We just keep growing...

BLUE DIAMOND®

Blue Diamond Limited

ANNUAL REPORT & CONSOLIDATED FINANCIAL STATEMENTS

2019


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 2019

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

COMPANY SECRETARY
R.J. Hemans

REGISTERED NUMBER
12307 (Guernsey)

REGISTERED OFFICE
Rue du Friquet
Castel
Guernsey
Channel Islands

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

BANKERS
The Royal Bank of Scotland
International Limited
(Trading as NatWest)
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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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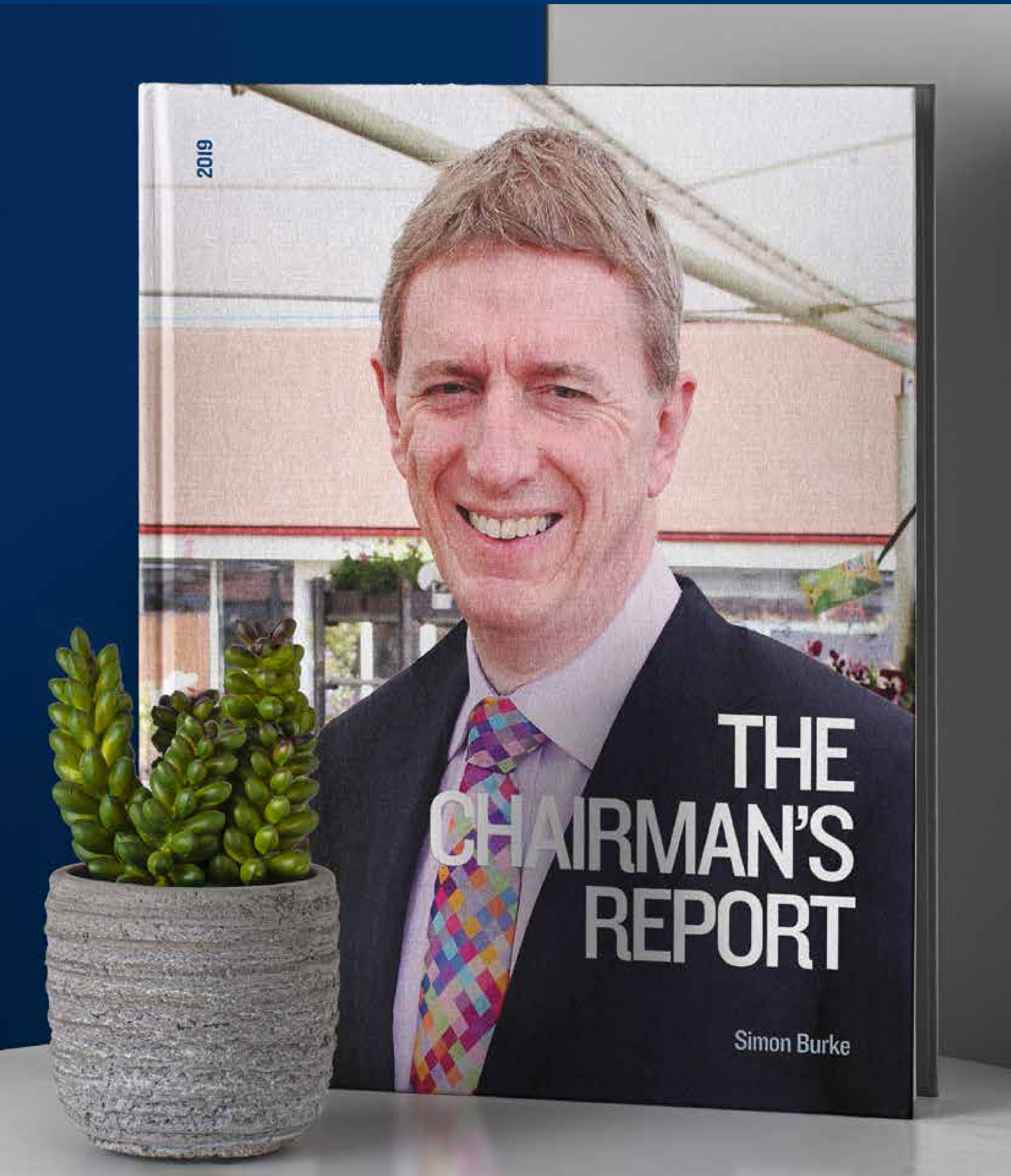


> "Earnings per share grew by 28% to 33.7p"
>
> **Simon Burke** - Chairman

This annual report is concerned with our results for 2019, but I want to start by talking about what has happened in 2020. On 23 March all our UK stores were closed and soon afterwards our Guernsey store was too. We were facing up to 3 months with no sales and the waste of a huge number of plants, which would have died or become unsaleable and would have been composted. This would have been a tragedy as well as a major financial loss.

In the event it did not happen because the Blue Diamond team, inspired and led by Alan, created overnight a home delivery offer for customers in the vicinity of our centres. The response was immediate and at such a level that we had to recall colleagues from furlough to meet demand. Shortly afterwards we had built an online sales capability able to ship to customers all over the UK.

Other significant action was needed to keep the business safe. A large number of our employees were furloughed, we agreed to defer the purchase of the remaining shares in the Orchard Park centre until 2021, bonuses were deferred, and we have been in negotiations with our landlords to achieve viable levels of rent for the periods of closure and reduced trade. An additional facility was negotiated with our bank until the end of 2020.

There is no doubt in my mind that these actions saved Blue Diamond from a very serious financial problem. Although we had support from our bank, we would have faced cash shortages over the summer and autumn, and unsustainably high levels of debt; to address this would have needed radical measures, taken at a time of maximum weakness and therefore damaging to shareholder value. As it is, we can continue as a going concern, and have gained breathing space to recover the trading position and to plan in a measured fashion for any financial actions that will be needed to repair our balance sheet.

We also have the positive legacy of a working online retail business and a greatly expanded website, which will bring further opportunity in coming years.

Everybody involved in this worked tremendously hard, in conditions of severe stress, to create a business out of nothing. It was an extraordinary success, unequalled in the rest of the garden centre sector. It's at times like this that real class shows through. I want, on behalf of the Board and the shareholders, to thank them all for an outstanding achievement.

Prior to the advent of COVID-19, the business was performing very strongly, and this is reflected in the 2019 results.

Our profit before tax grew by 49% to £13.9 million (excluding profits on sales of property), with sales up by 42% to £182 million. Our year-end debt, at £35.1 million, represented 1.7 times EBITDA (gearing 41%), despite the acquisition of a further 7 stores from Wyevale during the year.

The large increase in turnover reflects the impact of both rounds of acquisition from Wyevale. The original 9 sites acquired in 2018 contributed a full year's sales, and also showed strong sales growth against their own previous year comparatives. In some cases this was accelerated by refurbishment, as I reported at the half-year, but all of them reported healthy rates of growth. The 7 stores acquired in 2019 came in too late to have much impact on sales, but we are pleased with their performance so far.

Underlying this we achieved a 10% like-for-like growth in sales from the core estate, which was once again an industry-beating performance.

Margins were also stronger, reaching record levels in 2019. Costs were generally well-controlled and so the rate of profitability has improved, with our profit before tax margin excluding property sales increasing from 7.3% to 7.6% this year. Stock turn improved slightly and is now approaching 4 times, which is a creditable performance given the increase in stock in the Wyevales.

Property profits, which are one-off in nature, have been excluded from the figures quoted here. This year we sold some surplus properties at Fryers and last year we sold and leased back our Brambridge site to help fund the original Wyevale acquisition.

Earnings per share grew by 28% to 33.7p. As you will know from previous announcements, due to the impact of COVID-19 we will not be proposing a final dividend for 2019, and so the full dividend for the year will be the 2p which was paid as an interim dividend late in 2019.

It is difficult to provide commentary on our prospects without engaging in guesswork. Many factors, including the future of restaurants, the duration of social distancing measures, the overall state of the economy, and our old acquaintance the outcome of the Brexit process, are all factors which will affect our business but which are impossible to predict.

However, I do expect the coming months to be challenging for us. We will have much work to do to get the business back on a firm footing, from which it can resume its growth story. Debt reduction and a strong capital base will be our priority, and so cash conservation will be a key theme for some time to come.

What we have seen, however, is the resilience of the Blue Diamond business in the face of a very severe shock, its ability to draw customers even in a difficult environment, and the energy and enterprise of the team to respond creatively to the challenges they have faced. These factors give me confidence that we will weather whatever lies in store for us, and do what it takes to ensure that Blue Diamond will come out the other end strong and prosperous once more.

Simon Burke

Simon Burke - Chairman
16 June 2020

"Blue Diamond sales have grown from £96.5m in 2017 to £181.6m in 2019"

Alan Roper - Managing Director

2019 was the year the Group started to capitalise on the opportunity provided by the 9 Wyevale garden centres purchased in August 2018 with an annual turnover of £36.5m. This scale of acquisition normally carries a degree of disruption due to an overly stretched operations team facing significant challenges of integrating poorly managed businesses with a culture counter to our own Group. My operations team has been exemplary in rising to this challenge. The figures speak to and highlight the extraordinary success achieved by the Group in 2019.

The Wyevale centres since they were acquired in August 2018 have increased sales by £14.7m, up 40% from £36.5m to £51.2m (including restaurants). This success has led me to revise the final turnover target for these sites upwards to £78.5m from my original target of £74m. When one allows for the conversion of the existing concession turnover to our own Fashion turnover the projected like-for-like sales growth is a remarkable 100%. These centres were supposedly mature well-run businesses!

Like-for-like garden centre sales (excluding acquisitions and the newly built East Bridgford) grew by 8.5% compared to the industry average as represented by the Garden Centre Association (GCA) of 4.5%. To outperform the industry on like-for-like sales performance and grow the newly acquired businesses by 40% is commendable.

Trading Trends Return for December 2019

	BD average excluding East Bridgford and Wyevales		
	2019 £	2018 £	% Var
GC SALES			
GCA Average	3,900,547	3,733,080	4.49
BD Average	4,752,060	4,380,618	8.48
GC CUSTOMER NUMBERS			
GCA Average	175,759	171,679	2.38
BD Average	185,483	176,438	5.13
GC AVERAGE SPEND			
GCA Average	22.19	21.74	2.06
BD Average	25.62	24.83	3.18

This substantial like-for-like outperformance was driven through a combination of average spend up 3.2% (GCA up 2.1%) and footfall up 5.1% (GCA up 2.4%). Footfall outperformance is partially due to the fact we have invested more time and focus in signing up customers to our in-house loyalty scheme and through a combination of building a larger audience and stronger communication has increased the frequency of footfall.

The table below details our like-for-like sales performance by category, and again we outperformed the industry (GCA) in every category. Furniture, clothing, Home (Gifts), Food and Seeds and Bulbs being noteworthy.

OUTDOOR PLANTS	
GCA Average	4.04%
BD Average LFL	4.33%
GARDEN SUNDRIES	
GCA Average	6.29%
BD Average LFL	8.72%
FURNITURE & BBQ	
GCA Average	1.78%
BD Average LFL	15.44%
HOUSEPLANTS	
GCA Average	16.36%
BD Average LFL	18.70%
SEEDS & BULBS	
GCA Average	5.50%
BD Average LFL	9.76%
GIFTS	
GCA Average	4.66%
BD Average LFL	8.19%
CLOTHING	
GCA Average	5.10%
BD Average LFL	10.94%
FOOD HALL - FARM SHOP	
GCA Average	4.27%
BD Average LFL	11.85%

Overall sales rose £53.8m (42%) to £181.6m. Within this figure restaurant sales grew from £22.6m to £34.4m in 2019. Restaurant sales grew 7% on a like-for-like basis. Due to acquisitions restaurant sales have more than doubled over the past two years from £16m in 2017 to £34.4m in 2019.

In September 2019 we acquired a further seven Wyevale sites, which generated £5.1m sales in the last quarter. These sites, which historically generated £18.5m of turnover, have the potential to reach sales of £30m over the next five years. The sites were Bridgemere, Worcester, Hereford, Rake, Lower Morden, Tunbridge Wells and Canterbury.

Gross margin grew marginally by 0.1% thanks to the improvement in the restaurant margin of 1.7%. The garden centre gross margin declined by 0.4% due to the continuing clearance of old stock present in the Wyevale acquisitions.

Blue Diamond sales have grown from £96.5m in 2017 to £181.6m in 2019. This phenomenal rate of growth has been realised without any detrimental impact to the underlying key performance indicators within the business. Overheads have been controlled and sales margins improved.

The table below illustrates the sales by garden centre department in 2019.

	2019 £	% var 2019 vs. 2018
CHRISTMAS	11,350,938	18%
FASHION	12,854,472	38%
FOOD	8,048,350	28%
GARDEN LEISURE	21,080,221	21%
GARDENING	33,468,718	15%
HOME	17,619,613	22%
PAPER PRODUCT	6,590,480	13%
PETS & AQUATICS	2,263,234	0%
PLANTS	43,203,047	10%
VOUCHERS	2,773,590	30%
WILD ANIMAL	3,480,299	10%

We have a pipeline of growth projects stretching over a 3- to 4-year period, which will generate a further £89m turnover. The sixteen former Wyevale sites will generate a further £57m turnover so there is enough existing realisable opportunity for the Group to reach £326m over the years to come.

Success is delivered by being strategically ahead of your competitors and ensuring that you position yourself through qualitative points of difference to be the first and most loyal choice of your customer. Blue Diamond operates to that standard. I thank my team for choosing to be a part of this successful journey and to whom we owe our success.

Alan Roper

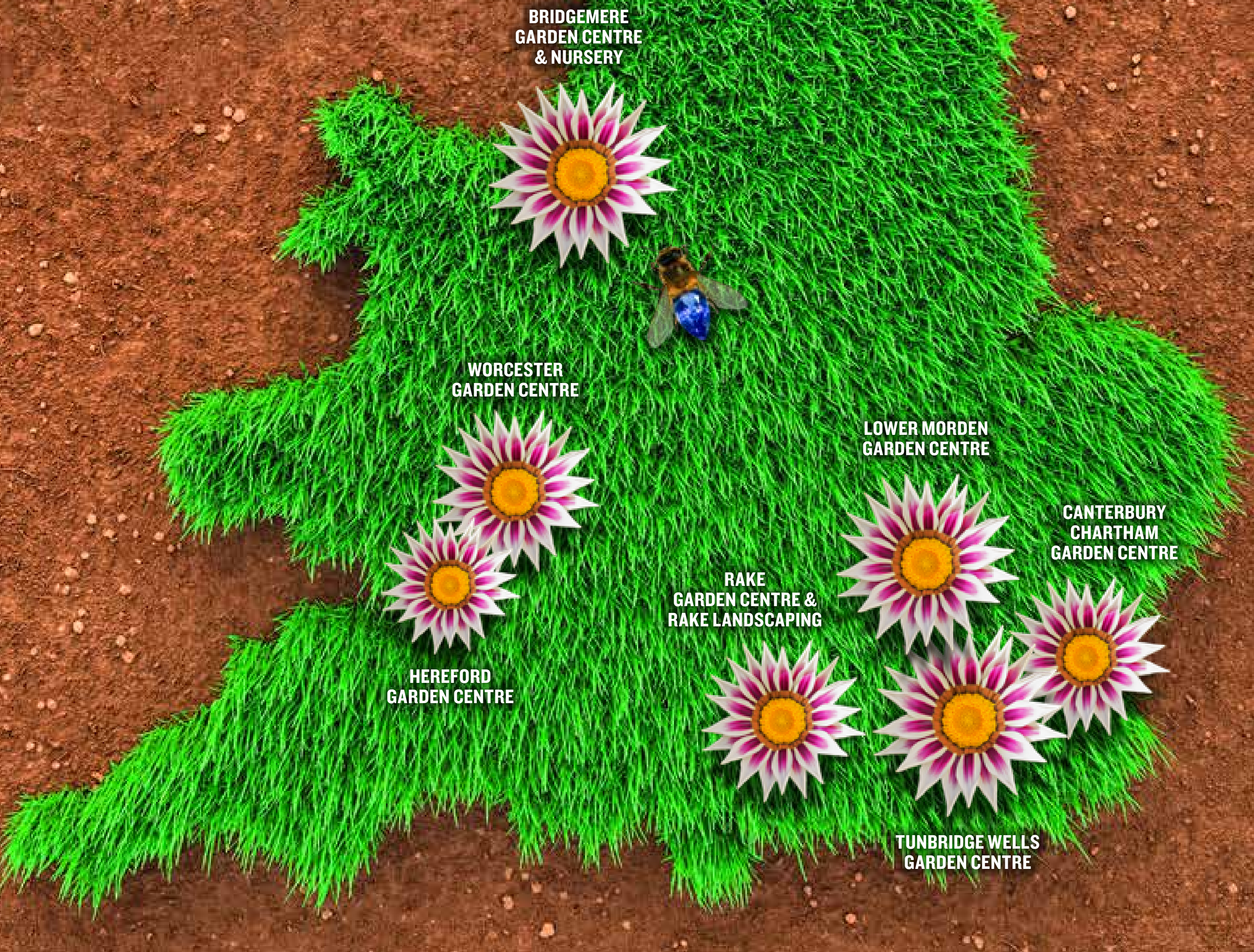
Alan Roper - Managing Director
16 June 2020

SEVEN NEW BLOOMS: We just keep growing

"In May 2019, I went back to Wyevale to look for a couple more centres and came away with six! Later that summer, in August, we also acquired Bridgemere Garden Centre and Nurseries. I have known this centre since the '80s. As a horticulturist, I look forward to restoring its original virtues. The onsite gardens are a treasure trove. We will be utilising the growing nursery to its fullest, supplying both Bridgemere and the wider group with lesser-known hardy plant species."

Alan Roper

Bridgemere Gardens



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Bridgemere
GARDEN CENTRE

Bridgemere Garden Centre
Indoor retail including restaurant 9,756m²
External retail 14,326m²

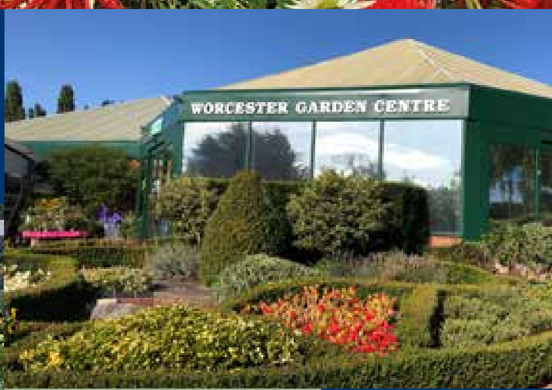
Bridgemere Nursery
70 acres of outside growing
7 acres under cover growing

BRIDGEMERE NURSERY
BLUE DIAMOND

BLUE DIAMOND

Hereford
GARDEN CENTRE

Hereford Garden Centre
Indoor retail including restaurant 4,114m2
External retail 5,792m²



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Canterbury Chartham
GARDEN CENTRE

Canterbury Chartham Garden Centre
Indoor retail including restaurant 2,510m²
External retail 2,854m²

BLUE DIAMOND

Worcester
GARDEN CENTRE

Worcester Garden Centre
Indoor retail including restaurant 1,465m²
External retail 3,744m²

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Rake
GARDEN CENTRE

BLUE DIAMOND

Tunbridge Wells
GARDEN CENTRE

Tunbridge Wells Garden Centre
Indoor retail including restaurant 2,852m²
External retail 3,502m²

Rake Garden Centre and Rake Landscaping
Indoor retail including restaurant 1,247m²
External retail 2,553m²

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Lower Morden
GARDEN CENTRE

Lower Morden Garden Centre
Indoor retail including restaurant 2,610m²
External retail 2,712m²

CULTIVATING OUR INVESTMENT: Nine centre refurbishment programme

1. Bicester Avenue Garden Centre
A flagship fashion department of over 1000m² featuring changing rooms, new flooring, decorated shop fit, lighting and roller racking storage throughout. All other departments received the full Blue Diamond treatment too. We also opened a new concept café and high tea lounge – Kipling Pâtisserie and Prose, extending the Café Theatre restaurant and designing and implementing a new 540m² Eat and Play children's area and terrace. The Farm Shop was given a thorough upgrade and extended, and we introduced a new sweet shop – Suck it and See.

2. Cadbury Garden Centre
New clothing department 496m². Modern shop fit, decoration, improved lighting and partial flooring throughout the rest of the garden centre including upgrading the plant area and outside covered retail space.

3. Cardiff Garden Centre
Upgrade to the clothing department 65m² including new shop fit. New partial flooring throughout the rest of the garden centre.

4. Endsleigh Garden Centre
Comprehensive upgrade to the whole garden centre with new shop fit, lighting, decorating and partial flooring including a new 246m² clothing department.

5. Melbicks Garden Centre
Upgrade to the clothing department 318m² including new shop fit. New partial flooring throughout the rest of the garden centre.

6. Nailsworth Garden Centre
Comprehensive upgrade to the whole garden centre with new shop fit, lighting, decoration and partial flooring including a new 150m² clothing department, new sleeper beds in the plant area and outside retail space. The restaurant was rebranded and refurbished - Waterside Café - and includes a children's play area and terrace.

7. Percy Throwers Garden Centre
Upgrade to the clothing department 329m² including new shop fit. New partial flooring throughout the rest of the garden centre.

8. Sanders Garden Centre
Upgrade including new shop fit. New partial flooring throughout the rest of the garden centre.

9. Weybridge Garden Centre
Upgrade to the clothing department 493m² including new shop fit. New partial flooring throughout the rest of the garden centre.

AWARDS 2019

HARLOW
CORE GARDEN CENTRE OF THE YEAR

FERMOY'S
RESTAURANT OF THE YEAR - ACORN

DERBY
DESTINATION GARDEN CENTRE OF THE YEAR

EAST BRIDGFORD
RESTAURANT OF THE YEAR - OAK


Head chef of the year
Petr Pospisil


Welcome everyone!


Strike a pose...


Alan's Angels!


'Team Home' trying
to disguise themselves


Fiona Holmes and Martina Mallett
accept the 'Seasonal Plants' award


It's fashion darling! x


'Best jacket in show'

Congratulations to Derby!
'Destination Garden Centre of the Year'

2019 WINNERS

STOCK MANAGEMENT
WILTON

HOME - ACORN AWARD
CAROL SPAIN - FERMOYS

HOME - OAK AWARD
NICKOLA GRINNALL & MICHELLE RICHARDSON - TRENTHAM

CHRISTMAS - ACORN AWARD
ELENA COLE - EVESHAM

CHRISTMAS - OAK AWARD
JACINTA BUTLER - DERBY

VISUAL MERCHANDISER
ANNA KING - TRENTHAM

FASHION - ACORN AWARD
JANE BELL - FRYER'S

FASHION - OAK AWARD
SARAH WILLIAMS - GROSVENOR

GARDEN CARE & DÉCOR - ACORN AWARD
ANDREW LLOYD - 3 SHIRES

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

GARDEN FEATURES & CONTAINERS - ACORN AWARD
PERRY CARTER - CARDIFF

GARDEN FEATURES & CONTAINERS - OAK AWARD
RICHARD HIND - DERBY

WILD ANIMALS - ACORN AWARD
SALIH ZEKI - FRYER'S

WILD ANIMALS - OAK AWARD
LE FRIQUET - NATALIE VILE

FURNITURE & OUTDOOR LEISURE - ACORN AWARD
KELLIE COLLINS-BARRETT - WEYBRIDGE

FURNITURE & OUTDOOR LEISURE - OAK AWARD
JACINTA BUTLER - DERBY

SEEDS AND BULBS - ACORN AWARD
CHRISTINE WORTH - TRELAWNEY

SEEDS AND BULBS - OAK AWARD
PASCAL DOREY - DERBY

SEASONAL PLANTS - ACORN AWARD
MARTINA MALLETT - MATLOCK

SEASONAL PLANTS - OAK AWARD
RHONA CHAMBERS - NEWBRIDGE

HARDY PLANTS - ACORN AWARD
PETER SHIRLEY - FRYER'S

HARDY PLANTS - OAK AWARD
FIONA HOLMES - NEWBRIDGE

INDOOR PLANTS - ACORN AWARD
KERRY MATTHEWS - WEYBRIDGE

INDOOR PLANTS - OAK AWARD
SALLY-ANNE DALMAN - ST PETER'S

BEST GARDEN CENTRE FOR CUSTOMER ENGAGEMENT & LOYALTY
JENNY CARR - GROSVENOR

PASTRY CHEF
BEN ALDERSON - EAST BRIDGFORD

HEAD CHEF
PETR POSPISIL - REDFIELDS

BARISTA OF THE YEAR
DANIEL GIGLIOTTI - REDFIELDS

FOOD RETAILER
DAVE MAGUIRE - GROSVENOR

RESTAURANT OF THE YEAR - OAK AWARD
EAST BRIDGFORD

RESTAURANT OF THE YEAR - ACORN AWARD
FERMOY'S CAFÉ

CORE GARDEN CENTRE
HARLOW

DESTINATION GARDEN CENTRE
DERBY

Directors' Report for the year ended 31 December 2019

The Directors submit their report and the audited financial statements of the Group for the year ended 31 December 2019. 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 page 10.

A final dividend in respect of 2018 of 4.1p per share totalling £1,414,500 was paid to shareholders on 14 June 2019. An interim dividend for the year ended 31 December 2019 of 2p per share totalling £690,000 was paid on 5 December 2019.

The Directors have not declared a final dividend for 2019.

Going concern

As a result of the novel corona virus pandemic (COVID-19) declared in March 2020, there has been a substantial impact on the Group's trading results post year end due to the lockdown imposed by the UK Government and the States of Guernsey and Jersey. Please refer to note 31 for further information.

The Board has reviewed a number of scenarios including what it considers to be the worst case of double-digit like-for-like sales declines against 2019 in 2020 and 2021, along with the additional actions that it could take to mitigate the impact including the sale of surplus land, a redundancy programme, significant cost reductions and the issue of new shares, and has concluded that the Group remains a going concern. Furthermore, the development of the Group's online and home delivery operation continues apace with expansion into our Home, Fashion and Christmas products, and would provide further protection for the business that has not been factored into the worst case scenario.

Accordingly, the Directors are satisfied that the Company will continue to meet its liabilities as they fall due and have adopted the going concern basis of preparation in the financial statements.

Post balance sheet events

The events materially affecting the Group since the year end are set out in note 31 to the Consolidated Financial Statements.

Directors

The Directors who served during the year were:

S. Burke	(Chairman)
A. Roper	(Managing Director)
R.J. Hemans	(Finance Director)
Sir John Collins	
C.L Williams	(appointed 1 January 2019)
T.Carey	(appointed 1 October 2019)
S.J. Falla, MBE	(retired 28 June 2019)

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 16 June 2020 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 2019 which comprise the Consolidated Profit and Loss Account, 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 2019 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.

Emphasis of matter

We draw attention to note 31 of the Consolidated Financial Statements, which describes the impact of COVID-19 on the business after the balance sheet date. Our opinion is not modified in respect of this matter.

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.

Independent Auditor’s Report to the Members of Blue Diamond Limited (continued)

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 https://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 Pre
Rue due Pre
St Peter Port
Guernsey

19 June 2020

Consolidated Profit and Loss Account

Year ended 31 December 2019

	Note	2019 £000	2018 £000
Turnover	4	**181,590**	127,796
Cost of sales		**(88,322)**	(62,297)
Gross profit		**93,268**	65,499
Administrative expenses		**(81,507)**	(56,794)
Other operating income		**3,687**	1,714
Profit on sale and leaseback of freehold property		**-**	1,491
Profit on sale on freehold property		**500**	-
Group operating profit	4	**15,948**	11,910
Share of profit/(loss) for the year in:			
- Associated undertakings	12	**168**	(102)
(Loss)/gain on financial derivatives		**(105)**	94
Profit before interest		**16,011**	11,902
Interest receivable	6	**27**	21
Interest payable	7	**(1,683)**	(1,106)
Profit before tax		**14,355**	10,817
Taxation on profit	8	**(2,728)**	(1,777)
Profit for the financial year		**11,627**	9,040
Earnings per share	25	**33.70p**	26.41p

All of the amounts included above relate to continuing operations.

There were no items of other comprehensive income during the current or prior year.

The notes on pages 23 to 45 form part of these financial statements.

Consolidated Balance Sheet

As at 31 December 2019

	Note	2019 £000	2019 £000	2018 £000	2018 £000
Fixed assets					
Intangible fixed assets	10		**2,826**		2,844
Tangible fixed assets	11		**103,387**		91,565
Investments	12		**1,777**		1,632
			107,990		96,041
Current assets					
Stocks	13	**26,699**		20,259	
Debtors	14	**9,967**		9,790	
Cash and bank balances	15	**322**		10,774	
		36,988		40,823	
Creditors: amounts falling due within one year	16	**(25,988)**		(26,087)	
Net current assets			**11,000**		14,736
Total assets less current liabilities			**118,990**		110,777
Creditors: amounts falling due after more than one year	17		**(32,337)**		(33,784)
			86,653		76,993
Deferred tax	21		**(1,192)**		(1,029)
Other provisions	22		**(46)**		(71)
Net assets			**85,415**		75,893
Capital and reserves					
Share capital	23		**690**		690
Share premium			**5,015**		5,015
Capital reserve			**9,439**		9,439
Revaluation reserve			**9,172**		9,331
Profit and loss account			**61,099**		51,418
Total equity			**85,415**		75,893

The financial statements were approved and authorised for issue by the Board of Directors on 16 June 2020 and were signed on its behalf by:

R.J. Hemans
Director

The notes on pages 23 to 45 form part of these financial statements.

Consolidated Statement of Changes in Equity

Year ended 31 December 2019

	Share capital £000	Share premium account £000	Capital reserve £000	Revaluation reserve £000	Profit and loss account £000	Total equity £000
At 1 January 2019	690	5,015	9,439	9,331	51,418	75,893
Comprehensive income for the year						
Profit for the year	-	-	-	-	11,627	11,627
Transfer of realised gain on disposal of freehold properties	-	-	-	(159)	159	-
Total comprehensive income for the year	-	-	-	(159)	11,786	11,627
Distributions to shareholders						
Dividends (note 9)	-	-	-	-	(2,105)	(2,105)
Total transactions with shareholders	-	-	-	-	(2,105)	(2,105)
At 31 December 2019	690	5,015	9,439	9,172	61,099	85,415

The notes on pages 23 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 during the year	7	1,147	-	-	-	1,154
Total transactions with owners	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 23 to 45 form part of these financial statements.

Consolidated Statement of Cash Flows

Year ended 31 December 2019

	Note	2019 £000	2018 £000
Cash flows from operating activities			
Profit for the financial year		**11,627**	9,040
Adjustments for:			
Amortisation of intangible assets	10	**148**	165
Depreciation of tangible assets	11	**4,085**	2,825
Profit on disposal of tangible assets		**(509)**	(1,490)
Amortisation of lease incentive		**(34)**	-
Foreign exchange losses		**67**	91
Share of (profit)/loss before tax of associate companies	12	**(168)**	102
Loss/(gain) on financial derivatives		**105**	(94)
Interest receivable	6	**(27)**	(21)
Interest payable	7	**1,683**	1,106
Taxation charge	8	**2,728**	1,777
Increase in stocks		**(4,863)**	(4,111)
Increase in debtors		**(678)**	(3,264)
(Decrease)/increase in creditors		**(2,444)**	9,795
Decrease in provisions		**(25)**	(30)
Lease incentive received		**1,021**	-
Corporation tax paid		**(1,970)**	(1,191)
Interest received		**15**	16
Interest paid		**(1,425)**	(745)
Net cash generated from operating activities		**9,336**	13,971
Cash flows from investing activities			
Acquisition costs of business combinations	30	**(11,078)**	(41,196)
Proceeds from sale of tangible fixed assets		**1,023**	24,295
Purchases of tangible fixed assets		**(7,140)**	(7,763)
Dividends received from associate company		**-**	125
Acquisition of investment in associate company		**-**	(1,103)
Repayments from/(advances) to associate companies		**394**	(381)
Net cash used in investing activities		**(16,801)**	(26,023)
Cash flows from financing activities			
Proceeds from issue of ordinary shares		**-**	1,154
Bank loan net of repayment		**-**	20,580
Finance charges paid		**(366)**	(259)
Repayment of bank loans		**(2,500)**	(1,536)
Capital element of finance leases repaid		**(48)**	(47)
Equity dividends paid	9	**(2,105)**	(1,912)
Net cash (used in)/generated from financing activities		**(5,019)**	17,980
Net (decrease)/increase in cash and cash equivalents		**(12,484)**	5,928
Cash and cash equivalents at beginning of year		**10,774**	4,846
Cash and cash equivalents at the end of year		**(1,710)**	10,774
Cash and cash equivalents at the end of the year comprise:			
Bank and cash balances		**322**	10,774
Bank overdrafts		**(2,032)**	-
	15	**(1,710)**	10,774

The notes on pages 23 to 45 form part of these financial statements.

Notes to the Consolidated Financial Statements

Year ended 31 December 2019

INDEX OF NOTES

Notes to the Consolidated Financial Statements

Year ended 31 December 2019

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 Going concern

The novel corona virus pandemic (COVID-19) declared in March 2020 has had a significant impact on the Group's trading results in 2020 and will likely do so to some lesser extent in 2021. Please see the disclosure in the Directors' Report and note 31, which sets out the Directors' rationale for the adoption of the going concern basis in the preparation of the financial statements.

2.4 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.

2.5 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 2019

2. ACCOUNTING POLICIES (continued)

2.6 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.

2.7 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 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.

2.8 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.

2.9 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.

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2019

2. ACCOUNTING POLICIES (continued)

2.10 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.

2.11 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 2019

2. ACCOUNTING POLICIES (continued)

2.12 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.

2.13 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.

2.14 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.

2.15 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 2019

2. ACCOUNTING POLICIES (continued)

2.15 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 in finance costs or income as appropriate. The Group does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

2.16 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.

2.17 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.

Operating lease incentives received to enter into lease agreements are released to the Consolidated Profit and Loss Account 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 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.

2.18 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.

2. ACCOUNTING POLICIES (continued)

2.19 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.

2.20 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.

2.21 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.

2.22 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 represents cumulative profits or losses, net of dividends paid and other adjustments.

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2019

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 2019, 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 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 2019

4. TURNOVER AND GROUP OPERATING PROFIT

Turnover and Group operating profit are stated after charging/(crediting):	2019 £000	2018 £000
Amortisation of goodwill	175	190
Amortisation of negative goodwill	(27)	(25)
Depreciation of tangible fixed assets	4,085	2,825
Profit on sale of freehold properties	(500)	-
Profit on sale and leaseback of freehold property	-	(1,491)
Profit on sale of other tangible fixed assets	(9)	-
Fees payable to the Group's Auditor		
- Audit of the Group's Consolidated Financial Statements	63	60
- Audit of the subsidiary companies	60	52
- Other non-audit services	50	54
Foreign exchange losses	67	91
Operating lease expense	13,535	8,316
Defined contribution pension cost	652	381
Rental income in other operating income	(3,649)	(1,681)

The Group acquired seven 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:

	2019 Continuing £000	2019 Acquired £000	2019 Total £000	2018 Total £000
Turnover	176,516	5,074	181,590	127,796
Cost of sales	(86,163)	(2,159)	(88,322)	(62,297)
Gross profit	90,353	2,915	93,268	65,499
Administrative expenses	(78,678)	(2,829)	(81,507)	(56,794)
Other operating income	3,232	455	3,687	1,714
Profit on sale and leaseback of freehold property	-	-	-	1,491
Profit on sale of freehold properties	500	-	500	-
Group operating profit	15,407	541	15,948	11,910

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2019

4. TURNOVER AND GROUP OPERATING PROFIT (continued)

Geographic analysis By geographical area:	United Kingdom 2019 £'000	United Kingdom 2018 £'000	Channel Islands 2019 £'000	Channel Islands 2018 £'000	Total 2019 £'000	Total 2018 £'000
Turnover	**164,235**	111,107	**17,355**	16,689	**181,590**	**127,796**
Profit before interest and taxation						
Regional profit	**20,116**	13,500	**4,015**	3,946	**24,131**	**17,446**
Profit on sale and leaseback of freehold property	**-**	1,491	**-**	-	**-**	**1,491**
Profit on sale of freehold properties	**500**	-	**-**	-	**500**	**-**
Group costs	**-**	-	**-**	-	**(8,620)**	**(7,035)**
Group profit before interest and tax	**20,616**	14,991	**4,015**	3,946	**16,011**	**11,902**
Total assets less current liabilities						
Net assets	**76,517**	77,494	**22,026**	21,834	**98,543**	**99,328**
Unallocated assets and liabilities	**-**	-	**-**	-	**20,447**	**11,449**
	76,517	77,494	**22,026**	21,834	**118,990**	**110,777**

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

	2019 £000	2018 £000
Staff costs were as follows:		
Wages and salaries	**40,246**	29,668
Social security costs	**2,523**	1,848
Cost of defined contribution pension schemes	**652**	381
	43,421	31,897

The average monthly number of employees, including the Directors, during the year was as follows:	2019 No.	2018 No.
Management	**99**	83
Retail	**3,229**	2,648
	3,328	2,731

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2019

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 2019 amounting to £109,155 (2018: £85,805).

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 £424,030 (2018: £179,996).

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 2019 was £55,202 (2018: £59,148). In addition, during the year the Group paid contributions of £63,396 (2018: £56,091) into the personal pension scheme of two (2018: two) Directors of the Group.

6. INTEREST RECEIVABLE

	2019 £000	2018 £000
Interest on loans receivable	**12**	5
Bank interest receivable	**15**	14
Interest on tax	**-**	2
	27	21

7. INTEREST PAYABLE

	2019 £000	2018 £000
Bank interest and finance charges	**1,677**	1,099
Finance leases and hire purchase contracts	**6**	6
Other interest payable	**-**	1
	1,683	1,106

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2019

8. TAXATION

	2019 £000	2018 £000
Provision for current tax		
Current tax on UK profits for the year	**1,919**	1,106
Current tax on Jersey retail profits for the year	**407**	391
Guernsey tax on net rental income	**2**	2
Distribution tax on Jersey dividend received	**-**	25
Adjustments in respect of previous periods	**2**	40
	2,330	1,564
Group's share of associates' tax	**48**	28
Total current tax	**2,378**	1,592
Provision for deferred tax		
Origination and reversal of timing differences	**235**	167
Changes to tax rates	**1**	9
Adjustments in respect of previous periods	**114**	9
Total deferred tax	**350**	185
Taxation on profit	**2,728**	1,777

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% (2018: 0%). The differences are explained below:

Profit before tax	**14,355**	10,817
Profit multiplied by standard rate of corporation tax in Guernsey of 0% (2018: 0%)	**-**	-
Effects of:		
UK corporation tax on UK taxable profits at 19% (2018: 19%)	**2,266**	1,621
Jersey corporation tax on retail profits at 20% (2018: 20%)	**407**	391
Jersey distribution tax on dividend received	**-**	25
Share of associates' tax	**48**	28
Expenses not deductible for tax purposes	**29**	27
Non-taxable income	**(106)**	(77)
Effect of change in rate	**(1)**	(5)
Fixed asset differences	**(121)**	-
Capital gains	**90**	(283)
Adjustments to tax charge in respect of prior periods	**116**	50
Total tax charge for the year	**2,728**	1,777

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% (2018: 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.

Year ended 31 December 2019

9. DIVIDENDS

	2019 £000	2018 £000
Ordinary shares		
Final 2018 dividend of 4.1p per share (2017: 3.8p per share)	**1,415**	1,297
Interim 2019 dividend of 2p per share (2018: 1.8p per share)	**690**	615
	2,105	1,912

A final dividend in respect of 2018 of 4.1p per share totalling £1,414,500 was paid to shareholders on 14 June 2019. An interim dividend for the year ended 31 December 2019 of 2p per share totalling £690,000 was paid on 5 December 2019.

The Directors have not declared a final dividend for 2019.

10. INTANGIBLE ASSETS

	Goodwill £000	Negative goodwill £000	Total £000
Cost			
At 1 January 2019	**3,866**	(544)	**3,322**
Arising on business combinations (note 30)	**130**	-	**130**
At 31 December 2019	**3,996**	(544)	**3,452**
Amortisation			
At 1 January 2019	**746**	(268)	**478**
Charge for the year	**175**	(27)	**148**
At 31 December 2019	**921**	(295)	**626**
Net book value			
At 31 December 2019	**3,075**	(249)	**2,826**
At 31 December 2018	**3,120**	(276)	**2,844**

At 31 December 2019, individually material carrying amounts of goodwill are attributable to Coton Orchard Garden Centre of £948,000 (2018: £1,003,000), with a remaining amortisation period of 18 years, and Trelawney Garden Centre of £773,000 (2018: £809,000), with a remaining amortisation period of 15 years.

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2019

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 2019	60,162	23,218	413	21,445	2,780	108,018
Additions	277	1,500	215	4,346	802	7,140
Acquired in business combinations (note 30)	8,037	644	-	600	-	9,281
Disposals	(500)	-	(14)	(15)	-	(529)
At 31 December 2019	67,976	25,362	614	26,376	3,582	123,910
Depreciation						
At 1 January 2019	-	3,489	311	11,040	1,613	16,453
Charge for the year	-	1,116	70	2,397	502	4,085
Disposals	-	-	(14)	(1)	-	(15)
At 31 December 2019	-	4,605	367	13,436	2,115	20,523
Net book value						
At 31 December 2019	67,976	20,757	247	12,940	1,467	103,387
At 31 December 2018	60,162	19,729	102	10,406	1,167	91,565

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

	2019 £000	2018 £000
Freehold land and buildings - garden centres	67,046	59,732
Freehold land	930	430
	67,976	60,162

Year ended 31 December 2019

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 cost accounting rules, the properties would have been measured as follows:

	2019 £000	2018 £000
Historic cost	58,379	50,566
Revaluation losses recognised in the Consolidated Profit and Loss Account	-	(957)
Revaluation gains recognised in the Revaluation Reserve	9,597	10,553
Carrying value at the end of the year	67,976	60,162

The revaluation reserve as at 31 December 2019 is stated net of cumulative deferred tax adjustments of £1,223,000 (2018: £1,223,000). Revaluation gains of £159,000 were realised during the year as a result of the sale of freehold properties in the year (2018: £4,368,414). The gain was transferred to the Consolidated Profit and Loss Account from the 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) over its freehold land and buildings with a carrying value of £55,053,171 (2018: £40,102,000), promissory notes to the value of £4,000,000 (2018: £4,000,000) and a bond to the value of £6,000,000 (2018: £6,000,000) as security for the Group's bank loan and overdraft facilities (note 18).

Sale and leaseback

There were no sale and leasebacks entered into during year. In the previous year the Group entered into a sale and leaseback arrangement of freehold properties with a carrying value of £22,788,914 on 25 July 2018 and realised a profit on the sale of the freehold properties of £1,491,086.

Finance leases

The net book value of equipment and vehicles for the Group includes an amount of £44,841 (2018: £87,345) in respect of assets held under finance leases (note 19). 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.

12. FIXED ASSET INVESTMENTS

	Associated undertakings £000	Unlisted investments £000	Total £000
Cost			
At 1 January 2019	1,628	4	1,632
Share of associates' profit for the year before tax	168	-	168
Share of associates' tax for the year	(48)	-	(48)
Other adjustments	25	-	25
At 31 December 2019	1,773	4	1,777

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2019

12. FIXED ASSET INVESTMENTS (continued)

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 in April 2020 for £1,837,500 adjusted for RPI between May 2018 and April 2020. Subsequent to the year end, the Sellers have exercised the put option but completion of the option has been deferred until 31 May 2021 (note 31).

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

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 £15,671 in the year ending 31 December 2019. The Company will become dormant in the second half of 2020.

The trade and net assets of Chatsworth Garden Centre Limited were transferred to Blue Diamond UK Limited on 1 January 2020. The Company will become dormant in the second half of 2020.

Olympus Sportswear (Guernsey) Limited ceased trading on 13 June and the lease will end on 12 July 2020. The Company made a loss of £38,741 in the year ending 31 December 2019. The Company will become dormant in the second half of 2020.

Goodies Limited will cease trading on 25 July 2020 when the lease ends. The Company made a loss of £10,363 in the year ending 31 December 2019. The Company will become dormant in the second half of 2020.

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2019

13. STOCKS

	2019 £000	2018 £000
Goods for resale	**26,699**	20,259

Goods for resale are disclosed net of a provision for slow moving and obsolete stock of £559,583 (2018: £559,966). An impairment reversal of £383 (2018: £129,982) was recognised in cost of sales against stock as a movement in the provision.

14. DEBTORS

	2019 £000	2018 £000
Trade debtors	**4,344**	3,073
Prepayments	**4,250**	3,530
Other debtors	**1,138**	2,464
Derivative financial instruments	**-**	94
Amounts due from associated companies	**235**	629
	9,967	9,790

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. CASH AND CASH EQUIVALENTS

	2019 £000	2018 £000
Cash at bank and in hand	**322**	10,774
Less: bank overdrafts (note 16)	**(2,032)**	-
	(1,710)	10,774

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £000	2018 £000
Trade creditors	**11,684**	15,422
Bank overdrafts (note 15)	**2,032**	-
Lease incentive (note 17)	**34**	-
Bank loans (note 18)	**2,500**	2,414
Accruals and other creditors	**3,754**	3,022
Other taxes and social security	**4,548**	4,206
Corporation tax	**1,290**	930
Obligations under finance leases (note 19)	**45**	93
Derivative financial instruments	**101**	-
	25,988	26,087

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2019

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

	2019 £000	2018 £000
Bank loans (note 18)	**30,800**	33,494
Lease incentive	**953**	-
Accruals and other creditors	**584**	290
	32,337	33,784

The lease incentive is amortised over the term of the lease of 30 years. The amounts falling due in over 5 years total £816,078.

18. LOANS

	2019 £000	2018 £000
The maturities of sources of debt finance are due as follows:		
In one year or less	**2,500**	2,414
In more than one year but not more than two years	**2,500**	2,414
In more than two years but not more than five years	**28,300**	31,080
	33,300	35,908

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 decreases back to £16m until 16 August 2021 (see note 31). The overdraft facility of £3m has been renewed and is committed until 27 August 2020.

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 11. The Group has also provided a cross guarantee as detailed in note 28.

Analysis of changes in net debt	**1 January 2019 £000**	**Cash flows £000**	**Non-cash movements £000**	**31 December 2019 £000**
Cash and bank equivalents	10,774	**(12,484)**	**-**	(1,710)
Obligations under finance leases	(93)	**48**	**-**	(45)
Bank loans due within one year	(2,414)	**(2,500)**	**(2,586)**	(2,500)
Bank loans due after more than one year	(33,494)	**-**	**(2,694)**	(30,800)
	(25,227)	**(9,936)**	**108**	(35,055)

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2019

19. FINANCE LEASES

Minimum lease payments under finance leases fall due as follows:	2019 £000	2018 £000
Within one year	**45**	93

Assets secured under these agreements are disclosed in note 11.

20. FINANCIAL INSTRUMENTS

	2019 £000	2018 £000
Financial assets		
Financial assets measured at amortised cost	**6,039**	16,666
Financial derivatives measured at fair value through profit or loss	**-**	93
	6,039	16,759
Financial liabilities		
Financial liabilities measured at amortised cost	**(51,765)**	(54,402)
Financial derivatives measured at fair value through profit or loss	**(101)**	-
	(51,664)	(54,402)

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.

21. DEFERRED TAXATION

	2019 £000	2018 £000
At beginning of year	**(1,029)**	(844)
Charged to profit	**(350)**	(185)
On business combination (note 30)	**187**	-
At end of year	**(1,192)**	(1,029)

The provision for deferred taxation is made up of:

	2019 £000	2018 £000
Accelerated capital allowances	**50**	110
Revaluation gains on freehold properties	**(1,167)**	(1,139)
Other short term timing differences	**25**	-
	(1,192)	(1,029)

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2019

22. OTHER PROVISIONS

	Onerous lease £000
At 1 January 2019	71
Utilised in year	(25)
At 31 December 2019	46

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

23. SHARE CAPITAL

	2019 £000	2018 £000
Authorised		
38,000,000 (2018: 34,500,000) ordinary shares of £0.02 each	**760**	690
Allotted, called up and partly paid		
34,500,000 ordinary shares of £0.02 each	**690**	690

The shareholders approved the increase in the authorised share capital from 34,500,000 ordinary shares or £0.02 each to 38,000,000 ordinary shares of £0.02 each at the Annual General Meeting on 28 June 2019.

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

	2019 Shares in Issue No.	2019 Share Capital £	2018 Shares in Issue No.	2018 Share Capital £
At 1 January 2019	34,500,000	**690,000**	**34,139,480**	682,790
New shares issued in the year	-	**-**	**360,520**	7,210
At 31 December 2019	34,500,000	**690,000**	**34,500,000**	690,000

Year ended 31 December 2019

24. 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 £1,110,262 (profit after tax for the year ended 31 December 2018: £4,647).

25. EARNINGS PER SHARE

	Profit for year £000	**Earnings per share 2019 p**	**Profit for year 2018 £000**	**Earnings per share 2018 p**
Basic earnings per share	**11,627**	**33.70**	**9,040**	**26.41**

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 34,500,000 (2018: 34,230,351).

26. CAPITAL COMMITMENTS

The Group is party to an option exercised post year end as set out in notes 12 and 31.

27. COMMITMENTS UNDER OPERATING LEASES

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

	2019 £000	**2018 £000**
Not later than 1 year	**13,856**	11,880
Later than 1 year and not later than 5 years	**53,146**	45,940
Later than 5 years	**281,718**	258,615
	348,720	316,435

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

	2019 £000	2018 £000
Not later than 1 year	**3,621**	2,411
Later than 1 year and not later than 5 years	**5,100**	4,024
Later than 5 years	**565**	29
	9,286	6,464

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2019

28. 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 £36,166,667 (2018: £40,463,215).

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

29. RELATED PARTY TRANSACTIONS

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:

	2019 £000	**2018 £000**
Interest receivable	**12**	5
Dividends receivable	**-**	125
Rent paid	**(200)**	(200)

Key management personnel, of which there were 24 in 2019 (2018: 23), 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 £3,171,643 (2018: £2,871,312).

Included in Debtors (note 14) is £235,357 due from associated companies. The amounts due comprise £123,454 due from John Le Sueur and Company Limited (note 12) and £111,903 due from Milton Park (Dorset) Limited (note 12). The terms of the amounts due are set out in note 14.

Included in Creditors: amounts due within one year (note 16) is an amount of £770,641 (2018: £503,223) and Creditors: amounts due after more than one year (note 17) is an amount of £584,492 (2018: £290,000) due to key management personnel, of which £584,492 (2018: £290,000) 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 £36,431 (2018: £28,220). 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 (2018: 2p shares):

	2019 No.	**2018 No.**
Simon Burke	**54,974**	49,974
Alan Roper	**284,264**	284,264
Richard Hemans	**80,000**	65,990
Stuart Falla, MBE (retired 28 June 2019)	**75,089**	75,089
Tom Carey	**77,865**	-
Sir John Collins	**66,082**	56,082
Claire Williams	**1,000**	-
	639,274	531,399

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.

Year ended 31 December 2019

30. BUSINESS COMBINATIONS

In September 2019 the Group acquired the business and trading assets of seven Wyevale Garden Centres and Bridgemere Nurseries. 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 fixed assets	11,281	(2,000)	9,281
Current assets			
Stocks	1,706	(130)	1,576
Deferred tax on differences between fair values and tax bases (note 21)	-	187	187
Total assets	12,987	(1,943)	11,044
Creditors: amounts falling due within one year	(96)	-	(96)
Net assets	12,891	(1,943)	10,948
Goodwill (note 10)			130
Total purchase consideration (including expenses of £352,192)			(11,078)

The useful economic life of goodwill has been estimated to be 20 years. The results of the acquired garden centres since acquisition are set out in note 4.

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2019

31. POST BALANCE SHEET EVENTS

Business impact of COVID-19

As a result of the novel corona virus pandemic (COVID-19) declared in March 2020, there has been a substantial impact on the Group's trading results post year end due to the lockdown imposed by the UK Government and the States of Guernsey and Jersey .

COVID-19 is a developing situation and as of 16 June 2020 its assessment will need continued attention and will evolve over time. In the view of the Directors, consistent with many others in our industry, COVID-19 is considered to be a non-adjusting event after the reporting period and no adjustment is made in the financial statements as a result.

The rapid development and fluidity of the COVID-19 virus makes it difficult to predict the ultimate impact at this stage. On 23 March the UK Government ordered the closure of all our garden centres and restaurants, just as the key gardening season was about to begin. The Group was facing an unknown period of no sales but the Directors took a number of actions to generate and conserve cash. These included the development of an online and home delivery operation that generated nearly £9m of sales excluding VAT during the period of lockdown, the utilisation of the UK Government's, States of Guernsey's and States of Jersey's employee furlough schemes and the deferral of tax liabilities, capital expenditure and bonuses.

Furthermore, we negotiated an additional short-term borrowing facility with our bank (as discussed below). We retain the strong support of RBSI and expect to discuss the renewal of all our banking facilities in late summer 2020, for which they have indicated a positive appetite. We also agreed to defer the purchase of the remaining shares in Orchard Park Garden Centre until May 2021 (as discussed below) and we have been in negotiations with our landlords to achieve viable levels of rent for the periods of closure and reduced trade.

On 13 May the UK Government authorised the re-opening of our garden centres, although our restaurants still remain closed and the date of their re-opening and under what restrictions remain unknown. Trade has recovered well in our garden centres since re-opening as we benefit from the remainder of the gardening season and consumers take advantage of our destination status during lockdown and look to improve their home and garden during their enforced isolation, but this is clawing back only a proportion of the lost sales. This underlines there is still strong demand for our offer but there remains uncertainty in relation to demand as we move out of the gardening season into the second half of the year when our restaurant and non-gardening offer predominate. There is also the risk of a second wave of the virus that could lead to a further lockdown and it is difficult to predict the medium- to long-term impact on consumer shopping habits.

Having taken all these measures into account, as explained in note 2.3 of the financial statements, the Directors continue to adopt the going concern basis in the preparation of the financial statements.

Milton Park option

On 26 May 2020, the Sellers exercised the put option calculated at £1,960,384 in relation to the acquisition of Milton Park (Dorset) Ltd, with 5% of the option price payable on exercise and a further 5% payable six months from the exercise date. The balance is payable on 31 May 2021, with the final settlement amount to be increased by the higher of 3% or RPI. The completion of the option is secured as follows:

- Milton Park (Dorset) Ltd will provide a guarantee for the payment of the option price, which will be secured by fixed and floating charges over its assets;
- Any intercompany indebtedness owed by Milton Park (Dorset) Ltd to Blue Diamond Ltd or its group companies will be waived or converted into deferred shares at the Seller's option; and
- The rent payable under the lease would be subject to a market rate rent review

As part of the completion deferral, the Group has also entered into a commitment to continue to fund Milton Park's working capital until 31 May 2021.

Borrowing facilities

On 5 June 2020 as part of its response to COVID-19 the Group signed an agreement with The Royal Bank of Scotland International Limited (RBSI) to amend its borrowing facilities as follows until 31 December 2020:

- The term loan changed to interest payments only;
- The revolving credit facility increased from £16m to £24m and will revert to £16m thereafter;
- Covenant testing is postponed until 31 March 2021.

The Group has given additional security to RBSI in the form of a legal mortgage over Bridgmere Nurseries and an additional bond of £4.2m over Le Friquet Garden Centre.

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

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
Garden Centre
Canes Lane (A414)
Hastingwood
Nr. Harlow CM17 9LD

Herefordshire
HEREFORD
Garden Centre
Kings Acre Road
Hereford HR4 0SE

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

Greater London
LOWER MORDEN
Garden Centre
Lower Morden Lane
Morden SM4 4SJ

Derbyshire
MATLOCK
Garden Centre
Nottingham Road
Tansley
Matlock DE4 5FR

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
RAKE
Garden Centre
London Road
Rake
Petersfield GU33 7JH

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

Kent
TUNBRIDGE WELLS
Garden Centre
Eridge Road
Tunbridge Wells TN4 8HR

Somerset
CADBURY
Garden Centre
Smallway
Congresbury BS49 5AA

Kent
CANTERBURY CHARTHAM
Garden Centre
Stour Business Park
Ashford Road
Nr. Canterbury CT4 7HF

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

Cheshire
GROSVENOR
Garden Centre
Wrexham Road
Belgrave
Chester CH4 9EB

Warwickshire
MELBICKS
Garden Centre
Chester Road
Coleshill
Birmingham B46 3HX

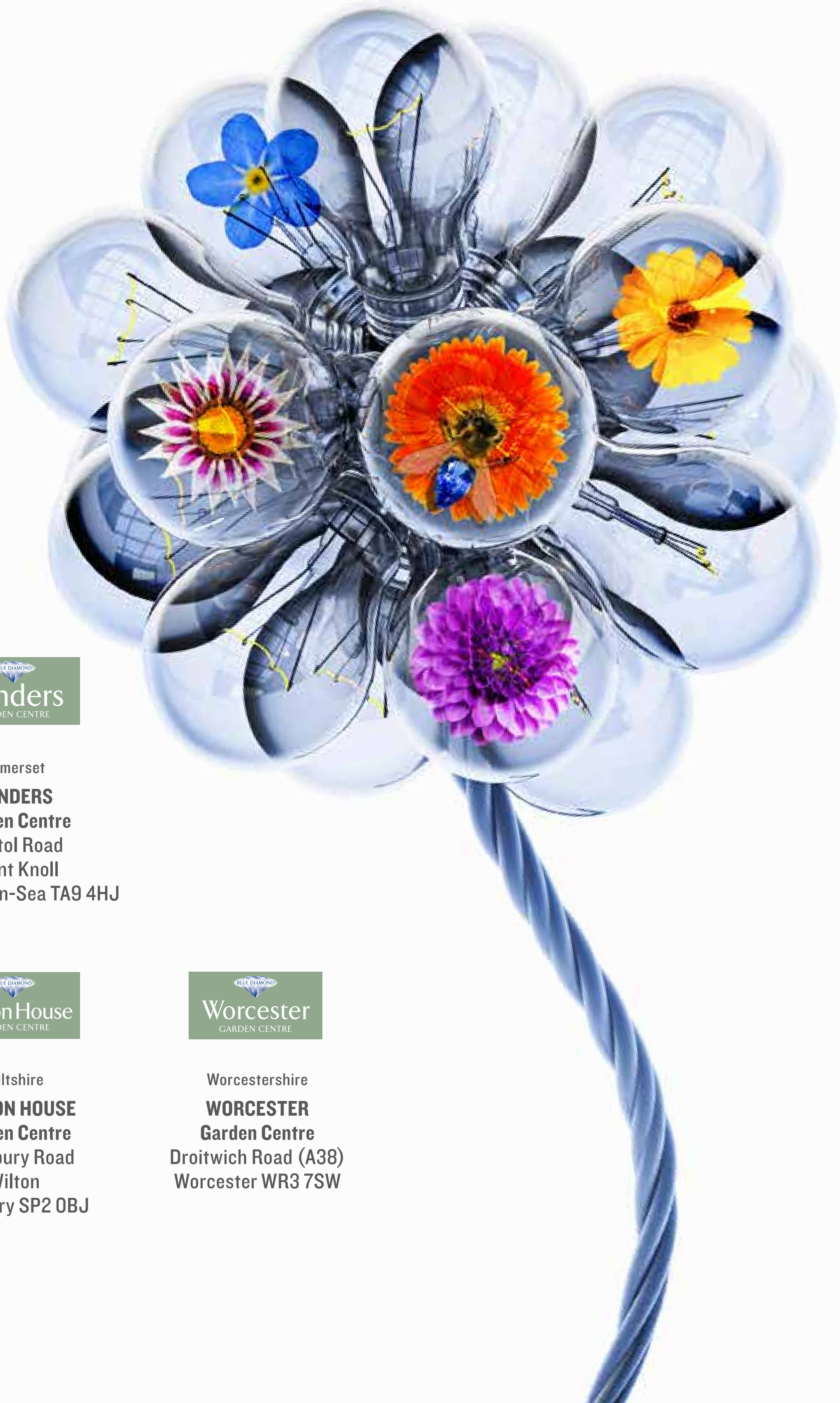
Hampshire
REDFIELDS
Home of Garden and Living
Redfields Lane
Church Crookham
Fleet GU52 0AB

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

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

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



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