We just keep growing...

BLUE DIAMOND®

Blue Diamond Limited

ANNUAL REPORT & CONSOLIDATED FINANCIAL STATEMENTS

2022

Blue Diamond Limited

ANNUAL REPORT & CONSOLIDATED FINANCIAL STATEMENTS 2022

BLUE DIAMOND LIMITED
(Incorporated in Guernsey, Channel Islands)

DIRECTORS
S. Burke (Chairman)
A. Roper (Managing Director)
R.J. Hemans (Finance Director)
T. Carey
D. Ummels
S. Crowder

COMPANY SECRETARY
R.J. Hemans

REGISTERED OFFICE
Rue du Friquet
Castel
Guernsey GY5 7SS
Channel Islands

REGISTERED NUMBER
12307 (Guernsey)

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

BANKERS
The Royal Bank of Scotland
International Limited
(Trading as NatWest International)
1 Glategny Esplanade
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Channel Islands

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LEGAL REPRESENTATIVES
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Channel Islands

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United Kingdom

CONTENTS

"A key focus in the coming year will be our new partnership with the National Trust, which we believe will bring great benefit to both organisations and is a significant milepost in the progress of Blue Diamond towards being a major national retailer."

2022 has been the year in which the 'Covid bubble' in our results disappeared. Sales overall rose by 1.5%, but this disguises a 7% decline in like-for-like garden centre sales, offset by a full year's trading of our restaurants this year (versus seven and a half months in 2021), and the impact of acquisitions made during the year. This fall in sales was coupled with sharp increases in key costs such as labour and energy, as well as the ending of government Covid-related grants, as set out in my interim report to you. The result of all this was inevitably a significant fall in pre-tax profit, from £39.5m in 2021 to £20.9m in 2022.

In common with many other businesses, we see a more realistic benchmark in a comparison with our pre-Covid performance, namely 2019. A summary of 2022 compared with 2019 is as follows:

This shows the extent of underlying progress, with no Covid impact.

	2019	2022
TURNOVER (£m)	182	259
GROSS MARGIN %	51.4%	51.6%
EBITDA (£m)	20.2	29.8
PROFIT BEFORE TAX (£m)	14.4	20.9
NET PROFIT %	6.4%	6.5%

The business has grown substantially, and key operating ratios have been maintained. This latter point is a significant achievement, given the cost pressures we have faced against a backdrop of falling sales. It was the result of a programme instigated by Alan and the team to protect profitability by working smarter and spreading best practice between the stores. This work is continuing and should bring further benefit in the current year. Although the fall in sales during 2022 left us with more stock, especially garden furniture, than we would like at the end of the year, we have been reducing this steadily through an orderly stock clearance process.

We augmented and extended our bank facilities into 2025, but were also cautious in managing our cash during the year, with the result that year-end debt represented just 0.9 times EBITDA, a gearing of 15%. Notwithstanding this, we were able to continue our programme of extension, refurbishment and upgrade to enhance the existing estate. We were very pleased to complete the long-due expansion of Newbridge, as well as full refurbishments at Melbicks, Sanders and Mere Park. We continued the roll-out of our successful Kipling coffee-shop format alongside several new restaurants.

Most of all, though, we were delighted to have completed the acquisition of the Van Hage garden centre business in November 2022. Van Hage will be known to many of you as one of the icons of our industry, and for many years it set the standard for large garden centres in the UK. The three Van Hage centres made a significant profit contribution over Christmas and since then have seen investment to bring them in line with Blue Diamond operating and range standards. We have high hopes for the performance of these stores in coming years.

I expect that a selective approach to acquisitions will continue, and we have a couple of suitable targets in sight. We will also invest in refurbishment and upgrading of our existing stores, in particular recent acquisitions such as Van Hage and Blackdown.

A key focus in the coming year will be our new partnership with the National Trust, which we believe will bring great benefit to both organisations and is a significant milepost in the progress of Blue Diamond towards being a major national retailer.

The Board is proposing a final dividend of 8.5 pence per share, giving a total dividend for the year of 12p, unchanged from 2021.

Looking forward, it is our hope that the performance for 2022 represents the new baseline for Blue Diamond, leaving behind all the exceptional elements associated with Covid. It is our aim to build on from here, and for us 2023 has started reasonably well. We cannot, however, ignore the turbulent economic conditions and the particular threat represented by inflation. It is a widespread hope that the UK economy will settle down towards the end of 2023, and we hope for a more benign trading environment after that. Meantime we will continue to protect the profitability and the balance sheet strength of Blue Diamond, to ensure that we are best placed to take advantage of the opportunities which the market may bring.

Recently I visited our new Van Hage centres and was struck by the number of colleagues from other stores I met there. They were there for a few days or for much longer, to work on the refurbishments or to help the local team bed in the new Blue Diamond ways of working. They loved being there, and their help was hugely appreciated by the Van Hage teams. It was a great illustration of the working culture and team spirit of Blue Diamond, which I have often said is the thing that makes us what we are. My thanks as always go to our team for this and the many other ways they have made our business so successful.

Simon Burke - Chairman
27 April 2023

You will note, within this report, that for the most part, I compare our 2022 commercial performance to 2019 due to the distortions of Covid upon our business throughout 2020 and 2021, rendering any comparisons after 2019 pointless.

2022 was a year of headwinds as inflation ripped loose and battered businesses as labour, goods and energy costs soared. For example, the UK minimum wage increased by 21% between April 2019 and March 2023, and on 1 April 2023 rose by a further 10%, resulting in significantly increased labour costs. Staff shortages have led to businesses raising wages to attract staff, thus driving wage inflation. Another example is our like for like energy costs, which rose by £2.7m, a 100% increase.

These headwinds will continue throughout 2023 but the storm will eventually burn itself out during 2024. Rest assured we are deploying initiatives left, right and centre to mitigate the erosion to our bottom line despite the hit to profit in 2022, and these initiatives will continue throughout 2023 as we weatherboard to protect ourselves against the current economic storm.

The headline drop in profit when compared to 2021 is indeed steep but one must remember that £14m of profit last year was due to the distortions of Covid through a home and gardening sales boom and government support.

An important reference point when assessing 2022 profitability is despite unprecedented cost inflation, our EBITDA performance for 2022 of £29.8m is £3.2m higher than forecast back in 2019 when we were completing the Wyevale acquisitions. Other noteworthy comparisons are that garden centre and restaurant operating profit as a percentage of turnover has risen by 0.5% since 2019 and group operational costs as a percentage of turnover dropped by 0.4%.

"2022 was a year of headwinds as inflation ripped loose and battered businesses as labour, goods and energy costs soared... These headwinds will continue throughout 2023 but the storm will eventually burn itself out during 2024. Rest assured we are deploying initiatives left, right and centre to mitigate the erosion to our bottom line despite the hit to profit in 2022"

Restaurants

Our restaurant sales have increased by £7.4m since 2019 to £40.4m. However, operating profit as a percentage of turnover declined by 3.5% when compared to 2019 due exclusively to wage inflation. The hospitality industry is heavily weighted in minimum wage staff thus exacerbating the impact and coupled with staff shortages in 2022 pushed our wage cost up by 4.5% of turnover which equates to £1.8m erosion of our profitability compared to 2019. Despite rampant food inflation in 2022 we did however manage to increase our gross margin by 1% versus 2019, thus reducing the potential £1.8m profit erosion to £1.4m. However, this still has a considerable impact and restaurants across the UK are experiencing unrelenting cost inflation in food, labour and energy that is significantly impacting their bottom line. We are focused on mitigating these headwinds by optimising operational efficiencies and strategic menu development to enhance margins.

Garden centres

Our garden centre sales have grown by 49% since 2019 to £218.7m. Despite the significant inflationary pressures our margin is up 0.65% since 2019. Wages as a percentage of turnover have increased, due to inflation, by 0.25%. This has led to operating profit as a percentage of turnover increasing by 0.4% when compared to 2019. This improvement is mostly due to improving the profitability of our Wyevale acquisitions. The underlying like-for-like (LFL) business performance is marginally negative due to the current inflationary headwinds.

My prediction that average customer spend would drop following the turbocharged boost during Covid proved correct, resulting in a LFL sales decline of 7% in 2022 against an industry average (GCA) of minus 10%. Fashion was the only department that grew on a LFL basis in 2022. LFL sales for Fashion were up £3.4m, 34%. Overall sales growth due to increasing the retail footprint was 39%, equating to an increase of £6.4m in sales versus 2021.

The table below details the drop off in sales post the Covid home and garden boom - note the double-digit decline in gardening, plants and garden leisure. However, the key reference is the increase in sales since 2019, the year before Covid distorted trade.

	YEAR END 2022 SALES	
	£ variance 2022 vs 2021	£ variance 2022 vs 2019
CHRISTMAS	-10%	14%
FASHION	39%	66%
FOOD	2%	52%
GARDEN LEISURE	-22%	27%
GARDENING	-16%	22%
HOME AND PAPER PRODUCTS	-1%	20%
PETS AND AQUA	5%	27%
PLANTS	-13%	27%
SEEDS AND BULBS	-8%	41%
BIRD CARE	-4%	14%

The table on the next page details our like-for-like sales performance against the industry as defined by figures published by the GCA (Garden Centre Association). These figures exclude all sales from acquisitions since 2018. The only area the GCA outperformed Blue Diamond was in Furniture sales. This is likely to be due to the industry dealing with significant overstocking of furniture. Following the boom year of 2021 most of the industry expected 2022 to be the same and thus bought accordingly, resulting in significant discounting driving sales.

TRADING TRENDS FOR 2022	
Blue Diamond (BD) excluding post-2018 acquisitions versus industry (GCA)	
	% variance 2022 vs 2019
GARDEN CENTRE SALES	
GCA Average	18.01
BD Average	21.45
Haskins Average	23.95
GARDEN CENTRE CUSTOMER NUMBERS	
GCA Average	-4.36
BD Average	-4.33
Haskins Average	-3.97
GARDEN CENTRE AVERAGE SPEND	
GCA Average	23.39
BD Average	26.95
OUTDOOR PLANTS	
GCA Average	12.14
BD Average	13.37
GARDEN SUNDRIES	
GCA Average	12.51
BD Average	16.68
FURNITURE AND BBQ	
GCA Average	64.34
BD Average	21.32
HOUSEPLANTS	
GCA Average	32.91
BD Average	53.39
SEEDS AND BULBS	
GCA Average	13.44
BD Average	36.96
GIFTS	
GCA Average	9.73
BD Average	16.17
CLOTHING	
GCA Average	12.61
BD Average	40.95
FOOD HALL/FARM SHOP	
GCA Average	28.28
BD Average	42.99
HARD LANDSCAPING	
GCA Average	13.61
BD Average	15.67
CHRISTMAS	
GCA Average	9.84
BD Average	9.60
COFFEE SHOP SALES	
GCA Average	4.21
BD Average	6.03

Footfall

With customer numbers up just 2% above 2019 levels at the end of 2021 the expectation was footfall would pick up in 2022, however, customer numbers declined by 2% in 2022 compared to 2021. LFL customer numbers compared to 2019 are down 4%, the same as the industry (GCA). So, what is suppressing footfall?

The reason is the restaurant's footfall. The numerous closures due to Covid from 2020 to 2021 meant that footfall in the restaurants was down significantly against 2019. This dragged down customer numbers in the garden centres. Customer numbers have been slow to recover, however to the end of March 2023 restaurant customer numbers have rebounded, up 24% versus 2022, which has helped push garden centre customer number growth into positive territory.

Our Bridgemere Nursery

Unfortunately, 2022 saw a write-down of stock in the nursery of £1.2m. Numerous factors combined to create this scenario, one major factor being that due to the lockdown in 2020, plant stock that would normally be potted up in March was delayed until late May, which meant the nursery went into 2022 with stock levels far too high as they were not ready to be sold in 2021 due to the late potting. We have also taken steps to improve the management of the nursery that we inherited and have appointed Jim Teague, who has worked in our retail plant team for many years and has a history of nursery stock production management.

National Trust

After two years of discussions, we signed an exclusive five-year deal with the National Trust. Our collaboration will result in the development of an exclusive collection of plants sourced from the historic gardens cared for by the National Trust. These will include plants, seeds and bulbs from some of the rare, heritage varieties that without the National Trust's care in their conservation centre in a secret location in Somerset, would otherwise have been lost. Blue Diamond will be propagating the original apple tree that dropped an apple on Sir Isaac Newton's head, and the yew tree that witnessed the signing of the Magna Carta and the proposal by Henry VIII to Anne Boleyn. This relationship will raise money for the National Trust and create a powerful platform for Blue Diamond to reach wider audiences. The National Trust has five million members and is a cherished institution by the general public, thus our relationship will generate much wider knowledge of Blue Diamond garden centres helping stimulate increased footfall into our centres.

From strength to strength

The significant investment we have made in refurbishing our acquisitions these past few years means that the quality and therefore customer experience within Blue Diamond Garden Centres stands head and shoulders above other Groups. The relationship with the National Trust and our development of rare and unusual plant species will drive credibility with intelligent gardeners who will increasingly view our business as the place to meet their gardening needs. A strategic shift in our use of social media which is targeted at customers who DO NOT currently visit garden centres is aimed at attracting them through our non-gardening departments. We have a Fashion department that is hugely successful and a destination in its own right that stands tall against the best the High Street can offer. Exclusive clothing ranges have been designed by the team direct with factories, from Turkey and Italy, to the Far East and India. We have our own Kipling café brand, which boasts homemade patisserie executed to the highest of standards using the finest of ingredients, and we are developing our own Eat Right deli brand for 2023.

In summary

The business has suffered from uncontrollable inflationary cost increases in labour and energy and these costs coupled with the write-down of stock in our growing nursery have reduced profits by approximately £4.6m, in addition to the £14m of Covid distortions.

Our business has developed over the years, showcasing many retail (gardening and non-gardening offer) and hospitality strengths. It's time to shout louder because Blue Diamond is more than just a garden centre group – it's a positive experience for gardeners and non-gardeners alike.

Ale Rer

Alan Roper - Managing Director
27 April 2023

NEWBRIDGE NURSERIES RENEWED!

- Retail extension 1538m^2
- Retail refurbishment 2554m^2 plus garden care fit-out 800m^2
- Kipling set up 235m^2
- Toilet refurbishment 94m^2
- Car park 9330m^2
- Warehouse 400m^2


Reception


WELCOME TO YOUR
LOCAL
LARDER
FOOD HALL


KIPLING

REFURB AND REBUILD REVIEW 2022

1. Bridgemere Restaurants - Parlour and Kipling
- Kipling 610m²
- Parlour restaurant 970m²

2. Melbicks
- Hard cladding of tunnels to house concessions 834m²
- Retail refurbishment 4456m²
- Restaurant 734m²

3. Mere Park
- Retail refurbishment 2362m²
- Restaurant and Kipling 532m²
- NEW polytunnel span 246m²
- Plant area 2940m²

4. Bicester Avenue atrium
- Atrium construction and fit-out 333m²

5. Sanders
- Hard cladding of tunnels 1155m²
- NEW polytunnel span 800m²
- Plant area sleeper beds 3510m²
- Retail refurbishment 2925m²
- Restaurant 530m²

6. Wilton Kipling Parlour
- Restaurant fit-out 490m²

7. Bellis at Bicester
- Hair and beauty salon fit-out 165m²

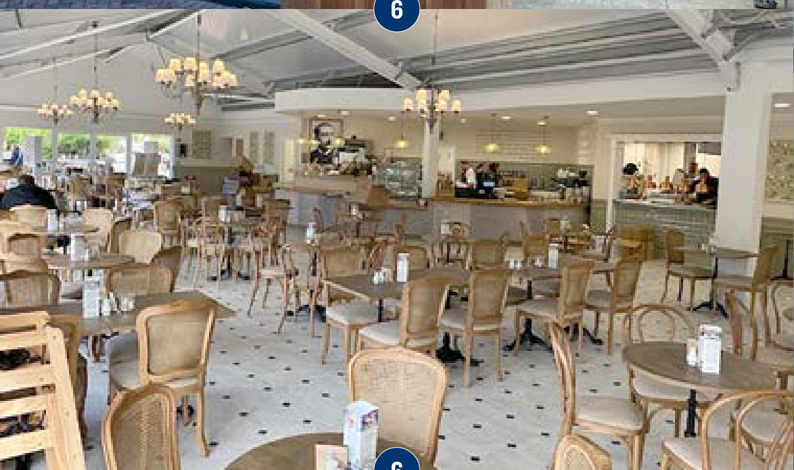

FLOWERING BULBS


tisserie, original recipes. Artisan pâtisserie, original recipes.

5


KIPLING
Parlour

6



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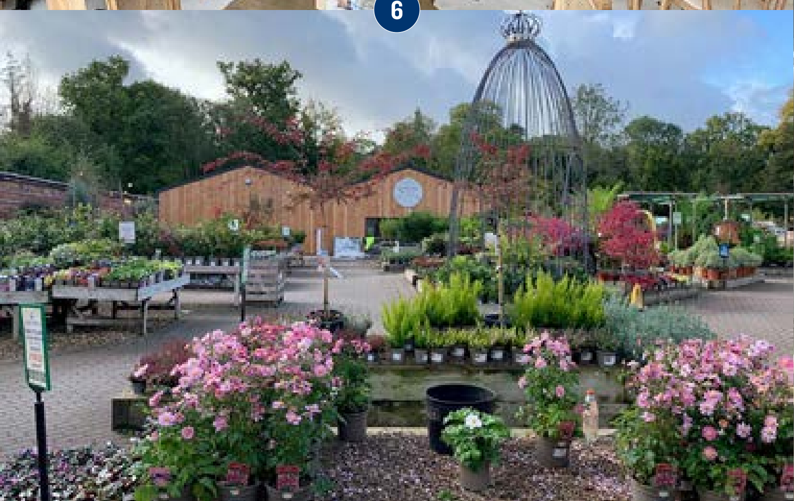

Directors' Report for the year ended 31 December 2022

The Directors submit their report and the audited financial statements of the group for the year ended 31 December 2022. The Consolidated Financial Statements have been prepared on the basis set out in note 2 to the financial statements. The Company is incorporated in Guernsey.

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

Company law in Guernsey requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period.

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

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

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

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

Provision of information to auditor
Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

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

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

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

A final dividend for the year ended 31 December 2021 of 8.5p per share totalling £2,944,859 was paid on 14 June 2022.

An interim dividend for the year ended 31 December 2022 of 3.5p per share totalling £1,215,284 was paid on 7 December 2022.

The Directors have also declared a final dividend for the year ended 31 December 2022 of 8.5p per share, which will be paid on 13 June 2023 to those shareholders on the register at 30 May 2023.

Going concern
The financial statements have been prepared on the going concern basis as the Directors have prepared detailed budgets for a period of at least 12 months from the date of signing the accounts, which show that the Company is expected to be able to meet all its liabilities as they fall due.

The possible effect of adverse scenarios on the various bank covenants that the group has in place for its bank facilities during the next 12 months trading has been modelled. As part of this, the Directors have considered the point at which these covenants would not be met. The conclusion of this modelling is that the business could sustain a material loss of turnover over the course of the 12 months following date of the financial statements, without exceeding current banking facilities. Even then the Company and the Group has multiple options available to remain a going concern, including but not limited to cost reductions, scaling back its uncommitted capital expenditure programme and cancelling or reducing the interim and final dividends.

Going concern (continued)

The Group, and the companies which are wholly owned, are expected to remain in a strong financial position during the forecast period from the date of signing the accounts. The Directors are confident of being able to trade for a period of at least 12 months from the approval of the financial statements and have therefore concluded that it is appropriate for the financial statements to be prepared on the going concern basis. The Company has access to nearly £65m of borrowing facilities until at least 31 March 2025, following the Group's establishment of the £10m accordion facility to finance its acquisition programme and for general working capital purposes, and the exercise of the first one-year extension.

Post balance sheet events

On 27 April 2023 the Directors proposed a final dividend for the year ended 31 December 2022 of 8.5p per share. The dividend has not been accrued in these financial statements because the dividend was declared after the balance sheet date.

On 24 March 2023, the Group established the £10m accordion facility with The Royal Bank of Scotland International Limited and Barclays Bank PLC to finance its acquisition programme and for general working capital purposes. The revolving credit facility is therefore now £38m.

The Group has also exercised the first one-year extension, which means that the overall lending facilities are now available until 31 March 2025.

On 21 April 2023, the Group acquired the entire issued share capital of Beckworth Limited, which owns a freehold garden centre in Northamptonshire. The price was £12.75m plus net current assets at the date of completion, which are expected to be £0.5m. On the same date, the Group exchanged contracts with Knight Frank Investment Management LLP for the sale and leaseback of the freehold property for £8.15m, with completion set for 5 May 2023.

Auditors

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

Directors

The directors shown below have held office during the whole of the period from 1 January 2022 to the date of this report.

S Burke	(Chairman)
A Roper	(Managing Director)
R J Hemans	(Finance Director)
T Carey	
D Ummels	
S Crowder	

On behalf of the board:

R. J. Hemans
Director

27 April 2023

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

Opinion on the financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

We have audited the financial statements of Blue Diamond Limited ("the Group") for the year ended 31 December 2022 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, applying Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information
The directors are responsible for the other information. The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

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

In preparing the 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.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

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

- Evaluation of management incentives, including the extent to which remuneration is influenced by the financial performance of the Company, and opportunities for fraudulent manipulation of the financial statements such as management override. This evaluation involved a particular focus on the judgements and estimates such as the inventory provision and considering the impact of these judgements and estimates on the financial performance including the impact on profit before tax;
- Discussion with management regarding known or suspected instances of non-compliance with laws and regulations or fraud;
- Obtaining an understanding of controls designed to prevent and detect irregularities and fraud;
- Review of board meeting minutes for any evidence of fraud or non-compliance with laws and regulations; and
- Assessment of journal entries to accounts that were considered to carry a greater risk of fraud as part of our planned audit approach including manual journals posted to revenue and journals posted by senior management.

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP
Chartered Accountants
Southampton

27 April 2023

Consolidated Statement of Comprehensive Income

Year ended 31 December 2022

	Notes	2022 £000	2022 £000	2021 £000	2021 £000
Turnover	4		**259,262**		255,454
Cost of sales			**(125,485)**		(124,975)
Gross profit			**133,777**		130,479
Distribution costs			**(67)**		(207)
Administrative expenses			**(116,468)**		(98,420)
			17,242		31,852
Other operating income	7		**4,598**		8,172
Group operating profit	4		**21,840**		40,024
Share of profit for the year in joint venture and associated undertaking	14	**-**		103	
Profit on disposal of fixed asset investment	14	**-**	**-**	40	143
			21,840		40,167
Interest receivable and similar income	8		**1**		1
Interest payable and similar expenses	9		**(940)**		(665)
Profit before taxation			**20,901**		39,503
Taxation on profit	10		**(4,028)**		(7,794)
Profit for the financial year			**16,873**		31,709
Earnings per share	26		**48.64p**		91.76p
Other comprehensive income					
Unrealised surplus on revaluation of freehold properties	13		**4,316**		8,565
Movement in deferred tax relating to revaluation of freehold properties	23		**(508)**		(3,089)
Other comprehensive income for the year			**3,808**		5,476
Total comprehensive income for the year			**20,681**		37,185
Profit attributable to: Owners of the parent			**20,681**		37,185

The notes on pages 21 to 45 form part of these financial statements.

Consolidated Balance Sheet

Year ended 31 December 2022

	Notes	2022 £000	2022 £000	2021 £000	2021 £000
Fixed assets					
Intangible assets	12		**10,094**		4,455
Tangible fixed assets	13		**175,267**		154,092
Investments	14		**136**		436
			185,497		158,983
Current assets					
Stocks	15	**51,843**		40,443	
Debtors	16	**14,939**		12,792	
Cash at bank and in hand	17	**6,029**		25,739	
		72,811		78,974	
Creditors					
Amounts falling due within one year	18	**(37,918)**		(35,180)	
Net current assets			**34,893**		43,794
Total assets less current liabilities			**220,390**		202,777
Creditors					
Amounts falling due after more than one year	19		**(28,673)**		(30,631)
Provisions for liabilities	23		**(12,625)**		(10,405)
Net assets			**179,092**		161,741
Capital and reserves					
Called up share capital	24		**696**		693
Share premium			**6,483**		5,656
Revaluation reserve			**45,414**		41,606
Capital reserve			**9,439**		9,439
Retained earnings			**117,060**		104,347
Total equity			**179,092**		161,741

The financial statements were approved by the Board of Directors and authorised for issue on 27 April 2023 and were signed on its behalf by:

R. J. Hemans
Director

The notes on pages 21 to 45 form part of these financial statements.

Consolidated Statement of Changes in Equity

Year ended 31 December 2022

	Called up share capital £000	Retained earnings £000	Share premium £000
Balance at 1 January 2021	690	77,368	5,015
Changes in equity			
Profit for the year	-	31,709	-
Surplus on revaluation of freehold properties (note 13)	-	-	-
Movement in deferred tax relating to revaluation of freehold properties (note 23)	-	-	-
Total comprehensive income	-	31,709	-
Dividends (note 11)	3	(4,730)	641
Balance at 31 December 2021	693	104,347	5,656
Changes in equity			
Profit for the year	-	16,873	-
Surplus on revaluation of freehold properties (note 13)	-	-	-
Movement in deferred tax relating to revaluation of freehold properties (note 23)	-	-	-
Total comprehensive income	-	16,873	-
Dividends (note 11)	3	(4,160)	827
Balance at 31 December 2022	696	117,060	6,483

The notes on pages 21 to 45 form part of these financial statements.

Consolidated Statement of Changes in Equity (continued)

Year ended 31 December 2022

	Revaluation reserve £000	Capital reserve £000	Total equity £000
Balance at 1 January 2021	36,130	9,439	128,642
Changes in equity			
Profit for the year	-	-	31,709
Surplus on revaluation of freehold properties (note 13)	8,565	-	8,565
Movement in deferred tax relating to revaluation of freehold properties (note 23)	(3,089)	-	(3,089)
Total comprehensive income	5,476	-	37,185
Dividends (note 11)	-	-	(4,086)
Balance at 31 December 2021	41,606	9,439	161,741
Changes in equity			
Profit for the year	-	-	16,873
Surplus on revaluation of freehold properties (note 13)	4,316	-	4,316
Movement in deferred tax relating to revaluation of freehold properties (note 23)	(508)	-	(508)
Total comprehensive income	3,808	-	20,681
Dividends (note 11)	-	-	(3,330)
Balance at 31 December 2022	45,414	9,439	179,092

The notes on pages 21 to 45 form part of these financial statements.

Consolidated Cash Flow Statement

Year ended 31 December 2022

	Notes	2022 £000	2021 £000
Cash flows from operating activities			
Profit for the financial year		**16,873**	31,709
Adjustments for:			
Amortisation of intangible assets	12	**331**	247
Depreciation of tangible assets	13	**7,669**	6,538
Loss on disposal of tangible assets		**-**	14
Profit on disposal of fixed asset investment		**-**	(40)
Amortisation of lease incentives		**(115)**	(126)
Foreign exchange losses		**(11)**	(57)
Share of profit before tax of joint venture and associated undertaking		**-**	(103)
Interest receivable	8	**(1)**	(1)
Interest payable	9	**940**	665
Taxation charge	10	**4,028**	7,794
Increase in stocks		**(7,668)**	(12,322)
Decrease/(increase) in debtors		**(312)**	(2,295)
Decrease in creditors		**(2,250)**	(1,283)
Decrease in provisions		**(33)**	(121)
Corporation tax paid		**(6,210)**	(6,593)
Interest received		**1**	1
Interest paid		**(940)**	(665)
Net cash generated from operating activities		**12,302**	23,362
Cash flows from investing activities			
Purchases of tangible fixed assets		**(18,271)**	(11,899)
Dividends received from investments		**300**	100
Business combinations – Blackdown Garden Centre Limited	31	**(4,374)**	(1,958)
Overdraft acquired with Van Hage & Company Limited	31	**(1,989)**	-
Business combinations – Van Hage & Company Limited	31	**(5,856)**	(6,108)
Proceeds on disposal of investment in associate		**-**	36
Repayments from joint venture and associated undertaking		**-**	54
Net cash used in investing activities		**(30,190)**	(19,775)
Cash flows from financing activities			
Debt issue costs		**140**	(192)
Repayment of bank loans		**(2,500)**	(2,916)
Capital element of finance leases repaid		**-**	(3)
Equity dividends paid		**(3,330)**	(4,086)
Net cash used in financing activities		**(5,690)**	(7,197)
Net decrease in cash and cash equivalents		**(23,578)**	(3,610)
Cash and cash equivalents at the beginning of the year		**24,015**	27,625
Cash and cash equivalents at the end of the year		**437**	24,015
Cash flows from financing activities:			
Bank and cash equivalents	17	**6,029**	25,739
Bank overdrafts	17	**(5,592)**	(1,724)
		437	24,015

The notes on pages 21 to 45 form part of these financial statements.

Notes to the Consolidated Financial Statements

Year ended 31 December 2022

INDEX OF NOTES

Notes to the Consolidated Financial Statements

Year ended 31 December 2022

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 Report of the Directors.

2. ACCOUNTING POLICIES

Basis of preparation of financial statements

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires the Directors to exercise judgment in applying the Group's accounting policies (see note 3).

Going concern

The financial statements have been prepared on the going concern basis as the Directors have prepared detailed budgets for a period of at least 12 months from the date of signing the accounts, which show that the Company is expected to be able to meet all its liabilities as they fall due.

The possible effect of adverse scenarios on the various bank covenants that the group has in place for its bank facilities during the next 12 months trading has been modelled. As part of this, the Directors have considered the point at which these covenants would not be met. The conclusion of this modelling is that the business could sustain a material loss of turnover over the course of the 12 months following date of the financial statements, without exceeding current banking facilities. Even then the Company and the Group has multiple options available to remain a going concern, including but not limited to cost reductions, scaling back its uncommitted capital expenditure programme and cancelling or reducing the interim and final dividends.

The Group, and the companies which are wholly owned, are expected to remain in a strong financial position during the forecast period from the date of signing the accounts. The Directors are confident of being able to trade for a period of at least 12 months from the approval of the financial statements and have therefore concluded that it is appropriate for the financial statements to be prepared on the going concern basis. The Company has access to nearly £65m of borrowing facilities until at least 31 March 2025, following the Group's establishment of the £10m accordion facility to finance its acquisition programme and for general working capital purposes, and the exercise of the first one-year extension.

Parent company financial statements

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

Basis of consolidation

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

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

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2022

2. ACCOUNTING POLICIES (continued)

Turnover

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

Other operating income

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

Government grant

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

Functional and presentational currency

The Group's functional and presentational currency is GBP.

Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Pensions

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

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

Finance costs

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

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2022

2. ACCOUNTING POLICIES (continued)

Intangible assets - Goodwill

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

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

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

Tangible fixed assets

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

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

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

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

Depreciation is provided on the following basis:

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

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2022

2. ACCOUNTING POLICIES (continued)

Revaluation of tangible fixed assets

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

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

Associates and joint ventures

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

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

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 was calculated using the weighted average method and includes all costs incurred in bringing each product to its present location and condition. With effect from 1 January 2022, the Group moved to the FIFO (First In First Out) method to reflect the impact of inflation, align the EPOS system with the financial accounts and to improve the accuracy of intra-year management reporting. Net realisable value represents the estimated selling price less costs to be incurred in marketing, selling and distribution. The 2022 impact was less than £0.7m and the prior year figure would have been less than £0.1m.

Supplier rebates

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

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

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

2. ACCOUNTING POLICIES (continued)

Financial instruments

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

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

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

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

Financial assets and liabilities are offset and the net amount reported in the Consolidated Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the Consolidated Statement of Comprehensive Income in finance costs or income as appropriate. The Group does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

Cash and bank balances

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

Leases

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

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

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

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

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2022

2. ACCOUNTING POLICIES (continued)

Sale and leaseback

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

Onerous leases

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

Provisions

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

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

Current and deferred taxation

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

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

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

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

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

2. ACCOUNTING POLICIES (continued)

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.

Administrative expenses

Administrative expenses include all wages and salaries.

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, including scrip dividends.

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

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

Profit and loss account
The profit and loss account represents cumulative profits or losses, net of dividends paid or issued in the form of scrip dividends and other adjustments.

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

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

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

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

Freehold land and buildings were revalued in 2020 and updated in 2022 via a desktop review performed by 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.

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

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

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2022

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

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.

4. TURNOVER AND GROUP OPERATING PROFIT

Group operating profit is stated after charging/(crediting):

	2022 £000	2021 £000
Amortisation of goodwill	**357**	272
Amortisation of negative goodwill	**(25)**	(25)
Depreciation of tangible fixed assets	**7,669**	6,538
Profit on sale of other tangible fixed assets	**-**	(26)
Fees payable to the Group's Auditor		
- Audit of the Group's Consolidated Financial Statements	**76**	60
- Audit of the subsidiary companies	**114**	85
Foreign exchange losses	**11**	57
Operating lease expense	**16,745**	16,172
Defined contribution pension cost	**1,113**	887
Rental income in other operating income	**(4,281)**	(3,844)
Government grants in other operating income	**-**	(4,269)

Year ended 31 December 2022

4. TURNOVER AND GROUP OPERATING PROFIT (continued)

The Group acquired Blackdown Garden Centre Limited and Van Hage & Company Limited 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'. The Group's results from continuing activities including acquisitions is given below:

	2022 Continuing	2022 Acquired	2022 Total	2021 Total
Turnover	**253,018**	**6,244**	**259,262**	255,454
Cost of sales	**(122,390)**	**(3,095)**	**(125,485)**	(124,975)
Gross profit	**130,628**	**3,149**	**133,777**	130,479
Distribution costs	**(67)**	**-**	**(67)**	(207)
Administrative expenses	**(114,399)**	**(2,069)**	**(116,468)**	(98,420)
Other operating income	**4,334**	**264**	**4,598**	8,172
Group operating profit	**20,496**	**1,344**	**21,840**	40,024

5. SEGMENT ANALYSIS

By geographical area	UK		CI		GROUP	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Turnover	**241,125**	235,874	**18,137**	19,580	**259,262**	255,454
Profit before interest and taxation						
Regional profit	**29,098**	46,330	**4,102**	5,101	**33,200**	51,431
Group costs	**-**	-	**-**	-	**(11,360)**	(11,264)
Group profit before interest and tax	**29,098**	46,330	**4,102**	5,101	**21,840**	40,167
Segment total assets less current liabilities						
Segment net assets	**201,799**	158,558	**36,686**	35,514	**238,485**	194,072
Unallocated assets and liabilities	**-**	-	**-**	-	**(18,095)**	8,705
Total assets less current liabilities	**201,799**	158,558	**36,686**	35,514	**220,390**	202,777

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2022

6. EMPLOYEES

	2022 £000	2021 £000
Wages and salaries	**58,374**	51,466
Social security costs	**4,187**	3,288
Other pension costs	**1,113**	898
	63,674	55,652
The average number of employees during the year was as follows:		
Management	**119**	114
Retail	**3,556**	3,554
	3,675	3,668

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 2022 amounting to £181,523 (2021: £136,872).

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 £763,098 (2021: £625,517).

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 2022 was £57,902 (2021: £42,429). In addition, during the year the Group paid contributions of £110,440 (2021: £82,208) into the personal pension scheme of two (2021: two) Directors of the Group.

7. OTHER OPERATING INCOME

	2022 £000	2021 £000
Government grant income	**-**	4,269
Concession rents receivable	**4,281**	3,844
Other	**317**	59
	4,598	8,172

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2022

8. INTEREST RECEIVABLE AND SIMILAR INCOME

	2022 £000	2021 £000
Bank interest receivable	**1**	1
	1	1

9. INTEREST PAYABLE AND SIMILAR EXPENSES

	2022 £000	2021 £000
Bank interest and finance charges	**936**	661
Finance leases and hire purchase contracts	**4**	4
	940	665

10. TAXATION

	2022 £000	2021 £000
Provision for current tax		
Current tax on UK profits for the year	**2,149**	6,171
Current tax on Jersey retail profits for the year	**455**	538
Current tax on Guernsey retail profits for the year	**130**	179
Adjustments in respect of previous periods	**(185)**	(23)
	2,549	6,865
Group's share of joint venture and associated undertaking current tax	**-**	27
Total current tax	**2,549**	6,892
Provision for deferred tax		
Origination and reversal of timing differences	**962**	340
Changes to tax rates	**304**	590
Adjustments in respect of previous periods	**213**	(28)
Total deferred tax	**1,479**	902
Taxation on profit	**4,028**	7,794

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2022

10. TAXATION (continued)

Factors affecting tax charge for the year

The tax assessed for the year differs from the large retailers' rate of corporation tax in Guernsey of 20% (2021: 20%). The differences are explained below:

	2022 £000	2021 £000
Profit before tax	**20,901**	39,503
Profit multiplied by large retailers' rate of corporation tax in Guernsey of 20% (2021: 20%)	**150**	185
Effects of:		
UK corporation tax on UK taxable profits at 19% (2021: 19%)	**3,305**	6,828
Jersey corporation tax on retail profits at 20% (2021: 20%)	**552**	600
Share of joint venture and associated undertaking tax	**-**	27
Expenses not deductible for tax purposes	**117**	220
Non-taxable income	**(349)**	(246)
Effect of change in rate	**304**	590
Fixed asset differences	**(79)**	65
Deferred tax not recognised	**-**	(424)
Adjustments to tax charge in respect of prior periods	**28**	(51)
Total tax charge for the year	**4,028**	7,794

The Group's Guernsey taxable profits are chargeable to income tax at the large retailers' rate of 20% (2021: 20%) and the Group's Jersey retail profits are taxable at 20% (2021: 20%). The Finance Act 2021 was substantially enacted in May 2021 and has increased the corporation tax rate from 19% to 25% with effect from 1 April 2023. The deferred taxation balances have been measured using the rates expected to apply in the reporting periods when the timing differences reverse. For further information on deferred tax balances see note 23.

11. DIVIDENDS

	2022 £000	2021 £000
Ordinary shares		
Final 2019 dividend of 4.7p per share	**-**	1,621
Final 2021 dividend of 8.5p per share (2020: 5.5p per share)	**2,945**	1,898
Interim 2022 dividend of 3.5p per share (2021: 3.5p per share)	**1,215**	1,211
	4,160	4,730

A final dividend for the year ended 31 December 2021 of 8.5p per share totalling £2,944,859 was paid on 14 June 2022.

An interim dividend for the year ended 31 December 2022 of 3.5p per share totalling £1,215,284 was paid on 7 December 2022.

The Directors have also declared a final dividend for the year ended 31 December 2022 of 8.5p per share, which will be paid on 13 June 2023 to those shareholders on the register at 30 May 2023.

Year ended 31 December 2022

12. INTANGIBLE FIXED ASSETS

	Goodwill £000	Negative goodwill £000	Totals £000
Cost			
At 1 January 2022	6,044	(544)	5,500
Arising on business combinations (note 31)	5,970	-	5,970
At 31 December 2022	12,014	(544)	11,470
Amortisation			
At 1 January 2022	1,393	(348)	1,045
Charge for the year	357	(25)	332
At 31 December 2022	1,750	(373)	1,376
Net book value			
At 31 December 2022	10,264	(918)	10,094
At 31 December 2021	4,651	(196)	4,455

At 31 December 2022, individually material carrying amounts of goodwill are attributable to Coton Orchard Garden Centre of £785,000 (2021: £839,000), with a remaining amortisation period of 15 years, Trelawney Garden Centre of £618,000 (2021: £670,000), with a remaining amortisation period of 12 years, Milton Park (Dorset) Limited of £1,827,000 (2021: £1,929,000) with a remaining amortisation period of 18 years, Blackdown Garden Centre Limited of £635,072 (2021: £nil) with a remaining amortisation period of 19 years and Van Hage & Company Limited of £5,278,451 (2021: £nil) with a remaining amortisation period of 20 years.

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2022

13. TANGIBLE FIXED ASSETS

	Freehold land and buildings £000	Leasehold improvements £000	Motor vehicles £000
Cost			
At 1 January 2022	113,744	28,700	955
Additions	2,529	4,903	126
Acquired in business combinations	4,250	725	-
Disposals	-	-	(12)
Revaluation	3,032	-	-
At 31 December 2022	123,555	34,328	1,069
Depreciation			
At 1 January 2022	-	7,138	567
Charge for the year	1,284	1,471	177
Disposals	-	-	(12)
Revaluation adjustments	(1,284)	-	-
At 31 December 2022	-	8,609	732
Net book value			
At 31 December 2022	123,555	25,719	337
At 31 December 2021	113,744	21,562	388

	Furniture, fixtures and equipment £000	Computer equipment £000	Totals £000
Cost			
At 1 January 2022	37,010	4,192	184,601
Additions	10,248	465	18,271
Acquired in business combinations	1,138	142	6,255
Disposals	(11)	(4)	(27)
Revaluation	-	-	3,032
At 31 December 2022	48,385	4,795	212,133
Depreciation			
At 1 January 2022	19,520	3,284	30,509
Charge for the year	4,203	534	7,669
Disposals	(13)	(3)	(28)
Revaluation adjustments	-	-	(1,284)
At 31 December 2022	23,710	3,815	36,866
Net book value			
At 31 December 2022	24,675	980	175,267
At 31 December 2021	17,490	908	154,092

Year ended 31 December 2022

13. TANGIBLE FIXED ASSETS (continued)

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

	2022 £000	2021 £000
Freehold land and buildings - garden centres	**122,624**	112,813
Freehold land	**930**	930
	123,554	113,743

The carrying values adopted in these financial statements for the year ended 31 December 2022 were based upon desktop valuations undertaken by an external, professionally qualified third party valuer, Knight Frank LLP. Management have reviewed these valuations and consider it appropriate to recognise these valuations at 31 December 2022.

The valuations were undertaken in accordance with the requirements of the latest editions of RICS Valuations – Global Standards (which incorporate the International Valuation Standards) and the UK National supplement and FRS 102 The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (and any other regulatory requirements).

The valuation of each property was as an owner-occupied property and valued to fair value assuming the property would be sold as part of the continuing business.

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:

	2022 £000	2021 £000
Historic costs	**72,952**	66,016
Accumulated depreciation	**(3,130)**	(1,846)
	69,822	64,170

The revaluation reserve as at 31 December 2022 is stated net of cumulative deferred tax adjustments of £7,529,000 (2021: £7,195,000). There were no revaluation gains realised during the year as a result of the sale of freehold properties (2021: £nil). The net revaluation surplus for the year of £4,316,000 (2021: £8,565,000) is comprised of a net surplus of £nil (2021: £nil) recognised in the Consolidated Statement of Comprehensive Income and a surplus of £4,316,000 (2021: £8,565,000) recognised in other comprehensive income and the revaluation reserve.

The Group has provided first legal charges in favour of The Royal Bank of Scotland International Limited (trading as NatWest) over its freehold land and buildings with a carrying value of £109,288,000 (2021: £99,513,000), promissory notes to the value of £4,000,000 (2021: £4,000,000) and a bond to the value of £10,200,000 (2021: £10,200,000) as security for the Group's bank loan and overdraft facilities (note 20).

Sale and leaseback

There were no sale and leasebacks entered into during year.

Finance leases

The net book value of equipment and vehicles for the Group includes an amount of £nil (2021: £nil) in respect of assets held under finance leases (note 21). Such assets are generally classified as finance leases as the rental period amounts to the estimated useful economic life of the assets concerned and often the Group has the right to purchase the assets outright at the end of the minimum lease term by paying a nominal amount.

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2022

14. FIXED ASSET INVESTMENTS

	Associated undertaking £000
Cost	
At 1 January 2022	436
Dividend received	(300)
At 31 December 2022	136
Net book value	
At 31 December 2022	136
At 1 January 2022	436

Associated undertaking

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.

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	Dormant
Chatsworth Garden Centre Limited	England	Dormant
Chester Garden Centre Limited	England	Garden centre retailer
Fruit Export Company Limited	Guernsey	Garden centre retailer
Newbridge Nurseries Limited	England	Dormant
Goodies Limited	Guernsey	Dormant
Blue Diamond UK Properties Limited	England	Property investment
Olympus Sportswear (Guernsey) Limited	Guernsey	Dormant
St. Peter's Furniture Centre Limited	Jersey	Dormant
St. Peter's Garden Centre Limited	Jersey	Garden centre retailer
Milton Park (Dorset) Limited	England	Dormant
Blackdown Garden Centre Limited	England	Garden centre retailer
Van Hage & Company Limited	England	Garden centre retailer

15. STOCKS

	2022 £000	2021 £000
Goods for resale	**51,843**	40,443

Goods for resale are disclosed net of a provision for slow moving and obsolete stock of £866,052 (2021: £848,195). An impairment charge of £17,857 (2021: £341,138) was recognised in cost of sales against stock as a movement in the provision.

16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £000	2021 £000
Trade debtors	**5,920**	5,348
Prepayments	**5,199**	3,897
Other debtors	**3,523**	3,547
Corporation tax	**297**	-
	14,939	12,792

Trade debtors are stated after provisions for impairment of £nil (2021: £nil).

17. CASH AND CASH EQUIVALENTS

	2022 £000	2021 £000
Cash at bank and in hand	**6,029**	25,739
Less: bank overdrafts (note 18)	**(5,592)**	(1,724)
	437	24,015

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £000	2021 £000
Trade creditors	**17,476**	16,484
Bank overdrafts (note 17)	**5,592**	1,724
Lease incentives (note 19)	**116**	116
Bank loans (note 20)	**2,500**	2,500
Accruals and other creditors	**5,551**	5,647
Other taxes and social security	**6,683**	5,269
Corporation tax	**-**	3,440
	37,918	35,180

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2022

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

	2022 £000	2021 £000
Bank loans (note 20)	**24,928**	27,288
Lease incentive	**2,645**	2,760
Accruals and other creditors	**1,100**	583
	28,673	30,631

The lease incentives are amortised over the terms of the leases. The amounts falling due in over 5 years total £2,189,000.

20. LOANS

	2022 £000	2021 £000
The maturities of sources of debt finance are due as follows:		
In one year or less	**2,500**	2,500
In more than one year but not more than two years	**2,500**	2,500
In more than two years but not more than five years	**22,428**	24,788
	27,428	29,788

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) and Barclays Bank PLC. The overall position is as follows:

The Group has one £32m term loan, which is repayable quarterly over fifteen years, and a revolving credit facility of £28m. Both facilities are available for three years with the option of two one-year extensions. The Group has also negotiated a £10m accordion facility, which provides additional flexibility to develop and invest in the business.

On 24 March 2023, the Group established the £10m accordion facility to finance its acquisition programme and for general working capital purposes. The revolving credit facility is therefore now £38m.

The Group has also exercised the first one-year extension, which means that the facilities are now available until 31 March 2025.

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 13. The Group has also provided a cross guarantee as detailed in note 27.

Year ended 31 December 2022

21. LEASING AGREEMENTS

Minimum lease payments fall due as follows:	**Non-cancellable operating leases**	
	2022 £000	**2021 £000**
Within one year	**17,425**	14,665
Between one and five years	**69,558**	56,436
In more than five years	**334,268**	277,843
	421,251	348,944

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

	2022 £000	**2021 £000**
Within one year	**3,676**	2,991
Between one and five years	**7,921**	5,207
In more than five years	**2,903**	657
	14,500	8,855

22. FINANCIAL INSTRUMENTS

	2022 £000	**2021 £000**
Financial assets		
Financial assets measured at amortised cost	**13,810**	32,010
Financial derivatives measured at fair value through profit and loss	**-**	-
	13,810	32,010

	2022 £000	**2021 £000**
Financial liabilities		
Financial liabilities measured at amortised cost	**(55,385)**	(52,697)
Financial derivatives measured at fair value through profit and loss	**-**	-
	(55,385)	(52,697)

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.

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2022

23. PROVISIONS FOR LIABILITIES

	2022 £000	2021 £000
Deferred tax	**12,625**	10,372
Onerous lease	**-**	33
	12,625	10,405
Deferred tax		
At beginning of year	**10,372**	6,361
Charged to profit	**1,479**	902
On business combination	**266**	20
Charged to other comprehensive income	**508**	3,089
At end of year	**12,625**	10,372
The provision for deferred taxation is made up of:		
Accelerated capital allowances	**4,321**	2,653
Revaluation gains on freehold properties	**8,451**	7,892
Other short term timing differences	**(147)**	(173)
	12,625	10,372

Dilapidation provision

	2022 £000	2021 £000
At beginning of year	**-**	95
Charged to profit	**-**	(95)
At end of year	**-**	-

Onerous lease

	2022 £000	2021 £000
At beginning of year	**33**	59
(Credited)/charged to profit	**(33)**	(26)
At end of year	**-**	33

Year ended 31 December 2022

24. CALLED UP SHARE CAPITAL

	2022 £000	2021 £000
Authorised 38,000,000 (2021: 38,000,000) ordinary shares of £0.02 each	**760**	760

	2022 £000	2021 £000
Allotted, called up and partly paid 34,784,438 (2021: 34,645,401) ordinary shares of £0.02 each	**696**	693

The movement in the issued shares for the period is as follows:	2022 Shares in issues No.	2022 Share capital £
At 1 January 2022	**34,645,401**	**692,908**
Scrip dividend relating to 2021 final dividend	**77,002**	**1,540**
Scrip dividend relating to 2022 interim dividend	**62,035**	**1,241**
At 31 December 2022	**34,784,438**	**695,689**

25. PARENT COMPANY RESULT FOR THE YEAR

The Company has not presented its own statement of comprehensive income in these financial statements. The profit after tax of the Parent Company for the year was £5,140,562 (2021: £4,657,804).

26. EARNINGS PER SHARE

	Profit for year 2022 £000	Earnings per share 2022 P	Profit for year 2021 £000	Earnings per share 2021 P
Basic earnings per share	**16,873**	**48.64**	31,709	91.76

Earnings per share is calculated by dividing the profit for the financial period/year attributable to the members of Blue Diamond Limited by the weighted average number of ordinary shares in issue, which was 34,692,054 (2021: 34,557,194).

27. CONTINGENT LIABILITIES

The Company and its subsidiaries (note 14) 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 £32,625,000 (2021: £30,125,000).

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

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2022

28. RELATED PARTY DISCLOSURES

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

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

	2022 £000	2021 £000
Rent paid	**(67)**	(200)

Key management personnel, of which there were 22 in 2022 (2021: 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 £4,327,858 (2021: £3,750,007).

Included in Creditors: amounts due within one year (note 18) is an amount of £769,000 (2021: £1,700,000) and Creditors: amounts due after more than one year (note 19) is an amount of £1,100,000 (2021: £583,000) due to key management personnel, of which £1,100,000 (2021: £583,000) is the amount so far accrued in respect of the long-term incentive plan (LTIP) for executive directors and four senior managers, which is based on Group performance targets for the years ending 31 December 2021, 2022 and 2023, and is payable in April 2024.

Total dividends paid to Directors while in office amounted to £84,518 (2021: £87,841). 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 (2021: 2p shares):

	2022 No.	2021 No.
Simon Burke	**110,672**	105,635
Alan Roper	**292,266**	290,235
Richard Hemans	**153,567**	150,000
Tom Carey	**137,294**	132,646
Susie Crowder	**1,467**	-
David Ummels	**20,203**	19,814
	715,469	698,330

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 2022

29. ANALYSIS OF CHANGES IN NET DEBT

	1 January 2022 £000	Cash flows £000	Acquired with subsidiaries £000	Non-cash movements £000	31 December 2022 £000
Cash and bank equivalents	24,015	(21,589)	(1,989)	-	437
Bank loans due within one year	(2,500)	-	-	-	(2,500)
Bank loans due after more than one year	(27,288)	-	-	2,360	(24,928)
	(5,773)	(21,589)	(1,989)	2,360	(26,991)

30. POST BALANCE SHEET EVENTS

On 27 April 2023 the Directors proposed a final dividend for the year ended 31 December 2022 of 8.5p per share. The dividend has not been accrued in these financial statements because the dividend was declared after the balance sheet date.

On 24 March 2023, the Group established the £10m accordion facility with The Royal Bank of Scotland International Limited and Barclays Bank PLC to finance its acquisition programme and for general working capital purposes. The revolving credit facility is therefore now £38m.

The Group has also exercised the first one-year extension, which means that the overall lending facilities are now available until 31 March 2025.

On 21 April 2023, the Group acquired the entire issued share capital of Beckworth Ltd, which owns a freehold garden centre in Northamptonshire. The price was £12.75m plus net current assets at the date of completion, which are expected to be £0.5m. On the same date, the Group exchanged contracts with Knight Frank Investment Management LLP for the sale and leaseback of the freehold property for £8.15m, with completion set for 5 May 2023.

31. BUSINESS COMBINATIONS

On 7 January 2022 the Group completed the acquisition of Blackdown Garden Centre Limited, whose principal activity is that of the operation of a retail garden centre. In calculating the goodwill arising on acquisition, the fair value of net assets acquired have been assessed and no adjustments have been considered necessary.

	Book value £000	Fair value adjustments £000	Fair value £000
Fixed assets			
Tangible fixed assets	2,667	1,603	4,270
Current assets			
Stocks	96	-	96
Debtors	67	-	67
Cash and bank balances	1	-	1
Creditors: amounts falling due within one year	(195)	(300)	(495)
Provisions for liabilities	(235)	-	(235)
Net assets	2,401	1,303	3,704
Goodwill			670
Total purchase consideration (including expenses of £103,193)			4,374

The useful economic life of goodwill has been estimated to be 20 years.

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2022

31. BUSINESS COMBINATIONS (continued)

On 9 November 2022 the Group completed the acquisition of Van Hage & Company Limited, whose principal activity is that of the operation of retail garden centres. In calculating the goodwill arising on acquisition, the fair value of net assets acquired have been assessed and no adjustments have been considered necessary.

	Book value £000	Fair value adjustments £000	Fair value £000
Fixed assets			
Tangible fixed assets	1,987	-	1,987
Current assets			
Stocks	3,636	-	3,636
Debtors	1,616	-	1,616
Cash and bank balances	-	-	-
Creditors: amounts falling due within one year	(4,664)	-	(4,664)
Bank overdraft	(1,989)	-	(1,989)
Provisions for liabilities	(30)	-	(30)
Net assets	556	-	556
Goodwill			5,300
Total purchase consideration (including expenses of £355,945)			5,856

The useful economic life of goodwill has been estimated to be 20 years.

Gloucestershire
3 SHIRES
Garden Centre
Ledbury Road
Newent GL18 1DL

Oxfordshire
BICESTER AVENUE
Garden Centre
Oxford Road
Bicester OX25 2NY

Somerset
BLACKDOWN
Garden Centre
West Buckland,
Wellington,
Nr. Taunton TA21 9HY

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

Hertfordshire
CHENIES
Garden Nursery
Nr. Rickmansworth
WD3 6EN

Cambridgeshire
COTON ORCHARD
Garden Centre
Cambridge Road
Coton CB23 7PJ

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

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

Warwickshire
MELBICKS
Garden Centre
Chester Road
Coleshill
Birmingham B46 3HX

Shropshire
MERE PARK
Garden Centre
Stafford Road,
Newport TF10 9BY

Hampshire
RAKE
Garden Centre
London Road
Rake
Petersfield GU33 7JH

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

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

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

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

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

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

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

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

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

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

Cheshire
GROSVENOR
Garden Centre
Wrexham Road
Belgrave
Chester CH4 9EB

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

Herefordshire
HEREFORD
Garden Centre
Kings Acre Road
Hereford HR4 0SE

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

Lincolnshire
PETERBOROUGH
Home and Garden
Peterborough PE1 4YZ

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

Herefordshire
VAN HAGE
Garden Centre
Great Amwell,
Ware SG12 9RP

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

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