).

Included in Debtors (note 18) is £53,454 due from John Le Sueur and Company Limited (note 16). The terms of the amount due is set out in note 18. The loan was repaid in full on 1 March 2021.

Included in Creditors: Amounts due within one year (note 20) is £818,473 due to Milton Park (Dorset) Limited (note 16). The terms of the amount due is set out in note 20.

Included in Creditors: amounts due within one year (note 20) is an amount of £2,350,000 (2019: £770,641) and Creditors: amounts due after more than one year (note 21) is an amount of £nil (2019: £584,492) due to key management personnel, of which £1,300,000 (2019: £584,492) is the amount so far accrued in respect of the long-term incentive plan (LTIP) for executive directors and two senior managers, which is based on Group performance targets for the years ending 31 December 2018, 2019 and 2020, and was paid in April 2021.

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2020

31. RELATED PARTY DISCLOSURES (continued)

In note 21, the 2019 deferred acquisition of joint venture balance of £1,961,000 was payable to Lagan Farms (Dorset) Limited. During 2020, the Group made two interim payments totalling £197,000 which is reflected in note 20 as the 2020 deferred acquisition of joint venture balance of £1,764,000. The final payment was made on 1 April 2021.

During the year, transfers of stock were sold to Milton Park (Dorset) Limited for £83,548. Included within trade debtors at the year end is an amount of £91,002 due from Milton Park (Dorset) Limited. Included within trade creditors at the year end is an amount of £22,715 due to Milton Park (Dorset) Limited.

Total dividends paid to Directors while in office amounted to £11,861 (2019: £36,431). The Directors received dividends in aggregate on the same terms as the other shareholders. The Directors in office at each financial year end held the following number of ordinary shares of 2p each (2019: 2p shares):

	2020 No.	2019 No.
Simon Burke	**96,467**	54,974
Alan Roper	**284,264**	284,264
Richard Hemans	**110,000**	80,000
Tom Carey	**77,865**	77,865
Sir John Collins	**66,082**	66,082
Claire Williams	**3,000**	1,000
David Ummels	**10,000**	-
	647,678	564,185

The issued share capital of the Company is owned by numerous parties and therefore, in the opinion of the Directors, there is no ultimate controlling party of the Company as defined by FRS102 Related Party Disclosures. The register of shareholders and their holdings (including the Directors' beneficiary interests) in the ordinary shares of Blue Diamond Limited is available for inspection at the registered office of the Company.

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2020

32. ANALYSIS OF CHANGES IN NET DEBT

	1 January 2020 £000	Cash flows £000	Non-cash movements £000	31 December 2020 £000
Cash and bank equivalents	(1,710)	29,335	-	27,625
Obligations under finance leases	(45)	42	-	(3)
Bank loans due within one year	(2,500)	625	(31,020)	(32,895)
Bank loans due after more than one year	(30,800)	-	30,800	-
	(35,055)	30,002	(220)	(5,273)

33. POST BALANCE SHEET EVENTS

On 31 March 2021 the Company refinanced all of its bank loans and facilities, which as at 31 December 2020 totalled £52m. The transaction encompassed a new term loan of £32m and a revolving credit facility of £28m. The term loan is repayable quarterly over fifteen years. The facilities are available for the three years with the option of two 1-year extensions. The Company has also negotiated a £10m accordion facility, which provides additional flexibility to develop and invest in the business.

On 1 April 2021 the Company exercised the call option to purchase the remaining 75% of the share capital of Milton Park (Dorset) Ltd for £1,807,770.

On 29 April 2021 the Directors proposed a final dividend for the year ended 31 December 2019 of 4.7p per share, and a final dividend for the year ended 31 December 2020 of 5.5p per share. The dividends have not been accrued in these financial statements because the dividends were declared after the balance sheet date.

Gloucestershire
3 SHIRES
Garden Centre
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Newent GL18 1DL

Oxfordshire
BICESTER AVENUE
Garden Centre
Oxford Road
Bicester OX25 2NY

Nottinghamshire
BLUE DIAMOND
Garden and Home
at East Bridgford
Fosse Way
Nottingham NG13 8LA

Hampshire
BRAMBRIDGE PARK
Garden Centre
Kiln Lane
Brambridge
Eastleigh SO50 6HT

Cheshire
BRIDGEMERE
Garden Centre
London Road (A51)
Nr. Nantwich CW5 7QB

Derbyshire
DERBY
Garden and Home
Alfreton Road
Little Eaton
Derby DE21 5DB

Devon
ENDSLEIGH
Garden Centre
Ivybridge
Plymouth PL21 9JL

Worcestershire
EVESHAM
Home and Garden
The Valley
Evesham WR11 4DS

Devon
FERMOY'S
Garden Centre
and Farm Shop
Totnes Road
Newton Abbot TQ12 5TN

Cheshire
FRYER'S
Garden Centre
Manchester Road
Knutsford WA16 0SX

Essex
HARLOW
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Hastingwood
Nr. Harlow CM17 9LD

Herefordshire
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Garden Centre
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Hereford HR4 0SE

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Home of Garden
and Living
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Castel GY5 7SS

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Garden Centre
Nottingham Road
Tansley
Matlock DE4 5FR

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Nailsworth GL6 0BS

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Broadbridge Heath
Horsham RH12 3LN

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Shropshire
PERCY THROWER'S
Garden Centre
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Rake
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Lincolnshire
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Garden Centre
Springfields Outlet Village
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Garden Centre
Sladesbridge
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Kent
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CADBURY
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Smallway
Congresbury BS49 5AA

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Garden Centre
Calton Lees
Beeley
Matlock DE4 2NX

Cambridgeshire
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Cheshire
GROSVENOR
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Wrexham Road
Belgrave
Chester CH4 9EB

Warwickshire
MELBICKS
Garden Centre
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Hampshire
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and Living
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Garden Centre
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Burnham-on-Sea TA9 4HJ

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Garden Centre
Crockford Bridge Farm
New Haw Road
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Wiltshire
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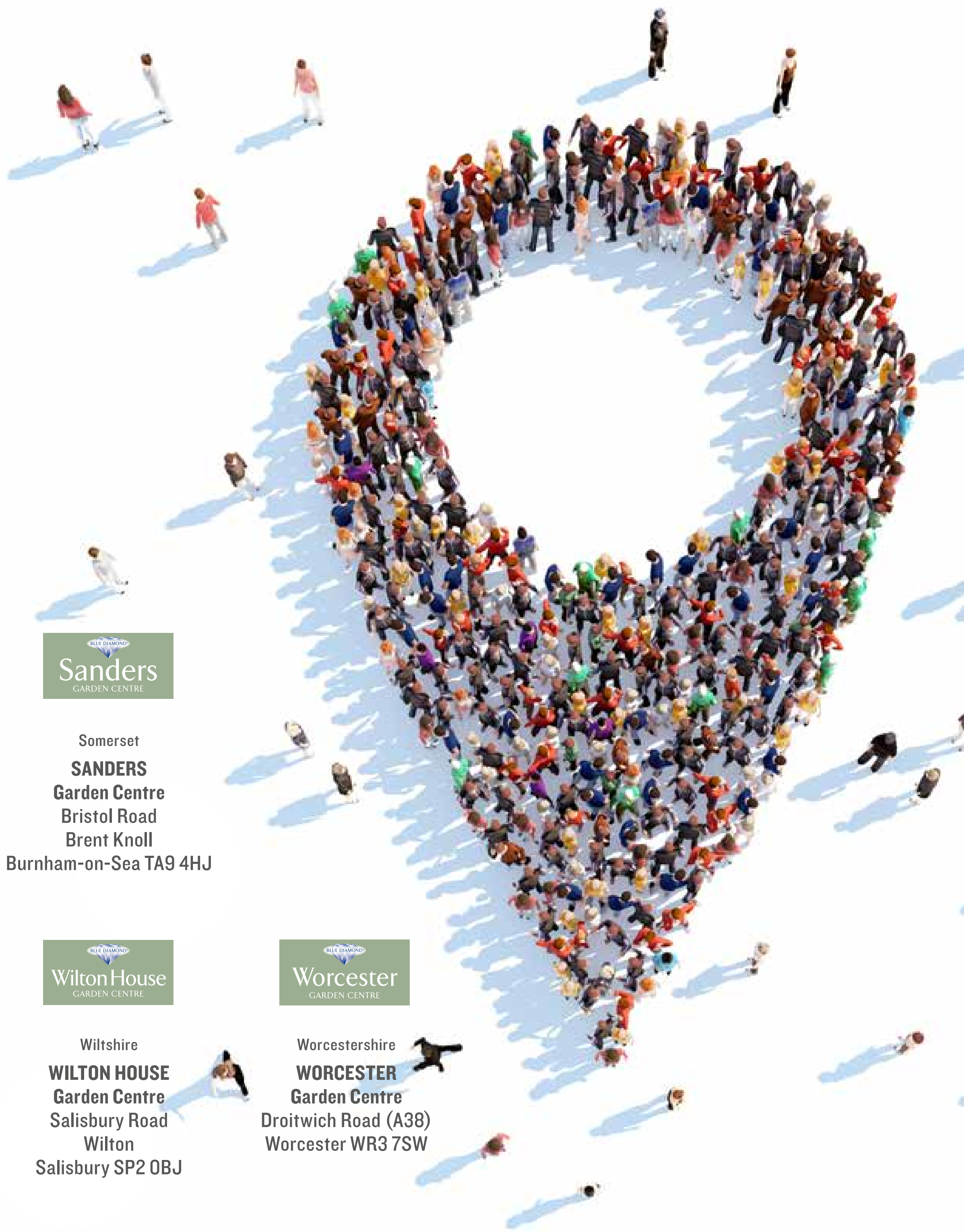
Garden Centre
Salisbury Road
Wilton
Salisbury SP2 0BJ

Worcestershire
WORCESTER
Garden Centre
Droitwich Road (A38)
Worcester WR3 7SW



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