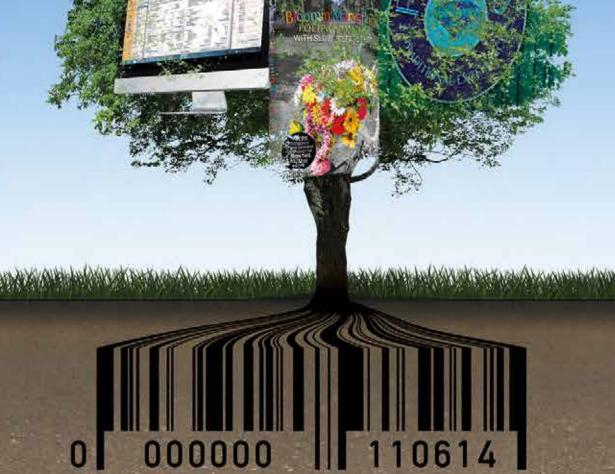


Blue Diamond ANNUAL REPORT & ACCOUNTS

2013







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

Sir John Collins

REGISTERED OFFICE

Le Friquet

Castel

Guernsey

Channel Islands

AUDITORS

BDO Limited

Place du Pré

Rue du Pré

St. Peter Por

Guernsey

Channel Islands

BANKERS

The Royal Bank of Scotland

International Limited

(Trading as NatWest)

Royal Bank Place

I Glategny Esplanade

St. Peter Port

Guernsey

Channel Islands

LEGAL REPRESENTATIVES

GUERNSEY

Collas Crill

Glategny Court

Glategny Esplanade,

St. Peter Port

Guerns

Channel Islands

UNITED KINGDOM

Bristows LLP

100 Victoria Embankment

London

United Kingdom

Blue Diamond ANNUAL REPORT & ACCOUNTS 2013

CONTENTS

Chairman's Report	4
Managing Director's Report	6
Redfields Garden Centre Redevelopment	8
Fermoy's Garden Centre Acquisition	10
IIO Years of Blue Diamond	12
Brown & Green Awards	12
Grosvenor Garden Centre Upgrade	13
New EPOS System	14
Weather Effects in March	14
2013 Garden Centre Awards	15
Report of the Directors	17
Independent Auditor's Report to the Members	18
Consolidated Profit and Loss Account	19
Consolidated Statement of Recognised Gains and Losses	20
Consolidated Balance Sheet	21
Balance Sheet - Company	22
Consolidated Cash Flow Statement	23
Notes to the Financial Statements	24
Contact Details	42





CHAIRMAN'S STATEMENT

The unfavourable weather of 20II was repeated in 20I2. The British Isles ground to a halt under a blanket of snow in March; the jet stream refused to move further north than France and £2 million of sales were lost against the budget. Two consecutive years of such conditions have never before been experienced in the industry.

In these circumstances the Group has produced strong results, increasing turnover to £62.479 million (2012: £58.841 million) a rise of 6% overall and 2% on a like-for-like comparison. Gross margin improved by almost 1% and net profit before tax increased by 13% to £3.366 million from £2.977 million in 2012.

Net borrowings have reduced by £2.147 million to £15.523 million and shareholders' funds increased by 8.9% to £38.615 million. This represents a movement from £5.53 to £6.02 per ordinary share.

The three year revaluation of the Group's freehold property has resulted in a net increase in value of £0.882 million.

The acquisition of the leasehold of Fermoy's Garden Centre near Newton Abbot in October has been successful with the business already contributing to the Group's net profit. Another highlight was the commencement of the redevelopment of Redfields Garden Centre. The building work affected 2013 sales but the trading results following the opening of stage one in November have been above our expectations, notwithstanding competition from other long established competitors in the area. Once stage two is completed this summer the centre should realise sales of about £9 million per annum within the next four years.

In March the Blue Diamond Awards evening was held at Redfields after several successful years at Trentham. Two hundred staff from fifteen centres enjoyed an excellent meal in the restaurant prior to Alan Roper's, Oscar like, Awards Presentation. The evening was remarkable and demonstrated the vibrant enthusiasm and excellence of the Group's employees.

Staff costs have jumped significantly but necessarily as extra resource is put in place to meet the rapid expansion of recent years and to provide the capability of maintaining standards for further expansion.

An investment in a new EPOS (Electronic Point of Sale) system has been made which highlights with even greater efficiency any weakness in sales performance.

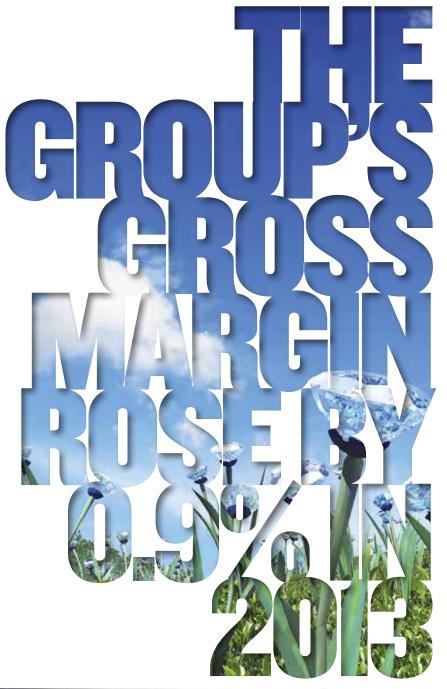
Andrew Duquemin resigned from the Board having served as a non-executive Director for over seventeen years during which his valuable, professional advice has helped guide the Group through times of great change. The Board is most appreciative of his contribution and will greatly miss it in the future.

I am pleased to advise you that Richard Hemans, who joined the company in August was appointed to the Board as Finance Director on IOth December 2013. He is a local resident with a wide background of commercial experience and prior to joining the Group he was Finance Director of Guernsey Post.

The Group's business activity predominantly based in England and thus for some time the Board has been looking for a Non-Executive Director with relevant U.K. retail business experience. I am more than happy to inform you that Sir John Collins was appointed as a Non-Executive Director on 4th April 2014 and I welcome him to the Board. Sir John has been resident in Guernsey for over five years and amongst other major directorships he succeeded Sir Stanley Kalms as Chairman of Dixons Electrical Group, was Chief Executive of Shell and Chairman of National Power.

At the time of writing the gardening season of 2014 is experiencing more favourable weather conditions and turnover and profit levels are much closer to the budget than in the last two years. Borrowings are also reduced and the directors therefore recommend the payment of a final dividend of IOp per ordinary share (2012: 8.5p) making the total dividend for the year of I5p per ordinary share (2012: 13.5p).





The volatile weather conditions which plagued 2012 continued into April 2013 and with harsh winter conditions prevailing into spring the effect on gardening sales was severe resulting in sales dropping by £2m during this period. Fortunately the rest of the year saw more normal weather patterns and Blue Diamond's turnover ended 6% higher (2% like for like), however the earlier gardening sales were lost and never recovered. The nature of our industry is that weather always plays a part in defining sales performance, however to underline the abnormality of this 12 month weather pattern and the severity of its impact on gardening sales it is worth noting that our gardening sales for 2013 are still down on 2011 by nearly £1.8m (-6%) compared to an industry average as defined by the Garden Centre Association (GCA) of -10%. It is thus reassuring to know that given normal weather patterns, the potential upside to gardening sales is substantial. Indeed as I write this the Group sales are up on last year by 18%.





MANAGING DIRECTOR'S REVIEW

Customer numbers were down 1% during 2013, in line with the industry however the Islands experienced a greater reduction, St Peters in Jersey was down 2% and Le Friquet in Guernsey was down 3%. There has been a softening in the retail market within the Islands which has affected footfall. The Group's average spend increased by 4% in line with the industry, however this increases to 4.5% when the islands are excluded which underlines this fact.

Our garden sundries sales continue to outperform the industry increasing by 5.5% compared to an industry average of 2.5%. This was primarily due to a more aggressive stance on pricing to drive volume which thus reduced margin by 3%. Profit increased by a further £57K due to this strategy compared to a policy of maintaining margin and being in line with industry sales performance. Conversely plant sales, up 2.53%, were adrift from the industry performance by 0.68% however margin improved by 3% equivalent to £126K profit, due to better stock management. I expect to see this margin climb further in 2014.

Our indoor living sales at £IOm (nongardening) were down I.75% compared to the industry which was up 2.72%. Whilst the average Blue Diamond store sells 50% more volume of indoor living than the average GCA garden centre, the gap is closing. This point is ably illustrated when one revisits the GCA 2007 figures and discovers that the gap was substantially wider at II5% less volume than Blue Diamond centres. This narrowing of the gap is purely catch up from GCA, as the level at which we convert our customers into buying Indoor Living has remained the same over the five year period. We have been pioneers in product ranging for the past 10 years but in recent times our range lacks a significant point of difference to our competitors. Plans are in place for this to change in 2014 and I expect to see sales in this category start to outperform again. A similar strategy is being implemented on clothing to deliver a stronger point of difference with more emphasis on our ABI socio-economic demographic. Back in 2009 when the GCA first reported on clothing sales they were delivering 140% less volume in clothing sales than Blue Diamond. The gap has now closed to 100% less. Clothing sales currently stand at £3.6m per annum.

Tο summarise, our overall sales performance is in line with the industry. Whilst satisfactory, it is the first year that we have not outperformed the industry in sales. This is due to a softening in retail sales on the islands and our nongardening (whilst significantly ahead of the industry in sales volume) is stagnating whilst the industry is playing catch up. On gardening sales we continue to outperform. I fully expect to see our nongardening sales outperform the industry during the course of 2014 as the strategy already implemented to strengthen our point of difference and ABI emphasis gains traction.

In my last annual accounts report I stated "a thorough review of our stock management from buying through to retailing has been implemented and this will effect an improvement to margin in 2013". I am therefore pleased to report the Group's gross margin rose by 0.9% in 2013. The sales and margin increase on 2012 resulted in profits increasing by £0.39m to £3.37m. To further improve

our stock management of the business we have invested in a new EPOS system which will help us optimise profits.

The Group's turnover in 2014 is predicted to rise to £70m fuelled by the recent acquisition of Fermoy's Garden Centre (£3.4m turnover), located in South Devon, in October 2013 and the recent on-going redevelopment of Redfield's Garden Centre which completes in June 2014. Redfields' phase one opening in November 2013 has already been recognised as a ground breaking store delivering a garden centre and restaurant experience which is far beyond its contemporaries. Many of the innovations within Redfield's will be rolled back across the Group in the coming months and years which will in turn strengthen our appeal and attract further customers.

In the past two years we have prudently invested in Head Office administration and group operations staff to the tune of £0.6m in order to support this expansion and provide a sound base upon which to continue to grow the business at a manageable and sustainable pace. We plan to continue growing at a similar pace to that which has been achieved over the past 2 years where turnover has increased by over £10m. None of this would be possible without the many dedicated, passionate and hard working staff members who make the growth and success of this company possible.

Blue Diamond is the third largest Garden Centre Group in the UK with a culture of profit, empowerment, creativity, point of difference, and demographic focus. Thus this dynamic company is well placed to exploit the opportunities that a rapidly changing industry, homogenising as its ownership consolidates, presents.

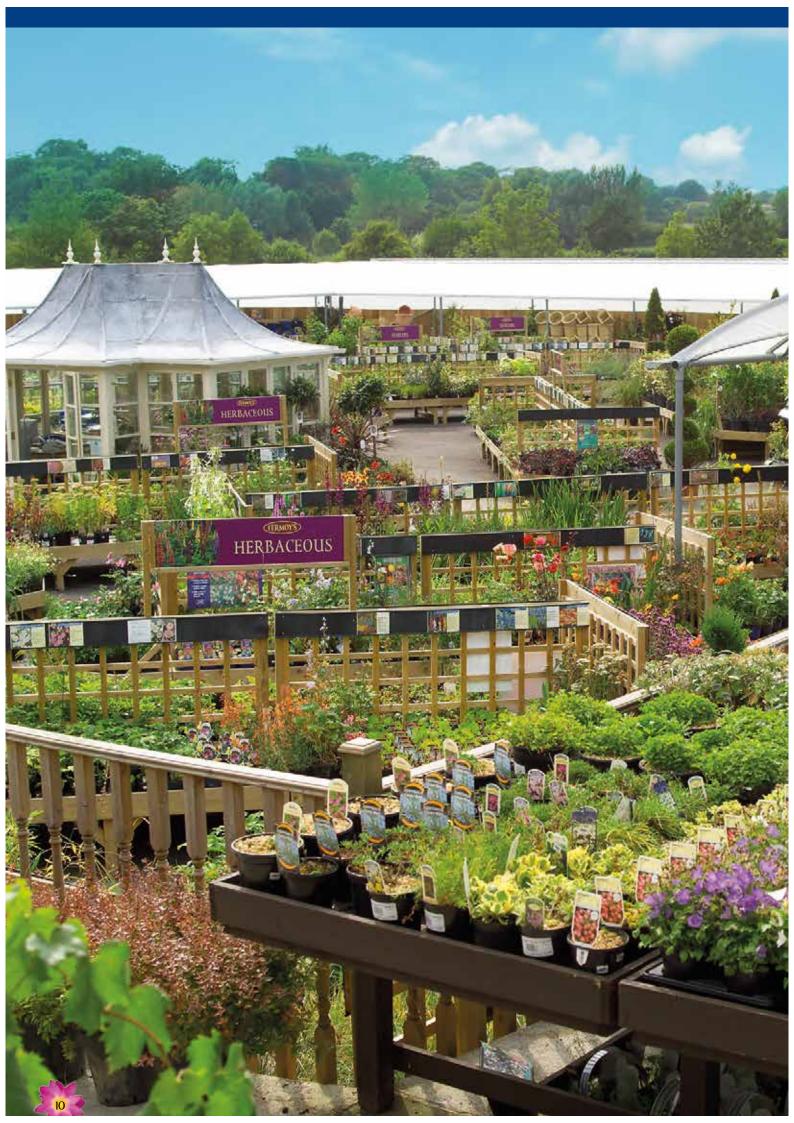


A. Roper Managing Director

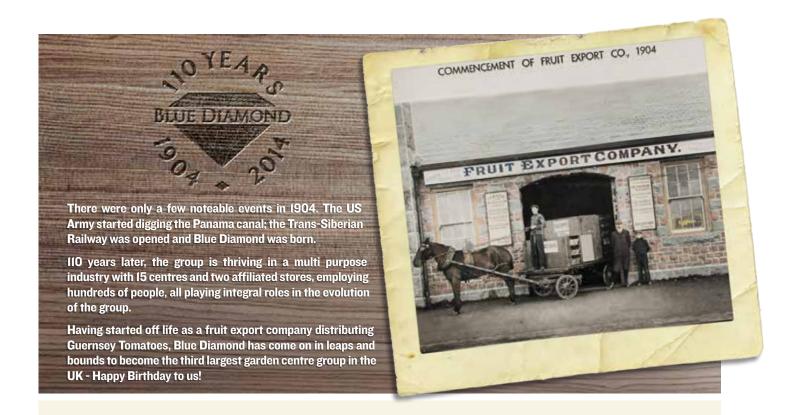












brownandgreen

local, ethical and artisan food

taste of Staffordshire

Trentham Store:

Taste of Staffordshire Good Food Awards 2014

Food Retailer of the Year

(we also won the same award in 2013)

3Shires Store:

Farm Shop & Deli Awards 2014

WINNER

Garden Centre of the Year

(a national award for this category)











NEW EPOS SYSTEM

2013 required Blue Diamond's EPOS team to move with the times after a significant update to the department's current system. The group therefore enlisted the help of software designers who introduced the platform, Vector. This new tailor-made system, which began its rollout towards the end of 2013, fits perfectly with the group's business model and is currently installed in 14 Blue Diamond garden centres.

Whilst still in its infancy with the company, Vector has already shown that tasks can be completed more efficiently, which allows the centres to concentrate on areas of their business where they can make improvements.

Vector has the potential to forward our business and increase our productivity ten fold. It is a fantastic system that lets centres get the information they need to perform their job to a high standard as well as providing a great direct link to head office.

Steve Avent EPOS MANAGER, GROSVENOR

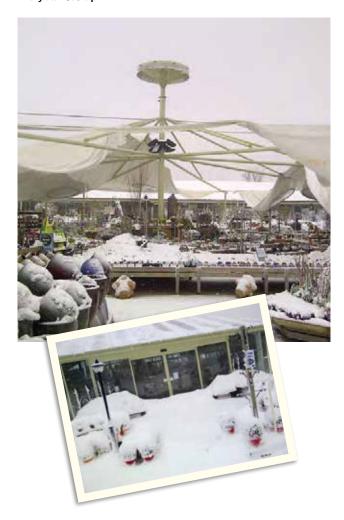




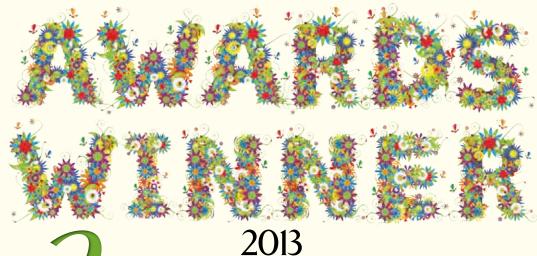
WEATHER DISRUPTS FIRST QUARTER



One of the busiest times of the year for a garden centre is Easter, and with the coldest March on record for 50 years, 2013 had the potential to cause chaos. From a national perspective, sales for garden centres across the UK were expected to be down by as much as 50% (based on traditional records of the Easter holiday). Whilst the bad weather did hit the group hard compared to previous years, normalised trading for the second part of the year (coupled with a very succesful Christmas) enabled the group to end the year 6% up.

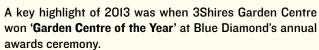






hires GARDEN CENTRE

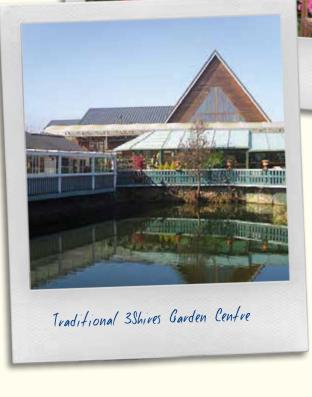




In 2013, whilst a difficult year for many retailers, 3Shires achieved a sales growth of 15% a gross profit increase of 10%; and a customer footfall increase of 5%. 3Shires dedication and success is an excellent example of taking Blue Diamond's ethos and following and implementing it effectively.

As a fraditional garden centre, 3Shires is focused on delivering a message of quality and inspirational ideas for all gardening needs, from plants to garden furniture. Sales are driven by a team of dedicated staff who are enthusiastic and knowledgeable.

Roy Walker MANAGER 3 SHIRES





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 2013. 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

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 profit or loss of the company for that period 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 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 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 hence forth taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 2012 of £436,350 and report the payment of an interim dividend for the year ended 31 December 2013 of £256,676. The directors are recommending the payment of a final dividend for the year of £513,353.

Directors

The directors of the company who served during the year were:-

G.R. Dorey (Chairman)

A. Roper (Managing Director)

R.J. Hemans (Finance Director appointed

10 December 2013)

P.K. Wright (resigned 24 June 2013)

P.J.G. Atkinson A.M. Duquemin

S.J. Falla

On 10 March 2014 Mr. A.M. Duquemin resigned as a director of the company. On 4 April 2014 Sir John Collins was appointed as an additional director of the company.

Auditor

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

Approved by the Board of Directors.

G.R. Dorev

Director

A. Roper Director

14 May 2014

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 2013 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 25. 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 (FRC'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 Directors' 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 2013 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

14 May 2014

Consolidated Profit and Loss Account

Year ended 31 December 2013

	Note	2013 £	2012 £
Turnover Continuing operations Acquisitions	2	61,807,528 671,711	52,240,676 6,600,368
		62,479,239	58,841,044
Cost of sales		(31,355,096)	(30,055,740)
Gross profit		31,124,143	28,785,304
Administrative expenses Other income		(27,741,364) 310,277	(25,794,670) 214,056
Group operating profit Continuing operations Acquisitions	2	3,649,699 43,357	3,059,227 145,463
		3,693,056	3,204,690
Group share of associated companies' profits for the year		157,959	242,612
Profit on ordinary activities before interest		3,851,015	3,447,302
Interest receivable Interest payable		5,474 (490,800)	14,167 (483,973)
Profit on ordinary activities before taxation		3,365,689	2,977,496
Taxation Group Group share of associated companies'	3	(374,753) (35,163)	(582,860) (37,671)
		(409,916)	(620,531)
Profit on ordinary activities after taxation	14	2,955,773	2,356,965
Earnings per share	17	46.06p	36.73p

A statement of movements on reserves is included in note 14 to the financial statements. The notes on pages 24 to 41 form an integral part of these financial statements.

Consolidated Statement of Recognised Gains and Losses

Year ended 31 December 2013

	2013 £	2012 £
Profit for the financial year	2,955,773	2,356,965
Unrealised surplus on revaluation of freehold property	1,969,476	-
Unrealised deficit on revaluation of freehold property	(1,087,763)	-
Total recognised gains and losses for the financial period	3,837,486	2,356,965

A reconciliation of movements in shareholders' funds is set out in note 15 to the financial statements. The notes on pages 24 to 41 form an integral part of these financial statements.

Consolidated Balance Sheet

31 December 2013

	Note		2013 £		2012 £
Fixed assets					
Intangible assets - Goodwill - Negative goodwill		454,478 (365,476)		484,019 (378,726)	
Tangible assets Investments	5 6 7		89,002 47,606,090 1,082,468		105,293 44,008,872 1,127,622
			48,777,560		45,241,787
Current assets					
Stocks Debtors Cash and bank balances	8	12,050,887 3,714,475 5,079,317		12,656,503 3,220,262 2,123,210	
		20,844,679		17,999,975	
Creditors – amounts falling due within one year	9	(12,226,649)		(15,136,164)	
Net current assets			8,618,030		2,863,811
Total assets less current liabilities			57,395,590		48,105,598
Creditors – amounts falling due after more than one year	10		(18,547,119)		(12,362,355)
Provisions for liabilities	12		(233,221)		(272,453)
			38,615,250		35,470,790
Capital and reserves					
Share capital Share premium account	13		641,691 21,056		641,691 21,056
Reserves	14		37,952,503		34,808,043
Shareholders' funds	15		38,615,250		35,470,790

Approved by the Board of Directors and authorised for issue by:

G.R. Dorey Director A. Roper Director

14 May 2014

Balance Sheet - Company

31 December 2013

	Note		2013 £	2012 £
Fixed assets				
Tangible assets Investments	6 7		253,188 7,401,934	274,999 7,401,934
			7,655,122	7,676,933
Current assets				
Debtors Cash and bank balances	8	27,764,000 1,112,033		24,660,665 445,694
		28,876,033		25,106,359
Creditors – amounts falling due within one year	9	(3,866,677)		(8,197,706)
Net current assets			25,009,356	16,908,653
Total assets less current liabilities			32,664,478	24,585,586
Creditors – amounts falling due after more than one year	10		(25,819,781)	(17,202,306)
			6,844,697	7,383,280
Capital and reserves				
Share capital Share premium account Reserves	13 14		641,691 21,056 6,181,950	641,691 21,056
Shareholders' funds	15		6,844,697	6,720,533 7,383,280

Approved by the Board of Directors and authorised for issue on 14 May 2014 by:

G.R. Dorey Director A. Roper Director

14 May 2014

Consolidated Cash Flow Statement

Year ended 31 December 2013

	Note	2013 £	2012 £
Reconciliation of group operating profit to net cash inflow from operating activities			
Group operating profit Amortisation of goodwill Amortisation of negative goodwill Depreciation of tangible fixed assets Increase in operating debtors Decrease in stocks Increase/(decrease) in operating creditors		3,693,056 29,541 (24,934) 1,441,562 (233,658) 1,151,940 2,695,543	3,204,690 26,800 (24,835) 1,349,348 (587,225) 782,871 (655,623)
Net cash inflow from operating activities		8,753,050	4,096,026
Cash flow statement	22		
Net cash inflow from operating activities Returns on investments and servicing of finance Dividends from associates Taxation paid Capital expenditure and financial investment Acquisition and disposals Equity dividends paid	(i) (i)	8,753,050 (485,326) 167,950 (708,413) (4,247,145) (639,151) (693,026)	4,096,026 (469,806) 184,150 (554,850) (1,534,376) (2,727,442) (693,026)
Cash inflow/(outflow) before financing		2,147,939	(1,699,324)
Financing	(i)	2,236,574	1,735,531
Increase/(decrease) in cash in the year		4,384,513	36,207
Reconciliation of net cash flow to movement in net debt			
Change in net debt resulting from cash flows Movement in bank loans Inception of hire purchase contracts Movement in net capital obligations under	(ii) (i)	4,384,513 (2,308,069) -	36,207 (1,779,896) (216,674)
hire purchase contracts	(ii)	71,495	44,365
Movement in net debt		2,147,939	(1,915,998)
Net debt at 1 January	(ii)	(17,670,455)	(15,754,457)
Net debt at 31 December	(ii)	(15,522,516)	(17,670,455)

Consolidated Balance Sheet

31 December 2013

	Note		2013 £		2012 £
Fixed assets					
Intangible assets - Goodwill - Negative goodwill		454,478 (365,476)		484,019 (378,726)	
Tangible assets Investments	5 6 7		89,002 47,606,090 1,082,468		105,293 44,008,872 1,127,622
			48,777,560		45,241,787
Current assets					
Stocks Debtors Cash and bank balances	8	12,050,887 3,714,475 5,079,317		12,656,503 3,220,262 2,123,210	
		20,844,679		17,999,975	
Creditors – amounts falling due within one year	9	(12,226,649)		(15,136,164)	
Net current assets			8,618,030		2,863,811
Total assets less current liabilities			57,395,590		48,105,598
Creditors – amounts falling due after more than one year	10		(18,547,119)		(12,362,355)
Provisions for liabilities	12		(233,221)		(272,453)
			38,615,250		35,470,790
Capital and reserves					
Share capital Share premium account	13		641,691 21,056		641,691 21,056
Reserves	14		37,952,503		34,808,043
Shareholders' funds	15		38,615,250		35,470,790

Approved by the Board of Directors and authorised for issue by:

G.R. Dorey Director A. Roper Director

14 May 2014

31 December 2013

1. ACCOUNTING POLICIES (continued)

Tangible Assets and Depreciation (continued)

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 that 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.

Depreciation on other fixed assets is calculated to write down their cost on a straight line basis over the period of their estimated useful economic lives, with a part year charge according to the month of acquisition. Estimated useful economic lives have been assessed as follows:-

Leasehold improvements Length of lease

Short leasehold building Over the life of the primary lease term

Machinery, plant and equipment 2 - 10 years
Motor vehicles 4 years
Furniture, fixtures and fittings 3 - 10 years
Computer equipment 3 years

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 and services 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.

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.

Investments in subsidiary undertakings

Investments in subsidiaries are stated at cost less any impairment in value.

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 2013

1. ACCOUNTING POLICIES (continued)

Stocks

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

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.

Pension costs

As detailed in note 21 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.

31 December 2013

2. TURNOVER AND GROUP OPERATING PROFIT

Turnover and group operating profit derive wholly from continuing activities. Group operating profit is stated after charging:

	2013 £	2012 £
Depreciation (note 6)	1,441,562	1,349,348
Amortisation of goodwill (note 5) Amortisation of negative goodwill (note 5)	29,541 (24,934)	26,800 (24,835)
Non-executive directors' remuneration	103,589	97,394
Auditor's remuneration – audit and assurance review services	86,000	76,200

On 15 October 2013 the company acquired the business of the Fermoys Garden Centre and Farm Shop (note 23). An analysis of the group's results from continuing activities including acquisitions is given below:

	Continuing £	2013 Acquired £	Total £	2012 Total £
Turnover	61,807,528	671,711	62,479,239	58,841,044
Cost of sales	(30,994,971)	(360,125)	(31,355,096)	(30,055,740)
Gross profit	30,812,557	311,586	31,124,143	28,785,304
Administrative expenses	(27,446,776)	(294,588)	(27,741,364)	(25,794,670)
Other income	283,918	26,359	310,277	214,056
Group operating profit	3,649,699	43,357	3,693,056	3,204,690

31 December 2013

3. GROUP TAX

The group's tax charge for the year is made up as follows:

	2013 £	2012 £
Provision for Guernsey Income Tax at 0%/20%: Based on the Guernsey taxable profits for the year	648	102,042
Provision for U.K. Corporation Tax at 23% (2012: 24%): Based on the UK taxable profits for the year Under/(over)-provision in prior years Withholding tax on group interest Deferred tax credit (note 12)	348,669 17,567 47,101 (39,232)	502,817 (4,093) 52,750 (70,656)
	374,753	582,860

The group's Guernsey 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 period are charged at a rate of 0%.

4. EQUITY DIVIDENDS PAID	2013 £	2012 £
Final 2012 dividend of 8.5p per share (2011: 8.5p per share) Less: tax at 20%	545,437 (109,087)	545,437 (109,087)
Dividend paid	436,350	436,350
Interim 2013 dividend of 5p per share (2012: 5p per share) Less: tax at 20%	320,846 (64,170)	320,846 (64,170)
Dividend paid	256,676	256,676
Total dividends paid (note 14)	693,026	693,026

31 December 2013

5. INTANGIBLE ASSETS - GOODWILL	Goodwill £	Negative Goodwill £	Total £
Cost At 1 January 2013 Acquired during the year	590,819 -	(496,691) (11,684)	94,128 (11,684)
At 31 December 2013	590,819	(508,375)	82,444
Amortisation At 1 January 2013 Amortisation for the year	106,800 29,541	(117,965) (24,934)	(11,165) 4,607
At 31 December 2013	136,341	(142,899)	(6,558)
Net Book Value At 31 December 2013	454,478	(365,476)	89,002
At 31 December 2012	484,019	(378,726)	105,293

The goodwill brought forward relates to the acquisition of the business trade and net assets in 2007 of 3Shires Garden Centre, located in Gloucestershire together with goodwill on the acquisition of Chatsworth Garden Centre Limited and Chester Garden Centre Limited that were acquired in 2012. The negative goodwill brought forward relates to the acquisition of the business trade and net assets in 2008 of Derby Garden Centre and Matlock Garden Centre, both of which are located in Derbyshire. During the year the group acquired the business, trade and net assets of Fermoys Garden Centre and Farm Shop (note 23).

6. TANGIBLE ASSETS

GROUP	Freehold Land & I Buildings £	Short Leasehold Building £	Leasehold Improvements £	Machinery Plant & Equipment £	Motor Vehicles £	Furniture Fixtures & Fittings £	Computer Equipment £	Total £
Cost/Valuation At 1 January 2013 Additions Disposals Surplus on revaluation Deficit on revaluation	34,750,752 32,535 - 1,969,476 (1,087,763)	250,000 - - - - -	6,304,349 1,867,709 - -	2,297,299 69,120 - -	199,656 47,951 (13,878) -	6,442,501 1,640,574 - -	951,862 499,178 (94,272) -	51,196,419 4,157,067 (108,150) 1,969,476 (1,087,763)
At 31 December 2013	35,665,000	250,000	8,172,058	2,366,419	233,729	8,083,075	1,356,768	56,127,049
Depreciation At 1 January 2013 Charge for the year On disposals	- - - -	227,426 20,834 -	1,418,457 226,924 -	788,590 71,252	154,019 27,477 (13,878)	3,826,146 953,968 -	772,909 141,107 (94,272)	7,187,547 1,441,562 (108,150)
At 31 December 2013	-	248,260	1,645,381	859,842	167,618	4,780,114	819,744	8,520,959
Net Book Value At 31 December 2013	35,665,000	1,740	6,526,677	1,506,577	66,111	3,302,961	537,024	47,606,090
At 31 December 2012	34,750,752	22,574	4,885,892	1,508,709	45,637	2,616,355	178,953	44,008,872

31 December 2013

6. TANGIBLE ASSETS (continued)

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 2013. The directors' assessment of current value is based upon professional valuations carried out by Alan 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.

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 £24,017,588 (2012: £26,250,737) 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 2013 is property to the value of £265,000 (2012: £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 (2012: £8,235,015). The historical cost of freehold land and buildings is £28,571,502 (2012: £28,538,967).

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 (2012: £17,197,170) and a bond to the value of £6,000,000 (2012: £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	Cost	Accumulated Depreciation	Depreciation for year
contracts as follows:	£	3	£
Furniture, fixtures and fittings	171,945	58,069	20,593
Machinery, plant and equipment	78,506	10,339	8,538
Motor vehicle	10,504	4,592	2,626
Computer equipment	6,587	2,879	1,647

COMPANY	Leasehold Improvements £	Machinery Plant & Equipment £	Furniture Fixtures & Fittings £	Computer Equipment £	Total £
Cost At 1 January 2013 Additions	642,433 9,184	14,932 7,242	38,318 3,452	226,747 14,420	922,430 34,298
At 31 December 2013	651,617	22,174	41,770	241,167	956,728
Depreciation At 1 January 2013 Charge for the year	417,254 24,711	9,812 3,349	17,952 5,553	202,413 22,496	647,431 56,109
At 31 December 2013	441,965	13,161	23,505	224,909	703,540
Net Book Value At 31 December 2013	209,652	9,013	18,265	16,258	253,188
At 31 December 2012	225,179	5,120	20,366	24,334	274,999

31 December 2013

7. INVESTMENTS

GROUP	2013 £	2012 £
Investments in associated companies: Shares at cost	84,250	84,250
Group share of retained reserves	994,554	1,039,708
	1,078,804	1,123,958
Other investment - at cost: Held by Blue Diamond Limited (see below)	3,664	3,664
Group Total	1,082,468	1,127,622
COMPANY		
Investments in subsidiary companies - at cost/valuation: B.D. Properties Limited ordinary £1 shares Blue Diamond Trading Limited ordinary £1 shares MGCL Limited	394,186 1,497,827 5,422,007	394,186 1,497,827 5,422,007
	7,314,020	7,314,020
Investments in associated companies - at cost: David Dumosch Limited ordinary £1 shares John Le Sueur & Company Limited ordinary £1 shares Brown and Green (Farm Shops) Limited ordinary £1 shares	38,250 23,000 23,000 84,250	38,250 23,000 23,000 84,250
Other investment - at cost: Kenilworth Vineries Limited - 1,333 ordinary £1 shares	3,664	3,664
Company Total	7,401,934	7,401,934

31 December 2013

7. INVESTMENTS (continued)

At 31 December 2013, 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 Blue Diamond Trading Limited MGCL Limited (England) Fryer's Nurseries Limited (England)	Property & investment holding Investment holding Investment holding Dormant	100% 100% 100% 100%	31 December 31 December 31 December 31 December
Indirect: BDL No.1 Limited BDL No.2 Limited Blue Diamond UK Limited (England) Chatsworth Garden Centre Limited (England) Chester Garden Centre Limited (England) Fruit Export Company Limited Goodies Limited Blue Diamond UK Properties Limited (England) Olympus Sportswear (Guernsey) Limited St. Martins Garden and Pet Centre Limited St. Peters Furniture Centre Limited (Jersey) St. Peters Garden Centre Limited (Jersey)	Dormant Dormant Garden centre retailer Gift retailer Property holding Sportswear & equipment retailer Non-trading Non-trading Garden centre retailer	100% 100% 100% 100% 100% 100% 100% 100%	31 December
Associated Companies	Principal Activity		Accounting Date
Direct: David Dumosch Limited (Jersey) John Le Sueur & Company Limited (Jersey) Brown & Green (Farm Shops) Limited (England)	Agricultural & horticultural merchants & produce handlers Investment holding Food retailer	45% 50% 50%	31 October 30 September 31 December
Indirect: Olympus Sportswear (Jersey) Limited	Sportswear & equipment retailers	50%	30 September

31 December 2013	(GROUP	COMPANY		
8. DEBTORS	2013 £	2012 £	2013 £	2012 £	
Due within one year					
Trade debtors	774,697	483,470	-	-	
Prepayments and sundry debtors	2,430,769	2,488,338	434,459	603,753	
Tax recoverable - UK	92,684	-	-	-	
Inter-company loans - subsidiary companies Associated company loan	-	-	2,026,469	784,456	
John Le Sueur & Company Limited	248.454	248,454	248,454	248,454	
Brown & Green (Farm Shops) Limited	167,871	-	167,871	-	
	3,714,475	3,220,262	2,877,253	1,636,663	
Due after more than one year					
Inter-company loans - subsidiary companies	-	-	24,886,747	23,024,002	
Total debtors	3,714,475	3,220,262	27,764,000	24,660,665	

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 & Company Limited is unsecured, repayable on demand and is subject to interest at 1.5% above one month sterling LIBOR per annum. The loan due from Brown & Green (Farm Shops) Limited is unsecured, interest free and is repayable on demand.

		GROUP		COMPANY	
9. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	2013 £	2012 £	2013 £	2012 £	
Bank overdrafts Bank loans (note 11) Net capital obligations under hire	84,354 1,905,170	1,512,760 5,851,860	1,905,170	5,851,860	
purchase contracts Amounts due to subsidiary companies Amount due to associated company	65,190 - - - 7 081 515	66,690 - 26,718	1,360,201 -	1,831,827 26,718	
Trade creditors Accruals and sundry creditors Taxation payable - Guernsey Taxation payable - UK	7,281,515 2,430,968 264,209 195,243	4,174,881 2,842,059 264,365 396,831	47,741 553,565 - -	1,444 485,857 -	
	12,226,649	15,136,164	3,866,677	8,197,706	

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. The amount due to associated company was unsecured and interest free, with no fixed terms for repayment.

31 December 2013

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

	GROUP			COMPANY	
	2013 £	2012 £	2013 £	2012 £	
Bank loans (note 11) Net capital obligations under hire	18,511,495	12,256,736	18,511,495	12,256,736	
purchase contracts Amounts due to subsidiary companies	35,624 -	105,619 -	7,308,286	4,945,570	
	18,547,119	12,362,355	25,819,781	17,202,306	

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 are wholly repayable within 3 years.

11. BANK LOANS

	2013 £	2012 £
Repayable by instalments Not repayable by instalments	17,416,665 3,000,000	15,108,596 3,000,000
	20,416,665	18,108,596
Aggregate amounts repayable: Due within one year	1,905,170	5,851,860
Due after more than one year: - between one and two years - between two and five years	5,571,836 12,939,659	6,078,574 6,178,162
	18,511,495	12,256,736
	20,416,665	18,108,596

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 fifteen 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.

31 December 2013

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 $\mathfrak{L}3,000,000$ is committed until 31 December 2016 and the overdraft facilities are reviewed annually. A further $\mathfrak{L}3,000,000$ working capital facility is committed until 31 October 2014 and was undrawn at the year end.

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. DEFERRED TAXATION

GROUP	2013 £	2012 £
Provision for deferred tax Accelerated capital allowances Tax losses carried forward	233,727 (506)	272,453 -
	233,221	272,453
Movement in the year: At 1 January Credited to consolidated profit and loss account (note 3) Acquired during the year	272,453 (39,232) -	311,888 (70,656) 31,221
At 31 December	233,221	272,453
13. SHARE CAPITAL	2013 £	2012 £
Authorised 6,800,000 Ordinary shares of 10p each 100,000 Unclassified shares of 10p each	680,000 10,000	680,000 10,000
	690,000	690,000
Allotted and fully paid 6,416,910 Ordinary shares of 10p each	641,691	641,691

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 2013

14. RESERVES

GROUP	Capital £	Revaluation £	Revenue £	Total £
At 1 January 2013 Surplus on revaluation for the year Deficit on revaluation for the year	9,439,229 - -	6,211,785 1,969,476 (1,087,763)	19,157,029 - -	34,808,043 1,969,476 (1,087,763)
Profit for the financial year Dividends paid (net) (note 4)	-	(1,007,700) - -	2,955,773 (693,026)	2,955,773 (693,026)
At 31 December 2013	9,439,229	7,093,498	21,419,776	37,952,503
COMPANY		Capital £	Revenue £	Total £
At 1 January 2013 Profit for the financial year Dividends paid (net) (note 4)		6,625,579 - -	94,954 154,443 (693,026)	6,720,533 154,443 (693,026)
At 31 December 2013		6,625,579	(443,629)	6,181,950
15. RECONCILIATION OF MOVEMENTS		GROUP	,	COMPANY
IN SHAREHOLDERS' FUNDS	2013 £	2012 £	2013 £	2012 £
Profit for the financial year Other recognised gains and losses for the year	2,955,773 881,713	2,356,965	154,443	239,450
Dividends paid (net)	(693,026)	(693,026)	(693,026)	(693,026)
Net addition to/(reduction in) shareholders' funds	3,144,460	1,663,939	(538,583)	(453,576)
Opening shareholders' funds	35,470,790	33,806,851	7,383,280	7,836,856
Shareholders' funds at 31 December	38,615,250	35,470,790	6,844,697	7,383,280

31 December 2013

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 £154,443 (2012: £239,450) 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 £2,955,773 (2012: £2,356,965) by the number of ordinary shares in issue.

18. FINANCIAL COMMITMENTS

Commitments under operating leases

The group leases property on short leaseholds. The rentals payable under these leases in the next year are as follows:-

Date of termination of lease:	2013 £	2012 £
In one year In two to five years After five years	8,833 58,000 3,312,577	63,156 106,000 2,833,725
	3,379,410	3,002,881

Capital commitment

The group is committed to capital expenditure for the second phase of the refurbishment of Redfields Garden Centre under the terms of its operating lease agreement. The second phase of the refurbishment is expected to cost approximately £814,000. No contracts were entered into before the financial year end relating to the works to be undertaken. Redfields Garden Centre Limited is a garden centre operated by Blue Diamond UK Limited (note 7).

19. RELATED PARTY TRANSACTIONS

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 entities that are part of the Blue Diamond Limited group as they are all wholly owned by the group.

The directors and close family members of the directors received dividends in aggregate, on the same terms as other shareholders, of £208,783 (2012: £208,383).

31 December 2013

20. CONTINGENT LIABILITIES

In consideration for making available to the Blue Diamond Limited group loan and overdraft facilities of up to £23,416,665. The Royal Bank of Scotland International Limited (trading as NatWest) 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

Chester Garden Centre Limited

BDL No 1 Limited

Fruit Export Company Limited

Conding Limited

BDL No 2 Limited Goodies Limited Blue Diamond Limited MGCL Limited

Blue Diamond Trading Limited
Blue Diamond UK Limited
Blue Diamond UK Properties Limited
St. Peters Furniture Centre Limited
Blue Diamond UK Properties Limited
Chatsworth Garden Centre Limited
St. Peters Garden & Pet Centre Limited
St. Peters Garden Centre Limited

Additionally, B. D. Properties Limited has guaranteed the bank borrowings of John Le Sueur & 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.

21. PENSION COSTS

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 accounts includes contributions payable by group companies to the fund in the year ended 31 December 2013 amounting to £25,868 (2012: £22,063).

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 £87,017 (2012: £91,617). In addition, during the year the group paid contributions of £20,493 (2012: £18,548) into the personal pension scheme of one (2012: one) director of the company.

2013

2012

22. CONSOLIDATED CASH FLOW

(i) Analysis of cash flows for headings netted in the cash flow statement	£	3
Returns on investments and servicing of finance: Interest received Interest paid	5,474 (490,800)	14,167 (483,973)
Net cash outflow from returns on investments and servicing of finance	(485,326)	(469,806)

31 December 2013

22. CONSOLIDATED CASH FLOW (continued)

(i) Analysis of cash flows for headings netted in the cash flow statement (continued)		2013 £		2012 £
Capital expenditure and financial investment: Purchase of tangible fixed assets Proceeds on disposal of tangible fixed assets Associated company loan advanced Other loan (advanced)		(4,052,556) - (194,589) -		(1,324,363) 3,167 - (213,180)
Net cash outflow from capital expenditure and financial investment		(4,247,145)		(1,534,376)
Acquisitions and disposals: Acquisition of subsidiaries Acquisition of business (note 23) Cash acquired (note 23)		- (642,651) 3,500		(3,113,904) - 386,462
Net cash outflow from acquisitions and disposals		(639,151)		(2,727,442)
Financing: Increase in bank loans Repayment of bank loans Repayment of hire purchase contracts		5,025,483 (2,717,414) (71,495)		4,500,000 (2,720,104) (44,365)
Net cash inflow from financing		2,236,574		1,735,531
(ii) Analysis of changes in net debt	1 January 2013 £	Cash flows Flows £	Non-cash Movements £	31 December 2013 £
Cash and bank balances Bank overdrafts	2,123,210 (1,512,760)	2,956,107 1,428,406		5,079,317 (84,354)
	610,450	4,384,513	-	4,994,963
Net obligations under hire purchase contracts Bank loan due within one year Bank loan due after more than one year	(172,309) (5,851,860) (12,256,736)	71,495 2,717,414 (5,025,483)	1,229,276 (1,229,276)	(100,814) (1,905,170) (18,511,495)
	(17,670,455)	2,147,939	-	(15,522,516)

31 December 2013

23. ACQUISITIONS

Acquisition of Fermoys Garden Centre and Farm Shop

On 15 October 2013 the company acquired the business of Fermoys Garden Centre and Farm Shop with the principal activity of the operation of a retail garden centre. In calculating the negative 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 £
Stock Tangible fixed assets Cash	546,324 104,511 3,500
Net assets acquired Cash consideration (including expenses of £92,826)	654,335 (642,651)
Negative goodwill arising on aquasition	11,684

For the 3 month period since acquisition, sales of £671,711 and operating profit of £43,357 relating to the company's business are included within the consolidated profit and loss account as "continuing operations – acquisitions" (see note 2).

Cash flows (note 22)

The net outflow of cash arising from the acquisitions of subsidiaries was as follows:

	Consideration	Cash	Net
	Payable	Acquired	Outflow
	£	£	£
Fermoys Garden Centre and Farm Shop	642,651	(3,500)	639,151

31 December 2013

24. POST BALANCE SHEET EVENT

The directors recommend the payment of a final dividend in relation to the year ended 31 December 2013 of £513,353 (net), representing a gross dividend of 10p per ordinary share.

25. SEGMENTAL ANALYSIS

			den Centre Retailing			Group	
(i) By class of business	2013 £	2012 £	2013 £	2012 £	2013 £	2012 £	
Turnover	61,554,462	57,825,033	924,777	1,016,011	62,479,239	58,841,044	
Profit before tax	1,775,435	1,972,681	1,590,254	1,004,815	3,365,689	2,977,496	
Net assets	22,116,920	18,734,574	16,498,330	16,736,216	38,615,250	35,470,790	

	United Kingdom		Channel Islands		Group	
(ii) By geographical area	2013 £	2012 £	2013 £	2012 £	2013 £	2012 £
Turnover	48,142,750	44,369,640	14,336,489	14,471,404	62,479,239	58,841,044
Profit before tax	687,559	713,316	2,678,130	2,264,180	3,365,689	2,977,496
Net assets	23,085,669	22,225,128	15,529,581	13,245,662	38,615,520	35,470,790



3 Shires Garden Centre Ledbury Road Newent Gloucestershire GLI8 IDL Tel: 01531 820941



3 Shives Garden Centre



Brambridge Park **Garden Centre**

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



CHATSWORTH Garden Centre

Chatsworth Garden Centre Calton Lees Beeley Matlock

Derbyshire DE4 2NX

Tel: 01629 734004





Derby Garden Centre Alfreton Road Little Eaton Derby DE2I 5DB Tel: 01332 831666



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





Fermoys Garden Centre & Farm Shop Totnes Road Ipplepen Newton Abbot Devon TQI2 5TN



Festival

Festival Garden Centre Springfields Outlet Village Camel Gate Spalding Lincolnshire PEI2 6ET Tel: 01775 760949



Fryer's Roses Manchester Road Knutsford Cheshire WAI6 OSX Tel: 01565 755455





Derby Garden Centre

Grosvenor Garden Centre Wrexham Road Belgrave Chester

CH4 9EB Tel: 01244 625200





Le Friquet Home of Garden and Living Rue du Friquet Castel Guernsey **GY57SS** Tel: 01481 259220





Matlock Garden Centre Nottingham Road Tansley Matlock Derbyshire DE45FR Tel: 01629 580500



Redfields

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





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



Trentham Garden Centre Stone Road Trentham Stoke-on-Trent Staffordshire ST48JG Tel: 01782 646644

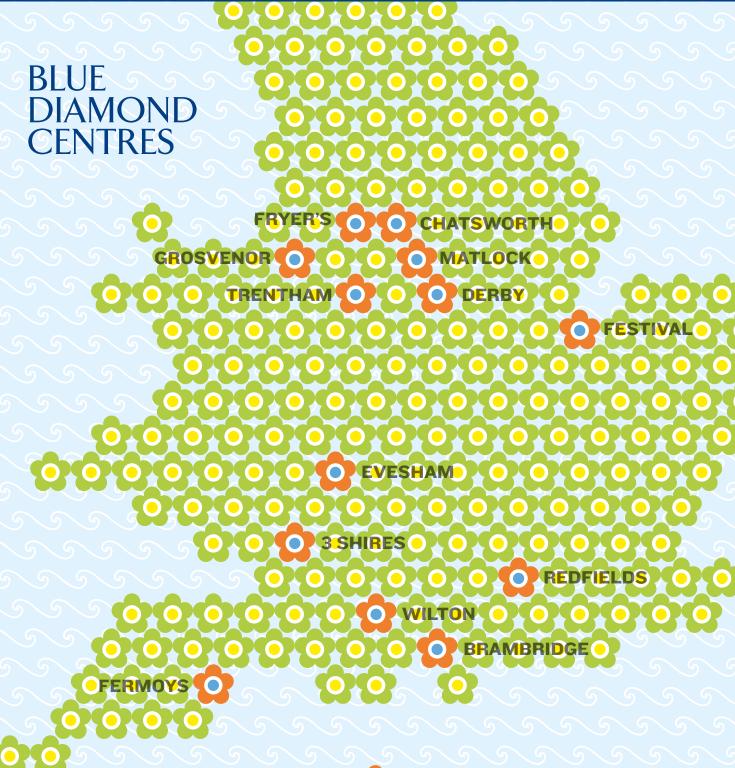


Trentham Garden Centre

WILTON HOUSE Garden Centre

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









brownandgreen

TrenthamGarden Centre
Tel: 01782 641976

Garden Centre Fel: 01332 835244

Redfields Home of Garden and Living Tel: 01252 788205

Fermoy's Garden Centre el: 01803 814442 **3Shires** Garden Centre Tel: 01531 828590

Goodies

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

VINTER SPORT

Intersport 2 Lowlands Ind. Estate Vale Guernsey GY3 5XQ Tel: 0148I 20009I



Blue Diamond Limited PO Box 350 Guernsey GYI 3XA