We just keep growing...

BLUE DIAMOND®

Blue Diamond Limited

ANNUAL REPORT & CONSOLIDATED FINANCIAL STATEMENTS 2018

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
2018

BLUE DIAMOND LIMITED
(Incorporated in Guernsey, Channel Islands)

DIRECTORS
S. Burke (Chairman)
A. Roper (Managing Director)
R.J. Hemans (Finance Director)
S.J. Falla, MBE
Sir John Collins
C.L. Williams

COMPANY SECRETARY
R.J. Hemans

REGISTERED NUMBER
12307 (Guernsey)

REGISTERED OFFICE
Rue du Friquet
Castel
Guernsey
Channel Islands

INDEPENDENT AUDITOR
BDO Limited
PO Box 180
Place du Pré
Rue du Pré
St. Peter Port
Guernsey

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

LEGAL REPRESENTATIVES
GUERNSEY
Carey Olsen
Les Banques
St. Peter Port
Guernsey
Channel Islands

UNITED KINGDOM
Bristows LLP
100 Victoria Embankment
London
United Kingdom

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CHAIRMAN'S REPORT

By any standards, 2018 was a dramatic year for Blue Diamond. Our biggest garden centre opening ever, the acquisition of nine centres from Wyevale, a share issue, a sale-and-leaseback of Brambridge, and extraordinary swings in the weather all played their part. I am very pleased to report that we have navigated them all with success.

Our headline profit before tax grew by 18% on total sales up 32%, and despite the very substantial acquisition during the year, our debt is well within acceptable parameters.

This year, the figures need some unpicking.

Total sales were 32% up, but excluding the former Wyevales, they were 18% up. On a like-for-like basis, the increase was 8%. I am pleased to report that the majority of centres showed good growth, with particularly strong sales in Coton Orchard and Derby following their refits in 2017. I have previously commented on the remarkable debut of East Bridgford, which has continued its strong sales. Restaurant performance was a bit below par, particularly in the early part of the year, but actions taken by the team have brought them back on track. Margins overall were slightly up for the year. We significantly outperformed the Garden Centre Association again. Alan gives more detail of trading performance in his report.

Profit before tax increased from £9.2m in 2017 to £10.8m in 2018, a rise of 18%. This figure includes a number of items which will be non-recurring and when these are excluded the underlying profit before tax was £10.6m, an increase of 15%. The difference is analysed as follows:

		£m
Underlying Profit before Tax		**10.6**
Less:	Initial losses in Wyevales	(0.9)
	Jersey associate's write-down of property	(0.3)
	Impact of oil spill	(0.1)
Plus:	Profit on sale and leaseback	1.5
Reported Profit before Tax		**10.8**

The initial losses in the newly-acquired Wyevale centres include financing and resourcing costs incurred during the period, as we worked to get them into good trading order. The write-down relates to an associated company in Jersey and reflects declining high street retail property values. We had an accidental oil spill at one of our centres in January 2018, which has now been fully cleaned up and led to no adverse regulatory consequences. As part of the funding of the Wyevale acquisition, we sold and leased back our Brambridge centre, which realised a significant profit over book value. Some, but not all, of these items are shown separately in the accounts.

The underlying profit thus reflects more closely the performance of the core Blue Diamond estate during the year.

The picture on earnings per share is similar. In addition to the factors above, earnings are also affected by £0.4m of additional tax resulting from the new retail profits tax in Jersey. This is a discriminatory and retrograde levy, targeting a sector which in general needs support, rather than undermining, from governments. It will surely have an adverse effect on investment in retail and the employment which that generates.

However, notwithstanding this, underlying earnings per share rose by 16% to 27p (without the Jersey tax they would have been 28p). The reported earnings were 26p, including the various items listed above. We are proposing a final dividend of 4.1p per share, bringing the total for 2018 to 5.9p, an increase of 5%. The Board considers this increase represents a fair balance between increasing returns to shareholders and meeting the investment needs of the business.

The acquisition of nine centres from Wyevale was clearly the most significant event in the year. The piecemeal disposal of their entire business has been an unusual approach, but the fact that we were in dialogue with Wyevale beforehand meant that we could choose the centres we wanted to acquire. The acquisition was funded by a combination of a further share issue, which was oversubscribed and raised £1.2m; a sale and leaseback of two of the centres acquired plus Brambridge which raised £24m, and the balance with bank debt. We were anxious to maintain debt at a moderate level, and I am pleased to report that by the year-end our net borrowing was 1.7 times EBITDA, and our gearing 33%.

As Alan describes later, the integration so far has been remarkably smooth, and trading results from the centres have been very encouraging. Managing a major acquisition is a notoriously difficult process, and I want to acknowledge the great job that the team has done with this one.

The new financial year has started well. Given the very bad weather last year, we were expecting significant growth in the first few months and results have so far met or exceeded expectations. The Wyevale stores should start to make a significant contribution to our results in 2019, and so we are confident about the prospects for this year.

Looking further ahead, we see significant scope for continuing growth in the Wyevale stores, with more investment in refurbishment there. There are still several opportunities to enlarge existing Blue Diamond stores, and we have identified some additional new build sites. Taken together, these provide a significant runway for investment and growth over the coming years.

Stuart Falla will be retiring from the board at this year's AGM. Stuart has been a key part of our board for seven years. His wisdom and experience as a senior businessman in Guernsey have been of enormous value in steering the many developments at Blue Diamond over those years. On behalf of all of us, I thank him for all he has done for the Company.

Meanwhile, Claire Williams joined the Board at the beginning of the year. She comes from a retail background, with significant experience of supermarkets, speciality retail and online activity. I am delighted to have her on board and welcome her to Blue Diamond.

As usual, the last word goes to our colleagues across the business. This year was exciting for us all but also placed great strains on the team. Colleagues continue to give huge support to the stores that joined us during the year. We have welcomed a great many new colleagues, and it has been wonderful to see how proud they are at becoming part of Blue Diamond. We are proud of our colleagues too, and I thank them all on your behalf for delivering another great year.

Simon Burke

Simon Burke - Chairman
8 May 2019

"Sales increased by 32% to nearly £128m "

Alan Roper - MANAGING DIRECTOR

MANAGING DIRECTOR'S REPORT

2018 was a year the Group seized a rare opportunity for significant growth when we purchased nine Wyevale garden centres with an annual turnover of nearly £37m. The purchase completed in mid-August and the significant task began to assimilate the businesses into the Group. My operations team have been exemplary in rising to and delivering on this challenge. In fact, one would go as far as to say that despite the onerous nature of the task in hand it was met with huge enthusiasm and a modicum of excitement. This enthusiasm was matched by the existing employees and customers of the stores upon hearing Blue Diamond would be acquiring them.

This scale of acquisition normally carries a degree of disruption, however, with eight months having passed since the purchase I am pleased to say the integration has not had any detrimental impact upon either the team, the existing, or the new businesses. We naturally absorbed an operational loss from the Wyevale centres for the final four months of the year because sales did not include the key spring and summer gardening period and the fact that the centres were inherently in a poor state upon acquisition. A refurbishment programme to bring these tired businesses up to the Blue Diamond format and standard started in January of this year and will continue through to 2020.

The aim is to double the turnover of these businesses over the coming years, which is based on benchmarking their current performance relative to retail space against our performance. Early signs are encouraging, with sales for the first quarter of 2019 for the ex-Wyevales up 62% compared to the wider Group performance of 28%.

2018 also saw the acquisition of Orchard Park Garden Centre in Dorset and the opening of a new-build garden centre at East Bridgford near Nottingham. Named "Blue Diamond Garden & Home" at East Bridgford, this business is my first ever new-build centre to achieve nearly £10m turnover in its first trading year, which was only nine months due to opening at the end of March. Originally budgeted to achieve £10m sales in its third year, the centre has been widely recognised by both our customers and the industry as being a standard bearer.

Sales increased by 32% to nearly £128m. Like-for-like sales (excluding all sales from new businesses including East Bridgford) were 8% up. This compares to the industry which was down 0.3%, as defined by the GCA (Garden Centre Association). This substantial like-for-like outperformance was driven through average spend, which was up 6.1% (GCA up 2.7%) and by footfall, up 2.6% (GCA down 2.9%).

GC CUSTOMER NUMBERS

	2018	2017	
GCA Average	170,570	175,666	-2.90%
BD Average LFL	176,934	172,531	2.55%

GC AVERAGE SPEND

	2018	2017	
GCA Average	21.72	21.15	2.69%
BD Average LFL	24.82	23.39	6.10%

Gross margin grew by 0.3% to 51.3%. This would have been stronger were it not for the restaurants which experienced some margin erosion. This has been repaired. Like-for-like restaurant sales were down 1.3% (GCA up 2.4%) due to increased competition on one of our multi-retail sites and operational issues in a further two restaurants. These issues have been resolved.

To achieve this level of outperformance in every category and to integrate eleven new businesses in one year is exceptional and is a testament to a team and culture which has been twenty years in the making since I joined the Company in 1999. The team and culture within this Company is by any measurement exceptional. I am enormously proud of them and their achievements. They have a great affinity in the way they work together, and their loyalty to the Company and each other is second to none.

Looking forward we have three new-build centres in the pipeline with hopefully a fourth to be agreed soon, and a number of our centres are earmarked for expansion when we have completed the current investment programme on the recent acquisitions. This new business coupled with the growth from the recent acquisitions should see the Group turnover approach £200m within the next five years.

The table below details our like-for-like (LFL) sales performance by category, against the GCA.

OUTDOOR PLANTS	
GCA Average	0.28%
BD Average LFL	9.56%
GARDEN SUNDRIES	
GCA Average	-2.88%
BD Average LFL	5.91%
FURNITURE & BBQ	
GCA Average	2.87%
BD Average LFL	7.22%
HOUSEPLANTS	
GCA Average	10.83%
BD Average LFL	22.04%
SEEDS & BULBS	
GCA Average	-0.89%
BD Average LFL	4.59%
GIFTS	
GCA Average	-1.36%
BD Average LFL	8.14%
CLOTHING	
GCA Average	5.02%
BD Average LFL	15.43%
CHRISTMAS	
GCA Average	0.08%
BD Average LFL	9.21%
FOOD HALL - FARM SHOP	
GCA Average	0.17%
BD Average LFL	19.65%

Alan Roper - Managing Director
8 May 2019

"A ONCE IN A LIFETIME OPPORTUNITY"

Nine Wyevale stores become part of the Blue Diamond family

25th July 2018:

Blue Diamond has acquired eight new garden centres into the Group. These eight garden centres were owned by Wyevale Garden Centres, who announced their sale earlier in the year.

Bicester, Oxfordshire; Endsleigh, Devon; Sanders, Burnham-on-Sea; Cadbury, Bristol; Cardiff, South Wales; Percy Throwers, Shrewsbury; Melbicks, Birmingham; Weybridge, Surrey.

30th August 2018:

Nailsworth Garden Centre, our 30th centre, was acquired from the Wyevale Garden Centres sale. Formerly known as Waterside Garden Centre, it was designed and built by Alan Roper in the 1990s before he joined Blue Diamond.

" We are delighted to be acquiring these fantastic centres. Over the next three years, we plan to invest £16million to remodel and transform them into destination centres modelled around our Redfields Garden and Living Centre in Hampshire, and our Blue Diamond Garden and Home store near Nottingham. We look forward to working with our new colleagues across the centres and welcoming them into the Blue Diamond family."

Alan Roper


BLUE DIAMOND
Percy Thrower's
GARDEN CENTRE
BLUE DIAMOND
Melbicks
GARDEN CENTRE
BLUE DIAMOND
Bicester Avenue
GARDEN CENTRE
BLUE DIAMOND
Nailsworth
GARDEN CENTRE
BLUE DIAMOND
Cardiff
GARDEN CENTRE
BLUE DIAMOND
Weybridge
GARDEN CENTRE
BLUE DIAMOND
Cadbury
GARDEN CENTRE
BLUE DIAMOND
Sanders
GARDEN CENTRE
BLUE DIAMOND
Endsleigh
GARDEN CENTRE

Percy Thrower's
GARDEN CENTRE

Shropsire
7.66 Acres

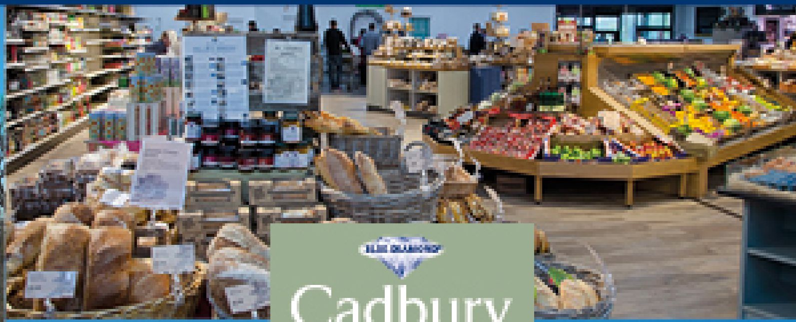
Melbicks
GARDEN CENTRE
Birmingham, West Midlands
11.61 Acres

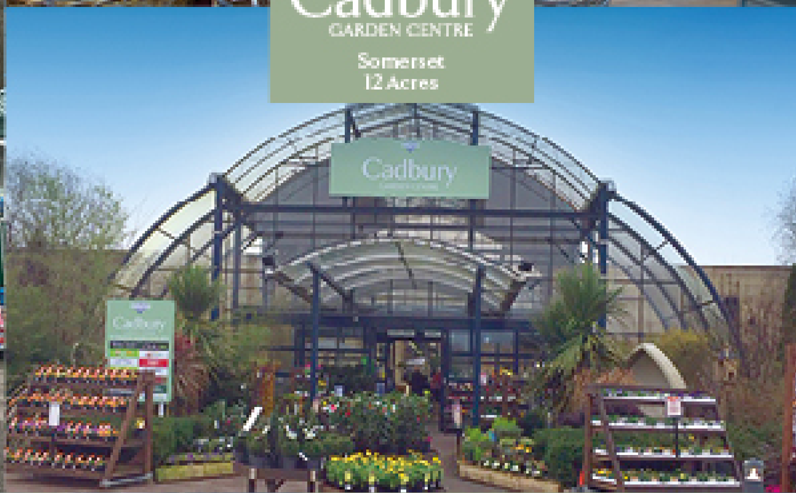
Bicester Avenue
GARDEN CENTRE

Oxfordshire
22 Acres

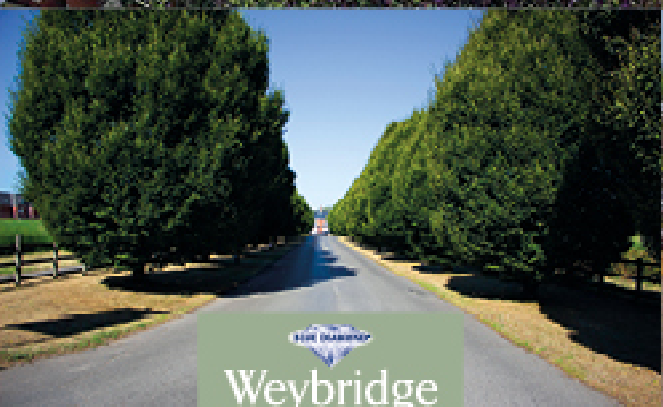
Cardiff
GARDEN CENTRE
South Wales
8.2 Acres


Nailsworth
GARDEN CENTRE
Nailsworth
GARDEN CENTRE
Gloucestershire
4.34 Acres




Cadbury
GARDEN CENTRE
Somerset
12 Acres
Cadbury


Sanders
GARDEN CENTRE
Somerset
26 Acres


Weybridge
GARDEN CENTRE
Surrey
6.24 Acres


Endsleigh
GARDEN CENTRE
Devon
13.84 Acres


Weybridge Garden Centre


Endsleigh
GARDEN CENTRE
Entrance

Orchard Park

ORCHARD PARK

Acquired May 2018:

Situated on an eight-acre site on the edge of Gillingham in North Dorset, Orchard Park became our 21st garden centre.

It has gone from strength to strength over the years successfully attracting a steady stream of customers with popular departments such as floristry, landscaping products for every garden project, plants, plant care, gifts, fashion and indoor and outdoor lifestyle ranges. The Orchard Café is a favourite meeting place in the local area, offering freshly prepared seasonal dishes, cakes and pastries every day.

The site has planning consent to triple the size of the covered retail area to 5,000 sqm. We hope to amend the planning permission and start work on expanding the garden centre soon.

LE FRIQUET
DESTINATION GARDEN CENTRE OF THE YEAR

FERMOY'S
CORE GARDEN CENTRE OF THE YEAR

BLUE DIAMOND®

ANNUAL AWARDS 2018

TRELAWNEY
UNDER 200 COVERS

REDFIELDS
OVER 200 COVERS


Simon Burke, Alan Roper and Geoff Dorey


Alan Roper

Le Friquet OAK CUP Winners 2018


Fermoy's ACORN CUP Winners 2018


Restaurants of the year Redfields and Trelawney


Amanda Brown-Reed Fashion Winner 2018


Matt Gouveia Multiple Winner 2018


On behalf of Suki Crook Wild Animal Winner 2018


Alan Roper 20 Years Service Award

2018 WINNERS

STOCK MANAGEMENT
SARAH HEATHFIELD - 3 SHIRES

HOME - ACORN AWARD
CAROL SPAIN - FERMOYS

HOME - OAK AWARD
SARAH THOMPSON - REDFIELDS

CHRISTMAS - ACORN AWARD
DENNIS RISDON - TRELAWNEY
MIKE EVANS - 3 SHIRES

CHRISTMAS - OAK AWARD
MATT GOUVEIA - LE FRIQUET

VISUAL MERCHANDISER
SUZIE YOUNG - REDFIELDS

FASHION - ACORN AWARD
HELEN DANNING - TRELAWNEY

FASHION - OAK AWARD
AMANDA BROWN-REED - ST. PETER'S

GARDEN CARE & DÉCOR - ACORN AWARD
JULIE SILLS - HARLOW

GARDEN CARE & DÉCOR - OAK AWARD
CYLE HOOPER - LE FRIQUET

GARDEN FEATURES & CONTAINERS
ANDREW LLOYD - 3 SHIRES

WILD ANIMALS
SUKI CROOK - ST. PETER'S

FURNITURE & OUTDOOR LEISURE - ACORN AWARD
TRACY UPHILL - CHATSWORTH

FURNITURE & OUTDOOR LEISURE - OAK AWARD
MATT GOUVEIA - LE FRIQUET

SEEDS AND BULBS - ACORN AWARD
FERGUS KEATING - BRAMBRIDGE

SEEDS AND BULBS - OAK AWARD
TINA LUKER - TRENTHAM

SEASONAL PLANTS - ACORN AWARD
MARTINA MALLETT - MATLOCK

SEASONAL PLANTS - OAK AWARD
ANNA LANCASTER - REDFIELDS

HARDY PLANTS - ACORN AWARD
PETER SHIRLEY - FRYER'S

HARDY PLANTS - OAK AWARD
GEMMA WOODS - DERBY

INDOOR PLANTS - ACORN AWARD
KATIE WARDELL - NEWBRIDGE

INDOOR PLANTS - OAK AWARD
KEVIN FLEMING - TRENTHAM

BEST GC FOR SOCIAL MEDIA 2018
GROSVENOR

BEST GARDEN CENTRE FOR CUSTOMER ENGAGEMENT & LOYALTY
FERMOY'S

PASTRY CHEF
TRACEY MILLER - CHATSWORTH

HEAD CHEF
JOHN WALDRON - NEWBRIDGE

RESTAURANT UNDER 200 COVERS
TRELAWNEY

RESTAURANT OVER 200 COVERS
REDFIELDS

CORE GARDEN CENTRE
FERMOY'S

DESTINATION GARDEN CENTRE
LE FRIQUET

Directors' Report for the year ended 31 December 2018

The Directors submit their report and the audited financial statements of the Group for the year ended 31 December 2018. 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 which give a true and fair view of the state of the affairs of the Group and of the profit or loss for that period. In preparing these Consolidated 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 pages 17 and 18.

A final dividend in respect of 2017 of 3.8p per share totalling £1,297,300 was paid to shareholders on 14 June 2018. An interim dividend for the year ended 31 December 2018 of 1.8p per share totalling £614,511 was paid on 4 December 2018.

The Directors have declared a final dividend for the year ended 31 December 2018 of 4.1p per share, which will be paid on 14 June 2019 to those shareholders on the register at 31 May 2019.

Directors

The Directors who served during the year and to date were:

S. Burke	(Chairman)
A. Roper	(Managing Director)
R.J. Hemans	(Finance Director)
S.J. Falla, MBE	
Sir John Collins	
P.A. Alford Burnett	(resigned 19 April 2018)

C.L. Williams was appointed as a director on 1 January 2019.

Post balance sheet events

The events materially affecting the Group since the year end are set out in note 30 to the Consolidated Financial Statements.

Independent auditor

A resolution to re appoint BDO Limited as auditor will be proposed at the Annual General Meeting.

Approval

This report was approved by the Board on 8 May 2019 and signed on its behalf by:

R.J. Hemans
Director

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

Opinion

We have audited the Consolidated Financial Statements of Blue Diamond Limited (the "Group") for the year ended 31 December 2018 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2018 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 properly prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

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 relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the Consolidated Financial Statements is not appropriate; or
- the Directors have not disclosed in the Consolidated Financial Statements any identified material uncertainties that may cast significant doubt about the Group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the Consolidated Financial Statements are authorised for issue.

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.

In connection with our audit of the Consolidated Financial Statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the Consolidated Financial Statements or a material misstatement of the other information. 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.

Matters on which we are required to report by exception

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 Consolidated 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 in the Directors' Report, 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 Consolidated 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 Company 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 Consolidated Financial Statements.

A further description of our responsibilities for the audit of the Consolidated Financial Statements is located at the FRC’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 Limited
Chartered Accountants
Place du Pré
Rue due Pré
St. Peter Port
Guernsey

8 May 2019

Consolidated Profit and Loss Account

Year ended 31 December 2018

Turnover	Note	2018 £000	2017 £000
Cost of sales	4	**127,796**	96,480
		(62,297)	(47,290)
Gross profit		**65,499**	49,190
Administrative expenses		**(56,794)**	(40,451)
Other operating income		**1,714**	552
Profit on sale and leaseback of freehold property	11	**1,491**	-
Reversal of revaluation deficit on freehold properties (net)		**-**	306
Group operating profit	4	**11,910**	9,597
Share of (loss)/profit for the year in:			
- Associated undertakings	12	**(102)**	190
Profit on disposal of associated undertaking		**-**	45
Gain/(loss) on financial derivatives		**94**	(42)
Profit before interest		**11,902**	9,790
Interest receivable	6	**21**	8
Interest payable	7	**(1,106)**	(624)
Profit before tax		**10,817**	9,174
Taxation on profit	8	**(1,777)**	(1,308)
Profit for the financial year		**9,040**	7,866
Earnings per share	24	**26.41p**	23.13p

All of the amounts included above relate to continuing operations.

The notes on pages 24 to 45 form part of these financial statements.

Consolidated Statement of Comprehensive Income

Year ended 31 December 2018

	2018 £000	2017 £000
Profit for the financial year	**9,040**	7,866
Other comprehensive income		
Unrealised surplus on revaluation of freehold properties	**-**	2,661
Movement on deferred tax relating to revaluation of properties	**-**	(176)
Other comprehensive income for the year	**-**	2,485
Total comprehensive income for the year	**9,040**	10,351

The notes on pages 24 to 45 form part of these financial statements.

Consolidated Balance Sheet

As at 31 December 2018

	Note	2018 £000	2018 £000	2017 £000	2017 £000
Fixed assets					
Intangible fixed assets	10		**2,844**		2,877
Tangible fixed assets	11		**91,565**		73,056
Investments	12		**1,632**		784
			96,041		76,717
Current assets					
Stocks	13	**20,259**		13,073	
Debtors	14	**9,790**		5,030	
Cash and bank balances		**10,774**		4,846	
		40,823		22,949	
Creditors: amounts falling due within one year	15	**(26,087)**		(14,670)	
Net current assets			**14,736**		8,279
Total assets less current liabilities			**110,777**		84,996
Creditors: amounts falling due after more than one year	16		**(33,784)**		(15,655)
			76,993		69,341
Deferred tax	20		**(1,029)**		(1,629)
Other provisions	21		**(71)**		(101)
Net assets			**75,893**		67,611
Capital and reserves					
Share capital	22		**690**		683
Share premium			**5,015**		3,868
Capital reserve			**9,439**		9,439
Revaluation reserve			**9,331**		13,699
Profit and loss account			**51,418**		39,922
Total equity			**75,893**		67,611

The financial statements were approved and authorised for issue by the Board of Directors on 8 May 2019 and were signed on its behalf by:

R.J. Hemans
Director

The notes on pages 24 to 45 form part of these financial statements.

Consolidated Statement of Changes in Equity

Year ended 31 December 2018

	Share capital £000	Share premium account £000	Capital reserve £000	Revaluation reserve £000	Profit and loss account £000	Total equity £000
At 1 January 2018	683	3,868	9,439	13,699	39,922	67,611
Comprehensive income for the year						
Profit for the year	-	-	-	-	9,040	9,040
Transfer of realised gain on disposal of freehold property	-	-	-	(4,368)	4,368	-
Total comprehensive income for the year	-	-	-	(4,368)	13,408	9,040
Contributions by and distributions to shareholders						
Dividends (note 9)	-	-	-	-	(1,912)	(1,912)
Shares issued in the year (note 22)	7	1,147	-	-	-	1,154
Total transactions with shareholders	7	1,147	-	-	(1,912)	(758)
At 31 December 2018	690	5,015	9,439	9,331	51,418	75,893

The notes on pages 24 to 45 form part of these financial statements.

Consolidated Statement of Changes in Equity (continued)

Year ended 31 December 2017

	Share capital £000	Share premium account £000	Capital reserve £000	Revaluation reserve £000	Profit and loss account £000	Total equity £000
At 1 January 2017	665	2,240	9,439	11,214	33,900	57,458
Comprehensive income for the year						
Profit for the year	-	-	-	-	7,866	7,866
Surplus on revaluation of freehold properties	-	-	-	2,661	-	2,661
Movement in deferred tax relating to revaluation of properties	-	-	-	(176)	-	(176)
Other comprehensive income for the year	-	-	-	2,485	-	2,485
Total comprehensive income for the year	-	-	-	2,485	7,866	10,351
Contributions by and distributions to shareholders						
Dividends (note 9)	-	-	-	-	(1,844)	(1,844)
Shares issued for the year	18	1,628	-	-	-	1,646
Total transactions with shareholders	18	1,628	-	-	(1,844)	(198)
At 31 December 2017	683	3,868	9,439	13,699	39,922	67,611

The notes on pages 24 to 45 form part of these financial statements.

Consolidated Statement of Cash Flows

Year ended 31 December 2018

	Note	2018 £000	2017 £000
Cash flows from operating activities			
Profit for the financial year		**9,040**	7,866
Adjustments for:			
Amortisation of intangible assets	10	**165**	152
Depreciation of tangible assets	11	**2,825**	2,000
(Profit)/loss on disposal of tangible assets		**(1,490)**	10
Share of loss/(profit) before tax of associated companies	12	**102**	(190)
Profit on disposal of associated company		**-**	(45)
Reversal of revaluation deficit on freehold properties (net)		**-**	(306)
(Gain)/loss on financial derivatives		**(94)**	42
Interest receivable	6	**(21)**	(8)
Interest payable	7	**1,106**	624
Taxation charge	8	**1,777**	1,308
Increase in stocks		**(4,111)**	(1,266)
Increase in debtors		**(3,264)**	(296)
Increase in creditors		**9,886**	2,077
Decrease in provisions		**(30)**	(40)
Corporation tax paid		**(1,191)**	(1,372)
Interest received		**16**	-
Interest paid		**(1,004)**	(651)
Net cash generated from operating activities		**13,712**	9,905
Cash flows from investing activities			
Acquisition costs of business combinations	29	**(41,196)**	(703)
Proceeds from sale of tangible fixed assets		**24,295**	148
Purchases of tangible fixed assets		**(7,763)**	(6,096)
Dividends received from associate	12	**125**	125
Acquisition of investment in associate company	12	**(1,103)**	-
Advanced to associate company		**(381)**	-
Proceeds from sale of share in associate		**-**	342
Net cash used in investing activities		**(26,023)**	(6,184)
Cash flows from financing activities			
Proceeds from issue of ordinary shares	22	**1,154**	1,646
Bank loan net of repayment		**20,580**	-
Repayment of bank loans		**(1,536)**	(1,198)
Capital element of finance leases repaid		**(47)**	(130)
Equity dividends paid	9	**(1,912)**	(1,844)
Net cash from/(used in) financing activities		**18,239**	(1,526)
Net increase in cash and bank balances		**5,928**	2,195
Cash and bank balances at the beginning of the year		**4,846**	2,651
Cash and bank balances at the end of the year		**10,774**	4,846

The notes on pages 24 to 45 form part of these financial statements.

Notes to the Consolidated Financial Statements

Year ended 31 December 2018

INDEX OF NOTES

Notes to the Consolidated Financial Statements

Year ended 31 December 2018

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

2.1 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 3).

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:

2.2 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 Profit and Loss Account from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 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.

2.4 Other operating income

Other operating income includes concession rental income, which is recognised in the Consolidated Profit and Loss Account over the period of the lease.

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2018

2. ACCOUNTING POLICIES (continued)

2.5 Foreign currency translation

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 Profit and Loss Account except when deferred in other comprehensive income as qualifying cash flow hedges.

2.6 Pensions

The Group participates in defined contribution pension schemes for both its Channel Island and United Kingdom employees. A defined contribution scheme 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 Profit and Loss Account 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.

2.7 Finance costs

Finance costs are charged to the Consolidated Profit and Loss Account 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.

2.8 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.

2. ACCOUNTING POLICIES (continued)

2.9 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 Profit and Loss Account.

2.10 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 Profit and Loss Account. Any reversals of such losses are also recognised in the Consolidated Profit and Loss Account.

The Directors consider that the Group’s freehold buildings used as trading properties are maintained in such a high state of repair that their residual value is at least equal to their net book value. As a result, the corresponding depreciable amount would not be material and therefore no depreciation expense is charged in the Consolidated Profit and Loss Account.

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2018

2. ACCOUNTING POLICIES (continued)

2.11 Associates

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 Profit and Loss Account 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.

2.12 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.

2.13 Supplier income

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 payments made to suppliers. Rebates receivable at the year-end are presented as trade debtors.

2.14 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.

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2018

2. ACCOUNTING POLICIES (continued)

2.14 Financial instruments (continued)

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 Profit and Loss Account and presented as gain or loss on financial derivatives. The Group does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

2.15 Cash and bank balances

Cash and bank balances represent cash in hand, current and deposit 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.

2.16 Leases

Rentals payable or receivable under operating leases are charged or credited to the Consolidated Profit and Loss Account on a straight-line basis over the lease term.

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 Profit and Loss Account 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 Profit and Loss Account 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.

2.17 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.

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2018

2. ACCOUNTING POLICIES (continued)

2.18 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.

2.19 Current and deferred taxation

The tax charge for the year comprises current and deferred tax. Tax is recognised in the Consolidated Profit and Loss Account, 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.

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

- 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- 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.

2.20 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.

2.21 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 Profit and Loss Account 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 represent cumulative profits or losses, net of dividends paid and other adjustments.

3. 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

Freehold buildings are not depreciated because the residual value of the properties at the end of their useful life is expected to be higher than their current value. The Group spends significant amounts on their maintenance and refurbishment. If there was an indication of a permanent reduction in their carrying value then an impairment would be recognised. Freehold land is considered to have an unlimited useful life and is therefore not depreciated.

Tangible fixed assets, other than freehold land and buildings, 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 and buildings were last revalued in 2017 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.

The next independent valuation will take place in 2020. For the year ended 31 December 2018, the Directors have reviewed the previous valuations and have also performed a desktop review of the future cash flows of the existing garden centres. The Directors are satisfied that that any movements since the valuation date will not have a material impact on the values of the properties at year end and therefore there have been no revaluation adjustments in the year.

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.

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2018

4. TURNOVER AND GROUP OPERATING PROFIT

Turnover and Group operating profit are stated after charging/(crediting):	**2018 £000**	**2017 £000**
Amortisation of goodwill	**190**	179
Amortisation of negative goodwill	**(25)**	(27)
Depreciation of tangible fixed assets	**2,825**	2,000
Loss on disposal of tangible fixed assets	**1**	10
Profit on sale and leaseback of freehold property	**(1,491)**	-
Fees payable to the Group's Auditor		
- Audit of the Group's Consolidated Financial Statements	**60**	60
- Audit of the subsidiary companies	**52**	30
- Other non-audit services	**54**	36
Foreign exchange losses	**91**	64
Operating leases expense	**8,316**	4,300
Defined contribution pension cost	**381**	226
Rental income in other operating income	**(1,681)**	(525)

The Group acquired nine former Wyevale Garden Centres during the year, and their results are included in the Group's results from the dates of acquisition and are disclosed in the table below under 'Acquired'. An analysis of the Group's results from continuing activities including acquisitions is given below:

	2018 Continuing £000	**2018 Acquired £000**	**2018 Total £000**	**2017 Total £000**
Turnover	**113,822**	**13,974**	**127,796**	96,480
Cost of sales	**(55,835)**	**(6,462)**	**(62,297)**	(47,290)
Gross profit	**57,987**	**7,512**	**65,499**	49,190
Administrative expenses	**(48,009)**	**(8,785)**	**(56,794)**	(40,451)
Other operating income	**514**	**1,200**	**1,714**	552
Profit on sale and leaseback of freehold property	**1,491**	**-**	**1,491**	-
Reversal of revaluation deficit on freehold properties (net)	**-**	**-**	**-**	306
Group operating profit	**11,983**	**(73)**	**11,910**	9,597

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2018

4. TURNOVER AND GROUP OPERATING PROFIT (continued)

Geographic analysis **By geographical area:**	**United Kingdom 2018 £'000**	**United Kingdom 2017 £'000**	**Channel Islands 2018 £'000**	**Channel Islands 2017 £'000**	**Total 2018 £'000**	**Total 2017 £'000**
Turnover	**111,107**	80,974	**16,689**	15,506	**127,796**	**96,480**
Profit before interest and taxation						
Regional profit	**13,500**	12,282	**3,946**	3,525	**17,446**	**15,807**
Profit on sale and leaseback of freehold property	**-**	-	**-**	-	**1,491**	**-**
Group costs	**-**	-	**-**	-	**(7,035)**	**(6,017)**
Group profit before interest and tax	**13,500**	12,282	**3,946**	3,525	**11,902**	**9,790**
Total assets less current liabilities						
Net assets	**77,494**	55,739	**21,834**	21,190	**99,328**	**76,929**
Unallocated assets and liabilities	**-**	-	**-**	-	**11,449**	**8,067**
	77,494	55,739	**21,834**	21,190	**110,777**	**84,996**

The geographical analysis is presented to show the profit before interest and taxation and total assets less current liabilities attributable to each geographic area. The Directors believe that this presentation best enables the users of the financial statements to assess the performance of each region as it reflects the profit before financing costs and capital employed in each geographic area.

Unallocated assets and liabilities consist of assets and liabilities at the Group's head office in Guernsey and certain assets that cannot be allocated to a segment.

5. EMPLOYEES

	2018 £000	**2017 £000**
Staff costs were as follows:		
Wages and salaries	**29,668**	22,546
Social security costs	**1,848**	1,420
Cost of defined contribution pension schemes	**381**	226
	31,897	24,192

The average monthly number of employees, including the Directors, during the year was as follows:	**2018 No.**	**2017 No.**
Management	**83**	77
Retail	**2,648**	1,771
	2,731	1,848

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2018

5. EMPLOYEES (continued)

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 2018 amounting to £85,805 (2017: £69,183).

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 £179,996 (2017: £63,537).

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 2018 was £59,148 (2017: £48,792). In addition, during the year the Group paid contributions of £56,091 (2017: £44,472) into the personal pension scheme of two (2017: two) Directors of the Group.

6. INTEREST RECEIVABLE

	2018 £000	2017 £000
Interest on loans receivable	**5**	5
Bank interest receivable	**14**	3
Interest on tax	**2**	-
	21	8

7. INTEREST PAYABLE

	2018 £000	2017 £000
Bank interest and finance charges	**1,099**	608
Finance leases and hire purchase contracts	**6**	12
Other interest payable	**1**	4
	1,106	624

8. TAXATION

	2018 £000	2017 £000
Provision for current tax		
Current tax on UK profits for the year	**1,106**	1,255
Current tax on Jersey retail profits for the year	**391**	-
Guernsey tax on net rental income	**2**	2
Distribution tax on Jersey dividend received	**25**	-
Adjustments in respect of previous periods	**40**	(74)
	1,564	1,183
Group's share of associates' tax	**28**	41
Total current tax	**1,592**	1,224
Provision for deferred tax		
Origination and reversal of timing differences	**167**	114
Changes to tax rates	**9**	5
Adjustments in respect of previous periods	**9**	(35)
Total deferred tax	**185**	84
Taxation on profit	**1,777**	1,308

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% (2017: 0%). The differences are explained below:

	2018 £000	2017 £000
Profit before tax	**10,817**	9,174
Profit multiplied by standard rate of corporation tax in Guernsey of 0% (2017: 0%)	**-**	-
Effects of:		
UK corporation tax on UK taxable profits at 19% (2017: 19.25%)	**1,621**	1,356
Jersey corporation tax on retail profits at 20% (2017: 0%)	**391**	-
Jersey distribution tax on dividend received	**25**	-
Share of associates' tax	**28**	41
Expenses not deductible for tax purposes	**27**	74
Non-taxable income	**(77)**	-
Effect of change in rate	**(5)**	5
Capital gains	**(283)**	(59)
Adjustments to tax charge in respect of prior periods	**50**	(109)
Total tax charge for the year	**1,777**	1,308

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% (2017: 0%). The current rate of UK corporation tax of 19% will reduce to 17% with effect from 1 April 2020. The rates have been substantively enacted at the financial year end and are reflected in these Consolidated Financial Statements.

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2018

9. DIVIDENDS

	2018 £000	2017 £000
Ordinary shares		
Final 2017 dividend of 3.8p per share (2016: 3.6p per share)	**1,297**	1,229
Interim 2018 dividend of 1.8p per share (2017: 1.8p per share)	**615**	615
	1,912	1,844

On 8 May 2019 the Directors proposed a final dividend of 4.1p per ordinary share. The dividend has not been accrued in these Consolidated Financial Statements because the dividend was declared after the balance sheet date.

10. INTANGIBLE ASSETS

	Goodwill £000	Negative goodwill £000	Total £000
Cost			
At 1 January 2018	**3,734**	(544)	**3,190**
Arising on business combinations (note 29)	**132**	-	**132**
At 31 December 2018	**3,866**	(544)	**3,322**
Amortisation			
At 1 January 2018	**556**	(243)	**313**
Charge for the year	**190**	(25)	**165**
At 31 December 2018	**746**	(268)	**478**
Net book value			
At 31 December 2018	**3,120**	(276)	**2,844**
At 31 December 2017	**3,178**	(301)	**2,877**

At 31 December 2018, individually material carrying amounts of goodwill are attributable to Coton Orchard Garden Centre of £1,003,000 (2017: £1,058,000) with a remaining amortisation period of 19 years, and Trelawney Garden Centre of £809,000 (2017: £860,000), with a remaining amortisation period of 16 years.

11. TANGIBLE FIXED ASSETS

	Freehold land and buildings £000	Leasehold improvements £000	Motor vehicles £000	Furniture, fixtures and equipment £000	Computer equipment £000	Total £000
Cost or valuation						
At 1 January 2018	55,165	13,137	351	16,610	1,763	87,026
Additions	115	2,031	77	4,523	1,017	7,763
Acquired in business combinations (note 29)	27,200	8,050	-	1,126	-	36,376
Disposals	(22,789)	-	(15)	(32)	-	(22,836)
Transfers	471	-	-	(782)	-	(311)
At 31 December 2018	60,162	23,218	413	21,445	2,780	108,018
Depreciation						
At 1 January 2018	-	2,783	273	9,601	1,313	13,970
Charge for the year	-	706	53	1,766	300	2,825
Disposals	-	-	(15)	(16)	-	(31)
Transfers	-	-	-	(311)	-	(311)
At 31 December 2018	-	3,489	311	11,040	1,613	16,453
Net book value						
At 31 December 2018	60,162	19,729	102	10,405	1,167	91,565
At 31 December 2017	55,165	10,354	78	7,009	450	73,056

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

	2018 £000	2017 £000
Freehold land and buildings - garden centres	59,732	54,900
Freehold land	430	265
	60,162	55,165

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2018

11. TANGIBLE FIXED ASSETS (continued)

The carrying values are based on valuations previously carried out as at 31 December 2017 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 3.

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

	2018 £000	2017 £000
Historic cost	**50,566**	41,200
Revaluation losses recognised in the Consolidated Profit and Loss Account	**(957)**	(957)
Revaluation gains recognised in the revaluation reserve	**10,553**	14,922
Carrying value at the end of the year	**60,162**	55,165

The revaluation reserve as at 31 December 2018 is stated net of cumulative deferred tax adjustments of £1,223,000 (2017: £1,223,000). Revaluation gains of £4,368,414 were realised during the year as a result of the sale and leaseback of a garden centre property as set out below. The gain was transferred to the Consolidated Profit and Loss Account in the Consolidated Statement of Changes in Equity.

The Group has provided first legal charges in favour of The Royal Bank of Scotland International Limited (trading as NatWest) ("RBSI") over its freehold land and buildings with a carrying value of £40,102,000 (2017: £35,300,000), promissory notes to the value of £4,000,000 (2017: £4,000,000) and a bond to the value of £6,000,000 (2017: £6,000,000) as security for the Group's bank loan and overdraft facilities (note 17).

Sale and leaseback

The Group entered into a sale and leaseback arrangement of freehold properties with a carrying value of £22,788,914 on 25 July 2018. The Group realised a profit on the sale of the freehold properties in the year of £1,491,086.

Finance leases

The net book value of equipment and vehicles for the Group includes an amount of £87,345 (2017: £173,127). in respect of assets held under finance leases (note 18). 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.

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2018

12. FIXED ASSET INVESTMENTS

	Associated undertakings £000	Unlisted investments £000	Total £000
Cost			
At 1 January 2018	780	4	784
Acquisitions during the year	1,103	-	1,103
Dividend received	(125)	-	(125)
Share of associates' loss for the year before tax	(102)	-	(102)
Share of associates' tax for the year	(28)	-	(28)
At 31 December 2018	1,628	4	1,632

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

On 9 May 2018, the Group acquired 25% of the ordinary shares and 100% of the preference shares in Milton Park (Dorset) Limited for a total consideration of £1,103,405. Milton Park (Dorset) Limited is a company registered in England, with the principal activity of the operation of a garden centre and a financial year end of 31 December each year.

The Group also entered into a put and call option with the Sellers to acquire the remaining 75% of the ordinary shares in April 2020 for £1,837,500 adjusted for RPI between May 2018 and April 2020.

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	Garden centre retailer
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

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2018

13. STOCKS

	2018 £000	2017 £000
Goods for resale	**20,259**	13,073

Goods for resale are disclosed net of a provision for slow-moving and obsolete stock of £559,966 (2017: £263,000). An impairment charge of £129,982 (2017: credit of £29,000) was recognised in cost of sales against stock as a movement in the provision.

14. DEBTORS

	2018 £000	2017 £000
Trade debtors	**3,073**	2,232
Prepayments	**3,530**	1,507
Other debtors	**2,464**	1,043
Derivative financial instrument	**94**	-
Amounts due from associated companies	**629**	248
	9,790	5,030

The amounts due from associated companies are unsecured, repayable on demand and are subject to interest at 1.5% above one-month sterling LIBOR per annum.

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £000	2017 £000
Trade creditors	**15,422**	8,465
Accruals and other creditors	**3,022**	2,505
Other taxes and social security	**4,206**	1,854
Bank loans (note 17)	**2,414**	1,200
Corporation tax	**930**	557
Obligations under finance leases (note 18)	**93**	47
Derivative financial instrument	**-**	42
	26,087	14,670

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

	2018 £000	2017 £000
Bank loans (note 17)	**33,494**	15,562
Accruals and other creditors	**290**	-
Obligations under finance leases (note 18)	**-**	93
	33,784	15,655

17. LOANS

	2018 £000	2017 £000
The maturities of sources of debt finance are due as follows:		
In one year or less	**2,414**	1,200
In more than one year but not more than two years	**2,414**	4,342
In more than two years but not more than five years	**31,080**	11,220
	35,908	16,762

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) ("RBSI"). The overall position is as follows:

During the year the Group repaid its two term loans with balances totalling £16.2m and entered into a new £37m term loan with 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 also refinanced its working capital revolving facility, which has a new limit of £8m and is committed until 16 August 2021. An overdraft facility of £3m has also been renewed and is committed until 16 August 2019.

On 30 December 2016 the Group entered into a five-year fixed interest rate swap of £7m with RBSI, 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 11. The Group has also provided a cross guarantee as detailed in note 27.

Analysis of changes in net debt	**1 January 2018 £000**	**Cash flows £000**	**Non-cash movements £000**	**31 December 2018 £000**
Cash and bank balances	4,846	**5,928**	**-**	10,774
Obligations under finance leases	(140)	**47**	**-**	(93)
Bank loans due within one year	(1,200)	**1,536**	**(2,750)**	(2,414)
Bank loans due after more than one year	(15,562)	**(20,580)**	**2,648**	(33,494)
	(12,056)	**(13,069)**	**(102)**	(25,227)

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2018

18. FINANCE LEASES

Minimum lease payments under finance leases fall due as follows:	2018 £000	2017 £000
Within one year	**93**	47
Between one to two years	**-**	93
	93	140

Assets secured under these agreements are disclosed in note 11.

19. FINANCIAL INSTRUMENTS

	2018 £000	2017 £000
Financial assets		
Financial assets measured at amortised cost	**16,666**	8,369
Financial derivatives measured at fair value through profit or loss	**93**	-
	16,759	8,369
Financial liabilities		
Financial liabilities measured at amortised cost	**(54,402)**	(27,872)
Financial derivatives measured at fair value through profit or loss	**-**	(42)
	(54,402)	(27,914)

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, trade creditors and other creditors. Financial derivatives measured at fair value through profit or loss comprise of foreign currency forward contracts.

20. DEFERRED TAXATION

	2018 £000	2017 £000
At beginning of year	**(1,629)**	(1,369)
On acquisitions (note 29)	**785**	-
Charged to profit	**(185)**	(84)
Charged to other comprehensive income	**-**	(176)
At end of year	**(1,029)**	(1,629)

The provision for deferred taxation is made up of:

	2018 £000	2017 £000
Accelerated capital allowances	**110**	(490)
Revaluation gains on freehold properties	**(1,139)**	(1,139)
	(1,029)	(1,629)

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2018

21. OTHER PROVISIONS	Onerous lease £000
At 1 January 2018	101
Utilised in year	(30)
At 31 December 2018	71

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

22. SHARE CAPITAL	2018 £000	2017 £000
Authorised		
34,500,000 ordinary shares of £0.02 each	**690**	690
Allotted, called up and fully paid		
34,500,000 (2017: 34,139,480) ordinary shares of £0.02 each	**690**	683

In August 2018, the remaining 360,520 authorised but unissued ordinary shares were offered to existing shareholders at a price of £3.20 per share. All the shares were accepted and gross proceeds were £1,153,664.

The movement in the issued shares for the year is as follows:

	2018 Shares in Issue No.	2018 Share Capital £	2017 Shares in Issue No.	2017 Share Capital £
At 1 January 2018	34,139,480	**682,790**	**6,654,668**	665,467
New shares issued in the year	360,520	**7,210**	**173,228**	17,323
Share split	-	**-**	**27,311,584**	-
At 31 December 2018	34,500,000	**690,000**	**34,139,480**	682,790

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2018

23. PARENT COMPANY PROFIT FOR THE YEAR

The Company has not presented its own statement of comprehensive income in these financial statements. The profit after tax of the Parent Company for the year was £117,917 (2017: £324,790).

24. EARNINGS PER SHARE

	Profit for year £000	Earnings per share 2018 p	Profit for year 2017 £000	Earnings per share 2017 p
Basic earnings per share	**9,040**	**26.41**	**7,866**	**23.13**

Basic earnings per share is calculated by dividing the profit for the financial year attributable to the members of Blue Diamond Limited by the weighted average number of ordinary shares in issue during the year, which was 34,230,351 (2017: 34,011,674).

25. CAPITAL COMMITMENTS

The Group entered into an option during the year as set out in note 12.

26. COMMITMENTS UNDER OPERATING LEASES

The future minimum lease payments due under the Group's non-cancellable operating leases are payable as follows:

	2018 £000	2017 £000
Not later than 1 year	**11,880**	4,446
Later than 1 year and not later than 5 years	**45,940**	16,554
Later than 5 years	**258,615**	67,211
	316,435	88,211

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

	2018 £000	2017 £000
Not later than 1 year	**2,411**	610
Later than 1 year and not later than 5 years	**4,024**	1,568
Later than 5 years	**29**	788
	6,464	2,966

Year ended 31 December 2018

27. CONTINGENT LIABILITIES

The Company and its subsidiaries (note 12) 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 £40,463,215 (2017: £24,373,127).

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

28. RELATED PARTY TRANSACTIONS AND CONTROLLING PARTY

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:

	2018 £000	2017 £000
Interest receivable	**5**	**5**
Dividends receivable	**125**	**125**
Rent paid	**(200)**	**(200)**

The Group lent Milton Park (Dorset) Ltd £200,000 to repay its bank loans in June 2018 at an interest rate of 3% plus 1-month LIBOR, which was agreed as part of the acquisition terms. This loan was repaid in full during the year.

Key management personnel, of which there were 23 in 2018 (2017: 22), 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 £2,871,312 (2017: £2,655,398).

Included in Creditors: amounts due within one year (note 15) is an amount of £503,223 (2017: £1,241,010) and Creditors: amounts due after more than one year (note 16) is an amount of £290,000 (2017: £nil) due to key management personnel, of which £290,000 (2017: £945,000) is the amount so far accrued in respect of the long term incentive plan (LTIP) for Executive Directors, which is based on Group performance targets for the years ending 31 December 2018, 2019 and 2020, and is payable in April 2021.

Total dividends paid to Directors while in office amounted to £28,220 (2017: £26,768). 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 (2017: 2p shares).

	2018 No.	2017 No.
Simon Burke	**49,974**	40,750
Alan Roper	**284,264**	281,155
Richard Hemans	**65,990**	57,000
Stuart Falla, MBE	**75,089**	69,855
Sir John Collins	**56,082**	47,940
Patricia Alford-Burnett	**5,000**	5,000
	536,399	501,700

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 2018

29. BUSINESS COMBINATION

Acquisition of Wyevale Garden Centres

On 16 August 2018 and 19 September 2018, the Company acquired the business and trading assets of nine Wyevale Garden Centres in total. In calculating the goodwill arising on acquisition, the fair value of net assets acquired have been assessed and adjustments from book value have been made where necessary.

	Book value £000	Fair value adjustments £000	Fair value £000
Fixed assets			
Tangible	30,788	5,588	36,376
Current assets			
Stocks	3,380	(132)	3,248
Prepayments and other debtors	843	-	843
Deferred tax on differences between fair values and tax bases (note 20)	-	785	785
Total assets	35,011	6,241	41,252
Creditors: amounts falling due within one year	(188)	-	(188)
Net assets	34,823	6,241	41,064
Goodwill (note 10)			132
Total purchase consideration (including expenses of £483,789)			41,196

The useful economic life of goodwill has been estimated to be 10 years, based on estimates.

The results of the acquired garden centres since acquisition are set out in note 4.

30. POST BALANCE SHEET EVENT

On 8 May 2019 the Directors proposed a final dividend of 4.1p per ordinary share. The dividend has not been accrued in these Consolidated Financial Statements because the dividend was declared after the balance sheet date.

CONTACT DETAILS:

Gloucestershire
3 SHIRES
Garden Centre
Ledbury Road
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

Somerset
CADBURY
Garden Centre
Smallway
Congresbury
BS49 5AA

South Wales
CARDIFF
Garden Centre
Newport Road
St. Mellons
Cardiff CF3 2WJ

Derbyshire
CHATSWORTH
Garden Centre
Calton Lees
Beeley
Matlock DE4 2NX

Cambridgeshire
COTON ORCHARD
Garden Centre
Cambridge Road
Coton CB23 7PJ

Derbyshire
DERBY
Garden & 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 4D

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

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

Cheshire
GROSVENOR
Garden Centre
Wrexham Road
Belgrave
Chester CH4 9EB

Essex
HARLOW
Garden Centre
Hastingwood
Near Harlow CM17 9LD

Guernsey
LE FRIQUET
Home of Garden
and Living
Rue du Friquet
Castel GY5 7SS

Derbyshire
MATLOCK
Garden Centre
Nottingham Road
Tansley
Matlock DE4 5FR

West Midlands
MELBICKS
Garden Centre
Chester Road
Coleshill
Birmingham B46 3HX

Gloucestershire
NAILSWORTH
Garden Centre
Avening Road
Nailsworth GL6 0BS

West Sussex
NEWBRIDGE
Nurseries
Billingshurst Road
Broadbridge Heath
Horsham RH12 3LN

Dorset
ORCHARD PARK
Garden Centre
Shaftesbury Road
Gillingham SP8 5JG

Shropshire
PERCY THROWER'S
Garden Centre
Thrower Road
Shrewsbury SY2 6QW

Hampshire
REDFIELDS
Home of Garden
and Living
Redfields Lane
Church Crookham
Fleet GU52 0AB

Somerset
SANDERS
Garden Centre
Bristol Road
Brent Knoll
Burnham-on-Sea
TA9 4HJ

Lincolnshire
SPRINGFIELDS
Garden Centre
Springfields Outlet
Village
Camel Gate
Spalding PE12 6ET

Jersey
ST. PETER'S
Garden Centre
Avenue de la Reine
Elizabeth II
St Peter JE3 7BP

Cornwall
TRELAWNEY
Garden Centre
Sladesbridge
Wadebridge
PL27 6JA

Staffordshire
TRENTHAM
Home and Garden
Stone Road, Trentham
Stoke-on-Trent
ST4 8JG

Surrey
WEYBRIDGE
Garden Centre
Crockford Bridge Farm
New Haw Road
Nr. Weybridge
KT15 2BU

Wiltshire
WILTON HOUSE
Garden Centre
Salisbury Road
Wilton
Salisbury SP2 0BJ

FRYER'S
CHATSWORTH
TRENTHAM
MATLOCK
PERCY THROWER'S
DERBY
EAST BRIDGFORD
MELBICKS
SPRINGFIELDS
3 SHIRES
EVESHAM
CARDIFF
NAILSWORTH
BICESTER AVENUE
CADBURY
COTON ORCHARD
SANDERS
TRELAWNEY
HARLOW
ORCHARD PARK
WILTON HOUSE
ENDSLEIGH
REDFIELDS
WEYBRIDGE
FERMOY'S
BRAMBRIDGE PARK
NEWBRIDGE NURSERIES
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