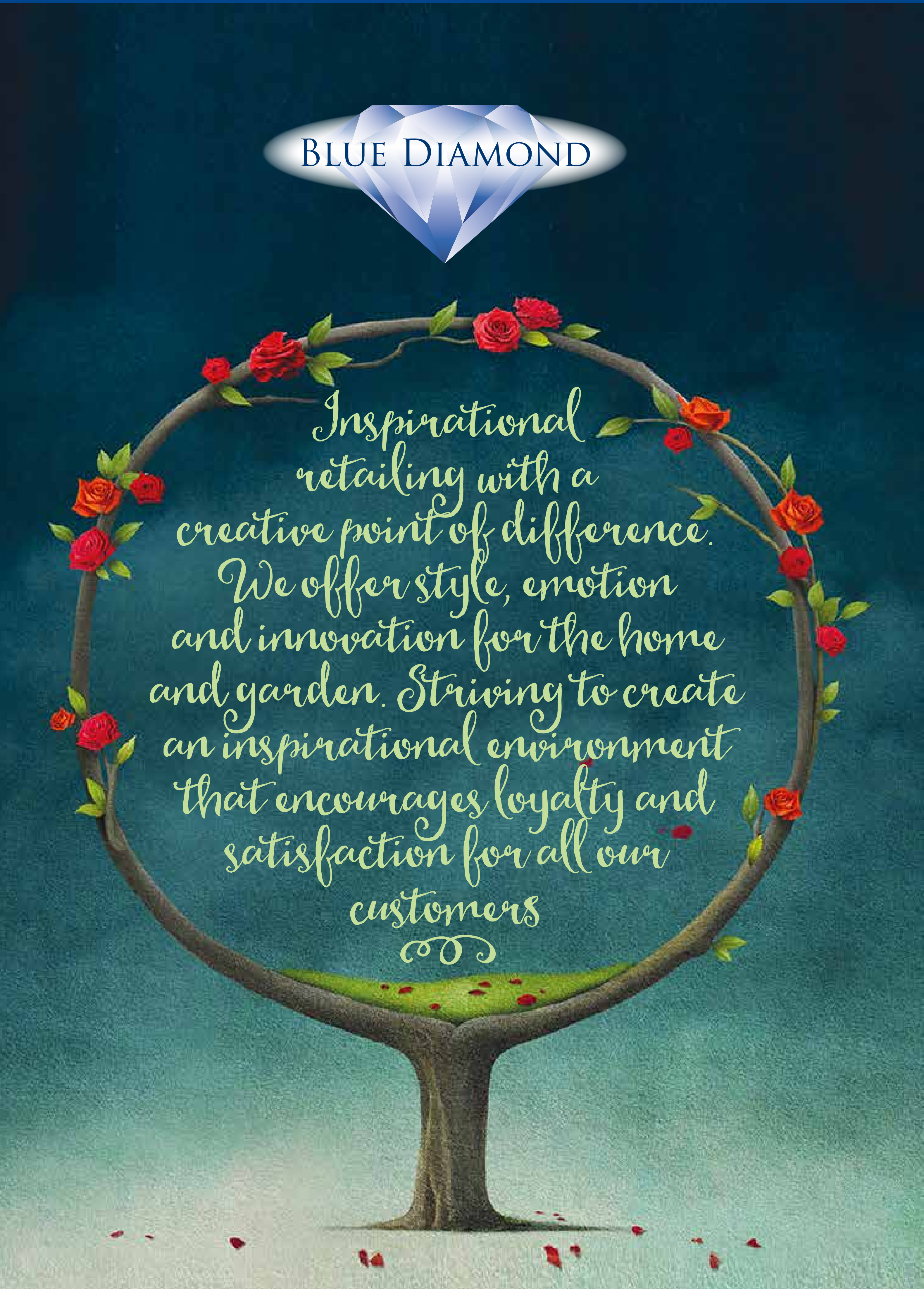
We just keep growing...

BLUE DIAMOND

Blue Diamond
ANNUAL REPORT & ACCOUNTS
2014


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

BLUE DIAMOND

Blue Diamond
ANNUAL REPORT & ACCOUNTS
2014

CONTENTS

BLUE DIAMOND LIMITED
(Incorporated in Guernsey, Channel Islands)

DIRECTORS
G.R. Dorey (Chairman)
A. Roper (Managing Director)
R.J. Hemans (Finance Director)
P.J.G. Atkinson
S.J. Falla MBE
Sir John Collins

REGISTERED OFFICE
Rue du Friquet
Castel
Guernsey
Channel Islands

AUDITORS
BDO Limited
Place du Pré
Rue du Pré
St. Peter Port
Guernsey
Channel Islands

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

LEGAL REPRESENTATIVES
GUERNSEY
Collas Crill
Glategny Court
Glategny Esplanade
St. Peter Port
Guernsey
Channel Islands

UNITED KINGDOM
Bristows LLP
100 Victoria Embankment
London
United Kingdom

Sales increased 12% to £70.3m

Net profit before tax increased 34% to £4.5m

Recommended final dividend **12p** per share

CHAIRMAN'S REPORT

Trading Performance

I am pleased to report that the Group has achieved record levels of turnover and profit.

Turnover is 12% above 2013 at £70.3m and with the weather conditions moving from poor to favourable, along with the improvement in the UK economy, net profit before tax increased by nearly 34% to £4.5m from £3.4m.

This increase in total sales can also be attributed to the first full year of trading at Fermoy's Garden Centre, which has made a positive contribution to profit, to the exceptional growth produced by the opening of Phase 2 at Redfields, which has received excellent feedback from both customers and the industry, and to the acquisition of Trelawney Garden Centre in Cornwall.

Moreover, like-for-like sales excluding Fermoy's and Trelawney also increased by 8% and even taking into account the redevelopment of Redfields, underlying sales growth was 5%. It has only been the less strong performances of our Channel Island centres, which have been held back by economic weakness in both islands, which has adversely affected sales growth.

Following feedback from shareholders we have improved the disclosure of the performance of our different business segments, which you will find in note 2 to the financial statements. This shows that sales growth in our UK centres was nearly 16% including UK acquisitions, and only 1% in the Channel Islands. Importantly, return on capital employed has improved in both jurisdictions and the overall Group return on capital employed increased from 6.7% to 9.1%. Group costs increased by £0.8m but most of this is due to the redeployment of administrative functions from the centres to Head Office, a restructuring programme that led to redundancies and the introduction of a long-term incentive plan for the Executives.

The Group's effective tax rate increased from 12% to 15% because of the exhaustion of tax losses at Grosvenor in prior years, the higher share of taxable profits generated in the UK and the 2013 deferred tax credit that was recognised at Grosvenor.

As part of the Board's policy of improving communications with shareholders the Trading Statement circulated in February covered and included other significant performance measures, which illustrates the continuing healthy and sound state of the Group.

The strategy of the Board to grow the business by acquisition continues with Trelawney and Newbridge being added in December 2014 and January 2015, which brings the total number of centres in the Group to seventeen.

Financial Position and Cash Flow

The Board strategy provides that borrowing will not take the gearing above 50% and this target has been met at every year end apart from 2009. The past record of the return on capital of acquisitions is however very good and therefore the Board has been willing to exceed the 50% limit within the year to take advantage of some of the expansion opportunities arising, as the substantial cash flow generated by the business leads to a rapid reduction in gearing. The year-end gearing of 41% has increased above 50% following the acquisition of Newbridge Garden Centre, but will drop back below 50% by the end of 2015.

Capital expenditure was just over £2m in 2015 as we completed Phase 2 of Redfields Garden Centre and undertook some redevelopment of our estate, including a new roof at 3 Shires, the refurbishment of Fermoy's and a new warehouse at Le Friquet.

There was a cash outflow in 2014 of £6m, which is mainly explained by the decrease in the Group's trade creditors and the repayment of our revolving credit facility. The introduction of our new EPOS system at the end of 2013 delayed the payment of our suppliers but this has been resolved in 2014 and trade creditors are now back to normal levels.

Our key borrowing measures are all very strong and the Group remains well within its banking covenants. Shareholders' funds have increased by 8% to £41.6 million, which equates to £6.49 per ordinary share.

Outlook

Each year a number of centres benefit from investment in improved or new facilities and allowing for this, an element of natural growth and the contribution of the two new centres, will result in further strong growth in turnover and profit before tax in 2015. This will consolidate the Group's position as the third largest by turnover in the UK garden centre sector, with only Wyevale and Tesco's subsidiary, Dobbies, being larger. The excellent results for the year and the future prospects of the Group are a tribute to the management and staff and of course to the inspired leadership of Alan Roper.

There are, however, still many opportunities to make further acquisitions and improve the strength and profitability of the business. Many successful independents have good owners with no succession plan and a wish to see their business sold to an organisation that will respect and improve on what they have created, rather than have its character removed and their centre lose all its individuality. Our successful track record in this respect is now well recognised within the industry, which leads to regular approaches from interested parties. Additional opportunities also arise from developers of new sites where again our reputation stands us in good stead.

The Board are well aware that expansion must only be undertaken within our financial resources, at a rate that does not overstretch the management team and without the expansion preventing the maintenance of the high standards that have been established.

The Board has developed a long-term incentive cash-based plan to motivate and retain the Executive, aligning their interests with those of shareholders. The plan will cover a three year period and depends on the Company hitting challenging targets relating to turnover, return on capital employed, net asset value and gearing levels.

I am therefore very confident about the Group's future and I feel that our present excellent position has given us critical mass on which to build momentum in the next five to ten years.

This leads me on to...

Simon Burke

Fruit Export 1904 - Horse and cart delivery

Percy Dorey

Fruit Export warehouse

The Board

I have worked for the Company for nigh on fifty years. I was the Managing Director for twenty years overlapping with being the Chairman for about twenty five years and last year I had my seventieth birthday. It is therefore time for me to step down although, quite apart from that, the Board and I are of the opinion that, given the size and nature of the business, the Chairman's role now needs to be occupied by someone who has relevant experience in the United Kingdom retail industry, who can lead the Board in implementing and developing its strategy and be a very able counsellor and support to the Managing Director, Alan Roper.

With this in mind a London recruitment agency was briefed to find suitable candidates resulting in the appointment of Simon Burke as a non-executive director with effect from 1 March 2015 as advised in our recent Trading Statement. Simon is currently a non-executive director of the BBC and the Co-Operative Group. Amongst other appointments he has been Chairman of Hobbycraft and Majestic Wine, and Chief Executive of Virgin Entertainment Group and Hamleys Group plc.

He has already fitted into the Board on a personal level and he is therefore ideally qualified to succeed me as Chairman and accordingly at the AGM I shall resign as Chairman and from the Board of Directors and recommend a proposal for Simon to replace me.

Simon will be the first director in our 111 years of existence not to be a Guernsey resident, but with the majority of our business increasingly being on the mainland, it is an essential step for our future.

This will also be the first time that neither of the positions of Chairman or Managing Director has been occupied by a Dorey and that there is not a director on the Board linked with our founding as Fruit Export Co. The Directors have however paid me the honour of creating the position of Life President for me to occupy, which I greatly appreciate but I also take as recognition of the role that my grandfather, Percy Dorey, my father John Dorey and other family members have played in the success of the Group. I also remember my father's words on his retirement when he said the success of the Company was due not to him but to the team of loyal management and staff who had all contributed with him to the continued progress of the business. That sentiment is just as true for me in 2015 as it was for my father then and I have great pleasure in repeating it now.

I would also like to thank you, the shareholders, for your support. Particularly in the difficult last days of the horticultural industry but also for your enthusiasm in being shareholders of a private, long-standing but progressive Guernsey company. I trust, and I see no reason why not, that we will continue in this way for many more generations.

Directors' Fees and Dividends

Although the Group is a Guernsey company, it is occupying a significant place in the United Kingdom retail sector and must therefore align itself with market remuneration levels. The appropriate market rate for the role of Chairman is £100,000 per annum and the non-executive directors' fees of £15,000 have not been reviewed for four years. They have also played a more active role in 2014 than hitherto and it is therefore recommended that their fees be increased to £24,000 per annum.

The Directors recommend a final dividend of 12p (2013: 10p) making the total dividend for the year 18p (2013: 15p). The dividend is well covered by earnings per share, and gives shareholders a good income whilst allowing the Company to invest in its balanced growth strategy. The Board expects that dividends will continue to increase significantly in the future.

G.R.Dorey
Chairman

MANAGING DIRECTOR'S REPORT

Last year saw a satisfying improvement in profit to £4.5m and I fully expect this momentum to continue into 2015 with the growth in profit reflecting the investment in acquisitions and improvements to gross margin through scale. An increase in profit was delivered by all but one of our garden centres. Notable profit improvements came from two of our smaller centres, Matlock and Chatsworth, which increased by £0.2m and £0.1m respectively.

Like-for-like Group sales, including the redeveloped Redfields garden centre but excluding Fermoys and Trelawney, were up 8%. Redfields fully opened with the completion of phase two in September. Redfields has widely been praised by the industry and customers alike as a ground-breaking garden centre, and in common with all our developments was designed by myself ensuring we push the boundaries of innovation and design. The new concepts implemented in the garden centre and restaurant will be rolled out across our portfolio of centres over the coming months and years and will form the basis of our new retail platform for the next 10 years, as our Trentham centre did 10 years ago. This will ensure we continue to keep one step ahead of our competitors and maintain a point of difference, which is a key ingredient of our success to date.

Gardening sales were up around 10% due to the normalisation of weather patterns and Christmas trade was buoyed by early increases of 20% in October and November, a sign of improved consumer confidence. The acquisition of Trelawney (£4.2m annual turnover) in November and Fermoys' first full year with the Group saw overall sales increase by 15%. The Group also agreed to purchase Newbridge Garden Centre (£4.9m annual turnover) in December, which completed in January 2015. The Islands' economies continue to challenge our centres on Guernsey and Jersey with footfall marginally down on both sites, although the situation began to stabilise by the year end. Sales on the Islands were broadly flat. Derby Garden Centre was compromised by major road works on their doorstep resulting in the loss of 17,000 customers, damaging profits against the prior year and preventing a profit opportunity of £0.2m when sales are benchmarked against the Group performance. Despite the negative sales posted by Derby Garden Centre, Group sales increased on a like-for-like basis, excluding Fermoys, Trelawney and the redeveloped Redfields, by 5%.

Gross margin declined slightly from 49.8% to 49.2%, but this was mainly the result of losses at Fryers Nursery, the rose producer that we acquired as part of the acquisition of Fryers Garden Centre in 2011. The Nursery has produced significant profits in the past and continues to provide a point of difference through the high-quality roses it grows. The margin reduction was a result of the planned cessation of growing field-grown roses on the site and the subsequent write-off of residual stock. This operation is now contracted out.

Our stock turn improved from 2.5 to 2.9 and shows the progress we are making to hit our medium-term target of 3.5 as we continue our focus on stock management. In fact since 2012 our stock levels (excluding acquisitions) have decreased by £1.7m and there was a further reduction of £0.2m last year.

Our gearing at year-end was 41.2%, a similar position to 2013, and is significant when one factors in the investment of £1m in maintaining our existing estate, a further £1.4m investment in Redfields and the £1.7m acquisition of Trelawney.

It is my nature to be constantly looking forward to improve and grow the business, however for once I am going to take the opportunity in this report to reflect on the progress the Company has made in recent years. The share price has increased by 163% over the past 10 years. In 2004 the share price was £2 and this had grown to £5.25 by 2014, a market value improvement of £20.9m to £33.7m. Earnings per share have grown by 321% to 59.7p during the same period. Shareholders' funds have grown by £22.8m over the past 10 years creating a net asset value per ordinary share of £6.49. Comparing 2014 with 2013, the overall Group return on capital employed increased from 6.7% to 9.1% and the return on capital employed on our freehold properties (revalued basis) increased from 9.9% to 12.6% and from 22.8% to 26.2% on our leaseholds. With costs firmly under control and stock management constantly improving, combined with constant innovation and a customer centric retail ethos, the business is on a firm footing to continue this strong growth performance.

To ensure that the Company is robust and fit for purpose in the coming years I instigated a new Group operational structure in 2014 that recognises the diverse and complex nature of a modern garden centre. To illustrate this point it is important to note that of the £70.3m sales in 2014, only 49% were gardening related. Our non-gardening sales comprise of Home £13.5m, Clothing £4m, Christmas £5m and Restaurants £13.5m. Each of these sizeable areas of turnover requires significantly different skill sets. Previously we had a generic Group operational structure (common in garden centre groups) where key individuals would oversee all our diverse retail landscapes. The weakness of this model is we can fail to exploit the full potential of these retail zones and to maintain a robust offer against an increasingly competitive marketplace.

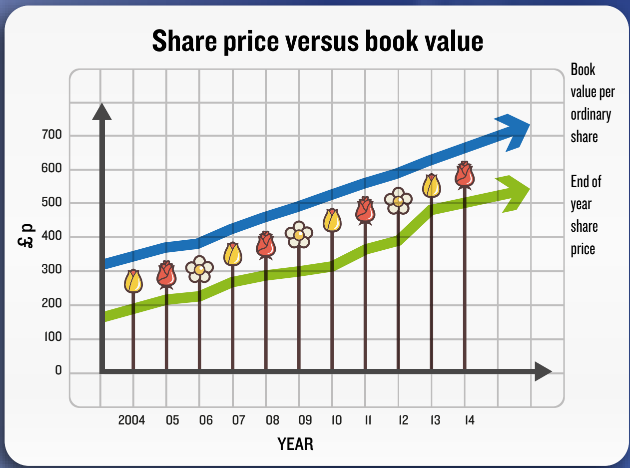
Therefore I have created four senior roles in the Group known as "Heads". This applies to each of the key cornerstones of the business, Plants, Garden and Leisure, Fashion and Home. They are responsible for the procurement and retail execution of their respective retail areas, to include appointments and profit management. In essence they have complete ownership of their sector. Each of these people has the relevant depth of experience for their respective areas. For example the Head of Home and the Head of Fashion have 20 years' and 15 years' experience respectively with major high street chains. This initiative has also further strengthened the empowerment culture as each "Head" and their team (fuelled by their sector experience) engage, develop and train the teams within the centres. Our standout Manager at Trentham Restaurant has been promoted to Group Restaurant Manager. Empowerment is a key strategic element in ensuring growth and stability within the business and a value I have long trumpeted in my reports.

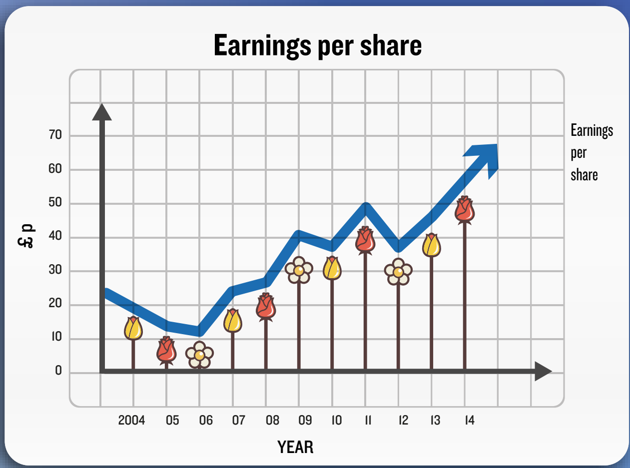
The Group turnover this year will exceed £80m (making us the not only the third largest garden centre group in the UK, by a significant margin, but the largest privately owned garden centre group in the UK) and at every step we have constantly balanced growth with resource and operational structure. We have come a long way since I joined in 1999 when turnover was only £6.7m.

Two key initiatives for 2015 are the launch of the "Diamond Club", an innovative version of a loyalty scheme, and our new look multi-platform website that will lead to us developing a click and collect service within 12 months at our garden centres. The loyalty scheme delivers additional service values to members by offering personalised expert gardening advice through our garden doctor scheme and rewards high spending customers with unexpected offers. This scheme is not a costly points scheme; loyalty should be earned not bought. The data collected will enable us to tailor the customer's future retail experience.

To summarise 2014 saw the completion of the Redfield's development, the acquisition of Trelawney Garden Centre and the agreed purchase of Newbridge Garden Centre, all in a year that generated record profits. This outstanding performance is testament to the strength and depth of the employees within the Company and as always none of this would be possible without their dedication, passion and hard work.

A. Roper
Managing Director





REDFIELDS: Final phase opens

2014 saw the completion of the final phase of Redfields' redevelopment, which opened to eagerly awaiting customers in September.

The result is a garden centre that truly brings plants to the heart of the business with an innovative covered plant area and wide range of gardening essentials and home accessories.

The centre perfectly reflects the needs and aspirations of Redfields' existing customers and provides new customers with an experience they won't forget.

Redfields has developed a refreshingly unique approach compared to other garden centres in the UK, creating an intimate shopping experience within a substantial garden centre.

The centre inspires creativity throughout with two fully dressed house sets, complete with gardens, and displays luxurious items as they would look in your own home.

As one of the UK's most groundbreaking garden centres, Redfields Home of Garden and Living has proved itself to be the cornerstone of innovation.

Treetops Café

Treetops opens

Following the success of Café Theatre, Redfields' second restaurant, Treetops Café, opened as part of the centre's phase two completion in September 2014. The café was conceived as a perfect environment for mothers with preschool children to relax as the children play in the purpose-built soft play area.

With a refreshing atmosphere and charming children's gardening themed mural, Treetops Café provides a delightful space to unwind with a view of the centre from above on the mezzanine.

Sweet Sixteen

Trelawney became the 16th Garden Centre to join the Group in November of last year.

Trelawney has always had family at the heart of it's business and was set up in 1970 by Frank and Marion Danning, whose son, David, then took on its ownership along with David Symons.

At the time of acquisition, the centre had a turnover of some £4.2 million and is expected to report a turnover of £4.5 million in its first year with the Group.

Trelawney has brought with it an exceptional restaurant in Carriages as well as a beautiful plant area and experienced staff.

Previous owner, David Danning has also joined the Blue Diamond family, taking up a position with the Sundries Buying Team.

"Retailing is getting more challenging and we feel that the garden centre could thrive and move up another level with investment and professional management. We believe Blue Diamond Group is the perfect company to do this."

David Danning

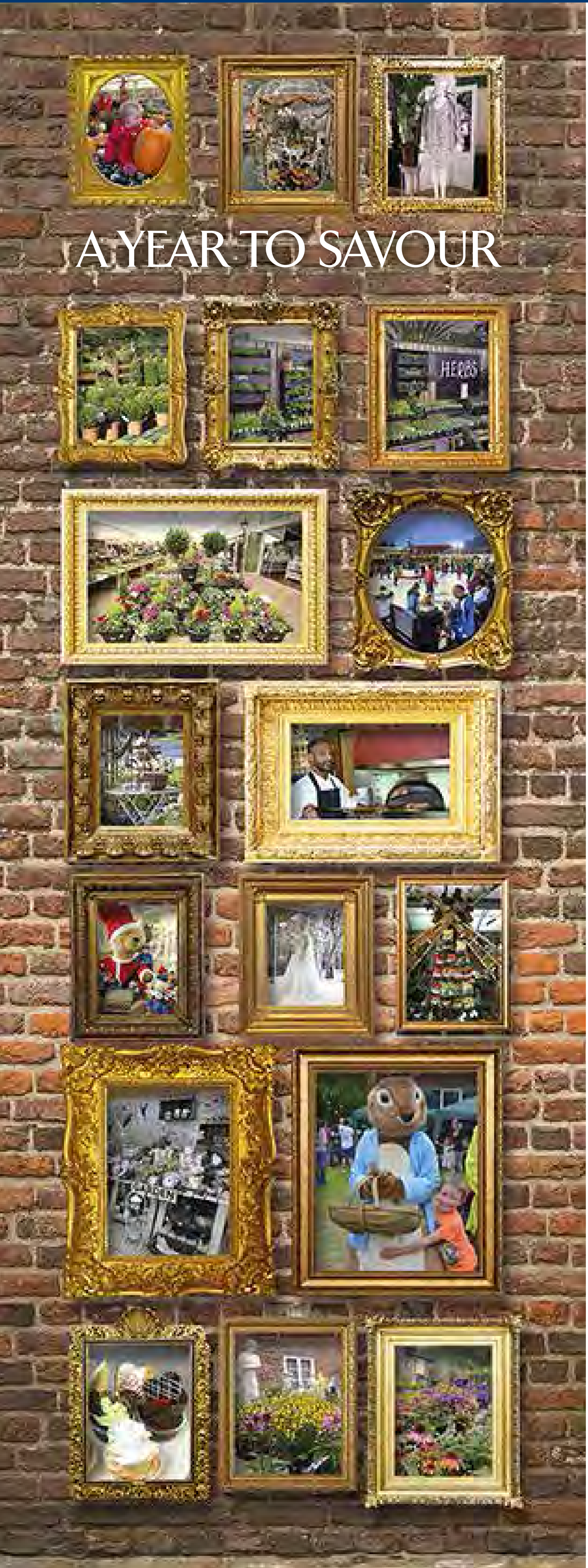
The Group welcomed Newbridge into its growing family in January 2015.

Starting life as a small nursery, Newbridge Nursery has been at Broadbridge Heath in Horsham for over thirty years. The nursery has since turned into one of the most successful garden centres in the country, winning numerous awards whilst under the ownership of Nigel Wait for two decades before joining the Group.

With an impressive plant area, Newbridge had a turnover of £4.9 million at the time of acquisition, which the Group plans to grow by £3 million.

In addition to the award winning garden centre, Stooks Café breaks the boundaries of a normal garden centre restaurant with its offering of a middle eastern and Mediterranean inspired menu, appetising and seasonal salads and home-made patisserie creating a real passion for food lovers far and wide.

Stooks
Café at Newbridge



2014 AWARDS WINNERS

CHATSWORTH Garden Centre

Matlock Garden Centre

It was a double celebration in March 2015 as Chatsworth and Matlock were declared joint Garden Centre of the Year winners at the Annual Blue Diamond Awards for 2014.

Held at Trentham Garden Centre, the awards were an incredible success and the celebrations were testament to the hard work put in by staff across the Group during 2014.

Fittingly, Restaurant of the Year went to the hosts of the evening - Trentham's father and daughter team, Mike and Kelly McGlynn, who have had enormous success in 2014.

the six arches restaurant

terrazzo del giardino

Caffé Bello

BLUE DIAMOND

Blue Diamond Limited
FINANCIAL STATEMENTS
31 DECEMBER 2014

Report of the Directors

The Directors submit their report and the audited financial statements of the Company and of the Group for the year ended 31 December 2014. The consolidated financial statements have been prepared on the basis set out in note 1 to the financial statements. The Company is incorporated in Guernsey.

Directors' Responsibilities Statement

The Directors are responsible for preparing financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group at the end of the year and of the profit or loss of the Company and Group for that year and are in accordance with applicable laws. In preparing those financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and of the Group and to enable them to ensure that the financial statements have been properly prepared in accordance with the Companies (Guernsey) Law, 2008. They are also responsible for safeguarding the assets of the Company and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

So far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware; having taken all the steps the Directors ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Principal Activities

The principal activity of the Company is to act as a holding company.

The principal activities of the Group are the retailing of garden centre products, sports goods, furniture and giftware, and the holding of investments and property.

Results and Dividends

The results of the Group for the year are set out in detail on page 19.

The Directors have paid a final dividend in respect to 2013 of £513,353 (net) and report the payment of an interim dividend for the year ended 31 December 2014 of £308,011 (net). The Directors are recommending the payment of a final dividend for the year of £616,023 (net).

Directors

The directors of the Company who served during the year and to date were:-

G.R. Dorey	(Chairman)
A. Roper	(Managing Director)
R.J. Hemans	(Finance Director)
P.J.G. Atkinson	
S.J. Falla MBE	
Sir John Collins	(appointed 4 April 2014)
A.M. Duquemin	(resigned 10 March 2014)

Mr. S. Burke was appointed as an additional director of the company on 1 March 2015.

Independent Auditor

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

Approved by the Board of Directors on 23 April 2015 and signed on behalf of the Board by:

G.R. Dorey
Director

A. Roper
Director

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

We have audited the financial statements of Blue Diamond Limited for the year ended 31 December 2014 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated and Parent Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards ('United Kingdom Generally Accepted Accounting Practice').

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 is undertaken so that we might state to the Parent 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditor
As explained more fully in the Directors' Responsibilities Statement within the Directors' Report, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent misstatements or inconsistencies we consider the implications for our report.

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

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2014 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the parent 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.

BDO Limited
Chartered Accountants
Place du Pré
Rue du Pré
St Peter Port
Guernsey

7 May 2015

Consolidated Profit and Loss Account

Year ended 31 December 2014

	Note		2014 £'000		2013 £'000
Turnover	2				
Continuing operations			**69,598**		61,808
Acquisitions			**673**		672
			70,271		62,480
Cost of sales			**(35,682)**		(31,355)
Gross profit			**34,589**		31,125
Administrative expenses			**(30,041)**		(27,741)
Other operating income			**417**		310
Group operating profit	2				
Continuing operations		**4,837**		3,651	
Acquisitions		**128**		43	
			4,965		3,694
Group share of associated companies' operating profits for the year			**119**		158
Profit on ordinary activities before interest			**5,084**		3,852
Interest receivable			**6**		5
Interest payable			**(584)**		(491)
Profit on ordinary activities before taxation			**4,506**		3,366
Taxation					
Taxation on profit on ordinary activities	3	**(654)**		(375)	
Group's share of associated companies' tax		**(21)**		(35)	
			(675)		(410)
Profit's for the financial year	14		**3,831**		2,956
Earnings per share	17		**59.71p**		46.06p

A statement of movements on reserves is included in note 14 to the financial statements.

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

Consolidated Statement of Total Recognised Gains and Losses

Year ended 31 December 2014

	2014 £'000	2013 £'000
Profit for the financial year		
- Group	**3,733**	2,833
- Associated companies	**98**	123
	3,831	2,956
Unrealised surplus on revaluation of freehold property	**-**	1,969
Unrealised deficit on revaluation of freehold property	**-**	(1,088)
Total recognised gains and losses for the financial year	**3,831**	3,837

A reconciliation of movements in shareholders' funds is set out in note 15 to the financial statements.

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

Consolidated Balance Sheet

31 December 2014

	Note		2014 £'000		2013 £'000
Fixed assets					
Intangible assets					
- Goodwill		**1,531**		454	
- Negative goodwill		**(339)**		(365)	
	5		**1,192**		89
Tangible assets	6		**48,732**		47,606
Investments	7		**1,215**		1,250
			51,139		48,945
Current assets					
Stocks		**12,329**		12,051	
Debtors	8	**3,803**		3,546	
Cash and bank balances		**1,418**		5,079	
		17,550		20,676	
Creditors – amounts falling due within one year	9	**(12,831)**		(12,226)	
Net current assets			**4,719**		8,450
Total assets less current liabilities			**55,858**		57,395
Creditors – amounts falling due after more than one year	10		**(13,950)**		(18,547)
Provisions for liabilities	12		**(283)**		(233)
Net assets			**41,625**		38,615
Capital and reserves					
Share capital	13		**642**		642
Share premium account			**21**		21
Reserves	14		**40,962**		37,952
Shareholders' funds	15		**41,625**		38,615

The financial statements were approved by the Board of Directors and authorised for issue on 23 April 2015.

They were signed on its behalf by:

G.R. Dorey
Director

A. Roper
Director

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

Balance Sheet - Company

31 December 2014

	Note		2014 £'000		2013 £'000
Fixed assets					
Tangible assets	6		**190**		253
Investments	7		**7,591**		7,570
			7,781		7,823
Current assets					
Debtors - amounts falling due after more than one year	8	**24,552**		24,887	
Debtors - amounts falling due within one year	8	**1,881**		2,709	
Cash and bank balances		**-**		1,112	
		26,433		28,708	
Creditors – amounts falling due within one year	9	**(6,598)**		(3,866)	
Net current assets			**19,835**		24,842
Total assets less current liabilities			**27,616**		32,665
Creditors – amounts falling due after more than one year	10		**(21,486)**		(25,820)
			6,130		6,845
Capital and reserves					
Share capital	13		**642**		642
Share premium account			**21**		21
Reserves	14		**5,467**		6,182
Shareholders' funds	15		**6,130**		6,845

The financial statements were approved by the Board of Directors and authorised for issue on 23 April 2015.

They were signed on its behalf by:

G.R. Dorey
Director

A. Roper
Director

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

Consolidated Cash Flow Statement

Year ended 31 December 2014

Reconciliation of group operating profit to net cash inflow from operating activities	**Note**	**2014 £'000**	**2014 £'000**
Group operating profit		**4,965**	3,694
Loss on disposal of tangible fixed assets		**14**	-
Amortisation of goodwill		**34**	30
Amortisation of negative goodwill		**(26)**	(25)
Depreciation of tangible fixed assets		**1,597**	1,442
Increase in operating debtors		**(239)**	(234)
Decrease in stocks		**273**	1,152
(Decrease)/increase in operating creditors		**(2,363)**	2,695
Net cash inflow from operating activities		**4,255**	8,754
Cash flow statement	21		
Net cash inflow from operating activities		**4,255**	8,754
Returns on investments and servicing of finance	(i)	**(578)**	(486)
Dividends from associated companies		**154**	168
Taxation paid		**(424)**	(708)
Capital expenditure and financial investment	(i)	**(2,042)**	(4,248)
Acquisition and disposals	(i)	**(1,596)**	(639)
Equity dividends paid		**(821)**	(693)
Cash (outflow)/inflow before financing		**(1,052)**	2,148
Financing	(i)	**(5,029)**	2,237
(Decrease)/increase in cash in the year		**(6,081)**	4,385
Reconciliation of net cash flow to movement in net debt			
Change in net debt resulting from cash flows	(ii)	**(6,081)**	4,385
Movement in bank loans	(i)	**4,805**	(2,308)
Inception of hire purchase contracts		**(576)**	-
Movement in net capital obligations under hire purchase contracts and finance leases	(ii)	**224**	71
Movement in net debt		**(1,628)**	2,148
Net debt at 1 January	(ii)	**(15,522)**	(17,670)
Net debt at 31 December	(ii)	**(17,150)**	(15,522)

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

Notes to the Financial Statements

31 December 2014

1. ACCOUNTING POLICIES

Convention

These financial statements have been prepared in under the historical cost convention as modified by the revaluation of freehold land and buildings and in accordance with applicable law and United Kingdom Accounting Standards. The principal accounting policies which the Directors have consistently adopted within that convention are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of Blue Diamond Limited and its subsidiaries (the "Group") for the year ended 31 December 2014, using the acquisition method of accounting. The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account from the effective date of acquisition or up to the effective date of disposal, as appropriate. Associated companies are included based on their results for the year ended on the dates shown in note 7. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Turnover

Turnover comprises revenue from the retailing of garden centre products, sports goods, furniture and giftware 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 title has passed to them.

Other operating income

Other operating income consists of concession rental income, management fees and income from advertising, which are accrued on a time basis.

Operating leases

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the term of the relevant lease.

Rental income from operating leases is recognised in the profit and loss account within 'Other operating income', on a straight line basis over the term of the lease.

Pension costs

As detailed in note 2 the group participates in defined contribution schemes for both its Channel Island and United Kingdom employees. Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

Goodwill

Goodwill represents the amount by which the purchase consideration for the acquisition of a business exceeds the fair value to the company 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 and negative goodwill are amortised on a straight line basis over a period of 20 years. The Directors have elected to amortise goodwill over 20 years as this represents the estimated useful economic life of the businesses acquired. Goodwill is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or circumstances indicate that the carrying value may not be recoverable. Any impairment is recognised immediately in the profit and loss account and is not subsequently reversed.

Notes to the Financial Statements

31 December 2014

1. ACCOUNTING POLICIES (continued)

Tangible assets and depreciation
Freehold land and buildings are stated at the Directors' estimate of their open market value, based on independent valuations. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

Any revaluation increase arising on the revaluation of land and buildings is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to the profit and loss account to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of land and buildings is recognised in the statement of total recognised gains and losses until the carrying amount reaches historical cost.

The Directors consider the recoverable amount of the land and buildings to be greater than their revalued amounts and therefore any further decrease in the carrying amount on revaluation is taken through the statement of total recognised gains and losses and debited to the revaluation reserve. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the revaluation reserve is transferred to the capital reserve.

The Directors consider that the Group's freehold buildings used as trading properties are maintained in such a high state of repair that their residual value is at least equal to their net book value. As a result the corresponding depreciation charge would not be material and therefore is not charged in the profit and loss account. The Directors perform annual impairment reviews in accordance with the requirements of Financial Reporting Standard No.11 – Impairment of Fixed Assets and Goodwill, and of Financial Reporting Standard No.15 – Tangible Fixed Assets, to ensure that the carrying value of the freehold buildings is not greater than their recoverable amount.

The Group considers impairment whenever events or changes in circumstances indicate that the carrying amount of any asset or group of assets may not be recoverable. An impairment loss is recognised when the recoverable amount of an asset is less than the carrying amount.

No depreciation is provided on freehold land, or on freehold investment properties in accordance with Statement of Standard Accounting Practice No.19.

Other tangible fixed assets are stated at cost less accumulated depreciation. Depreciation of tangible fixed assets is provided to write off their cost less any residual value on a straight line basis over their estimated useful lives as follows:

Short leasehold building	Over the life of the primary lease term
Leasehold improvements	Length of lease
Machinery and equipment	3 - 10 years
Motor vehicles	4 years
Furniture, fixtures and fittings	4 - 10 years
Computer equipment	3 years

Investments in subsidiary undertakings
Investments in subsidiaries are stated at cost, less where appropriate, provisions for impairment.

Investments in associated undertakings
An associated undertaking is an entity over which the Group is in a position to exercise significant influence, through participation in the financial and operating policy decisions of the investee, but does not exercise control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Investments in associates are carried in the balance sheet at cost as adjusted by post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Where a group company transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

31 December 2014

1. ACCOUNTING POLICIES (continued)

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

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

Finance leases and hire purchase contracts
Fixed assets acquired under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their estimated useful economic lives.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the agreement and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part is allocated to reduce the liability.

Interest bearing borrowings and finance costs
Immediately after issue the debt is stated at the fair value of the consideration received on the issue of the capital instrument after deduction of issue costs. Finance costs are charged to the profit and loss account over the term of the debt so that the amount charged is at a constant rate on the carrying amount.

Deferred taxation
Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet method.

Deferred tax balances are recognised for all temporary differences that have originated but not reversed by the balance sheet date, except that the recognition of deferred tax assets is limited to the extent that the group anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences. Deferred tax balances are not discounted.

Dividends
Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Notes to the Financial Statements

31 December 2014

2. TURNOVER AND GROUP OPERATING PROFIT

Turnover and group operating profit derive wholly from continuing activities.

Group operating profit is stated after charging/(crediting):	2014 £'000	2013 £'000
Amortisation of goodwill (note 5)	**34**	30
Amortisation of negative goodwill (note 5)	**(26)**	(25)
Depreciation on tangible fixed assets (note 6)	**1,597**	1,442
Loss on disposal of fixed assets	**(14)**	-
Non-executive directors' remuneration	**103**	104
Auditor's remuneration		
- Audit and assurance services	**90**	86
- Other non-audit services	**3**	-

The Group took over management of Trelawney Garden Centre from 10 November 2014 and therefore its results have been included from that date (note 22). An analysis of the Group's results from continuing activities including acquisitions is given below:

	Continuing £'000	Acquired £'000	2014 Total £'000	2013 Total £'000
Turnover	69,598	673	**70,271**	62,480
Cost of sales	(35,376)	(306)	**(35,682)**	(31,355)
Gross profit	34,222	367	**34,589**	31,125
Administrative expenses	(29,802)	(239)	**(30,041)**	(27,741)
Other operating income	417	-	**417**	310
Group operating profit	4,837	128	**4,965**	3,694

31 December 2014

2. TURNOVER AND GROUP OPERATING PROFIT (continued)

Segmental analysis (i) By class of business	Garden Centre Retailing		Other Retailing		Group	
	2014 £'000	**2013 £'000**	**2014 £'000**	**2013 £'000**	**2014 £'000**	**2013 £'000**
Turnover	**69,348**	61,555	**923**	925	**70,271**	62,480
Profit before interest and taxation						
Segment profit	**8,983**	6,978	**182**	171	**9,165**	7,149
Group costs					**(4,081)**	(3,297)
Group profit before interest and taxation					**5,084**	3,852
Segment total assets less current liabilities						
Segment net assets	**56,195**	54,828	**1,163**	1,660	**57,358**	56,488
Unallocated assets and liabilities					**(1,500)**	907
Total assets less current liabilities					**55,858**	57,395

Segmental analysis (ii) By geographical area	United Kingdom		Channel Islands		Group	
	2014 £'000	**2013 £'000**	**2014 £'000**	**2013 £'000**	**2014 £'000**	**2013 £'000**
Turnover	**55,818**	48,144	**14,453**	14,336	**70,271**	62,480
Profit before interest and taxation						
Segment profit	**6,218**	4,667	**2,947**	2,482	**9,165**	7,149
Group costs					**(4,081)**	(3,297)
Group profit before interest and taxation					**5,084**	3,852
Segment total assets less current liabilities						
Segment net assets	**36,600**	33,641	**20,758**	22,847	**57,358**	56,488
Unallocated assets and liabilities					**(1,500)**	907
Total assets less current liabilities					**55,858**	57,395

Notes to the Financial Statements

31 December 2014

2. TURNOVER AND GROUP OPERATING PROFIT (continued)

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

Unallocated assets and liabilities consist of assets and liabilities at the Group's head office in Guernsey and certain assets that cannot be allocated to a segment. The 'Other Retailing' segment consists of the Group's two sports and gift shops in Guernsey.

Pension costs
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 fund in the year ended 31 December 2014 amounting to £71,772 (2013: £55,611).

The Group also joined the National Employment Savings Trust ("NEST") in February 2014, which is a pension scheme set up by the UK Government and into which the Group pays contributions on behalf of its employees. The pension costs charged in these financial statements includes contributions payable by group companies to NEST in for the year amounting to £37,498 (2013: £nil).

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 2013 was £25,267 (2013: £25,975). In addition, during the year the Group paid contributions of £37,805 (2013: £32,935) into the personal pension scheme of two (2013: two) directors of the Company.

31 December 2014

3. GROUP TAX

a) Analysis of the Group's tax charge:	2014 £'000	2013 £'000
Provision for Guernsey income tax:		
Based on Guernsey taxable profits for the year at 0%	**-**	-
Based on Guernsey rental income for the year at 20%	**2**	1
	2	1
Provision for U.K. tax:		
Based on UK net rental income at 20%	**113**	104
Based on the UK taxable profits for the year	**454**	244
Adjustment in respect of prior periods	**(22)**	18
	545	366
Deferred tax:		
Recognition of deferred tax asset	**-**	(179)
Origination and reversal of timing differences	**51**	148
Effect of change in tax rate	**(22)**	(8)
Adjustment in respect of prior periods	**21**	-
	50	(39)
Other tax:		
Withholding tax on group interest payable	**57**	47
	654	375

The Group's Guernsey taxable profits are chargeable to Guernsey income tax at the standard rate of 0%, with the exception of rental income from Guernsey properties, which is taxed at 20%. The Group's Jersey trading profits for the year are charged at a rate of 0%.

Withholding tax of 20% is charged on interest payable by UK registered companies to Guernsey incorporated companies.

Notes to the Financial Statements

31 December 2014

3. GROUP TAX (continued)

b) Factors affecting the Group's tax charge

The assessed tax for the year is higher than the standard rate of corporation tax in Guernsey applied to profit before tax. The differences are explained below.	2014 £'000	2013 £'000
Profit on ordinary activities before taxation	**4,506**	3,366
Profit on ordinary activities at the standard rate of corporation tax in Guernsey of 0% (2013: 0%)	**-**	-
UK effect:		
UK corporation tax on UK trading profits at the standard rate of 21% (2013: 23%)	**446**	348
Expenses not deductible for tax purposes	**3**	4
Depreciation in excess of capital allowances	**8**	-
Capital allowances in excess of depreciation	**-**	(43)
Effect of tax rate change	**11**	3
Tax loss utilised brought forward	**(14)**	(68)
	454	244
UK tax on net rental income at 20%	**113**	104
UK adjustment in respect of prior periods	**(22)**	18
	545	366

4. EQUITY DIVIDENDS PAID

	2014 £'000	2013 £'000
Final 2013 dividend of 10p per share (2012: 8.5p per share)	**642**	545
Less: tax at 20%	**(129)**	(109)
Dividend paid	**513**	436
Interim 2014 dividend of 6p per share (2013: 5p per share)	**385**	321
Less: tax at 20%	**(77)**	(64)
Dividend paid	**308**	257
Total dividends paid (note 14)	**821**	693

31 December 2014

5. INTANGIBLE ASSETS - GOODWILL

GROUP	Goodwill £'000	Negative Goodwill £'000	Total £'000
Cost			
At 1 January 2014	590	(508)	82
Acquired during the year	1,111	-	1,111
At 31 December 2014	1,701	(508)	1,193
Amortisation			
At 1 January 2014	136	(143)	(7)
Amortisation for the year	34	(26)	8
At 31 December 2014	170	(169)	1
Net Book Value			
At 31 December 2014	1,531	(339)	1,192
At 31 December 2013	454	(365)	89

Goodwill relates to the 2007 acquisition of the business trade and net assets of 3Shires Garden Centre, together with goodwill on the acquisition of Chatsworth Garden Centre Limited and Chester Garden Centre Limited that were acquired in 2012, and Trelawney Garden Centre acquired during the year.

The acquisition of the business of Trelawney Garden Centre resulted in a goodwill addition of £1,014,080 (note 22) during the year. Included in additions is a further amount of £96,862 paid for the acquisition of Chester Garden Centre Limited that took place in 2012.

The negative goodwill relates to the acquisitions of the business trade and net assets of Derby Garden Centre and Matlock Garden Centre in 2008, and Fermoy's Garden Centre and Farm Shop acquired in 2013.

Notes to the Financial Statements

6. TANGIBLE ASSETS

GROUP	Freehold Land & Buildings £'000	Short Leasehold Building £'000	Leasehold Improvements £'000	Machinery & Equipment £'000	Motor Vehicles £'000	Furniture, Fixtures & Fittings £'000	Computer Equipment £'000	Total £'000
Cost/Valuation								
At 1 January 2014	35,665	250	8,172	2,366	234	8,083	1,357	56,127
Additions	137	68	1,338	50	154	845	156	2,748
Disposals	-	-	(31)	-	(79)	-	-	(110)
At 31 December 2014	35,802	318	9,479	2,416	309	8,928	1,513	58,765
Depreciation								
At 1 January 2014	-	248	1,645	860	168	4,780	820	8,521
Charge for the year	-	2	298	76	47	960	214	1,597
On disposals	-	-	(9)	-	(76)	-	-	(85)
At 31 December 2014	-	250	1,934	936	139	5,740	1,034	10,033
Net Book Value								
At 31 December 2014	35,802	68	7,545	1,480	170	3,188	479	48,732
At 31 December 2013	35,665	2	6,527	1,506	66	3,303	537	47,606

The Group's freehold land, buildings and investment properties are included in these financial statements at the Directors' estimate of their open market value at 31 December 2014. The Directors' assessment of current value is based upon professional valuations carried out by Allen Evans BSc MRICS Dip Rating ACI Arb IRRV (Hons), of Gilbert Evans as at 31 December 2013. Mr. Evans is a member of the Royal Institution of Chartered Surveyors. The valuations were undertaken in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual.

31 December 2014

6. TANGIBLE ASSETS (continued)

In the opinion of the Directors, the estimated residual values of the Group's freehold buildings used as trading properties is considered not to be significantly different from the value of £24,154,969 (2013: £24,017,588) at which they are included in the financial statements. Depreciation is not provided on freehold buildings for this reason.

Included within freehold land and buildings at 31 December 2014 is property to the value of £265,000 (2013: £265,000) which would be defined as freehold investment property under Statement of Standard Accounting Practice No. 19, and freehold land valued at £11,382,412 (2013: £11,382,412).

The historical cost of freehold land and buildings is £28,708,883 (2013: £28,571,502). The Group has provided first legal charges in favour of The Royal Bank of Scotland International Limited (trading as NatWest) over freehold land and buildings with a carrying value of £17,400,000 (2013: £17,400,000) and a bond to the value of £6,000,000 (2013: £6,000,000) as security for the Group's bank loan and overdraft facilities.

Included in tangible fixed assets are assets acquired under hire purchase contracts and finance leases as follows:	Cost £'000	Accumulated Depreciation £'000	Depreciation for year £'000
Machinery and equipment	79	19	9
Furniture, fixtures and fittings	100	34	13
Motor vehicles	129	22	17
Computer equipment	459	168	132

COMPANY	**Leasehold Improvements £'000**	**Machinery & Equipment £'000**	**Furniture Fixtures & Fittings £'000**	**Computer Equipment £'000**	**Total £'000**
Cost					
At 1 January 2014	652	22	42	241	957
Additions	-	-	-	2	2
Disposals	(31)	-	-	-	(31)
At 31 December 2014	621	22	42	243	928
Depreciation					
At 1 January 2014	442	13	24	225	704
Charge for the year	25	4	6	8	43
Disposals	(9)	-	-	-	(9)
At 31 December 2014	458	17	30	233	738
Net Book Value					
At 31 December 2014	163	5	12	10	190
At 31 December 2013	210	9	18	16	253

Notes to the Financial Statements

31 December 2014

7. INVESTMENTS

GROUP	2014 £'000	2013 £'000
Investments in associated companies:		
Shares at cost	**84**	84
Group share of retained reserves	**938**	994
	1,022	1,078
Amount due from associated company:		
Brown and Green (Farm Shops) Limited	**189**	168
	1,211	1,246
Other investment - at cost:		
Held by Blue Diamond Limited (see below)	**4**	4
Group Total	**1,215**	1,250

COMPANY	2014 £'000	2013 £'000
Investments in subsidiary companies - at cost/valuation:		
B.D. Properties Limited - ordinary £1 shares	**394**	394
Blue Diamond Trading Limited - ordinary £1 shares	**1,498**	1,498
MGCL Limited - ordinary £1 shares	**5,422**	5,422
	7,314	7,314
Investments in associated companies - at cost:		
David Dumosch Limited - ordinary £1 shares	**38**	38
John Le Sueur & Company Limited - ordinary £1 shares	**23**	23
Brown and Green (Farm Shops) Limited - ordinary £1 shares	**23**	23
	84	84
Amount due from associated company:		
Brown and Green (Farm Shops) Limited	**189**	168
	273	252
Other investment - at cost:		
Kenilworth Vineries Limited - 1,333 ordinary £1 shares	**4**	4
Company Total	**7,591**	7,570

Notes to the Financial Statements

31 December 2014

7. INVESTMENTS (continued)

At 31 December 2014, the company held the following direct and indirect investments in subsidiary and associated companies. All of the companies are incorporated in Guernsey, except as noted below.

Subsidiary Companies	Principal Activity		Accounting Date
Direct:			
B.D. Properties Limited	Property & investment holding	100%	31 December
Blue Diamond Trading Limited	Investment holding	100%	31 December
MGCL Limited (England)	Investment holding	100%	31 December
Fryer's Nurseries Limited (England)	Dormant	100%	31 December
Indirect:			
Blue Diamond UK Limited (England)	Garden centre retailer	100%	31 December
Chatsworth Garden Centre Limited (England)	Garden centre retailer	100%	31 December
Chester Garden Centre Limited (England)	Garden centre retailer	100%	31 December
Fruit Export Company Limited	Garden centre retailer	100%	31 December
Goodies Limited	Gift retailer	100%	31 December
Blue Diamond UK Properties Limited (England)	Property holding	100%	31 December
Olympus Sportswear (Guernsey) Limited	Sportswear & equipment retailer	100%	31 December
St. Peters Furniture Centre Limited (Jersey)	Non-trading	100%	31 December
St. Peters Garden Centre Limited (Jersey)	Garden centre retailer	100%	31 December

Associated Companies	Principal Activity		Accounting Date
Direct:			
David Dumosch Limited (Jersey)	Agricultural & horticultural	45%	31 October
	merchants & produce handlers	50%	30 September
John Le Sueur & Company Limited (Jersey)	Investment holding	50%	31 December
Brown & Green (Farm Shops) Limited (England)	Farm Shops		
Indirect:	Sportswear & equipment retailers	50%	30 September
Olympus Sportswear (Jersey) Limited			

BDL No.1 Limited and BDL No.2 Limited were wholly owned dormant companies incorporated in Guernsey that were voluntarily dissolved during the year.

Notes to the Financial Statements

31 December 2014	GROUP		COMPANY	
8. DEBTORS	**2014 £'000**	**2013 £'000**	**2014 £'000**	**2013 £'000**
Due after more than one year				
Inter-company loans – subsidiary companies	**-**	-	**24,552**	24,887
Due within one year				
Trade debtors	**631**	775	**-**	-
Prepayments	**1,195**	1,023	**360**	368
Sundry debtors	**1,643**	1,407	**141**	67
UK corporate tax recoverable	**86**	93	**-**	-
Inter-company loans - subsidiary companies	**-**	-	**1,132**	2,026
Associated company loan				
- John Le Sueur & Company Limited	**248**	248	**248**	248
Due within one year	**3,803**	3,546	**1,881**	2,709
Total debtors	**3,803**	3,546	**26,433**	27,596

The inter-company loans are all unsecured, bear interest at 1.5% above one month sterling LIBOR per annum on the net amount due and have no fixed terms for repayment. The loan due from John Le Sueur and Company Limited is unsecured, repayable on demand and is subject to interest at 1.5% above one month sterling LIBOR per annum.

	GROUP		COMPANY	
9. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	**2014 £'000**	**2013 £'000**	**2014 £'000**	**2013 £'000**
Bank overdrafts	**2,504**	84	**2,307**	-
Bank loans (note 11)	**1,905**	1,905	**1,905**	1,905
Net capital obligations under hire purchase contracts and finance leases	**209**	65	**-**	-
Amounts due to subsidiary companies	**-**	-	**1,532**	1,360
Trade creditors	**4,154**	7,282	**10**	48
Accruals and sundry creditors	**3,437**	2,431	**844**	553
Taxation payable - Guernsey	**266**	264	**-**	-
U.K. corporation tax payable	**356**	195	**-**	-
	12,831	12,226	**6,598**	3,866

Included in the Group's accruals and sundry creditors is a total amount of £215,940 relating to the acquisition of Trelawney Garden Centre (note 22). The bank overdrafts are secured by a composite cross guarantee between the Group Companies as set out in note 20 and by a first legal charge over certain of the Group's garden centre properties as set out in note 6. The amounts due to subsidiary companies are unsecured, bear interest at 1.5% above one month sterling LIBOR per annum on the net amount due and are repayable on demand.

31 December 2014

10. CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	GROUP		COMPANY	
	2014 £'000	**2013 £'000**	**2014 £'000**	**2013 £'000**
Bank loans (note 11)	**13,706**	18,511	**13,706**	18,511
Net capital obligations under hire purchase contracts and finance leases	**244**	36	**-**	-
Amounts due to subsidiary companies	**-**	-	**7,780**	7,309
	13,950	18,547	**21,486**	25,820

The amounts due to subsidiary companies are unsecured, bear interest at 1.5% above one month sterling LIBOR per annum on the net amount due and have no fixed terms for repayment. The net capital obligations under hire purchase contracts and finance leases are wholly repayable within 3 years.

11. BANK LOANS

	2014 £'000	**2013 £'000**
Repayable by instalments	**15,511**	17,416
Not repayable by instalments	**100**	3,000
	15,611	20,416
Aggregate amounts repayable:		
Due within one year	**1,905**	1,905
Due after more than one year:		
- between one and two years	**8,574**	5,571
- between two and five years	**5,132**	12,940
	13,706	18,511
	15,611	20,416

The bank loans 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).

One term loan is repayable in sixty monthly instalments which commenced on 13 January 2014. Each monthly instalment is calculated using a seven year capital and interest repayment programme with a final lump sum payment due on 31 December 2018.

The second term loan is repayable in sixty monthly instalments which commenced on 29 September 2011. Each monthly instalment is calculated using a ten year capital and interest repayment programme with a final lump sum payment due on 7 October 2016.

Notes to the Financial Statements

31 December 2014

11. BANK LOANS (continued)

The third term loan is repayable in sixty monthly instalments which commenced on 1 April 2012. Each monthly instalment is calculated using a ten year capital and interest repayment programme with a final lump sum payment due on 30 March 2017. The Group's working capital revolving facility of £4,500,000 is committed until 31 December 2016 and the overdraft facilities are reviewed annually. A further £3,000,000 working capital facility is committed until 31 October 2015.

The loans are secured by way of a first legal charge over certain of the Group's properties as disclosed in note 6. The group has also provided a cross guarantee as detailed in note 20 to the financial statements.

12. PROVISION FOR LIABILITIES

GROUP	2014 £'000	2013 £'000
Provision for deferred tax		
Accelerated capital allowances	**283**	234
Tax losses carried forward	**-**	(1)
	283	233
Movement in the year:		
At 1 January	**233**	272
Charged/(credited) to consolidated profit and loss account (note 3)	**50**	(39)
At 31 December	**283**	233

13. SHARE CAPITAL

	2014 £'000	2013 £'000
Authorised		
6,800,000 Ordinary shares of 10p each	**680**	680
100,000 Unclassified shares of 10p each	**10**	10
	690	690
Allotted and fully paid		
6,416,910 Ordinary shares of 10p each	**642**	642

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 Financial Reporting Standard No. 8 - Related Party Disclosures. The register of shareholders and their holdings (including the Directors' beneficial interests) in the ordinary shares of Blue Diamond Limited is available for inspection at the registered office of the Company.

31 December 2014

14. RESERVES

GROUP	Capital Reserve £'000	Revaluation Reserve £'000	Revenue Reserve £'000	Total £'000
At 1 January 2014	9,439	7,093	21,420	37,952
Profit for the financial year	-	-	3,831	3,831
Dividends paid (net) (note 4)	-	-	(821)	(821)
At 31 December 2014	9,439	7,093	24,430	40,962

COMPANY	Capital Reserve £'000	Revenue Reserve £'000	Total £'000
At 1 January 2014	6,626	(444)	6,182
Profit for the financial year	-	106	106
Dividends paid (net) (note 4)	-	(821)	(821)
At 31 December 2014	6,626	(1,159)	5,467

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 revenue reserve in the period in which the profits are recognised.

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	GROUP		COMPANY	
	2014 £'000	**2013 £'000**	**2014 £'000**	**2013 £'000**
Profit for the financial year	**3,831**	2,956	**106**	154
Other recognised gains and losses for the year	**-**	881	**-**	-
Dividends paid (net)	**(821)**	(693)	**(821)**	(693)
Net addition to/(reduction in) shareholders' funds	**3,010**	3,144	**(715)**	(539)
Opening shareholders' funds	**38,615**	35,471	**6,845**	7,384
Shareholders' funds at 31 December	**41,625**	38,615	**6,130**	6,845

Notes to the Financial Statements

31 December 2014

16. PROFIT FOR THE FINANCIAL YEAR ATTRIBUTABLE TO THE MEMBERS OF BLUE DIAMOND LIMITED

Of the Group profit for the financial year attributable to the members of Blue Diamond Limited, a profit of £106,016 (2013: £154,443) is dealt with in that Company's own financial statements.

17. EARNINGS PER SHARE

The earnings per share is calculated by dividing the profit for the financial year attributable to the members of Blue Diamond Limited of £3,831,380 (2013: £2,955,773) by the number of ordinary shares in issue (note 13).

18. FINANCIAL COMMITMENTS

Commitments under operating leases

GROUP
The Group leases property under operating leases and the rentals payable under these leases in the next year are as follows:-

Date of termination of lease:	2014 £'000	2013 £'000
Within one year	**-**	9
In two to five years	**289**	58
After five years	**3,630**	3,313
	3,919	3,380

COMPANY
The Company leases property under operating leases and the rentals payable under these leases in the next year are as follows:-

Date of termination of lease:	2014 £'000	2013 £'000
Date of termination of lease:		
After five years	**287**	287

19. RELATED PARTY DISCLOSURES

In the preparation of these financial statements the Directors have taken advantage of the exemption under Financial Reporting Standard No. 8 - Related Party Disclosures and have not disclosed the details of related party transactions with wholly owned subsidiaries of Blue Diamond Limited.

The Company paid rent of £200,000 (2013: £200,000) during the year to John Le Sueur and Company Limited. The Company received dividends of £100,000 (2013: £100,000) from John Le Sueur and Company Limited and £54,000 (2013: £67,950) from David Dumosch Limited during the year. The Company received management fees of £20,000 (2013: £15,000) and rent of £38,432 (2013: £26,501) from Brown & Green (Farm Shops) Limited during the year.

John Le Sueur and Company Limited, David Dumosch Limited and Brown & Green (Farm Shops) Limited are associated companies (note 7).

The Directors and close family members of the Directors received dividends in aggregate, on the same terms as other shareholders, of £230,044 (2013: £208,783).

31 December 2014

20. CONTINGENT LIABILITIES

In consideration for making available to the Blue Diamond Limited group loan and overdraft facilities of up to £23,011,494 (2013: £23,416,665) The Royal Bank of Scotland International Limited (trading as NatWest) (the "bank") has requested that a composite cross guarantee structure be established. Accordingly, the following Blue Diamond Limited Group Companies have entered into such cross guarantees:

B.D. Properties Limited
Blue Diamond Limited
Blue Diamond Trading Limited
Blue Diamond UK Limited
Blue Diamond UK Properties Limited
Chatsworth Garden Centre Limited
Chester Garden Centre Limited
Fruit Export Company Limited
Goodies Limited
MGCL Limited
Olympus Sportswear (Guernsey) Limited
St. Peters Furniture Centre Limited
St. Peters Garden Centre Limited

St Peters Garden Centre Limited has further provided a £2,000,000 promissory note in favour of bank as security for the group loan and overdraft facilities. In January 2015 St Peters Garden Centre Limited provided a second promissory note in favour of the bank as a result of the acquisition of Newbridge Nurseries Limited (note 23).

Additionally, B. D. Properties Limited has guaranteed the bank borrowings of John Le Sueur and Company Limited, in the sum of £250,000. In the opinion of the Directors, no liability to the Company or to the Group is expected to arise as a result of these guarantees.

Notes to the Financial Statements

31 December 2014

21. CONSOLIDATED CASH FLOW

(i) Analysis of cash flows for headings netted in the cash flow statement	2014 £'000	2013 £'000
Returns on investments and servicing of finance:		
Interest received	**6**	5
Interest paid	**(584)**	(491)
Net cash outflow from returns on investments and servicing of finance	**(578)**	(486)
Capital expenditure and financial investment:		
Purchase of tangible fixed assets	**(2,032)**	(4,053)
Proceeds on disposal of tangible fixed assets	**11**	-
Associated company loan advanced	**(21)**	(195)
Net cash outflow from capital expenditure and financial investment	**(2,042)**	(4,248)
Acquisitions and disposals:		
Acquisition of business (note 22)	**(1,504)**	(643)
Cash acquired (note 22)	**5**	4
Additional purchase cost of subsidiary	**(97)**	-
Net cash outflow from acquisitions and disposals	**(1,596)**	(639)
Financing:		
Increase in bank loans	**-**	5,025
Repayment of bank loans	**(4,805)**	(2,717)
Repayment of hire purchase contracts and finance leases	**(224)**	(71)
Net cash (outflow)/inflow from financing	**(5,029)**	2,237

(ii) Analysis of changes in net debt	1 January 2014 £'000	Cash Flows £'000	Non-cash Movements £'000	31 December 2014 £'000
Cash and bank balances	**5,079**	(3,661)	**-**	1,418
Bank overdrafts	**(84)**	(2,420)	**-**	(2,504)
	4,995	(6,081)	**-**	(1,086)
Net obligations under hire purchase contracts and finance leases	**(101)**	224	**(576)**	(453)
Bank loans due within one year	**(1,905)**	1,905	**(1,905)**	(1,905)
Bank loans due after more than one year	**(18,511)**	2,900	**1,905**	(13,706)
	(15,522)	(1,052)	**(576)**	(17,150)

31 December 2014

22. ACQUISITIONS

Acquisition of Trelawney Garden Centre

On 18 December 2014 the Group completed the acquisition of the business of Trelawney Garden Centre, whose principal activity is that of the operation of a retail garden centre. The Group took over management of the business, and therefore the risks and rewards of ownership, from 10 November 2014 and therefore the results have been included from that date. In calculating the goodwill arising on acquisition, the fair values of the net assets of the business were assessed and no adjustments were made. The operating assets and liabilities acquired were as follows:

	Net Book Value £'000
Stock	551
Tangible fixed assets	139
Other debtors and prepayments	11
Cash	5
Net assets acquired	706
Cash consideration (including expenses of £152,805)	(1,720)
Goodwill arising on acquisition	1,014

For the period since acquisition, sales and operating profit relating to Trelawney's business are included within the profit and loss account as “continuing operations – acquisitions” (see note 2).

The results of Trelawney Garden Centre in the final year prior to its acquisition were as follows:

Danning & Symons Limited trading as Trelawney Garden Centre **Profit and loss**	**Year ended 31 January 2014 £'000**
Turnover	3,976
Operating profit	327
Profit before tax	376
Tax on profit on ordinary activities	(78)
Profit for the financial year	298

Cash flows (note 21)

The net outflow of cash arising from the acquisitions was as follows:	**Consideration Payable £'000**	**Included in accruals £'000**	**Cash Acquired £'000**	**Net Outflow £'000**
Trelawney Garden Centre	1,720	(216)	(5)	1,499

Included in sundry creditors and accruals (note 9) is an amount of £104,209 payable to the vendor in respect of the acquisition of Trelawney Garden Centre and accruals totalling £111,731 relating to acquisition costs.

Notes to the Financial Statements

31 December 2014

23. POST BALANCE SHEET EVENTS

Final dividend
In April 2015 the Directors recommended the payment of a final dividend in relation to the year ended 31 December 2014 of £616,023 (net), representing a gross dividend of 12p per ordinary share.

Acquisition of subsidiary undertaking
On 29 January 2015 the Company acquired 100% of the shares in Newbridge Nurseries Limited, a company registered in England and Wales, whose principal activity is that of the operation of a retail garden centre.

The Company also acquired on the same date the business and assets of Stooks LLP, a limited liability partnership with the principal activity of a garden centre restaurant. Stooks is the restaurant located at Newbridge Nurseries.

In calculating the goodwill arising on acquisition, the fair values of the net assets of Newbridge Nurseries Limited and Stooks LLP have been assessed and adjustments made to net book value where necessary. The operating assets and liabilities acquired on 29 January 2015 were:

	Net Book Value £'000	Revaluation £'000	Fair Value £'000
Newbridge Nurseries Limited			
Tangible fixed assets	2,047	4,375	6,422
Stocks	422	-	422
Debtors	26	-	26
Cash and bank balances	1,499	-	1,499
Creditors due within one year	(523)	-	(523)
Provisions for liabilities	(36)	-	(36)
Stooks LLP			
Stock	10	-	10
Debtors	1	-	1
Cash and bank balances	1	-	1
Creditors due within one year	(6)	-	(6)
Net assets acquired	3,441	4,375	7,816
Cash consideration (including expenses of £203,537)			7,933
Goodwill arising on acquisition			117

The adjustment relates to the revaluation of the freehold land and buildings to the Directors' estimate of their open market value at 29 January 2015. The Directors' assessment of current value is based upon a professional valuation carried out by Bernice Maher MRICS BSc (Hons) of Colliers International Ltd for NatWest at 29 January 2015. Ms Maher is a member of the Royal Institution of Chartered Surveyors. The valuation was undertaken in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual.

The results of Newbridge Nurseries Limited and Stooks LLP prior to their acquisition were as follows:

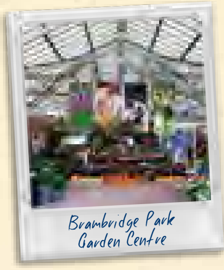
Profit and loss for the period 1 January 2014 to 28 January 2015

Newbridge Nurseries Limited	**£'000**
Turnover	4,210
Operating profit	507
Profit before tax	509
Tax on profit on ordinary activities	(153)
Profit for the financial period	356
Stooks LLP	
Turnover	721
Operating profit	109

3 Shires Garden Centre
Ledbury Road
Newent
Gloucestershire
GL18 1DL
Tel: 01531 820941


3 Shires Garden Centre

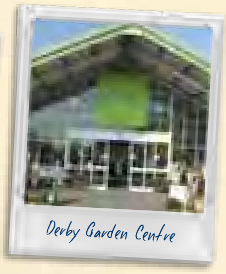
Brambridge Park Garden Centre
Kiln Lane
Brambridge
Eastleigh
Hampshire SO50 6HT
Tel: 01962 713707


Brambridge Park Garden Centre

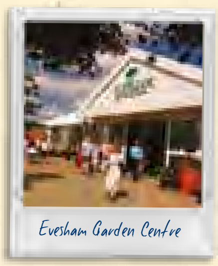
Chatsworth Garden Centre
Calton Lees
Beeley
Matlock
Derbyshire DE4 2NX
Tel: 01629 734004


Chatsworth Garden Centre

Derby Garden Centre
Alfreton Road
Little Eaton
Derby
DE21 5DB
Tel: 01332 831666


Derby Garden Centre

Evesham Garden Centre
Evesham Country Park
Evesham
Worcestershire
WR11 4TP
Tel: 01386 761888


Evesham Garden Centre

Fermoy's Garden Centre & Farm Shop
Totnes Road
Ipplepen
Newton Abbot
Devon TQ12 5TN
Tel: 01803 813504


Fermoy's Garden Centre and Farm Shop

Springfields Garden Centre
Springfields Outlet Village
Camel Gate
Spalding
Lincolnshire PE12 6ET
Tel: 01775 760949


Springfields Garden Centre

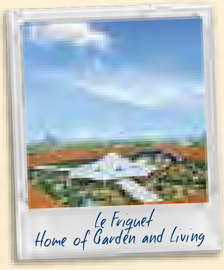
Fryer's Garden Centre
Manchester Road
Knutsford
Cheshire
WA16 0SX
Tel: 01565 755455


Fryer's Garden Centre

Grosvenor Garden Centre
Wrexham Road
Belgrave
Chester
CH4 9EB
Tel: 01244 625200


Grosvenor Garden Centre

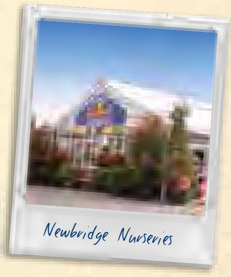
Le Friquet Home of Garden and Living
Rue du Friquet
Castel
Guernsey
GY5 7SS
Tel: 01481 259220


Le Friquet Home of Garden and Living

Matlock Garden Centre
Nottingham Road
Tansley
Matlock
Derbyshire
DE4 5FR
Tel: 01629 580500


Matlock Garden Centre

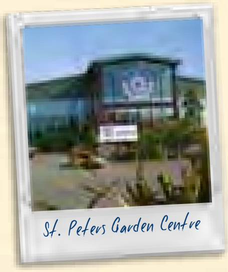
Newbridge Nurseries
Billinghurst Road
Broadbridge Heath
Horsham
West Sussex
RH12 3LN
Tel: 01403 272686


Newbridge Nurseries

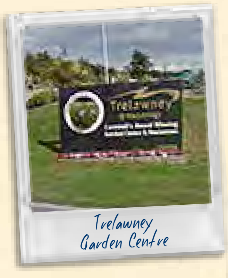
Redfields Home of Garden and Living
Redfields Lane
Church Crookham
Fleet
Hampshire
GU52 8UB
Tel: 01252 624444


Redfields Home of Garden and Living

St. Peters Garden Centre
Avenue de la Reine Elizabeth II
St Peter
Jersey
JE3 7BP
Tel: 01534 745903


St. Peters Garden Centre

Trelawney Garden Centre
Sladesbridge
Wadebridge
Cornwall
PL27 6JA
Tel: 01208 893030


Trelawney Garden Centre

Trentham Garden Centre
Stone Road
Trentham
Stoke-on-Trent
Staffordshire
ST4 8JG
Tel: 01782 646644


Trentham Garden Centre

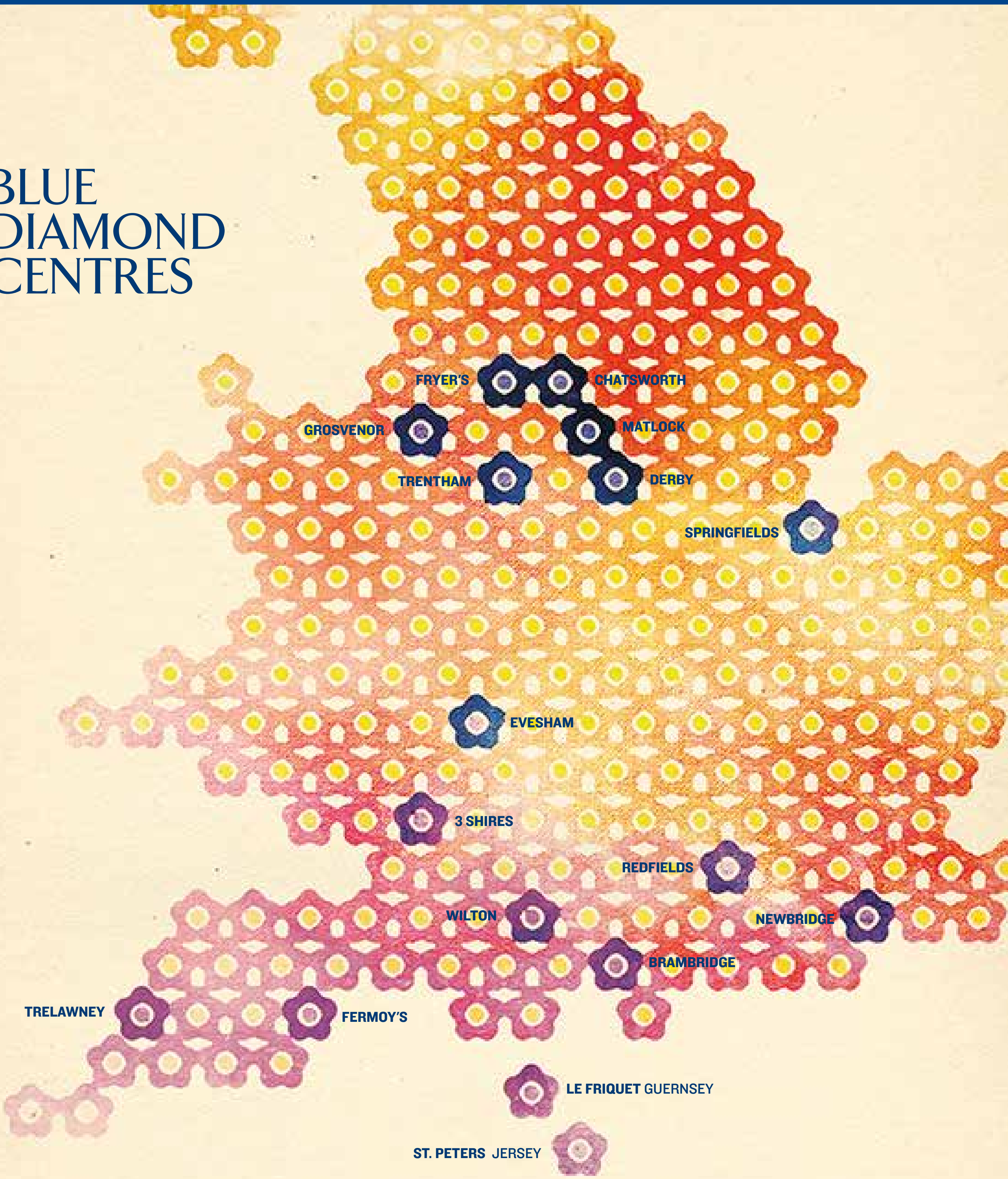
Wilton House Garden Centre
Salisbury Road
Wilton
Salisbury
Wiltshire SP2 0BJ
Tel: 01722 746746


Wilton House Garden Centre

Blue Diamond Group
PO Box 350
St Peter Port
Guernsey
GY1 3XA
Tel: 01481 210280


Blue Diamond Head Office

BLUE DIAMOND CENTRES



brown and green

Trentham	Derby	Redfields	Fermoy's	3Shires
Garden Centre	Garden Centre	Home of Garden and Living	Garden Centre	Garden Centre
Tel: 01782 641976	Tel: 01332 835244	Tel: 01252 788205	Tel: 01803 814442	Tel: 01531 828590

GOODIES Too!

Goodies Too Gift Shop
Manor Stores
St. Martins
Guernsey
GY4 6DA
Tel: 01481 232888

INTERSPORT

Intersport
2 Lowlands Ind. Estate
Vale
Guernsey
GY3 5XQ
Tel: 01481 200091

Blue Diamond Limited
PO Box 350
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GYI 3XA