

We just keep growing...

BLUE DIAMOND®

Blue Diamond Limited
ANNUAL REPORT & CONSOLIDATED
FINANCIAL STATEMENTS
2023





BLUE DIAMOND LIMITED
(Incorporated in Guernsey, Channel Islands)

DIRECTORS

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

COMPANY SECRETARY

R.J. Hemans

REGISTERED OFFICE

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Castel
Guernsey GY5 7SS
Channel Islands

REGISTERED NUMBER

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Channel Islands

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LEGAL REPRESENTATIVES

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UNITED KINGDOM

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Blue Diamond Limited

ANNUAL REPORT & CONSOLIDATED FINANCIAL STATEMENTS 2023

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Having reported to you in January that we saw good trading in the second half of the year, I am pleased to confirm that for 2023 we achieved a profit before tax of £24.2m, an increase of 16% on 2022. Our sales were £310.6m versus £259.3m last year, a total increase of 20% and a like-for-like increase of 9%.

This marks an important milestone for Blue Diamond, because we have now become the UK's largest garden centre business by sales. Apart from the prestige associated with being the market leader, this brings benefits in terms of buying power and also the ability to form significant national partnerships such as that with the National Trust (which Alan has more to say about in his report).

I have referred previously to the work we have been doing to improve margins, and this is reflected in the increase in gross margin from 51.6% to 52.6%. Both garden centre and restaurant margins increased, and we were also helped by a higher proportion of restaurant sales in the overall mix. Operating profit ratios also showed improvement in the year, which is a good result considering the extent of inflation we saw in costs such as energy and labour. However, as you go further down the page, pre-tax profit and after-tax profit have grown by much less, and in fact declined as a percentage of sales. This reflects the impact of the huge increase in interest rates over the past 18 months, and the increase in UK corporation tax to 25% in April 2023.

Although our headline stock figure is higher than in 2022, on a like-for-like basis stock has fallen and our stock turn has improved. We purchased two centres in 2023, Fosseyway in the Cotswolds and Beckworth in Northamptonshire. Fosseyway is a freehold site, so we are maintaining our freehold to leasehold ratio. The returns on our freehold investments have been strong over many years; in 2023, for example, we recorded an increase in the value of our properties of £14.5m, a surplus which comes on top of the reported annual profit. Partly as a result of these returns, our net asset value per share has risen to £5.95, compared with the share price of £4.89 at the time of writing.

Notwithstanding these investments, as well as our continuing programme of store upgrades, we have continued to manage cash prudently, with closing debt at 1.0x EBITDA, or gearing of 17%, very similar to last year. We will continue to be very selective about acquisitions in the current year, and will invest in refurbishments consistent with careful cash management. We are proposing a final dividend of 8 pence per share, making the total dividend for 2023 13.5 pence, compared with 12 pence for 2022.

For the first time this year, we are including information in the annual report on the impact our business is having on the environment, and

how we are working to reduce our carbon footprint in a number of ways. Because our business is growing, many of the measures show year-on-year increases, but you can see that on a like-for-like basis we are making positive progress.

In September 2023, we launched a new online trading forum for Blue Diamond shares supported by The International Stock Exchange in Guernsey. We believe that the new system offers improved transparency and regularity of trading in our shares. It is taking some time to become fully established, and we are exploring ways to make it easier for shareholders to use regularly.

We have also started a programme of presentations to potential investors in the company, and are looking at other ways to improve liquidity in the market for our shares. As part of this initiative, we are proposing a 5-for-1 share split, which will be voted on at the AGM. Many of you will recall that we did this some six years ago and it had a beneficial effect on trading in our shares. I hope therefore that you will support it again this year.

We will also be proposing an increase in fees for our non-executive directors (excluding myself). We have not increased these fees in more than 10 years, and so a resetting is overdue. The proposed base fee of £35,000 (compared with £24,000 today), along with a supplementary payment of £5,000 for chairing a committee of the board, is in line with the market, taking account of the size of the company and the workload involved.

The new trading year has started well for us. There are certainly risks in the market, not least continuing labour inflation fuelled by the recent very significant increase in the national living wage, supply chain disruption, and of course the uncertainty of an election year. We feel well prepared to deal with any developments in our markets, and are confident that we can grow sales and profits again this year.

I never close my report to you without acknowledging the way our colleagues, working in every part of this business, contribute to its success and to the results you are seeing today. We are very lucky to be working with such a talented and enthusiastic team, and long may it continue.

Simon Burke - Chairman
8 May 2024



Sales Performance

The first table compares our sales to the industry as represented by the Garden Centre Association (GCA). Please note that all acquisitions from 2018 onwards are not included in this sales comparison. Only the original 21 centres are included before the acquisition of the Wyevalles and all subsequent acquisitions. This is to test truly our like-for-like performance against the industry.

The figures are quite an endorsement of how strong Blue Diamond is in generating like-for-like sales growth. Our growth over the past 4 years is treble that of the GCA. The one department that is behind the industry is garden furniture, but we have worked on this and expect this year's performance to be the beginning of clawing back lost ground.

Core garden centre sales were up 3.7% against the prior year, which although modest in comparison with the industry that is still normalising after the post-pandemic sales boom, is nearly a 6% positive variance. You can see in the table below consumer demand for gardening and garden furniture products is yet to return to normal levels. Total group sales rose to £311m, a landmark performance that makes us the largest Garden Centre Group in the UK.

Inflation moderated significantly in 2023 (as predicted in last year's report), meaning that volumes were only 1% lower than sales. Our average spend last year was £32.44, which is over £5 higher than the industry average (GCA) and is testament to our high standards of customer service and product choice.

I will start my report with an analysis of our trade performance for 2023 against 2022 and against 2019 to gain a perspective given the recent roller-coaster years due to the pandemic, which created huge demand that then led to a like-for-like drop in garden centre sales of 7% in 2022.

Garden Centre		Metric	YTD % variance 2022	YTD % variance 2019
BD CORE AVERAGE	GC SALES	GC SALES	3.71%	25.36%
GCA AVERAGE	GC SALES	GC SALES	-2.18%	8.48%
BD CORE AVERAGE	GC CUSTOMERS	GC CUSTOMERS	4.45%	3.32%
GCA AVERAGE	GC CUSTOMERS	GC CUSTOMERS	-1.31%	-11.53%
BD CORE AVERAGE	HOUSEPLANTS	HOUSEPLANTS	-1.35%	51.31%
GCA AVERAGE	HOUSEPLANTS	HOUSEPLANTS	-0.55%	22.18%
BD CORE AVERAGE	OUTDOOR PLANTS	OUTDOOR PLANTS	9.96%	24.52%
GCA AVERAGE	OUTDOOR PLANTS	OUTDOOR PLANTS	6.48%	12.37%
BD CORE AVERAGE	CHRISTMAS	CHRISTMAS	19.74%	35.14%
GCA AVERAGE	CHRISTMAS	CHRISTMAS	-0.42%	2.12%
BD CORE AVERAGE	GARDEN SUNDRIES	GARDEN SUNDRIES	-1.88%	15.67%
GCA AVERAGE	GARDEN SUNDRIES	GARDEN SUNDRIES	-3.32%	2.79%
BD CORE AVERAGE	FOOD HALL / FARM SHOP	FOOD HALL / FARM SHOP	17.91%	68.83%
GCA AVERAGE	FOOD HALL / FARM SHOP	FOOD HALL / FARM SHOP	6.69%	23.19%
BD CORE AVERAGE	CLOTHING	CLOTHING	5.21%	48.70%
GCA AVERAGE	CLOTHING	CLOTHING	5.71%	6.79%
BD CORE AVERAGE	SEEDS AND BULBS	SEEDS AND BULBS	7.67%	47.40%
GCA AVERAGE	SEEDS AND BULBS	SEEDS AND BULBS	-0.85%	2.24%
BD CORE AVERAGE	GIFTS	GIFTS	10.09%	25.61%
GCA AVERAGE	GIFTS	GIFTS	0.19%	6.20%
BD CORE AVERAGE	FURNITURE AND BBQ	FURNITURE AND BBQ	-20.52%	-1.50%
GCA AVERAGE	FURNITURE AND BBQ	FURNITURE AND BBQ	-26.00%	14.69%
BD CORE AVERAGE	CATERING SALES	CATERING SALES	16.94%	24.11%
GCA AVERAGE	CATERING SALES	CATERING SALES	11.57%	16.24%

SALES VALUE							
	2023 Sell Value	2022 Sell Value	2021 Sell Value	2019 Sell Value	Sell Value % 2023 vs 2022	Sell Value % 2023 vs 2021	Sell Value % 2023 vs 2019
FASHION	26,812,032	23,261,521	16,815,617	14,031,560	15%	59%	91%
FOOD	18,930,192	15,940,752	15,695,041	10,848,143	19%	21%	75%
GARDEN LEISURE	26,175,647	32,767,860	40,902,819	24,540,548	-20%	-36%	7%
GARDENING	46,825,439	47,730,995	56,814,094	39,001,449	-2%	-18%	20%
HOME AND PAPER	37,874,716	33,434,956	33,706,770	27,659,292	13%	12%	37%
PETS AND AQUATICS	3,436,071	3,182,533	3,029,878	2,413,994	8%	13%	42%
PLANTS	64,042,943	57,880,452	66,050,768	45,275,939	11%	-3%	41%
SEEDS AND BULBS	5,929,096	5,288,809	5,756,901	3,786,383	12%	3%	57%
WILD ANIMAL	5,019,603	4,779,045	4,948,747	4,187,187	5%	1%	20%

The table above details our sales by department for all 44 garden centres against 2022 and 2019. Like-for-like garden centre sales (excluding restaurants) were up 7% against the prior year. However, because of the drag on overall sales caused by gardening and garden leisure (due to the post-pandemic demand hangover), you can see this masks the excellent performance of many other departments against the prior year. Fashion sales are almost double compared to 2019 and 5 departments achieved double digit sales against the prior year. Our Christmas sales were up 20% against the industry, due to strategic decisions on range and merchandising.

In summary, the two tables illustrate the fact that our underlying sales performance in 2023 was very strong when one factors the pandemic demand distortions and that we continue to outperform the industry.

Restaurants

Restaurant like-for-like sales are up nearly 17% since 2019, which is more than a 50% positive variance against the industry and our like-for-like sales in all our restaurants are up 22% against 2022. We continue to develop our food offer (we have doubled our breakfast sales since 2019) with the introduction of our 'Eat Right' deli range and continuing development of our hot lunch offer, which will ensure we outperform the industry in the coming years.

Footfall Performance

Like-for-like footfall was up 4.5% in 2023 versus the industry (GCA), which was 1.3% down. Against 2019 the like-for-like variance is a stark 14% positive variance in footfall against the industry. Our centres attracted 8.3 million customers last year. Our partnership with the National Trust was in part a strategic step to elevate our exposure to a wider audience through nationwide media coverage, and our positive like-for-like footfall performance against the GCA is widening. If we increase the gap by just 1% this would increase turnover by £2.7m per annum.

Margin Performance

Gross margins improved slightly last year, 0.2% in the garden centres and 0.1% in the restaurants. These modest gains should be seen in the context of a like-for-like £3.5m stock reduction in the garden centres and significant food inflation of 14% in the restaurants. You will have experienced food inflation during 2023 shopping at the supermarket and this will provide an indication of the pressure the restaurants were under. However, through focus and determination we prevented a margin reduction.

Staff costs

Last year saw a 10% rise in the minimum wage (which was repeated in April of this year). I took the decision to maintain the hourly rate gap against the minimum wage for the many employees who are paid above the minimum wage (to maintain fairness and support staff retention) and therefore this was a significant cost increase, which has impacted our bottom line. Staff costs rose by 6.3% which was an additional increase

of 3.7% against the previous norm before the pandemic, which had seen annual increases of approximately 2.6%. This equated to inflation driving our wage costs up by an additional £2.3m. The true impact was £1.9m thanks to greater efficiencies in staff costs, which increased by 0.7% of turnover, from 25.4% to 26.1%. Garden centre staff costs as a percentage of turnover rose by 0.4% from 16.8% to 17.2%. Restaurant staff costs driven by inflation remained higher at 41.9% of turnover than the previous norm of 38.5% in 2019, but decreased against the 42.9% recorded in 2022. Restaurants typically have a higher proportion of hourly paid staff, which means the higher minimum wage has a greater impact on staff costs. Group operational staff costs fell slightly to 3.1% of turnover from 3.2% in 2022.

Investment

Last year we acquired two new centres, Beckworth in Northamptonshire (leasehold) and Fosseyway in the Cotswolds (freehold). Both sites attract a high percentage of AB1 customers.

We invested a further £14.4m in refurbishments, which included Blackdown Garden Centre in Somerset (acquired 2022), Fosseyway and the three Van Hage sites acquired last year. Our return on capital improved by 1% last year and we expect this improvement to continue as we near the end of our refurbishment programme for all 23 centres acquired since 2019.

Chelsea Flower Show 2024

Blue Diamond Garden Centres and the National Trust are working with multi-award-winning garden design practice Ann-Marie Powell Gardens to create a prestigious show garden for the RHS Chelsea Flower Show 2024.

'The Octavia Hill Garden by Blue Diamond with the National Trust' will celebrate pioneering social reformer Octavia Hill (1838-1912), who believed that 'the healthy gift of air and the joy of plants and flowers' were vital in everyone's life. This is reflected in the garden's design as an urban community wildlife garden set on a brownfield site.

We are also working on a collection of plants inspired by this garden, which will be sold through our centres. Blue Diamond will also launch a new and exclusive rose at the RHS Chelsea Flower Show, Rosa 'National Trust Beauty' in celebration of Octavia and the Garden at Chelsea. We exhibited at six RHS shows in 2023.

I will end by thanking all my colleagues for another excellent and progressive year as we cement ourselves as not only the largest garden group in the UK, but also the most profitable and successful in UK history.



Alan Roper - Managing Director
8 May 2024

REFURBISHMENTS AND NEW CENTRES REVIEW 2023

1. GREAT AMWELL

- Complete department refurbishment
- Café VH and Garden Café

2. BLACKDOWN

- Complete department refurbishment
- Greenhouse Restaurant

3. PETERBOROUGH

- Complete department refurbishment
- Restaurant and Origins Café
- Home & Garden Restaurant

4. FOSSEWAY

- Acquired in May 2023
- Complete department refurbishment

5. BECKWORTH

- Acquired in April 2023

6. BRAMBRIDGE

- Complete department refurbishment

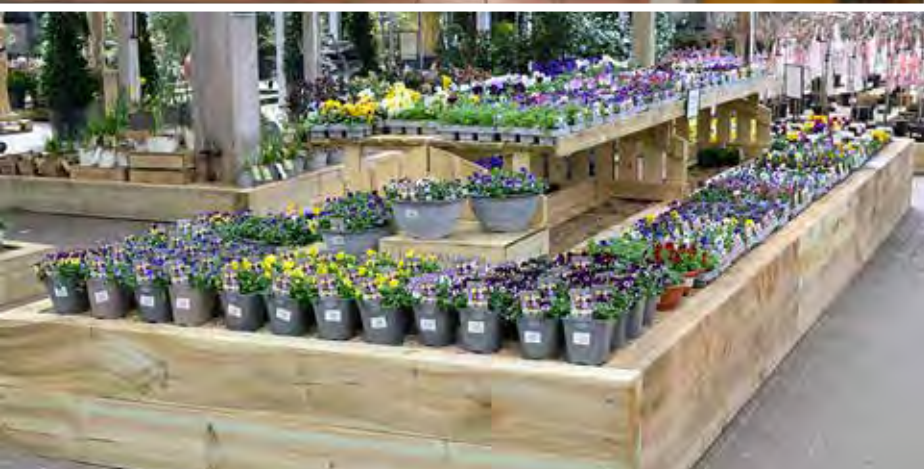
7. HEREFORD

- Origins Café



Great Amwell







Blackdown



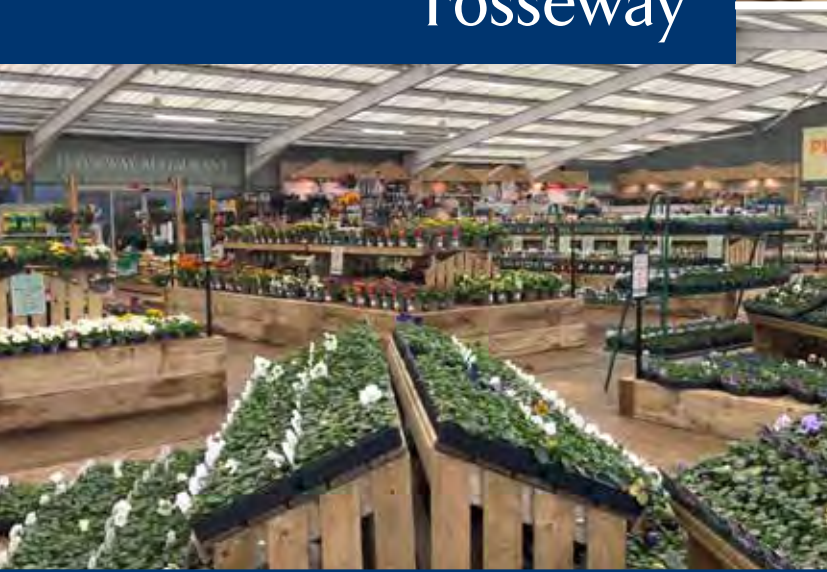


Peterborough





Fosseway



Beckworth





Brambridge



Hereford Origins Café



The Environment

Environmental approach

Our commitment to environmental sustainability is ingrained in every facet of our operations, as we move towards a greener and more sustainable future. As Britain's largest garden centre group, we take our responsibility to the environment seriously, focusing on peat-free growing, promoting peat-free houseplants, and forging meaningful collaborations with organisations like The National Trust and The Soil Association to bolster our green credentials.

The transition to peat-free compost is a cornerstone of our sustainability strategy. Recognising the environmental detriment caused by peat harvesting, we have proactively offered peat-free alternatives for years and are on track to become entirely peat-free by the end of 2026. This ambition is already taking root in practices at Bridgemere and our recent acquisition, Worfield Nurseries, where hardy plants are grown in 100% peat-free compost. The initiative extends to our seasonal nurseries, with a commitment to use peat-free compost for all vegetables, herbs, and certain pot beddings by 2024, setting a benchmark for the industry.

In line with evolving consumer demands for eco-conscious products, we are set to launch a British houseplants range grown in peat-free media by April 2024. This move not only supports local production but also reduces reliance on imported goods, further minimising our carbon footprint.

Partnerships with The National Trust and The Soil Association reflect a shared vision for environmental stewardship. Our collaboration with The National Trust has yielded unique plant collections inspired by the Trust's gardens, all grown in peat-free

compost and recyclable pots. The partnership with The Soil Association emphasises organic and nature-friendly gardening practices, promoting a healthier ecosystem.

Innovation in green products is another area where we shine. The introduction of EcoMade™ plant pot covers, made from recycled coffee grounds and plastic, showcases an inventive approach to reducing landfill waste. Such initiatives underscore the company's commitment to product sustainability and waste reduction.

Our environmental awareness extends beyond our products to our operational practices. From banning single-use plastics in our stores to recycling programs for compost bags, electrical items, and plant pots, we are demonstrating a comprehensive approach to sustainability. Investments in energy-efficient technologies, water conservation measures, and the use of electric vehicles in our nurseries further illustrate our commitment to reducing our environmental impact.

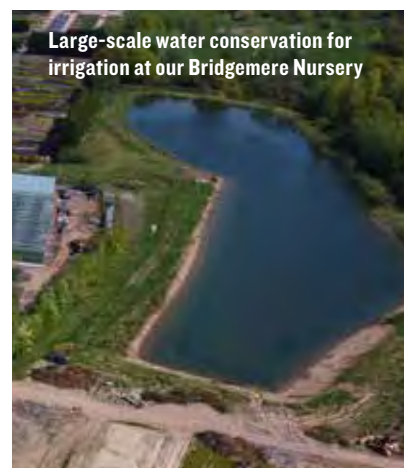
Collaborations with suppliers to ensure the use of recyclable materials and sustainable practices, along with the introduction of electric vehicle charging points powered by renewable energy and the installation of solar panels on the roofs of our garden centres, reaffirm our dedication to a sustainable future.

In summary, our multifaceted approach to environmental sustainability underlines our commitment to minimising our ecological footprint and to lead by example in the garden centre industry. Through continuous innovation, strategic partnerships, and a genuine commitment to green practices, we are helping to achieve a more sustainable and environmentally friendly future.

The transition to peat-free compost is a cornerstone of our sustainability strategy.



	2023 £000	2022 £000
Energy Consumption (kWh)		
Electricity	17,372,766	14,927,927
Natural Gas	10,911,823	9,748,047
Transport Fuels	1,289,674	1,252,045
Bottled Gas	3,232,616	3,358,271
Other Fuels	1,304,013	862,953
Total	34,110,891	30,149,244
Greenhouse Gas Emissions (tCO2e)		
From combustion of fuels		
Natural Gas	1,992.03	1,779.41
Transport Fuel	304.21	301.86
Bottled Gas	692.39	720.32
Other Fuels	250.00	175.57
Sub-Total	3,238.63	2,977.15
Purchased Electricity	3,597.45	2,886.76
Sub-Total	3,597.45	2,886.76
Total Emissions	6,836.08	5,863.91
Carbon Intensity		
Annual kWh per £1,000 of sales revenue	110	116
Annual tonnes of CO2 per £1m of sales revenue	22	23



Large-scale water conservation for irrigation at our Bridgemere Nursery

Our multifaceted approach to environmental sustainability underlines our commitment to minimising our ecological footprint and to lead by example in the garden centre industry.

Energy consumption and greenhouse gas emissions

In 2023 we have taken the decision to follow voluntarily the UK's Streamlined Energy and Carbon Reporting (SECR) policy, which requires quoted and large unquoted companies to share energy use and carbon emissions information in their annual reports.

We are making good progress in reducing our energy consumption and greenhouse gas emissions. Our key carbon intensity ratios, which relate our energy consumption and greenhouse gas emissions to the size of our business, fell by 6% and 3% respectively in 2023. Furthermore, on a like-for-like basis our energy consumption and greenhouse gas emissions fell slightly.

The table above shows the Group's energy consumption and greenhouse gas emissions by energy type in 2023 and 2022. The increase in total energy consumption and greenhouse gas emissions is wholly attributable to the acquisitions of Van Hage, Beckworth and Fosseway in late 2022 and early 2023.

We continue to pursue various initiatives to reduce our carbon footprint, including the installation of solar panels and electric

charging points in our centres, investment in LED lighting and tighter operational control and monitoring of gas and electricity consumption in our centres. We recognise the importance of this for both the health of our planet and our business performance.

Our calculation methodology is carried out in line with UK Government environmental reporting guidance.

Waste management

We are also pleased to report that on a like-for-like basis the total rubbish we produced decreased by 7.5% in 2023 compared with 2022. This is the result of cleaner, more efficient sites following recent acquisitions and redevelopment, confirmed by the fact that the larger ex-Wyevale sites generated more of the significant decreases. Reduced supplier tertiary and secondary packaging is also a factor.

In 2023, landfill reduced by 50%, mainly because of a focus on food waste, with landfill diversion increasing from 85% in 2022 to 92% in 2023. We improved the segregation of food waste whilst Biffa, our waste management provider, increased their anabolic digestion facilities.



Directors' Report for the year ended 31 December 2023

The Directors submit their report and the audited financial statements of the group for the year ended 31 December 2023. The Consolidated Financial Statements have been prepared on the basis set out in note 2 to the financial statements. The Company is incorporated in Guernsey.

Directors' responsibilities statement

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

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

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

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

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

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

Provision of information to auditor

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

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

Principal activity

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

Results and dividends

The results of the Group for the year are set out in detail on page 20.

A final dividend for the year ended 31 December 2022 of 8.5p per share totalling £2,956,677 was paid on 13 June 2023.

An interim dividend for the year ended 31 December 2023 of 5.5p per share totalling £1,917,609 was paid on 7 December 2023.

The Directors have also declared a final dividend for the year ended 31 December 2023 of 8p per share, which will be paid on 11 June 2024 to those shareholders on the register at 3 June 2024.

Going concern

The financial statements have been prepared on the going concern basis, which assumes that the Group will continue in operational existence for the foreseeable future. The Directors have prepared detailed profit and cash flow forecasts to 31 December 2026, which combined with their knowledge of current trading and experience of the business, underpin their conclusion that the Group will be able to meet all its liabilities as they fall due.

The Directors have produced a detailed going concern stress test for the Group, to determine its viability as a going concern. The main assumption of this stress test is a reduction of 15% in revenue with corresponding cost reductions for a period of at least 12 months from the date of approval of the financial statements. In this scenario, the Group would comply with all of its banking covenants and have sufficient cash headroom at the end of every month to meet its financial obligations. Even then, the Group would have a number of options to remain a going concern, including but not limited to scaling back its uncommitted capital expenditure programme, reducing or suspending the cash dividend and operating cost reductions.

Going concern (continued)

The Group is expected to remain in a strong financial position during the forecast period from the date of signing the accounts. The Directors are confident of being able to trade for a period of at least 18 months from the approval of the financial statements and have therefore concluded that it is appropriate that the financial statements are prepared on the going concern basis. The Group has access to nearly £63m of committed lending facilities until at least 31 March 2026 following the exercise of the second one – year extension.

Post balance sheet events

On 30 April 2024 the Directors proposed a final dividend for the year ended 31 December 2023 of 8p per share. The dividend has not been accrued in these financial statements because the dividend was declared after the balance sheet date.

The Group has exercised the second one-year extension, which means that the overall lending facilities are now available until 31 March 2026

Auditors

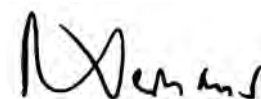
A resolution to re-appoint BDO LLP as auditor will be proposed at the Annual General Meeting.

Directors

The directors shown below have held office during the whole of the period from 1 January 2023 to the date of this report.

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

On behalf of the board:



R. J. Hemans
Director

8 May 2024

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

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

We have audited the financial statements of Blue Diamond Limited ("the Group") for the year ended 31 December 2023 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flows and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Conclusions relating to going concern

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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial

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

We have nothing to report in this regard.

Other Companies (Guernsey) Law, 2008 reporting

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

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

Responsibilities of Directors

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

In preparing the financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance; and
- Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations and we considered the significant laws and regulations which have a direct impact on the preparation of the financial statements, namely Companies Act, FRS 102, relevant direct tax compliance regulations in the jurisdictions in which the Group operates.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations.

We identified such laws and regulations to be Environmental and Health & Safety, General Data Protection Regulations (GPDR).

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the areas most susceptible to fraud to be incorrect recognition of revenue through unusual combination journals and management override of control, in particular inappropriate estimates and judgements to improve the financial position and performance.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Evaluating and where appropriate challenging assumptions and judgements made by management in determining significant accounting estimates as disclosed in the financial statements
- Assessment of journal entries to accounts that were considered to carry a greater risk of fraud as part of our planned audit approach including any unusual combination journals posted to revenue and journals posted by senior management.

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

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

Use of our report

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

BDO LLP

Chartered Accountants
Southampton

8 May 2024

Consolidated Statement of Comprehensive Income

Year ended 31 December 2023

	Notes	2023 £000	2023 £000	2022 £000	2022 £000
Turnover	4		310,568		259,262
Cost of sales			(147,305)		(125,485)
Gross profit			163,263		133,777
Distribution costs			(152)		(67)
Administrative expenses			(141,573)		(116,468)
			21,538		17,242
Other operating income	7		5,262		4,598
Group operating profit	4		26,800		21,840
Share of loss for the year in associated undertaking			(33)		-
			26,767		21,840
Interest receivable and similar income	8		17		1
Interest payable and similar expenses	9		(2,615)		(940)
Profit before taxation			24,169		20,901
Taxation on profit	10		(6,011)		(4,028)
Profit for the financial year			18,158		16,873
Earnings per share	26		52.13p		48.64p
Other comprehensive income					
Unrealised surplus on revaluation of freehold properties	13		19,117		4,316
Movement in deferred tax relating to revaluation of freehold properties	23		(4,536)		(508)
Other comprehensive income for the year			14,581		3,808
Total comprehensive income for the year			32,739		20,681
Profit attributable to: Owners of the parent			32,739		20,681

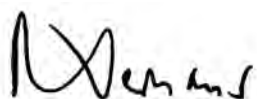
The notes on pages 25 to 49 form part of these financial statements.

Consolidated Balance Sheet

As at 31 December 2023

	Notes	2023 £000	2023 £000	2022 £000	2022 £000
Fixed assets					
Intangible assets	12		15,573		10,094
Tangible fixed assets	13		212,333		175,267
Investments	14		17		136
			227,923		185,497
Current assets					
Stocks	15	53,457		51,843	
Debtors	16	17,880		14,939	
Cash at bank and in hand	17	7,816		6,029	
		79,153		72,811	
Creditors					
Amounts falling due within one year	18	(55,278)		(37,918)	
Net current assets			23,875		34,893
Total assets less current liabilities			251,798		220,390
Creditors					
Amounts falling due after more than one year	19		(24,964)		(28,673)
Provisions for liabilities	23		(19,200)		(12,625)
Net assets			207,634		179,092
Capital and reserves					
Called up share capital	24		698		696
Share premium			7,158		6,483
Revaluation reserve			59,995		45,414
Capital reserve			9,439		9,439
Retained earnings			130,344		117,060
Total equity			207,634		179,092

The financial statements were approved by the Board of Directors and authorised for issue on 8 May 2024 and were signed on its behalf by:



R. J. Hemans
Director

The notes on pages 25 to 49 form part of these financial statements.

Consolidated Statement of Changes in Equity

Year ended 31 December 2023

	Called up share capital £000	Retained earnings £000	Share premium £000
Balance at 1 January 2022	693	104,347	5,656
Changes in equity			
Profit for the year	-	16,873	-
Surplus on revaluation of freehold properties (note 13)	-	-	-
Movement in deferred tax relating to revaluation of freehold properties (note 23)	-	-	-
Total comprehensive income	-	16,873	-
Dividends (note 11)	3	(4,160)	827
Balance at 31 December 2022	696	117,060	6,483
Changes in equity			
Profit for the year	-	18,158	-
Surplus on revaluation of freehold properties (note 13)	-	-	-
Movement in deferred tax relating to revaluation of freehold properties (note 23)	-	-	-
Total comprehensive income	-	18,158	-
Dividends (note 11)	2	(4,874)	675
Balance at 31 December 2023	698	130,344	7,158

The notes on pages 25 to 49 form part of these financial statements.

Consolidated Statement of Changes in Equity (continued)

Year ended 31 December 2023

	Revaluation reserve	Capital reserve	Total equity
	£000	£000	£000
Balance at 1 January 2022	41,606	9,439	161,741
Changes in equity			
Profit for the year	-	-	16,873
Surplus on revaluation of freehold properties (note 13)	4,316	-	4,316
Movement in deferred tax relating to revaluation of freehold properties (note 23)	(508)	-	(508)
Total comprehensive income	3,808	-	20,681
Dividends (note 11)	-	-	(3,330)
Balance at 31 December 2022	45,414	9,439	179,092
Changes in equity			
Profit for the year	-	-	18,158
Surplus on revaluation of freehold properties (note 13)	19,117	-	19,117
Movement in deferred tax relating to revaluation of freehold properties (note 23)	(4,536)	-	(4,536)
Total comprehensive income	14,581	-	32,739
Dividends (note 11)	-	-	(4,197)
Balance at 31 December 2023	59,995	9,439	207,634

The notes on pages 25 to 49 form part of these financial statements.

Consolidated Cash Flow Statement

Year ended 31 December 2023

	Notes	2023 £000	Restated 2022 £000
Cash flows from operating activities			
Profit for the financial year		18,158	16,873
Adjustments for:			
Amortisation of intangible assets	12	746	331
Depreciation of tangible assets	13	9,026	7,669
Loss on disposal of tangible assets		17	-
Amortisation of lease incentives		(117)	(115)
Foreign exchange gains		(9)	(11)
Share of loss before tax of associated undertaking	14	49	-
Interest receivable	8	(17)	(1)
Interest payable	9	2,615	940
Taxation charge	10	6,011	4,028
Decrease/(increase) in stocks		1,833	(7,668)
Increase in debtors		(2,205)	(312)
Decrease in creditors		(120)	(2,250)
Decrease in provisions		-	(33)
Corporation tax paid		(5,816)	(6,210)
Interest received		17	1
Interest paid		(2,615)	(940)
Net cash generated from operating activities		27,573	12,302
Cash flows from investing activities			
Purchases of tangible fixed assets		(14,361)	(18,271)
Sale of tangible fixed assets		8,166	-
Dividends received from investments		70	300
Business combination – Beckworth Limited	31	(13,362)	-
Cash balances acquired with – Beckworth Limited		4	-
Business combinations – Fosseyway Garden Centre Limited	31	(13,787)	-
Cash balances acquired with – Fosseyway Garden Centre Limited		1,737	-
Business combinations – Blackdown Garden Centre Limited		-	(4,374)
Cash balances acquired with Blackdown Garden Centre Limited		-	-
Business combinations – Van Hage & Company Limited		-	(5,856)
Business combinations – Glendale	31	(1,415)	-
Overdraft acquired with Van Hage & Company Limited		-	(1,989)
Net cash used in investing activities		(32,948)	(30,190)
Cash flows from financing activities			
Receipts from revolving credit facility		13,000	5,000
Debt issue costs		(50)	140
Repayment of bank loans		(2,500)	(2,500)
Equity dividends paid		(4,197)	(3,330)
Net cash generated/(used) in financing activities		6,253	(690)
Net decrease in cash and cash equivalents		878	(18,578)
Cash and cash equivalents at the beginning of the year		5,437	24,015
Cash and cash equivalents at the end of the year		6,315	5,437
Cash and cash equivalents comprise:			
Bank and cash balances	17	7,816	6,029
Bank overdrafts	17	(1,501)	(592)
		6,315	5,437

Details of the restatement are provided on page 32.

The notes on pages 25 to 49 form part of these financial statements.

Notes to the Consolidated Financial Statements

Year ended 31 December 2023

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Notes to the Consolidated Financial Statements

Year ended 31 December 2023

1. GENERAL INFORMATION

Blue Diamond Limited is a private company, limited by shares and registered in Guernsey under the Companies (Guernsey) Law, 2008. The address of the registered office is given on the Company Information page and the nature of the Group's operations and its principal activities are set out in the Report of the Directors.

2. ACCOUNTING POLICIES

Basis of preparation of financial statements

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

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

Going concern

The financial statements have been prepared on the going concern basis, which assumes that the Group will continue in operational existence for the foreseeable future. The Directors have prepared detailed profit and cash flow forecasts to 31 December 2026, which combined with their knowledge of current trading and experience of the business, underpin their conclusion that the Group will be able to meet all its liabilities as they fall due.

The Directors have produced a detailed going concern stress test for the Group, to determine its viability as a going concern. The main assumption of this stress test is a reduction of 15% in revenue with corresponding cost reductions for a period of at least 12 months from the date of approval of the financial statements. In this scenario, the Group would comply with all of its banking covenants and have sufficient cash headroom at the end of every month to meet its financial obligations. Even then, the Group would have a number of options to remain a going concern, including but not limited to scaling back its uncommitted capital expenditure programme, reducing or suspending the cash dividend and operating cost reductions.

The Group is expected to remain in a strong financial position during the forecast period from the date of signing the accounts. The Directors are confident of being able to trade for a period of at least 18 months from the approval of the financial statements and have therefore concluded that it is appropriate that the financial statements are prepared on the going concern basis. The Group has access to nearly £63m of committed lending facilities until at least 31 March 2026 following the exercise of the second one – year extension.

Parent company financial statements

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

Basis of consolidation

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

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

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2023

2. ACCOUNTING POLICIES (continued)

Turnover

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

Other operating income

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

Functional and presentational currency

The Group's functional and presentational currency is GBP.

Transactions and balances

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

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

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

Pensions

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

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

Finance costs

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

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2023

2. ACCOUNTING POLICIES (continued)

Intangible assets - Goodwill

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

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

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

Tangible fixed assets

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

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

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

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

Depreciation is provided on the following basis:

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

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

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

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2023

2. ACCOUNTING POLICIES (continued)

Revaluation of tangible fixed assets

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

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

Associates and joint ventures

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

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

Stocks

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

Cost was calculated using the FIFO 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.

Supplier rebates

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

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

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

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2023

2. ACCOUNTING POLICIES (continued)

Financial instruments

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

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

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

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

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

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

Cash and bank balances

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

Leases

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

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

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

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

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2023

2. ACCOUNTING POLICIES (continued)

Sale and leaseback

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

Onerous leases

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

Provisions

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

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

Current and deferred taxation

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

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

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

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

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

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2023

2. ACCOUNTING POLICIES (continued)

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when declared by the Board of Directors.

Administrative expenses

Administrative expenses include all wages and salaries.

Reserves

The Group's reserves are as follows:

Share premium

The share premium account includes the premium on issue of equity shares, net of any issue costs, including scrip dividends.

Capital reserve

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

Revaluation reserve

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

Profit and loss account

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

Prior year restatement

In the prior year, the bank overdrafts included £5m, which related to a revolving credit facility that was not cash and cash equivalents. As a result, the cash flow statement has been updated to remove these amounts from cash and cash equivalents and include them within cash flows from financing activities. This increased the cash and cash equivalents by £5m. The directors have corrected the classification, which has no impact on the net asset position of the Group.

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

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

Tangible fixed assets

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

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

Freehold land and buildings were revalued in 2023 based on advice from an independent expert and an assessment of market conditions and the financial and operating performances of the underlying businesses. Key inputs into the property valuations included the financial performance of the garden centres, the overall potential for the property and business, location, catchment, local demographics, competition, planning, plot size, market conditions, benchmarking and physical inspection of the properties.

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2023

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

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

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

Stocks

Determining stock provisioning involves estimating the realisable value of the stocks held by the Group. Calculating the recoverable realisable value of stocks requires a degree of estimation in terms of the likely demand and prices for individual stock items. Management monitor demand very closely and continue to ensure that any changes in the market are appropriately reflected in their assessments.

4. TURNOVER AND GROUP OPERATING PROFIT

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

	2023 £000	2022 £000
Amortisation of goodwill	774	357
Amortisation of negative goodwill	(28)	(25)
Depreciation of tangible fixed assets	9,026	7,669
Loss on sale of other tangible fixed assets	(17)	-
Fees payable to the Group's Auditor		
- Audit of the Group's Consolidated Financial Statements	87	76
- Audit of the subsidiary companies	153	114
Foreign exchange gains	9	11
Operating lease expense	20,439	16,745
Defined contribution pension cost	1,343	1,113
Rental income in other operating income	(5,341)	(4,281)

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2023

4. TURNOVER AND GROUP OPERATING PROFIT (continued)

The Group acquired Beckworth Limited and Fosseway Garden Centre Limited during the year, and their results are included in the Group's results from the dates of acquisition and are disclosed in the table below under 'Acquired'. The Group's results from continuing activities including acquisitions is given below:

	2023 Continuing	2023 Acquired	2023 Total	2022 Total
Turnover	298,815	11,753	310,568	259,262
Cost of sales	(142,014)	(5,291)	(147,305)	(125,485)
Gross profit	156,801	6,462	163,263	133,777
Distribution costs	(146)	(6)	(152)	(67)
Administrative expenses	(136,887)	(4,686)	(141,573)	(116,468)
Other operating income	5,122	140	5,262	4,598
Group operating profit	24,890	1,910	26,800	21,840

5. SEGMENT ANALYSIS

By geographical area	UK		CI		GROUP	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Turnover	292,692	241,125	17,876	18,137	310,568	259,262
Profit before interest and taxation						
Regional profit	37,089	29,098	3,369	4,102	40,458	33,200
Group costs	-	-	-	-	(13,691)	(11,360)
Group profit before interest and tax	37,089	29,098	3,369	4,102	26,767	21,840
Segment total assets less current liabilities						
Segment net assets	230,636	201,799	35,541	36,686	266,177	238,485
Unallocated assets and liabilities	N/A	N/A	N/A	N/A	(14,379)	(18,095)
Total assets less current liabilities	230,636	201,799	35,541	36,686	251,798	220,390

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2023

6. EMPLOYEES

	2023 £000	2022 £000
Wages and salaries	71,146	58,374
Social security costs	5,026	4,187
Other pension costs	1,343	1,113
	77,515	63,674
The average number of employees during the year was as follows:		
Management	138	119
Retail	4,050	3,556
	4,188	3,675

Pensions - United Kingdom employees

Group employees in the United Kingdom may be eligible to join a Group Personal Pension Plan operated by Aviva. This is a defined contribution pension scheme whereby funding is based on a fixed percentage of salary and the assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charged in these financial statements includes contributions payable by Group companies to the scheme in the year ended 31 December 2023 amounting to £256,276 (2022: £181,523).

The Group also pays contribution to the National Employment Savings Trust ("NEST"), which is a pension scheme set up by the UK Government. The pension costs charged in these financial statements includes contributions payable by Group companies to NEST in the year amounting to £978,034 (2022: £763,098).

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 2023 was £53,601 (2022: £57,902). In addition, during the year the Group paid contributions of £55,857 (2022: £110,440) into the personal pension scheme of two (2022: two) Directors of the Group.

7. OTHER OPERATING INCOME

	2023 £000	2022 £000
Concession rents receivable	5,341	4,281
Other income	(79)	317
	5,262	4,598

Other income relates to an insurance claim in 2022 at Grosvenor Garden Centre.

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2023

8. INTEREST RECEIVABLE AND SIMILAR INCOME

	2023 £000	2022 £000
Bank interest receivable	17	1
	17	1

9. INTEREST PAYABLE AND SIMILAR EXPENSES

	2023 £000	2022 £000
Bank interest and finance charges	2,615	936
Finance leases and hire purchase contracts	-	4
	2,615	940

10. TAXATION

	2023 £000	2022 £000
Provision for current tax		
Current tax on UK profits for the year	4,514	2,149
Current tax on Jersey retail profits for the year	453	455
Current tax on Guernsey retail profits for the year	21	130
Adjustments in respect of previous periods	43	(185)
	5,031	2,549
Group's share of joint venture and associated undertaking current tax	16	-
Total current tax	5,047	2,549
Provision for deferred tax		
Origination and reversal of timing differences	816	962
Changes to tax rates	30	304
Adjustments in respect of previous periods	118	213
	964	1,479
Total deferred tax	964	1,479
Taxation on profit	6,011	4,028

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2023

10. TAXATION (continued)

Factors affecting tax charge for the year

The tax assessed for the year differs from the large retailers rate of corporation tax in Guernsey of 20% (2022: 20%). The differences are explained below:

	2023 £000	2022 £000
Profit before tax	24,169	20,901
Profit multiplied by large retailers' rate of corporation tax in Guernsey of 20%	75	150
Effects of:		
UK corporation tax on UK taxable profits at 25% (2022: 19%)	4,816	3,305
Jersey corporation tax on retail profits at 20% (2022: 20%)	659	552
Share of associated undertaking tax	16	-
Expenses not deductible for tax purposes	171	117
Non-taxable income	(706)	(349)
Effect of change in rate	30	304
Fixed asset differences	168	(79)
Deferred tax not recognised	612	-
Adjustments to tax charge in respect of prior periods	170	28
Total tax charge for the year	6,011	4,028

The Group's Guernsey taxable profits are chargeable to income tax at the large retailers rate of 20% (2022: 20%) and the Group's Jersey retail profits are taxable at 20% (2022: 20%). The Finance Act 2021 was substantially enacted in May 2021 and has increased the corporation tax rate from 19% to 25% with effect from 1 April 2023. The deferred taxation balances have been measured using the rates expected to apply in the reporting periods when the timing differences reverse. For further information on deferred tax balances see note 23.

11. DIVIDENDS

	2023 £000	2022 £000
Ordinary shares		
Final 2022 dividend of 8.5p per share (2021: 8.5p)	2,957	2,945
Interim 2023 dividend of 5.5p per share (2022: 3.5p per share)	1,917	1,215
	4,874	4,160

A final dividend for the year ended 31 December 2022 of 8.5p per share totalling £2,956,677 was paid on 13 June 2023.

An interim dividend for the year ended 31 December 2023 of 5.5p per share totalling £1,917,609 was paid on 7 December 2023.

The Directors have also declared a final dividend for the year ended 31 December 2023 of 8p per share, which will be paid on 11 June 2024 to those shareholders on the register at 3 June 2024.

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2023

12. INTANGIBLE FIXED ASSETS

	Goodwill £000	Negative goodwill £000	Totals £000
Cost			
At 1 January 2023	12,014	(544)	11,470
Arising on business combinations (note 30)	6,225	-	6,225
At 31 December 2023	18,239	(544)	17,695
Amortisation			
At 1 January 2023	1,750	(374)	1,376
Charge for the year	774	(28)	746
At 31 December 2023	2,524	(402)	2,122
Net book value			
At 31 December 2023	15,715	(142)	15,573
At 31 December 2022	10,264	(170)	10,094

At 31 December 2023, individually material carrying amounts of goodwill are attributable to Coton Orchard Garden Centre of £730,000 (2022: £785,000), with a remaining amortisation period of 14 years, Trelawney Garden Centre of £567,000 (2022: £618,000), with a remaining amortisation period of 11 years, Milton Park (Dorset) Limited of £1,727,000 (2022: £1,827,000) with a remaining amortisation period of 17 years, Blackdown Garden Centre Limited of £602,000 (2022: £635,072) with a remaining amortisation period of 18 years, Van Hage & Company Limited of £5,013,000 (2022: £5,278,451) with a remaining amortisation period of 19 years, Beckworth Limited of £4,870,000 (2022: £nil) with a remaining amortisation period of 19.5 years and Fosseway Garden Centre Limited of £922,000 (2022: £nil) with a remaining amortisation period of 19.5 years.

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2023

13. TANGIBLE FIXED ASSETS

	Freehold land and buildings	Leasehold improvements	Motor vehicles
	£000	£000	£000
Cost			
At 1 January 2023	123,555	34,328	1,069
Additions	1,947	2,144	55
Acquired in business combinations	19,051	314	91
Disposals	(8,150)	-	-
Revaluation	18,186	-	-
At 31 December 2023	154,589	36,786	1,215
Depreciation			
At 1 January 2023	-	8,609	732
Charge for the year	1,370	1,678	158
Disposals	-	-	-
Revaluation adjustments	(1,350)	-	-
At 31 December 2023	20	10,287	890
Net book value			
At 31 December 2023	154,569	26,499	325
At 31 December 2022	123,555	25,719	337

	Furniture, fixtures and equipment	Computer equipment	Totals
	£000	£000	£000
Cost			
At 1 January 2023	48,385	4,796	212,133
Additions	8,943	853	13,942
Acquired in business combinations	1,195	126	20,777
Disposals	(16)	-	(8,166)
Revaluation	-	-	18,186
At 31 December 2023	58,507	5,775	256,872
Depreciation			
At 1 January 2023	23,710	3,815	36,866
Charge for the year	5,281	539	9,026
Disposals	(3)	-	(3)
Revaluation adjustments	-	-	(1,350)
At 31 December 2023	28,988	4,354	44,539
Net book value			
At 31 December 2023	29,519	1,421	212,333
At 31 December 2022	24,675	980	175,267

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2023

13. TANGIBLE FIXED ASSETS (continued)

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

	2023 £000	2022 £000
Freehold land and buildings - garden centres	153,639	122,624
Freehold land	930	930
	154,569	123,554

The carrying values adopted in these financial statements for the year ended 31 December 2023 are based upon valuations undertaken by an external, professionally qualified third party valuer, Knight Frank LLP. Management have reviewed these valuations and consider it appropriate to recognise these valuations at 31 December 2023.

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

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

Details of the assumptions made and the key sources of estimation uncertainty are given in note 3.

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

	2023 £000	2022 £000
Historic costs	93,792	72,795
Accumulated depreciation	(4,584)	(3,130)
	89,208	69,822

The revaluation reserve as at 31 December 2023 is stated net of cumulative deferred tax adjustments of £12,065,000 (2022: £7,529,000). There were no revaluation gains realised during the year as a result of the sale of freehold properties (2022: £nil). The net revaluation surplus for the year of £19,117,000 (2022: £4,316,000) is comprised of a net surplus of £nil (2022: £nil) recognised in the Consolidated Statement of Comprehensive Income and a surplus of £19,117,000 (2022: £4,316,000) recognised in Other Comprehensive Income and the Revaluation Reserve.

The Group has provided first legal charges in favour of The Royal Bank of Scotland International Limited (trading as NatWest) over its freehold land and buildings with a carrying value of £140,322,117 (2022: £109,288,000), promissory notes to the value of £4,000,000 (2022: £4,000,000) and a bond to the value of £10,200,000 (2022: £10,200,000) as security for the Group's bank loan and overdraft facilities (note 20).

Sale and leaseback

There were no sale and leasebacks entered into during year.

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2023

14. FIXED ASSET INVESTMENTS

	Associated undertaking £000
Cost	
At 1 January 2023	136
Share pf loss for the year after tax	(49)
Dividend received	(70)
At 31 December 2023	17
Net book value	
At 31 December 2023	17
At 1 January 2023	136

Associated undertaking

John Le Sueur and Company Limited

The Group owns 50% of the issued share capital of John Le Sueur and Company Limited, a company registered in Jersey, with the principal activity of investment holding and a financial year end of 30 September each year.

Subsidiary undertakings

Blue Diamond Limited holds 100% of the ordinary share capital in the following subsidiary undertakings, all of which are wholly owned and included in these Consolidated Financial Statements, with the same financial year end:

Directly held	Incorporated	Principal activity
B.D. Properties Limited	Guernsey	Property and investment holding
Blue Diamond Trading Limited	Guernsey	Investment holding
MGCL Limited	England	Dormant
Fryer's Nurseries Limited	England	Dormant

Indirectly held

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

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2023

15. STOCKS

	2023 £000	2022 £000
Goods for resale	53,457	51,843

Goods for resale are disclosed net of a provision for slow moving and obsolete stock of £1,399,000 (2022: £866,052). An impairment charge of £532,948 (2022: £17,857) was recognised in cost of sales against stock as a movement in the provision.

16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023 £000	2022 £000
Trade debtors	6,727	5,920
Prepayments	5,610	5,199
Other debtors	4,790	3,523
Corporation tax	753	297
	17,880	14,939

Trade debtors are stated after provisions for impairment of £nil (2022: £nil).

17. CASH AND CASH EQUIVALENTS AND REVOLVING CREDIT FACILITY

	2023 £000	2022 £000
Cash at bank and in hand	7,816	6,029
Less: bank overdrafts and revolving credit facility (note 18)	(19,501)	(5,592)
	(11,685)	437

Included within bank overdrafts and revolving credit facility (note 18) are revolving credit facility amounts totalling £18m (2022: £5m), which are not cash and cash equivalents.

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023 £000	2022 £000
Trade creditors	17,602	17,476
Bank overdrafts and revolving credit facility (note 17)	19,501	5,592
Lease incentives (note 19)	116	116
Bank loans (note 20)	2,500	2,500
Accruals and other creditors	6,405	5,551
Other taxes and social security	9,154	6,683
	55,278	37,918

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2023

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

	2023 £000	2022 £000
Bank loans (note 20)	22,436	24,928
Lease incentive	2,528	2,645
Accruals and other creditors	-	1,100
	24,964	28,673

The lease incentives are amortised over the terms of the leases. The amounts falling due in over 5 years total £2,073,000.

20. LOANS

	2023 £000	2022 £000
The maturities of sources of debt finance are due as follows:		
In one year or less	2,500	2,500
In more than one year but not more than two years	2,500	2,500
In more than two years but not more than five years	19,936	22,428
	24,936	27,428

The bank loans and overdrafts bear interest at commercial rates linked to LIBOR and the Bank of England Base Rate as agreed with The Royal Bank of Scotland International Limited (trading as NatWest) and Barclays Bank plc. The overall position is as follows:

The Group has one £32m term loan, which is repayable quarterly over fifteen years, and a revolving credit facility of £38m. Both facilities are available for three years with the option of two one-year extensions.

The Group has also exercised the second one-year extension, which means that the facilities are now available until 31 March 2026.

The bank loans and overdrafts are secured by way of first legal charges, bonds and promissory notes over certain of the Group's properties as disclosed in note 12. The Group has also provided a cross guarantee as detailed in note 27.

In addition to the bank loans above, the Group has a revolving credit facility, of which £18m was drawn at 31 December 2023 (31 December 2022: £5m).

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2023

21. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Non-cancellable operating leases	
	2023 £000	2022 £000
Within one year	18,797	17,425
Between one and five years	74,442	69,558
In more than five years	345,133	334,268
	438,372	421,251

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

	2023 £000	2022 £000
Within one year	3,461	3,676
Between one and five years	6,794	7,921
In more than five years	2,668	2,903
	12,923	14,500

22. FINANCIAL INSTRUMENTS

	2023 £000	2022 £000
Financial assets		
Financial assets measured at amortised cost	15,561	13,810
Financial derivatives measured at fair value through profit and loss	-	-
	15,561	13,810

	2023 £000	2022 £000
Financial liabilities		
Financial liabilities measured at amortised cost	(65,595)	(55,385)
Financial derivatives measured at fair value through profit and loss	-	-
	(65,595)	(55,385)

Financial assets measured at amortised cost comprise cash and cash equivalents, trade debtors, other debtors and amounts owed by associated undertakings. Financial liabilities measured at amortised cost comprise bank loans, bank overdrafts, trade creditors and other creditors. Financial derivatives measured at fair value through profit or loss comprise of foreign currency forward contracts.

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2023

23. PROVISIONS FOR LIABILITIES

	2023 £000	2022 £000
Deferred tax	19,200	12,625
At beginning of year	12,625	10,372
Charged to profit	965	1,479
On business combination	1,074	266
Charged to other comprehensive income	4,536	508
At end of year	19,200	12,625
The provision for deferred taxation is made up of:		
Accelerated capital allowances	6,477	4,321
Revaluation gains on freehold properties	12,817	8,451
Other short term timing differences	(94)	(147)
	19,200	12,625
Onerous lease		
	2023 £000	2022 £000
At beginning of year	-	33
Credited to profit	-	(33)
At end of year	-	-

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2023

24. CALLED UP SHARE CAPITAL

	2023 £000	2022 £000
Authorised 38,000,000 (2022: 38,000,000) ordinary shares of £0.02 each	760	760

	2023 £000	2022 £000
Allotted, called up and partly paid 34,919,256 (2022: 34,784,438) ordinary shares of £0.02 each	698	696

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

	2023 Shares in issues No.	2023 Share capital £
At 1 January 2023	34,784,438	695,689
Scrip dividend relating to 2022 final dividend	81,178	1,624
Scrip dividend relating to 2023 interim dividend	53,640	1,073
At 31 December 2023	34,919,256	698,385

25. PARENT COMPANY RESULT FOR THE YEAR

The Company has not presented its own statement of comprehensive income in these financial statements. The profit after tax of the Parent Company for the year was £3,939,934 (2022: £5,140,562).

26. EARNINGS PER SHARE

	Profit for year 2023 £000	Earnings per share 2023 P	Profit for year 2022 £000	Earnings per share 2022 P
Basic earnings per share	18,158	52.13	16,873	48.64

Earnings per share is calculated by dividing the profit for the financial period/year attributable to the members of Blue Diamond Limited by the weighted average number of ordinary shares in issue, which was 34,833,185 (2022: 34,692,054).

27. CONTINGENT LIABILITIES

The Company and its subsidiaries (note 14) are party to a composite cross guarantee agreement for the loan and overdraft facilities of the Group with The Royal Bank of Scotland International Limited (trading as NatWest). At the year end the liabilities covered by the guarantee totalled £27,625,000 (2022: £30,125,000).

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

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2023

28. RELATED PARTY DISCLOSURES

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

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

	2023 £000	2022 £000
Rent paid	-	(67)

Key management personnel, of which there were 15 in 2023 (2022: 13), includes all Directors and a number of senior managers who together have authority and responsibility for planning, directing and controlling the activities of the Group. The total compensation (including salaries, pensions, national insurance and bonuses) payable to key management personnel for services provided to the Group during the year was £3,081,546 (2022: £2,723,698).

Included in Creditors: amounts due within one year (note 18) is an amount of £2,401,000 (2022: £769,000) and Creditors: amounts due after more than one year (note 19) is an amount of £nil (2022: £1,100,000) due to key management personnel, of which £1,300,000 (2022: £1,100,000) is the amount so far accrued in respect of the long-term incentive plan (LTIP) for executive directors and two senior managers, which is based on Group performance targets for the years ending 31 December 2021, 2022 and 2023, and is payable in April 2024.

Total dividends paid to Directors while in office amounted to £101,668 (2022: £84,518). The Directors received dividends in aggregate on the same terms as the other shareholders. The Directors in office at each financial year end held the following number of ordinary shares of 2p each (2022: 2p shares):

	2023 No.	2022 No.
Simon Burke	115,797	110,672
Alan Roper	295,480	292,266
Richard Hemans	171,000	153,567
Tom Carey	142,122	137,294
Susie Crowder	1,507	1,467
David Ummels	25,275	20,203
	751,181	715,469

The issued share capital of the Company is owned by numerous parties and therefore, in the opinion of the Directors, there is no ultimate controlling party of the Company as defined by FRS102 Related Party Disclosures. The register of shareholders and their holdings (including the Directors' beneficiary interests) in the ordinary shares of Blue Diamond Limited is available for inspection at the registered office of the Company.

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2023

29. ANALYSIS OF CHANGES IN NET DEBT

	1 January 2023 £000	Cash flows £000	Acquired with subsidiaries £000	Non-cash movements £000	Other movements	31 December 2023 £000
Cash at bank and in hand	6,029	46	1,741	-	-	7,816
Bank overdrafts	(592)	(909)	-	-	-	(1,501)
Revolving credit facility	(5,000)	(13,000)	-	-	-	(18,000)
Bank loans due within one year	(2,500)	2,500	-	(2,500)	-	(2,500)
Bank loans due in more than one year	(24,928)	-	-	2,500	(8)	(22,436)
	(26,991)	(11,363)	1,741	-	(8)	(36,621)

30. POST BALANCE SHEET EVENTS

On 30 April 2024 the Directors proposed a final dividend for the year ended 31 December 2023 of 8p per share. The dividend has not been accrued in these financial statements because the dividend was declared after the balance sheet date.

The Group has exercised the second one-year extension, which means that the overall lending facilities are now available until 31 March 2026.

31. BUSINESS COMBINATIONS

On 20 April 2023 the Group completed the acquisition of Beckworth Limited, whose principal activity is that of the operation of a retail garden centre. In calculating the goodwill arising on acquisition, the fair value of net assets acquired have been assessed and no adjustments have been considered necessary.

	Book value £000	Fair value adjustments £000	Fair value £000
Fixed assets			
Tangible fixed assets	6,954	1,846	8,800
Current assets			
Stocks	1,506	-	1,506
Debtors	177	-	177
Cash and bank balances	4	-	4
Creditors: amounts falling due within one year	(1,423)	(462)	(1,423)
Provisions for liabilities	(257)	-	(719)
Net assets	6,961	1,384	8,345
Goodwill			5,017
Total purchase consideration (including expenses of £326,757)			13,362

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

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2023

31. BUSINESS COMBINATIONS (continued)

On 5 May 2023 the Group completed the acquisition of Fosseyway Garden Centre Limited, whose principal activity is that of the operation of a retail garden centre. In calculating the goodwill arising on acquisition, the fair value of net assets acquired have been assessed and no adjustments have been considered necessary.

	Book value £000	Fair value adjustments £000	Fair value £000
Fixed assets			
Tangible fixed assets	11,174	420	11,594
Current assets			
Stocks	1,188	-	1,188
Debtors	103	-	103
Cash and bank balances	1,737	-	1,737
Creditors: amounts falling due within one year	(1,429)	-	(1,429)
Provisions for liabilities	(252)	(105)	(357)
Net assets	12,521	315	12,836
Goodwill			951
Total purchase consideration (including expenses of £187,177)			13,787

On 31 July 2023, the Group completed the acquisition of the nursery trade and assets of Glendale Horticulture Limited, whose principal activity is that of the operation of growing nurseries. In calculating the goodwill arising on acquisition, the fair value of net assets acquired have been assessed and no adjustments have been considered necessary.

	Book value £000	Fair value adjustments £000	Fair value £000
Fixed assets			
Tangible fixed assets	402	-	402
Current assets			
Stocks	754	-	754
Net assets	1,156	-	1,156
Goodwill			259
Total purchase consideration (including expenses of £59,000)			1,415



Gloucestershire
3 SHIRES
Garden Centre
 Ledbury Road
 Newent GL18 1DL



Northampton
BECKWORTH EMPORIUM
Garden Centre
 120-140 Glebe Rd
 Mears Ashby
 Northants NN6 0DL



Oxfordshire
BICESTER AVENUE
Garden Centre
 Oxford Road
 Bicester, Oxon
 OX25 2NY



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



Nottinghamshire
BLUE DIAMOND
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 at East Bridgford
 Fosse Way
 Nottingham NG13 8LA



Derbyshire
CHATSWORTH
Garden Centre
 Calton Lees
 Beeley
 Matlock DE4 2NX



Hertfordshire
CHENIES
Garden Nursery
 Nr. Rickmansworth
 WD3 6EN



Cambridgeshire
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Garden Centre
 Cambridge Road
 Coton CB23 7PJ



Derbyshire
DERBY
Garden and Home
 Alfreton Road
 Little Eaton
 Derby DE1 5DB



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 A38, Ivybridge
 Plymouth PL21 9JL



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 Hastingwood
 Harlow CM17 9LD



Herefordshire
HEREFORD
Garden Centre
 Kings Acre Road
 Hereford HR4 0SE



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 Rue du Friquet
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Derbyshire
MATLOCK
Garden Centre
 Nottingham Road
 Tansley
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Shropshire
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Lincolnshire
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Home and Garden
 Peterborough PE1 4YZ



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Hampshire
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 Church Crookham
 Fleet GU52 0AB



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 Great Amwell,
 Ware SG12 9RP



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 Addlestone, Weybridge
 KT15 2BU



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 Eastleigh SO50 6HT



Cheshire
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Garden Centre
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 Nr. Nantwich
 CW5 7SN



Somerset
CADBURY
Garden Centre
 Smallway
 Congresbury
 BS49 5AA



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



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



Worcestershire
EVESHAM
Home and Garden
 The Valley Twyford
 Evesham WR11 4DS



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



Gloucestershire
FOSSEWAY
Garden Centre
 Stow Road
 Moreton-in-Marsh
 GL56 ODS



Cheshire
FRYER'S
Garden Centre
 Manchester Road
 Knutsford WA16 OSX



Cheshire
GROSVENOR
Garden Centre
 Wrexham Road
 Belgrave
 Chester CH4 9EB



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MELBICKS
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 Chester Road
 Coleshill
 Birmingham B46 3HY



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 Stafford Road,
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Gloucestershire
NAILSWORTH
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 Nailsworth
 Stroud, GL6 OBS



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 Broadbridge Heath
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Dorset
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 Elizabeth II
 St Peter JE3 7BP



Cornwall
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 Sladesbridge
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We just keep growing...



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