Wyevale garden centres capital limited

Formerly Trellis Capital Limited

Annual Report 2014

bringing the joy of the garden to everyone

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Overview

2014 has been a year of investment for the Group, which oversaw the successful completion of a number of key investment initiatives to help drive forward our three pillar business strategy of: Strengthening the Core, Growing our Core Sales and Growing our Estate. A major highlight of the year was our rebranding to Wyevale Garden Centres, a name that has a strong heritage within the garden centre industry, and has proven to resonate with our customers. We also continued to grow the footprint of the business with a number of key acquisitions made throughout the year.

About Wyevale Garden Centres

Wyevale Garden Centres Capital Limited ('Wyevale Garden Centres') and its subsidiaries (the 'Group') is the largest UK garden centre operator with 148 garden centres in its portfolio across England and Wales.

Wyevale Garden Centres began as a mail-order nursery in 1932 and later expanded into one of the UK's earliest garden centres in 1966. Today we are proud of our heritage and of the unique histories of our 148 garden centres. We employ over 5,900 enthusiastic and knowledgeable staff and generate revenue through the garden centres' garden and horticultural retail offering, food and beverage, coffee-shops and concession income from third-party retailers.

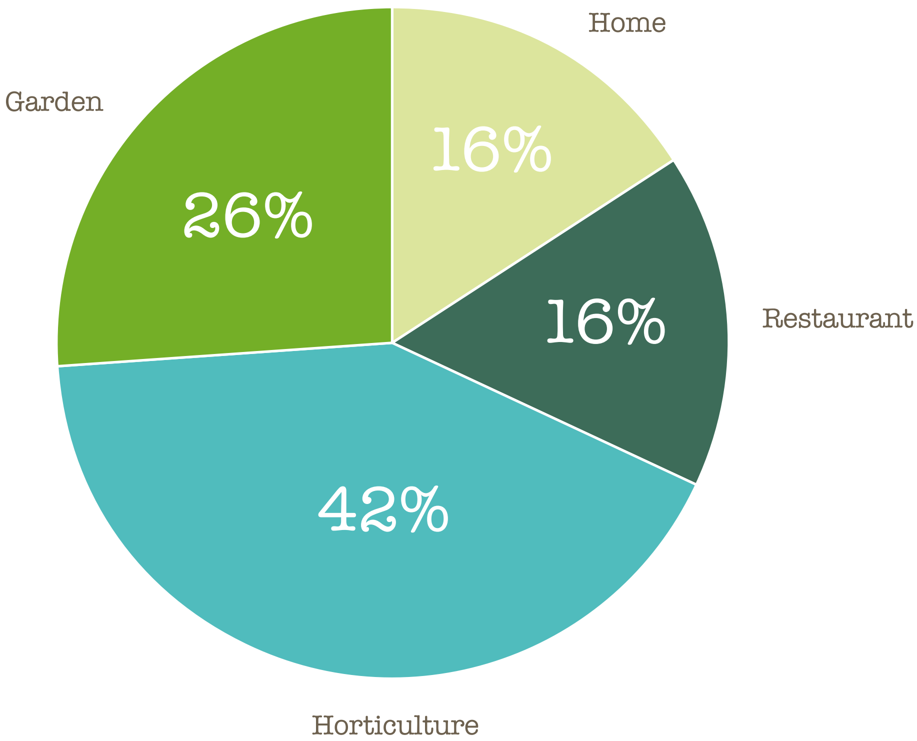
Formerly Trellis Capital Limited, Wyevale Garden Centres re-branded in July 2014 to better reflect our strong heritage at the forefront of UK gardening tradition and to enhance visibility by building a consistent national identity for our business with strong brand recognition and positive associations among consumers.

Highlights for the year

Group performance

	2014 £'m	2013 £'m
Revenue – sale of goods	290.4	276.2
Concession income (note 4)	18.1	14.3
Operating profit	34.1	22.0
Reported EBITDA[i]	56.1	42.7

2014 Revenue by category



i Reported EBITDA defined as earnings before Interest, Tax, Depreciation, Amortisation, Exceptionals, Acquisition costs and excluding the share of profit from associate – see note 8 for full reconciliation

The year in numbers

Number of centres

148

9 increase
on last year

Number of Garden Club members

Circa

2.7m

0.3m increase
on prior year

Group reported EBITDA[I]

£56.1m

£13.4m increase
on prior year

Number of employees[II]

Circa

5,900

250 increase
on prior year

Capital expenditure

£34.6m

£20.4m increase
on prior year

Growth in reported EBITDA year on year

31.3%

vs 2013

II Average number of employees on payroll during the year. Employee numbers as per note 9 are based on full time equivalents.

Location location location

With 148 centres in England and Wales our business stretches all the way from Northumberland in the north to Lelant at the south-western tip of the UK. We are proud of the unique history of each of our centres.

Examples of our diverse estate include;

Heighley Gate – Set in 40 acres of immaculately tended gardens in the spectacular Northumbrian countryside.

Brooks in Bude, Cornwall – One of our newest acquisitions with its Garden Kitchen restaurant and selection of Cornish exotic plants.

148

Garden Centres
9 increase
on last year

Chairman's statement

Highlights of the year include our rebranding to Wyevale Garden Centres, to better reflect our strong heritage at the forefront of UK gardening tradition and to enhance visibility by building a consistent national identity for our business with strong brand recognition and positive associations among consumers.

Stephen Murphy
Chairman

Overview

I am pleased to present the financial statements and accompanying report for Wyevale Garden Centres Capital Limited and its subsidiaries (the 'Group') for the year ending 28th December 2014.

2014 has been a year of investment for the Group, which oversaw the successful completion of a number of key investment initiatives to help drive forward our three pillar business strategy of: Strengthening the Core, Growing our Core Sales and Growing our Estate. A major highlight of the year was our rebranding to Wyevale Garden Centres, a name that has a strong heritage within the garden centre industry, and has proven to resonate with our customers. We also continued to grow the footprint of the business with a number of key acquisitions made throughout the year. Our store improvement programme was significantly stepped up in 2014 and we also launched several food and beverage initiatives including extending our in-store coffee shop offering and a major restaurant revitalisation project designed to generate significant revenue improvements from minimum outlay. The combination of these factors has resulted in strong financial performance for the year, and ensures we are well-positioned to drive forward the continued development of the business.

Performance

2014 has once again been a successful year for the Group, with the continued development of the customer proposition across all the three core areas of the business- core retail, food and beverage operations and concession partnerships. There has been continuation of the improvement in margins, driven by a focus on the supplier tendering process and central hub distribution, which is a new innovation in our industry. However, the Group again faced challenges from mercurial weather patterns during the year. Although we benefitted in the first half of the year from higher than average temperatures, we once again experienced unsettled periods throughout the later parts of the year. This had some impact on footfall. However, the progress made with margins, the Group's further focus on cost control across the business and working to transfer non-core lines to concession partners has ensured that overall there has been a significant improvement in profitability year on year.

Acquisitions

During the year the Group successfully completed the acquisition of nine additional garden centres. Brooks Garden Centre was acquired in the first half of the year, followed by the acquisition of Moreton Park, Ashford, Raglan and Podington Garden Centres in the second half of the year. Podington was awarded the 2014 Garden Centre Association award for Best Garden Centre in the North Thames Region, reflecting the quality of the centres acquired. The final acquisition for the year was Golden Acres, a chain of four centres acquired at the end of December. This brings the total number of centres in the portfolio to 148.

Executive management team

We continued to strengthen the executive management team in 2014 with the recruitment of two new Executive Directors.

Tim Patten joined us as Director of Multi-Channel to spearhead our new multi-channel offering which is a key part of our revenue growth strategy. Tim joins us from Morrisons where he was responsible for Marketing and e-Commerce for non-food operations. Prior to this, Tim held a number of senior positions in major retail organisations including Jack Wills, a brand retailing British heritage inspired goods.

In December 2014 Lisa Cherry joined the Group as the Human Resources Director. Lisa joins the Group from WHSmith, where she was Head of Human Resources for the Travel Head Office and International Businesses as well as the Group Head of Learning and Development. Previously Lisa held a number of senior HR roles in WHSmith and Sainsbury's, with both UK and international responsibilities including in Asia, Australia and the Middle East.

I am also pleased to welcome on the Board three new appointments to improve governance and bring further business expertise:

Rupert Gavin joined the Board in January as a Non-Executive Director. Rupert was previously CEO of Odeon & UCI Cinemas and prior to that held senior executive positions at the BBC, BT and Dixons Group.

Arnold Vos joined the Board as Non-Executive Director after previously working with the Group as Head of Corporate Finance while on secondment from Terra Firma.

Stephen Julius also joined the Board as a Non-Executive Director. Stephen is an entrepreneur and business owner, focused on acquiring and re-launching iconic consumer brands through his privately owned firm. Stephen has vast experience of working with other private equity backed companies both in Europe and the USA.

Outlook

The continued economic recovery brings with it a higher level of confidence within the retail industry, with the market expecting to see growth levels consistent with that of the economy overall. This offers some exciting opportunities for the Group. However competition is also expected to increase, with more online retailers offering gardening products. It is therefore important for the Group to remain focused on driving both greater levels of service and innovation in our sector. We will continue to concentrate on these key factors, including the further development and delivery of a robust multi-channel offering. I am confident that the Group has a strong base from which to continue to drive forward growth, and to ensure we retain our reputation as leaders in the garden centre industry.

Stephen Murphy
16 April 2015

Chief Executive's report

This has been a very active year for the Group during which we have furthered our acquisition programme by adding nine new centres to the portfolio and started to roll out our store improvement programme. Further implementation of our strategy has again driven strong financial results, with the business exceeding the prior year on all key financial metrics.

Kevin Bradshaw
Chief Executive Officer

Wyevale garden centres

Group revenue grew by 5.1% to £290.4m
2013: £276.2m

Gross margin increased by 3.3% to 56.5%
2013: 53.2%

Operating profit increased by £12.2m to £34.2m
2013: £22.0m

Reported EBITDA increased by £13.4m to £56.1m
2013: £42.7m

Reported EBITDA margin increased from 15.5% to 19.3%

Overview

These results have been delivered through a series of management initiatives implemented during the year including the completion of our supplier tendering process, the implementation of new third party hub distribution, improvements in cost control, stock wastage reduction at centres and steps to drive down the cost of back office support functions. The overall result is the establishment of a lean cost base to help ensure that the business maximises profitability as it continues to grow.

The three pillar business strategy

In 2013 we launched our three pillar strategy, outlining the principles which would drive Wyevale Garden Centres forward. This strategy focuses on strengthening the core business, growing core sales and growing our estate.
The overarching objective of the strategy is to improve cash generation from the core business via margin improvement. This has been a key focus of the management team for the last two years. This cash generation is then put to work in two ways: first, to drive organic revenue growth through capex driven enhancements to the core estate and the development of an online channel to complement our physical centres. Second, to acquire further independent garden centres when we are confident that value can be added through their integration in the wider Group business model. With a current estate of 148 centres we see a clear opportunity for very significant future growth in this area.

Achievements towards strategy

A summary of the key achievements under each strategic pillar are as follows:

1. Strengthening the core

Group-wide achievements

The most visible development over the past twelve months has been the rebranding of the business to Wyevale Garden Centres, which is now used as a national identifier across all of the Group's garden centres. The Wyevale Garden Centres name has a strong heritage in the industry, and resonates extremely well with our customers. We believe this to be a vital asset as we continue to develop a greater national presence. At the same time the re-branding has been designed to maintain a local feel to centres, with specific ranges and offerings tailored to the local demographic. The overall objective with the brand is to achieve the 'best of local, best of national'.

Garden centres

The management team has made significant progress to reduce the direct costs of operating the garden centres, which is a key step in ensuring the Group's operating model can drive the highest amount of added value from future acquisitions. The Group completed a supplier re-tendering process during the year which has led to suppliers being offered higher security through longer term contracts, with the Group benefitting from improved trading terms in return. We have also introduced central hub distribution. This is a new innovation in our industry, which will drive down distribution costs as we now use a single distributor to supply all centres, rather than all suppliers delivering separately. We have also introduced a higher level of flexibility in our workforce, through initiatives such as hours banking, enabling colleagues to take time off during quiet periods and make up those hours during peak trading. This helps reduce overtime charged to centres and offers colleagues the benefit of greater work flexibility.

Food and Beverage

The focus for the Food and Beverage (F&B) segment has been to improve the customer proposition. A new menu has been launched, which utilises produce that is currently in season and serves 'the garden on a plate'. This is designed to utilise ingredients grown from plants available to buy in our centres. This is expected to capitalise on the growing trend for grow-your-own which has recently gained popular appeal through increased exposure in the media.

We have also reviewed our F&B supplier base to ensure we are obtaining the best possible ingredients at the lowest price. This process was completed late in the year and so although we have started to see benefit we expect this to deliver a further increase in future margins.

As a result of the above initiatives the gross margin across the estate has increased by 3.3% from 53.2% to 56.5%. This is a good result, and a fair reflection of the progress which has been made.

Chief Executive's report
(continued)

2. Growing core sales

Group-wide achievements

The Group has access to a large amount of data gathered from the 2.7m members of our Gardening Club. This year we have implemented a CRM strategy to ensure we make full use of this information by analysing buying patterns and habits to ensure that we offer the right product in the right place at the right time.

Garden centres

During the year we have started to roll out our planned store improvement programme across the Group. As a part of this project we have undertaken a comprehensive category review, assessing the commercial attractiveness of each product group that we trade. The role that every product category plays in attracting customers to the centres or presenting impulse purchase opportunities is now fully understood and is being used to inform the customer journey, category location in store and category mix of the retail offer estate-wide. In certain instances, where the product group can be better traded by a third party operating on our estate, we have elected to concession the category receiving a stable rental income from the retail partner operating on our centre. This has led to a level of reduction in own retail revenue. However the rental income generated is more lucrative than the margins on the lines in question.

Food and Beverage

Alongside the store redevelopment, we have also initiated a restaurant improvement programme, re-launching restaurants under the banner of 'Garden Kitchen' as each brings aspects of the Garden into its surroundings. We have launched our own in house coffee shop concept 'Coffee Ground' which is used in stores not large enough for a restaurant, or destinations capable of supporting both a restaurant and coffee shop. Alongside our own brand coffee shop, we have also introduced Costa Coffee franchises where it is considered to meet the needs of the demographic. The Costa Coffee stores rolled out so far have been very successful, and we have recently been awarded the Retail Franchise Partner award for 2015 by Costa. These programmes are currently being rolled out across the Group and initial results have shown a significant uplift in sales at each of the completed sites.

Concessions

We have continued to increase the level of expertise within our commercial department, who are responsible for building relationships with new partners. 2014 saw a rise of 25.7% in concession incomes to £18.1 million, with a run rate of £19.8 million at the end of the year (excluding Golden Acres, Podington, Raglan and Ashford garden centres). We have also introduced a number of new high profile brands into our centres including Brantano for footwear, Jolleys for pets and Peacocks for clothing. We anticipate the trend for growth in concessions to continue as we roll-out the category review across the remainder of the estate.

25.7% increase in concessions income

3. Growing our estate

Group-wide achievements
In 2014 we have successfully improved the performance of the strategic acquisitions we made during 2013 through leveraging the Group operating model. These acquisitions included Bolton, Cheddar and Lechlade garden centres, and the Garden and Leisure chain. This has generated a strong result and clearly demonstrates the Group's ability to deliver significant value from acquisitions.

Over the past 12 months we have invested heavily in strengthening our ability to acquire and integrate further garden centres. We have developed a team with deep experience of acquisitions and have engaged consultants and advisors to help develop our internal processes to ensure that any future acquisitions are integrated as quickly as possible.

As a result of this investment I am proud to welcome a further nine garden centres to the Group this year. In 2014 we acquired five individually owned garden centres: Brooks, Moreton Park, Podington, Raglan and Ashford, alongside Golden Acres, a chain of four sites. Although all these are highly successful centres, we believe that there is significant further potential to be realised from the roll out of our store improvement programme across these new acquisitions.

Key assets of the Group

Our colleagues are our fundamental asset and key to the ongoing success of our business. I'm extremely proud of the high calibre of motivated and dedicated individuals we employ throughout our centres and support office. During the year we have dedicated a significant amount of time and resources to identifying how we can further improve the working experience within Wyevale Garden Centres. This process included running workshops with employees and undertaking colleague satisfaction surveys, the results of which were highly encouraging and allowed us to identify areas of focus to improve colleague engagement even further. We continue to place high emphasis on training and development, and have rolled-out a number of programmes during the year to all levels of employees.

Our 148 garden centres are also critical assets to the business. Through the improvement programmes outlined above we have made significant investments during the year to ensure that the centres are of a standard that our customers expect, ensuring that we have the appropriate infrastructure in place to continue to grow the business.

The strong Balance sheet and strong cash generation of the business are also key assets. These resources allow for the execution of the Group strategy, as we have the ability and resources to drive forward sector consolidation.

The Wyevale Garden Centres brand name is also a key asset, which has been recognised during the year through the adoption of this name across our entire estate. The strong heritage of this name within the industry resonates with our customers, and adopting this identity will help raise the visibility of the Group nationally.

Future outlook

I am confident that the next twelve months will bring further strong results and great opportunities for the business. I firmly believe that the organic sales momentum started in Q4 will continue as a result of the initiatives we have put into place. A key event over the next twelve months will be the launch of our full multi-channel offering which, with home delivery and Click-and-Collect, will offer greater ease of shopping for all our customers. This launch will also attract a new customer demographic to the business, and represents another clear lever to drive organic sales.

Finally, I expect the Group to continue making a significant number of targeted acquisitions. We have demonstrated that we have the infrastructure in place to acquire and successfully integrate new centres, adding value to the Group. I am confident, on the strength of our compelling strategy and with the current range of initiatives in place, we can continue to drive substantial gains in the value of the business over the coming years.

Kevin Bradshaw
16 April 2015

Strategic report

The garden centre sub-sector continues to offer strong opportunities for the Group. The continued high level of independent businesses offers plenty of opportunity to grow the business through acquisition and the Group is well positioned to defend its place in the industry.

The Story

1932-2014

1932
Harry Williamson establishes Wyevale Nursery in Hereford

1966
Wyevale Nursery expanded into one of the earliest 'garden centres'

Total 1 garden centre

1987
Listed on the London Stock Exchange

2000
Acquisition of Country Gardens plc

2006
De-listed from London Stock Exchange

2009
Company renamed as The Garden Centre Group

Rebranding of centres

Garden Club launched

2010
Total of 116 garden centres owned by the Group

Group wins a raft of awards at the Garden Retail Awards

1 million Garden Club members

2012
The Garden Centre Group is bought by Terra Firma

2013
Acquisition of three sites: Bolton Garden Centre, Cheddar Garden Centre and Lechlade Garden Centre

Acquisition of The Garden & Leisure Group, adding seven large centres.

Total 139 garden centres

2014
Acquisition of Brooks, Moreton Park, Ashford, Podington and Raglans, followed by the acquisition of Golden Acres Group at the end of the year.

Rebranding of the Group to Wyevale Garden Centres

2.7 million Garden Club members

Total 148 garden centres

Who we are

The primary function of the Group is the operation of garden centres. The Group generates income in three key ways:

1

The operation of garden centres, which sell a variety of garden, home and associated retail products

2

The food and beverage offering, which includes a number of restaurants and coffee-shops operating from the garden centres

3

Concession income generated from sub-letting space to third party retailers

The Group's retail offering is extensive, with products on offer including

plants
fertilisers
tools
garden sheds
wellington boots
garden furniture
food
giftware and cards
pet supplies

We sell our products through retail, internet and wholesale operations (via our nurseries) in the UK.

Our market

The garden product market was worth an estimated £5.4 billion in 2014[III], and is expected to grow to £6.7 billion by 2019. Garden centres and DIY chains are key operators in this market, with respective shares of 31% and 32% in 2013, although the market also includes supermarkets and other large retailers.

In addition to operating in the garden products market, the Group has also established a leading role in the garden centre sub-sector. There are approximately 1,000 garden centres in the UK, of which 279 are owned by chains.

Garden centres

The garden centre sub-sector remains heavily fragmented, however there is a growing presence of specialist chains, Wyevale Garden Centres is the largest with 148 stores, and Dobbies the next biggest with 35 stores. There has been a high level of investment made by independent garden centre owners in order to bring their stores up to standard to compete with the larger groups. This focus has specifically been around improving the Food and Beverage offering and concentrating on adding further leisure facilities in order to appeal to a broader market. There has also been focus on product ranges, to improve the quality of what is presented to the consumer.

III Source: Mintel (2014) Garden Products Retailing – UK – July 2014.

DIY chains
DIY chains continue to compete with garden centres, and during 2013 they managed to increase their market share by 1%. However recently two of the largest DIY chains have announced store closures. Mintel have found that DIY stores appeal more to the 30-50 year old demographic, with garden centres appealing to the 50 plus market.

Supermarkets/other retailers
There has been an increase in competition in the market over current years coming from supermarkets and other large retailers. Waitrose expanded its 'Garden Pod' concept (small areas in stores dedicated to garden products) to 180 stores in 2013, and launched new ranges with tie-ins with media personality Alan Titchmarsh. Tesco has started to stock Dobbies branded ranges within its stores to capitalise on the brand name. Next has also entered the market, with its dedicated Next Home & Garden stores. IKEA has also started stocking garden products.

Mail order / Internet
Mintel estimate that 9.9% of sales within the garden product market were made via on-line retail in 2014. This is a low proportion compared to other industries, but the proportion is growing each year. The trend has seen more big ticket items being purchased online rather than smaller purchases, with garden ornaments being the biggest sellers. It is considered that stores will always play a significant part in the market, as consumers wish to check the freshness of plants before purchasing them. However it is also believed that multi-channel will be a key to retail success in plant sales as well as non-plant products as customers want the simplicity of reserving online and picking up the product of choice in store.

There are already a number of well-established specialist plant and seed sellers online. Additionally larger retailers such as John Lewis/Waitrose and Next are adding garden products to their online offering. Wyevale Garden Centres will be launching their full on-line offering during 2015, expanding on the Click-and-Collect services that are already available.

Market seasonality

Success within the garden centre sub-sector has always been closely linked with the weather conditions within the UK, and 2014 again brought mixed fortunes. Late January to mid-February witnessed some of the strongest storms on record, although with much higher than average temperatures. The spring season was somewhat unsettled, with higher rainfall than average especially in the South and Central England. June and July brought some warm, sunny weather, although August saw a return of unsettled rainy spells. Autumn was much more favourable, with long period of fine weather. On the whole, the year saw more rainfall than 2013.

Given the variability in UK weather trends over the past few years there has been a focus by retailers to develop strategies to 'weather-proof' their business and tackle the peaks and troughs unsettled weather causes. A number of retailers have undergone refits to ensure more retail space is covered, and, where possible, enclosed and heated, aimed at providing a more enjoyable leisure experience all year round. In-store restaurants, coffee shops and added leisure facilities such as temporary ice rinks and soft play are also becoming more crucial in driving footfall.

Future expectations

There is confidence within the industry that the Garden product market will experience strong growth over the next couple of years, as consumer confidence grows and economic conditions improve, allowing more disposable income for leisure activities. Mintel projects the market to grow approximately 24% over the next 5 years. The largest opportunity is seen in making gardening easier for consumers, which will be key to tapping into the younger demographic. It is also expected that retailers will aim to differentiate themselves by heavily marketing their subject matter expertise, giving the consumer a reason to come in store rather than shopping online. It is also expected that the recent trend in store refurbishment will continue, helping to push up the standard in the industry, and set a benchmark between the high end and value retailers.

Our market (continued)

Impact on the Group

The garden centre sub-sector continues to offer strong opportunities for the Group. The continued high level of independent businesses offers plenty of opportunity to grow through acquisition. Furthermore it would be very difficult for a competitor to replicate the portfolio of centres the Group currently owns, meaning the Group is well positioned to defend its place in the industry.

DIY chains will continue to compete with the Group for market share, as will supermarkets and high street retailers that are looking to further capitalise from garden product sales. The Group however benefits from being a specialist in the market. DIY stores and high street retailers will always offer a significant amount of other product categories, limiting the quantity of gardening product ranges they will be able to offer. Furthermore, the Group employs and trains staff to have in-depth horticultural knowledge, offering all staff the opportunity to enrol on an apprenticeship supported by Pershore college (part of Warwickshire college) with the ability to achieve a City & Guilds Work Based Diploma in Horticulture, something other retailers do not offer. This is essential for the differentiation of the business and for future competition, especially when appealing to new customers who require assistance to make gardening as simple as possible.

The Directors are focused on capitalising on the growing demand from retail consumers for a multi-channel experience when shopping. The group already offers a Click-and-Collect service, which they are looking to expand, and will also introduce increased on-line shopping functionality. This innovation is expected to help the Group reach a new demographic of customers.

As has been the trend in the industry, the Group is executing a programme of store redevelopments. In conjunction with this project, the Group is reviewing the product ranges on offer, and where it makes commercial sense, contracting with concession partners to offer products that are not core to the competencies of the business. This helps to combat the seasonality of the business, as the concession rent is a stable income stream regardless of the weather, combined with the positive impact on footfall throughout the year of having well-known brands situated within the centres.

Having reviewed all of the market data discussed above, the Directors believe that the Group is well placed to compete in this market. The three pillar Group strategy (discussed further on pages 22-24) has been designed to respond to the market conditions, capitalising on these key opportunities while guarding the business from the threats within the industry. This strategy is key in driving forward the business, and securing the future success of the Group.

Composition of Group companies

The Group, currently owned by Terra Firma Capital Partners III L.P., a private equity partnership, is made up of several fully owned subsidiary companies, with three main trading entities: Wyevale Garden Centres Limited (Formerly The Garden Centre Group Trading Limited), Wyevale Garden Centres G&L Limited (Formerly The Garden and Leisure Group Limited) and Wyevale Garden Centre Acquisitions Limited (Formerly Garden Centre Acquisitions Limited). There are two main property companies; Wyevale Garden Centre Holdings Limited (Formerly The Garden Centre Group Holdings Limited) and Wyevale Acquisition Borrowers Limited. The Group also has a 29.8% share in Garden Centre Property Development Trading plc (GCPDT) and a 50% joint venture interest in Blooms Property Limited Partnership. Wyevale Garden Centres Limited also own the newly acquired Podington, Raglan and Golden Acres companies, which are all trading, but did not significantly contribute to the result for 2014.

The Group's business model

The Group sells high quality products carefully selected by our buying team using their knowledge of local markets and our customers. The Group employs circa 5,900 staff members nationally (circa 3,550 full-time equivalents). Our team's experience and our considerable buying power enable us to purchase at competitive prices whilst retaining an emphasis on quality and the reliability of our supply chain. The Group's key income is through the sale of garden and leisure products. However income is also generated from the Food and Beverage operations and concessions that operate on each of the sites. Please see 'Our strategy' section overleaf for in-depth details on the Group's business model.

Our three pillar business strategy

As set out last year the Group's approach to adding value to the business is based on three pillars:

1. Strengthening the core

- Strengthen leadership
- Improve gross margin
- Focus on operating costs
- Maximise return on space

2. Growing core sales

- Expand multichannel offering
- Increase range of own brand product
- Improve marketing effectiveness and brand awareness

3. Growing our estate

- Continue to make acquisitions where terms are attractive

Our progress towards strategy

1. Strengthening the core

The Group has undergone a rebranding during the year which is aimed at building its national identity. The Group holds the rights to a number of brands and significant research was performed to ascertain which of these had the strongest impact on customers. Wyevale Garden Centres was identified as the brand that resonated most with the consumer, given the significant history and association the name has with the horticulture industry. Although the Group is acting to build its national identity, it also recognises the importance of being considered the local community garden centre, and to this end the product offering and image of each centre is being individually tailored to ensure it meets the requirements of the local demographic, for example offering smaller plants at centres in urban areas where consumers are likely to have less space in the garden.

Significant progress has also been made towards lowering the cost base during the year. A supplier tendering process was completed towards the start of 2014 which allowed the Group to negotiate lower prices with suppliers by offering a higher level of security through longer term contracts. This has had significant benefit on the margin during the year, and allows for future acquisitions to be moved quickly onto the same purchasing terms as the rest of the Group.

The Group has also introduced central hub distribution during the year. A single warehouse is being used for all suppliers to deliver to, from which our distribution partner sends a single truck to each garden centre. This has financial benefits, as it is more efficient to have a single distribution company delivering to each centre, rather than having a delivery from each supplier. It also has environmental benefits, as we have reduced the number of vehicles on the road delivering on behalf of the Group.

Increased flexibility in the workforce has also helped reduce the level of expenditure on wages and salaries. This has focused on ensuring the right colleagues are in the right place at the right time to meet the needs of the customer and the operations. This has therefore helped reduce the level of overtime being paid by the Group.

Investment has been made into the Food and Beverage offer to further refine the customer proposition. The menu has been revised to ensure that meals on offer draw on seasonal produce, and are changed on a monthly basis to ensure they are always seasonal. The suppliers being used have also been reviewed to ensure the Group is getting the highest quality produce at the best possible price.

2. Growing core sales

A store redevelopment programme has been rolled out during the year and has been implemented across 31 centres. The programme aims to refresh the centres, performing necessary maintenance work while improving the overall customer experience. In conjunction with this project the Group has been reviewing the product ranges on offer at each centre, ensuring that the focus of the retail operation remains on the core competency of plants and gardening products, while engaging with concession partners to offer lines and ranges that are complementary to our offering, but do not fall within this area of expertise. This has led to a number of successful new offerings and partnerships, including farm shops, Laithwaites for wine, Brantano for footwear and Peacocks for clothing. This strategic focus has led to some top line revenue reduction, as the sales move to our concession partners. But overall the margin impact is positive, as the income generated from the concession partners is more profitable than offering these products directly.

A restaurant improvement programme has also been introduced during the year, designed to add a ‘sparkle’ to our Food and Beverage offering. Each implementation is designed carefully to ensure the biggest possible impact to the customer experience at a minimal outlay to the business. The project is key to helping transform the centres from a retailer to a wider leisure experience. The project was initially trialled at three sites, but after encouraging results showed an uplift in sales and footfall, the programme is gradually being rolled out across the whole estate.

Securing return custom and brand loyalty is of top importance to the business. Key to achieving this is The Garden Club scheme. This year the scheme reached 2.7 million members, and management have focused during the year on ensuring that the full benefit is leveraged from this. Detailed analysis of buying habits and patterns has been performed, to ensure that mailings and offers to members have the maximum possible impact. Further benefits have also been rolled out to members, such as free tea or coffee when spending over a certain amount, and 2 for 1 breakfast deals. This has helped drive both footfall and further sign-ups, maximising the potential audience for any targeted marketing programmes.

The outdoor plant area of our centres has also been redesigned in the year, with visual merchandising improvements to help simplify finding products, for both novice and expert gardeners. It is expected that these initiatives will continue to encourage both new and returning customers.

The Garden Club reached 2.7 million members this year.

Our progress towards strategy
(continued)

3. Growing our estate

Over the past 12 months there has been a focus on ensuring the Group has the correct level of internal expertise and experience to ensure that acquisitions are made smoothly and integrated quickly with the least possible interruption to business. There has been an increase in the size of the acquisitions team, with more people added to aid identifying and negotiating terms with targets and to work directly with new centres once the purchase has been completed, encouraging smooth implementation of new IT infrastructure and operational processes.

As a result of this investment the Group has been able to welcome a further nine garden centres to the Wyevale Garden Centre Group this year. The Group has acquired five individually owned garden centres; Brooks, Moreton Park, Podington, Raglan and Ashford, alongside Golden Acres, a chain of four sites. These sites are already successful centres but management believes that there is still a large amount of additional potential to be generated from the roll out of our store improvement programme to these new acquisitions.

During 2013 the Group made a number of strategic acquisitions including Bolton, Cheddar and Lechlade garden centres, and the Garden and Leisure chain. The Group has successfully managed to improve the performance of these centres during the year through leveraging the Group operating model. Management sees this as an exceptional result that demonstrates the Group's strength of integrating acquired businesses.

Review of business segments

The progress made towards the Group strategy has led to significant improvements in the underlying business model of the Group. Management regularly review the performance of each operating segment based on a number of key performance indicators (KPIs). The improvements across these KPIs (as set out below) reflect the success management has had with adding value to the business, and creating a platform from which to add further value to future acquisitions.

Core Retail KPI for the year ending 28th December 2014

Core retail					
General	2014	2013	Financial	2014	2013
Number of stores:	148	139	**Revenue per sq ft:**	£136.54	£135.26
Number of transactions:	12,197,000	12,187,000	**Gross Margin per sq ft:**	£72.42	£59.27
Footfall conversion:	28.1%	N/A	**Contribution per sq ft:**	£29.97	£26.80

Food and Beverage KPI for the year ending 28th December 2014

Food and Beverage					
General	2014	2013	Financial	2014	2013
Number of Restaurants:	108	99	**Revenue per sq ft:**	£106.80	£109.22
Number of transactions:	5,856,000	5,825,000	**Gross Margin per sq ft:**	£79.75	£81.80
			Contribution per sq ft:	£25.76	£23.07

Please note:

a) Transaction data excludes sites which were formerly part of the Garden and Leisure estate, Golden Acres sites, Podington and Raglan Garden Centres. Financial information excludes Golden Acres sites, Ashford, Podington and Raglan garden centres, as the proximity of these acquisitions to year end has meant the relevant data is currently unavailable.

b) 2013 comparatives include the full year pro forma results for 2013 acquisitions (being Garden and Leisure Group and Bolton, Cheddar and Lechlade Garden Centres).

c) Space data reflects the total area of the estate as at the 28 December 2014 (excluding Golden Acres, Ashford, Podington and Raglan. Significant investment has been made into the Food and Beverage offering in the second half of 2014, leading to a higher level of space occupancy, however the corresponding increase in run rate revenues and margin will not fully kick in till 2015.

Concessions KPI for the year ending 28th December 2014

Concessions					
General	2014	2013	Financial	2014	2013
Number of individual concessions:	566	478	**Total concession income:**	£18.1m	£14.4m
Number of Concession partners:	209	178	**Income per Sq ft:**	£21.68	£20.71

KPIs

The KPIs outlined above demonstrate the success of the Group strategy of transferring non-core lines to concession partners during the year. This has resulted in an increase in both the revenue and profitability of the garden centres, with increases in the gross margin and contribution per square foot seen across our core retail business. The space and partner data indicates the extent of the growth of the Group's concessions, and improvement in the income per square foot is a reflection of the Group's strength in negotiating with new and existing partners as they continue to benefit from this growth.

Footfall conversion is a metric the Group has started to monitor over the past year, and will be an area of focus over the next year as comparative information becomes available.

Our people

Management recognises that knowledgeable and dedicated employees are fundamental to the success of the business. The Group strives to hire and retain the best people by offering an industry-leading training and development programme alongside a strong support network across the Group. The Group's training and development framework includes two different apprenticeship schemes in conjunction with Pershore college (part of Warwickshire college) as well as innovative e-learning and management development programmes. In order to offer the appropriate support for employees, the Group offers flexible working, runs a confidential employee hotline, and Employee Assistance Programme, a service which provides advice on debt, retirement, legal advice and short-term counselling. Further details for our employment policies can be found on pages 40-43.

Further information

For further details on the Group's KPIs, principle risks and uncertainties as well as an overall fair review of the business, please refer to the Financial Review, page 27.

For details on future developments and plans for the business, please see the Chairman's Statement commencing on page 08.

Lorenzo Levi
16 April 2015

Financial review

Investment has taken a number of forms in 2014, most notably on acquisitions and capital expenditure spent across the store improvement programme, rebranding and non-development work required to maintain the standards of the Group. This investment has led to a strong increase in overall Group profitability.

Chief Financial Officer report

Operating performance

2014 has been a year of investment for the business, with cash being invested to drive the continued growth of the Group. This investment has taken a number of forms, most notably £28.3 million spent on acquisitions and £34.6 million of capital expenditure across the store improvement programme, rebranding and non-development work required to maintain the standards of the Group. This investment has led to a strong increase in overall Group profitability. The category review performed during the year has seen a reduction in revenue- sale of goods, as non-core categories have been moved to concession partners rather than being offered directly by the Group. Conversely, this has led to a sizable increase in the concession income for the year.

This strategy of discontinuing own retail of non-core products, coupled with significant improvements generated from the supplier re-tendering process completed during the year, has led to a 3.3% increase in gross margins for the year, a significant achievement for the Group.

Another key achievement during the year has been the successful integration of 2013 acquisitions into the Group's operating model. This has resulted in a significant uplift in the total reported EBITDA for those sites year on year, demonstrating the value the Group has been able to add. These results inspire confidence that the Group is well placed to continue to add value to the business through future acquisitions.

The Directors consider reported EBITDA to be the key profit performance indicator for the business, which as a percentage of sales has increased by 3.5% from 15.8% to 19.3%. The final reported EBITDA of £56.1 million is a £13.4 million increase on 2013. This is a fantastic result for the Group and reflects the significant amount of time and effort invested into lowering the cost base and maximising efficiency and productivity across the estate.

Quality of earnings

The reported EBITDA of £56.1 million (2013: £42.7 million) excludes certain items which management consider to be exceptional in nature.

The key exceptional item that has a positive impact on profit was the recognition of negative goodwill of £2.7 million (2013: £0.6 million) arising on the acquisitions made during the year. Also £1.0 million profit was recognised on the sale of one of the Group's disused garden centres at Castleton. The site was sold to a developer for alternative use.

The key exceptional items which have negatively impacted the profit for the year are associated with the transformation projects which commenced last year, and include a number of smaller projects designed to set the strategy for logistics, pricing and estate optimisation. These are all considered to be non-recurring items that should be excluded from the results to get a true picture of the underlying profitability of the Group. Furthermore, all these costs are expected to generate significant future benefit, as this expense was required to ensure that the correct strategies are in place to drive the business forward.

The underlying operating profit includes the unwinding of unfavourable lease provisions. This release reduces the operating costs for the year, bringing rent charges in-line with current market average rentals. This will continue to unwind over the remaining life of the leases, and is expected to be fully utilised by 2055.

	2014 £'000	2013 £'000
Group restructuring costs	(2,535)	(2,001)
Transformational projects	(5,843)	(3,671)
Pension restructuring costs	(108)	(742)
One-off administrative costs	(527)	(849)
Profit on disposal of property plant and equipment	970	1,752
Negative goodwill	2,726	582
Unfavourable lease provision	-	640
	(5,317)	**(4,289)**

Please see note 6 for full details of all exceptional items.

Capital expenditure and acquisitions

During the year a total of £34.6 million has been spent on tangible assets for the business (2013: £13.4 million). The largest part of this investment has been spent on the store redevelopment programme, demonstrating the Group's commitment to bringing the estate up to a high standard to surpass our customers' expectations. In addition we have invested in rebranding all sites to Wyevale Garden Centres, helping to drive the national recognition of our brand. We have also spent a total of £28.3 million on acquisitions (2013: £35.4 million). This included three single centre trade and asset purchases in addition to the share acquisition of two single site centres and Golden Acres, which added a further four centres to the Group. Net goodwill of £1.0 million has arisen across the acquisitions.

Chief Financial Officer report
(continued)

Cash flow

The significant level of investment made into the business during the year has led the Group's cash position to decrease. However, the impact of investment has largely been mitigated by the strong underlying cashflows of the business, with only minimal reliance on external financing required to fund the expansion. As a result, the net cashflow from financing activities for the year was £15.6 million, significantly lower than the £62.1 million spent on acquisitions and capital expense.

Operating cash flow before movements in working capital significantly improved on the prior year, and represents 15.5% of sales (2013: 12.4%). This reflects the strong improvements in the underlying profitability of the business, especially the improvements in cash generation at the 2013 acquisition sites. This improvement is somewhat mitigated by the increase in stock year on year, which was a strategic decision to ensure that the garden centres are able to offer a wider range of products, especially across the landscaping and tooling offerings.

	2014 £'000	2013 £'000
Net cash inflow from operating activities	31,907	37,806
Net cash used in investing activities	(60,175)	(46,543)
Net cash generated from financing activities	15,328	8,949
Net (decrease)/increase in cash and cash equivalents	(12,940)	212
Cash and cash equivalents at beginning of year	31,857	31,645
Cash and cash equivalents at end of year	**18,917**	**31,857**

Net debt

The net debt as at 28 December 2014 was £335.7 million (2013: £273.1 million). In the year the Group made repayments on the external loans of £5.9 million. During the year the Group secured an additional loan facility of £40.0 million, none of which was drawn at the year end. This leaves the Group with significant funding to continue to finance its growth plans.

The Group is required to meet two specific covenants under the bank loan facility: fixed charge cover and leverage cover. The Group has met these requirements with sufficient headroom during the year, and projections show that these will continue to be met for the foreseeable future.

	2014 £'000	2013 £'000
Debt	354,666	304,984
Cash	(18,917)	(31,857)
Net debt	335,749	273,127
Total equity	49,365	49,365
Net debt : equity ratio	**6.8:1**	**5.5:1**

Prior year adjustment to goodwill

During 2013 Wyevale Garden Centres Capital Limited completed the acquisition of Garden and Leisure Group. Within the 2013 Annual Report and Financial Statements, provisional values were allocated to the fair value accounting for this acquisition. In 2014 these provisional amounts have been reviewed and amended as appropriate. The adjustments made relate to the unfavourable lease provision which was recognised on acquisition, reflecting the additional rent the Group is committed to over and above what would be considered a current market rate. This provision was originally made based on the expectation that the current rent would continue for the life of the lease, as the latest rent review was still being finalised. During the current year the rent review has been completed, and the charge has been increased in line with the relevant indexation stipulated in the lease. This has now been factored into the original calculation, and estimates on future indexation have also been included, resulting in an increase in the required provision by £4.8 million. The final goodwill figure in relation to 2013 acquisitions is £10.3 million.

After making this adjustment, the accounting for the acquisition of Garden and Leisure Group is now considered final.

Nils Steinmeyer
16 April 2015

2014 was
a year of
investment

Chief Financial Officer report
(continued)

Financial Highlights	2014 £'000	2013 £'000
Revenue- sale of goods	290,415	276,208
Gross Margin	164,006	146,904
Gross Margin %	56.5%	53.2%
Concession income	18,053	14,343
Loss for the period after tax	(528)	(8,207)
Reported EBITDA	56,136	42,743
Net assets	36,795	38,349

Reported EBITDA for the financial year	Note	2014 £'000	2013 £'000
Operating profit		34,129	21,960
Adjustments for items not included in EBITDA:			
Acquisition costs	7	1,818	1,789
Exceptional items	6	5,317	4,289
Depreciation expense		14,960	14,623
Amortisation expense		38	35
Share of results of associate and jointly controlled entity		(126)	47
Reported EBITDA		**56,136**	**42,744**

Revenue
The Group generated revenue from the sale of goods of £290.4 million for the year ending 28 December 2014, an increase of 5.1% on prior year. The majority of this growth has been driven from acquisitions, with minimal organic growth. This is however a result of management's strategy to discontinue a number of non-core product lines, and instead use concession partners to offer these lines to the customer. This strategy therefore increases concession income at the sacrifice of revenues.

Gross margin
The Group generated gross margin of £164.0 million (56.5%) for the year to 28 December 2014. When compared to 2013 gross profit increased by £17.1 million, which represents an increase in gross margin percentage by 3.3%. This is a reflection of the investment into the business during the year.

Concession income
Concession income grew by £3.8 million to £18.1 million, reflecting the Group's strategy to use concession partners to offer non-core category lines which are complimentary to the main offering. This has resulted in a number of new partnerships during the year, including Brantano, Peacocks and Jollies.

Reported EBITDA (Earnings before Interest, Tax, Depreciation, Amortisation, Exceptional items and Acquisition costs, and excluding the share of result from associate)
The Group recorded a reported EBITDA (refer to note 8) of £56.1 million year to 28 December 2014, an increase of £13.4 million compared to 2013 EBITDA of £42.7 million, and an increase of 99% on 2012. The key drivers behind this result are the improved cost base driven through investment into the supply chain, coupled with tight cost control at centres to maximise efficiency and productivity. The Directors are satisfied with the result, seeing it as an indicator of the success achieved during the year, and the progress made by the Group.

Interest
During the period, the Group incurred finance costs of £35.2 million (2013: £34.1 million), of which £20.1 million (2012: £17.9 million) are not due for payment within the next 12 months. This increase reflects the inclusion of last years accrued interest within the interest bearing balance.

Profit before and after tax
The Group recorded a loss before tax of £0.9 million (2013: loss of £11.8 million) and a tax credit of £0.4 million (2013: credit of £3.6 million) resulting in loss after tax of £0.5 million (2013: loss of £8.2 million).

Capital expenditure
During the year, £34.6 million was invested in the estate (2013: £13.4 million), comprising £3.3 million on land and buildings (2013: £2.2 million) and £31.3 million on plant and equipment (2013: £11.2 million).

Chief Financial Officer report
(continued)

Financial position

The Group's Balance sheet as at 28 December 2014 can be summarised as follows:

	Net assets 29-Dec-13 £'000	Net assets 29-Dec-13 £'000 restated*
Non-Current assets	434,552	377,313
Cash and Cash equivalents	18,917	31,857
Other current assets	66,441	55,139
Current liabilities (excluding borrowings)	(63,001)	(61,481)
Retirement benefit obligation	(1,711)	(1,418)
Deferred tax	(11,954)	(7,633)
Borrowings- external	(167,160)	(137,568)
Borrowings- internal	(187,506)	(167,416)
Other non-current liabilities	(51,783)	(50,444)
	36,795	**38,349**

* Please see note 33 for details on the prior year restatement.

Capital structure

Strong financial capital management is an integral part of the Directors' strategy to achieve the Group's stated objectives. The Group's treasury function is controlled on a day-to-day basis by senior management within defined guidelines and limits as set out by the Board, which ensures that the Group has adequate liquidity in place on both a short term and long term basis.

During the year the Group secured a further £40.0 million loan facility to draw down in future periods to continue to fund the expansion plans.

The Group has external bank debt of £167.2 million (2013: £137.6 million) and also has £187.5 million (2013: £167.4 million) of shareholder loans. The shareholder loan has a 10 year term, and is repayable in April 2022. Please see note 21 for details on the repayment terms of the external debt.

The Group has net debt of £335.7 million (2013: £273.1 million), which includes a shareholder loan of £187.5 million which includes accrued interest of £49.4 million (2013: £167.4 million including accrued interest of £29.3 million).

Excluding the shareholder loan, the Group's net debt is £148.2 million (2013: £105.7 million). The Group is able to borrow at competitive rates and therefore currently deems this to be the most effective way of raising finance.

Gearing (net debt/equity) – including shareholder loans equated to 6.8:1 (2013: 5.5:1). Gearing – excluding shareholder loans equated to 3.0:1 (2013: 2.1:1). The Directors consider that the Group's current gearing is appropriate.

Further information on the Group's capital structure is provided in note 22 to the financial statements, including details of how the Group manages risk in respect of capital, interest rates, foreign currencies and liquidity. A debt maturity profile is included in note 21.

Wyevale Garden Centres Capital Limited, the ultimate UK parent company in which the results of the Company and all of its subsidiaries are consolidated, has share capital of £49.4 million, being 49.4 million £1 ordinary shares (2013: £49.4 million, being 49.4 million £1 ordinary shares).

Cash flow
The Group generated operating cash flows of £31.9 million (2013: £37.8 million), driven by the strong reported EBITDA result for the year (Refer to note 28).

Investing activities resulted in an outflow of £60.2 million (2013: £46.5 million), primarily due to £28.3 million outflow in relation to acquisitions made during the period, and a further £34.6 million spent on capital expense projects (2013: £35.4 million on acquisitions, £13.4 million on capital expense).

Financing activities inflow was £15.3 million (2013: £8.9 million), due to:

- Interest and debt repayments of £32.4 million
- Offset by £48.5 million cash inflow from draw down of banking facilities
- £1.0 million paid for the arrangement of the new £40.0m loan facility

The Group ended the period with £18.9 million cash and cash equivalents (2013: £31.9 million).

Liquidity and investments
At 28 December 2014 the Group had debt facilities of £227.2 million (2013: £193.1 million) (refer to note 21) of which £60.0 million was undrawn (2013: £55.5 million). The undrawn facilities being £25.0 million of a revolving credit facility that is available for use in the daily trading operations of the Group and £40.0 million available for use as development capital expenditure within the Group.

The Group has hedged its exposure to fluctuations in interest rates by taking out an interest rate swap, which fixes the underlying base rate on 90% of the Group's senior debt facilities to March 2017 at a rate of 1.48%.

Post Balance sheet events
There were no disclosable post Balance sheet events prior to the date of signature of this report and financial statements.

Principal risks and uncertainties
There are a number of potential risks and uncertainties, which could have a material impact on the Group's performance and could cause actual results to differ materially from expected and historic results.

The Directors view the following as the principal risks to the Group:

- Weather
- Liquidity risk, interest rate risk, foreign exchange risk and access to funding
- Price
- Credit

Weather
Unpredictable weather conditions represent the main risk to the Group as the principal activities are highly seasonal. The plant area of the business and associated garden products is particularly susceptible to the weather with adverse weather conditions having a negative impact on the performance especially around our Spring/Summer peak season.

The Directors seek to mitigate this risk by 'weather-proofing' the business by increasing investment in restaurants and concessions which are less weather dependent. Additionally, flexibility has been built in to our cost structure to enable the business to respond to trading levels as necessary. Flexible pricing and specific product line initiatives can also be used to generate sales and increase footfall.

Chief Financial Officer report
(continued)

Principal risks and uncertainties
(continued)

Liquidity risk, interest rate risk, foreign exchange risk and access to funding
Day-to-day operations of the business rely on there being adequate access to funding and maintaining liquidity, as well as enabling future business investment and growth. Ultimate responsibility for liquidity risk management rests with the Finance Committee, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long term funding and liquidity management requirements.

The Directors manage liquidity risk by maintaining adequate reserves and banking facilities in the Group, by monitoring actual and forecast cash flows continuously, and matching the maturity profiles of borrowings and undrawn facilities that the Group has at its disposal to reduce further liquidity risk.

The Group's treasury function is controlled on a day-to-day basis by senior management within defined guidelines and limits, as set out by the Finance Committee.

The Group borrows in sterling at floating rates of interest, based on LIBOR and a commercial margin. It has an interest rate swap arrangement in place as at 28 December 2014 that expires on 31 March 2017 and buys forward rate foreign currency contracts when necessary. An element of the Group's supplies is purchased in foreign currency and forward foreign currency contracts are taken out when necessary. The Group hedges against the movement in the United States dollar exchange rate by purchasing forward rate foreign contracts for the total amount required.

At 28 December 2014, the Group had fixed its interest rates for approximately 90% (2013: 90%) of its core senior debt (refer to note 21). No other speculative positions have been taken in respect of interest rates, financial instruments or foreign currency transactions.

Price risk
Due to the nature of the business the Group is heavily dependent on its suppliers and their associated cost prices. If suppliers were to increase their prices the business would have to decide whether to pass these price increases on to our customers or whether to seek alternative suppliers.

The Group has a good rapport with our main suppliers having developed relationships over many years. The size and scale of our business means that we are well placed in negotiating prices.

Credit risk
Due to the business relying on external funding, there is a risk that the Group may not be able to meet these commitments as they fall due.

The following covenants are in place to ensure the Group does not default on any of its financial commitments which are tested on a quarterly basis:

- Fixed charge cover
- Senior leverage ratio

The Group has processes in place to monitor these continuously (see Going Concern section on page 68).

Future development

Significant progress has been made towards the three pillar strategy during the year and management are confident that the foundations have been established to drive this forward in the coming years. A strong platform has been developed for integrating acquisitions, with strong results generated from those completed to date. With the significant financial resource the Group has in place, management are confident that expansion will continue, and will add value through implementation of the operating model across new acquisition sites.

Also key to the Group's success over the next couple of years is the roll out of the multi-channel platform. Management are confident that there is significant opportunity in this area as it opens the Group up to new markets. Further cost benefits are expected to be achieved as the new supply chain model beds down, which will again help to increase the gross margins.

Overall, management are confident that the strategy and plans in place will capitalise on the opportunities that have been identified, which will drive the continued development of the Group.

Corporate responsibility

Our ambition is to work together with our colleagues, suppliers and British gardeners to be a catalyst for positive change in the horticulture industry. Through our 'Growing Together' Plan and cherishing our gardens, we can play a part in responding to some of the environmental and social challenges that face Britain today.

Our 'Growing Together' plan

At Wyevale Garden Centres we believe that gardens are intrinsically linked to the environment and play a key part in supporting local communities and more sustainable lifestyles. Our ambition is to work together with our colleagues, suppliers and British gardeners and be a catalyst for positive change. We believe gardens can play a role in responding to some of the environmental and social challenges that face Britain today.

Being a responsible company and addressing our environmental and social impacts is intrinsically linked to our brand values (Inspiration, Helpfulness, Ownership and Passion) and our business strategy. We know that protecting our planet and supporting local communities is important to many of our customers and taking a lead on such issues helps build loyalty with our own colleagues and amongst existing customers, and attracts new customers to our centres, delivering a positive effect on our business. Many of the actions we have taken to reduce our environmental impact have also reduced our costs.

This report highlights the progress we have been making in our 'Growing Together' Corporate Responsibility (CR) Plan launched in 2013. Whilst we are pleased with the progress we have been making through the hard work of our colleagues and partners, we recognise that we are on a journey and that there is still a long way to go to fully achieve our ambitions.

Our 'Growing Together' plan has four important pillars:

1. Nurturing our colleagues

By caring for our colleagues and fostering their development and skills so, in turn, they can inspire and help our customers' gardens grow

2. Protecting our planet

By minimizing the negative impacts our centres have on the environment

3. Sourcing with care

By working with our suppliers to source sustainable products and inspiring our customers to reduce their environmental impacts

4. Strengthening our communities

By creating employment and supporting charities and local organisations

From a governance perspective, our CR Task Force prioritises and delivers on the activities within the CR Plan, reporting into the CR Committee who sets our CR direction, oversees our policies and progress and advises the Board on CR related matters.

We have made progress across each of the four CR pillars in 2014, through the passion and dedication of our Environment and Charity Champions, colleagues and partners. Our Environment and Charity Champions are committed colleagues who have volunteered to take on additional responsibility to ensure that our 'Growing Together' CR Plan is embedded within our centres.

We have delivered on key initiatives and reduced the amount of waste we send to landfill, increasing our recycling from 57% in 2013 to 68% in 2014 and reducing our carbon emissions by 7.5% on a like for like basis driven by behaviour change initiatives such as our 'Turn it Off' campaign, to better protect our planet. Our centres have further strengthened their local communities through our 'Gardens for Good' initiative – funding nursing hours for our national charity partner Marie Curie, therapy centres for the NSPCC and supporting hundreds of local charities through donations and volunteering.

Our 'Growing Together' plan
(continued)

1. Nurturing our colleagues

We are committed to treating our 5,900 colleagues in a fair, supportive and ethical manner. We value their commitment and the passion they demonstrate for our garden and gift products and the food we serve in our restaurants. The level of expert knowledge and customer service they provide inspires our customers.

We have a diverse and talented workforce, with 26.1% of our colleagues in 2014 being under 21 years of age and 12.3% over 60 years of age. Overall, 58.6% of our colleagues are female, with 44.5% of head office positions being occupied by women. The overall gender split of the workforce is as follows:

	Male	Female	Total
The Board	7	1	8
Senior executive team	6	2	8
All employees	2,449	3,465	5,914

Talent and development
By providing our colleagues with opportunities and developing their knowledge and expertise, we not only support their own career goals but give them the skills to inspire our customers to help their gardens grow.

In 2014 we significantly stepped up our investment in our talent and development programme across both online and workshop training. All colleagues have access to our e-learning systems which include a vast range of topics (over 130) from induction training, health and safety, horticulture and administration through to catering, customer service and CR. Since 2010 our colleagues have completed over 475,000 modules and assessments. More than a third of these (175,000) were completed in 2014.

We introduced a number of new workshops to develop our colleagues' skills and capabilities in areas around leadership behaviour, creating high performance teams, managing and developing colleagues, operations and commerciality. These have been embraced by the business extremely well.

"There's a new manager at Bridgemere!! ... Well not quite, it's still me, but with my head buzzing with so many new ideas that I'm sure my team feel there's someone new! I'm talking about a really interesting management development course I've been on. I've been on a few in my time and I have to say this one was really good. It really has given me so much to think about, so much that I want to try out."

Food and Beverage Manager
Bridgemere Centre

Our talent and development offering will be further enhanced in 2015 to continue to attract strong candidates to our business and enable our colleagues to better serve and inspire our customers to grow our business. Our approach to people performance will enable managers to have meaningful performance conversations with colleagues who will all have an individual performance plan that is based on their specific role and the relevant skills required and our values in action. 615 managers went through this workshop in January 2015.

During 2014 we also built on our existing Horticulture and Food and Beverage apprenticeship programmes. In addition to offering the scheme to new joiners we opened up the Garden Centre Operations and Horticulture scheme to our existing colleagues who wanted to further their skills and added on a new advanced workplace Diploma in Horticulture. This diploma is offered in partnership with Pershore college (part of Warwickshire college). These have been very positively received within the business.

"I applied for the apprenticeship as personal development is extremely important to me and although I had learned a huge amount on the job in my first 12 months with the company, participation in the scheme has provided me with a structure to my learning not only on horticulture, but on the commercial aspects of the business too.

Already on the programme I have consolidated a lot of learning and also picked up new knowledge and skills from the e-learning modules and master classes at Pershore college. My Centre Manager and Horticultural Manager at Wimborne, as well as my Apprenticeship Manager, have been exceptionally supportive and encouraging when it comes to my development and learning. The commercial aspect of the course has encouraged me to look closer at my future with the company and I am hoping that in the near future I may have the opportunity to apply for a management role within the company"

Horticulture Apprentice
Wimborne Centre

Colleague support and wellbeing
In times of change or personal difficulty for colleagues, we strive to be supportive and offer flexible and remote working. Additionally, all colleagues have access to our Employee Assistance Programme (in partnership with The Retail Trust), which provides debt, legal and retirement advice and short term counselling whilst allowing them to remain anonymous. We also run a confidential employee hotline so that colleagues can raise concerns quickly and efficiently.

We know that personal or work related stress can impact a colleague's wellbeing, so we encourage our colleagues to discuss their circumstances and concerns with our management team and, through our development programmes, train our managers to be receptive to these issues. Through 2015 we will continue to look at ways to improve the wellbeing of our colleagues.

In 2014, we conducted our first Employee Engagement Survey- 'Your View', which gave all colleagues the opportunity to tell us how they feel about working for the company and allow us to measure colleague satisfaction and how we can improve as an employer. We had a very good response rate with 78% of colleagues completing the survey. Following the survey, Task Forces were set up to address issues raised with actions being rolled out across 2014 and 2015. We will conduct the survey again in 2015.

Health and safety
We are committed to providing a safe environment in our garden centres, restaurants and offices for our colleagues and customers. Our safety management systems comply with UK Health and Safety legislation and we are continuously looking at how we can improve our compliance and reporting standards.

The dashboard incident reporting that we introduced in 2013, a system that allows health and safety data to be easily accessed and reviewed, continues to be developed so we can effectively monitor and assess how well our policies are being implemented. In 2014, we developed an IOSH (Institute of Occupational Safety and Health) managing safety training that is relevant for garden centre and restaurant managers. This will be rolled out across the business in 2015.

Employee volunteering
Our Employee Volunteering Policy, which allows full-time colleagues one paid day per year to volunteer with local charities and community groups, was rolled out across the entire business in 2014. Many of our colleagues have got involved with their local communities from helping at a school for disabled children, to educating primary school children on plants, to creating a courtyard garden in one of NSPCC therapy centres.

Our 'Growing Together' plan

(continued)

2. Protecting our planet

As a company for people who love gardens and the outdoors, it is important to our customers and us that we are committed to minimising our impact on the environment. Our key priorities continue to be to reduce our consumption of electricity, gas, fuel and water and minimise the amount of waste we send to landfill.

Through 2014, we built our network of Environment Champions, with each centre having a champion who has volunteered to take on the responsibility of educating and motivating their fellow colleagues to change behaviour and reduce our impact on the environment. These champions have been provided with toolkits, materials and ongoing training throughout the year to support them in their roles. We would not be able to embed our utility and waste reduction initiatives at centre level without the support of these Champions.

Environmental footprint 2014 vs. 2013

	2014	2013
*Carbon (tonnes CO2) – total estate	26,370	27,856
*Carbon (tonnes CO2) – LfL centres	24,972	27,038
Water (litres) – total estate	614,736	572,413
Water (litres) – LfL centres	553,802	555,671
Waste (tonnes)	9,677	7,319
Waste recycled (%)	68	57

* Includes core electricity and gas supplies. Where actual data is unavailable for Q4, the latest estimates have been used.

Carbon

Our carbon emissions reduced by 5.5% in 2014 across the total estate and by 7.5% on a like-for-like (LFL) basis versus 2013. This is driven by a reduction in electricity and gas usage of 2.0% and 20.0% respectively on a like for like basis.

In 2014 we continued the innovative 'Turn it Off' campaign launched in November 2013. This is a competition amongst centres to encourage them to reduce their utility usage between November and March, the key winter period of intensive utility usage. Over the 5 months of the campaign utility usage across all our centres reduced by 11.0%, with the winning centre reducing their usage by a staggering 41.0%.

We started a pilot in 2014 to trial external LED tube lighting in our plant area canopies, which will be assessed during 2015.

In 2015, we will continue to pilot new initiatives that save energy whist also utilising our network of Environment Champions to change behaviour amongst our colleagues at centre level to reduce our utility usage.

Water

Being a garden centre, we require a lot of water to protect and nurture the plants we sell and the amount of water the plants require is dependent on weather conditions, particularly over the summer months.

Reducing our water usage not only reduces our impact on the environment but can also save significant costs to our business.

Due to an increase in the number of centres in our estate and a particularly hot and dry summer in 2014, our water consumption increased overall by 7.5%. However on a like for like (LfL) basis, consumption decreased by 0.5% driven by a number of initiatives aimed at saving our water usage, despite the warm weather conditions. We put in place watering guidelines for centres to follow; ensured our colleagues responsible for our plants completing a watering training module and reminded our Environment Champions to constantly re-enforce good watering practices within their centre. Our three nurseries are harvesting rainwater for plant irrigation, showing substantial savings as a result. We also piloted waterless urinals in several centres in 2014, which have had positive feedback. These will be installed in new and refurbished toilets across the estate going forward.

Waste

We have continued to make good progress in our recycling across 2014 with 68% of our waste being recycled versus 57% in 2013. This has been driven by the commitment of our Environment Champions to educating and motivating their centre colleagues to put waste in the correct bins, providing toolkits and checklists to centres, and improved monitoring and reporting. Our overall waste footprint increased in 2014 to 9,677 tonnes from 7,319 tonnes in 2013 due to the acquisition of 9 more sites, refurbishing of centres and the removal of old waste from previous years. However, due to the improved recycling, the amount of waste sent to landfill did not increase.

3. Sourcing with care

Tackling our own environmental impact is vitally important but to bring about real change we also need to act as a catalyst to inspire our suppliers and our customers to think about their own impact and encourage them to change their behaviour too.

Just as Wyevale Garden Centres is committed to operating responsibly and not engaging in any practice that contravenes human rights or using child labour, we expect the same standards from our suppliers. We ask them to provide assurance that they comply with all relevant laws and regulations and specifically that they meet the International Labour Organization's standards on Child Labour and Forced Labour.

We are committed to working with our suppliers to source ethical and sustainable products whilst encouraging our customers to make more planet friendly choices by providing eco-friendly products, helping them save water and inspiring them to grow their own food.

Plants and products

Nine out of ten of the plants we sell are grown in the UK, supporting our economy and reducing transport miles, fuel and carbon emissions. We also sell plants that require less watering, to help conserve water supplies. We do not sell products containing neonicotinoids to protect declining bee populations.

Timber and peat

Forests and peat bogs are two of the world's most important carbon stores and need to be protected. We therefore ensure that 100% of the timber products we sell are Forest Stewardship Council (FSC) approved and certified, so we are confident that the timber is from forests that are sustainably managed.

We try to encourage our customers to buy more peat-free growing media by equalizing the price of peat and peat- free compost and training our colleagues on the benefits of peat-free compost so they in turn can educate our customers and change their perceptions of the need for peat. More than 1,600 colleagues have completed the growing media e-learning module and in 2014 sales of peat-free growing media made up 68% of the category.

Restaurant

There are many examples in our restaurants of selling products that not only taste great but are also sourced ethically and from sustainable sources. Our fish supply is certified by the Marine Stewardship Council and the sausages we sell are Red Tractor certified, coming from UK farms with the highest standards of food safety and animal welfare. Our coffee is organic Rainforest Alliance and sourced from cooperative farmers where every cup bought helps improve these communities' livelihoods. Additionally, the spent coffee beans get recycled from our coffee shops and restaurants into useful products such as a soil nourisher and even furniture and coffee machines. This saves them going to landfill: every espresso cup's CO2 rating is only one tenth than that of other coffee brands. When we buy one of the coffee machines made from these spent beans, a tree is planted in a city environment. In 2014, our food and beverage team planted 50 trees in Ealing, London, with the charity Trees for Cities.

Packaging and transport

We work with our suppliers to make our packaging as sustainable as possible, not over-packaged and using recycled and biodegradable and recyclable materials wherever feasible. In conjunction with our rebranding, we have introduced paper bags which meet all these criteria. In 2014, we introduced a new delivery process having suppliers deliver products to central hubs and from there distributing to individual centres. This is expected to significantly reduce mileage saving fuel and carbon emissions.

Inspiring our customers to garden more sustainably

Through our Garden Club newsletters and information on our website and in our centres we educate our customers on how to garden more sustainably. We inspire them to grow their own fruit and vegetables with our 'Grow Your Own' range having over 1,100 products available. We encourage them to build wildlife havens in their gardens through selling wild flower seeds, bird care and other animal products. Through promoting the use of water butts and micro-irrigation products we help our customers save water in their gardens.

Our 'Growing Together' plan

(continued)

4. Strengthening our Communities

Our garden centres play a vital role in their local communities, providing employment and local investment as well as play areas and outdoor space for local people to meet.

Our centres forge links with local community groups and charities in their area, through events, providing space to these groups and making donations to support their fundraising. This benefits the communities involved and enables us to engage with potential new customers. We also participate in local education projects with schools and colleges and, where possible, provide skills-generating work experience.

There is an abundance of research that evidences that maintaining and spending time in a garden promotes a sense of wellbeing, reduces stress and encourages gentle exercise. Through our Gardening Club, which has over 2.5 million members, we look to inspire our customers and help them enjoy their gardens through free demonstrations, events and providing information and advice.

Fundraising

In 2014 we built on our strong track record of supporting charities that are important to our colleagues and our customers, donating over 20% more than in 2013.

Fundraising 2014 vs 2013	**2014**	2013
Marie Curie	£251,700	N/A
NSPCC	£185,500	£314,000
MacMillan	£17,300	£39,000
Alzheimer's Society	£9,700	£31,000
Total	**£464,200**	**£384,000**

Our new Community Investment Policy brings focus and consistency to our fundraising and under our 'Gardens for Good' initiative we have concentrated our support on two main charities where the garden or the act of gardening can bring benefits to people.

Marie Curie Cancer Care

NSPCC Cruelty to children must stop. FULL STOP.

WE ARE MACMILLAN. CANCER SUPPORT

In aid of Alzheimer's Society Leading the fight against dementia

Our national charity partner: Marie Curie

At the beginning of 2014, our colleagues voted Marie Curie our first national charity partner. The money donated funds Marie Curie nurses to care for people with a terminal illness in their own homes where often looking out onto the garden can bring comfort through happy memories.

We have raised over £251,000 through our colleagues organising various fundraising activities and events across the year from sponsored walks, climbing Mount Snowdon, cake sales and raffles; selling products such as daffodil bulbs and gardening gloves where part of the price is donated to Marie Curie and our restaurants creating special cakes and events to support the Blooming Great Tea Party and Marie Curie utilising our centres to raise money. We will continue to support Marie Curie across 2015.

> "We are delighted with the success of the first year of our partnership. The £250,000 raised by Wyevale Garden Centres will enable us to provide 12,500 hours of nursing care to people living with a terminal illness, enabling them to stay in comfortable and familiar surroundings. Often, that means continuing to enjoy a cherished garden.
>
> We were also thrilled that Wyevale Garden Centres provided beautiful Christmas trees to our hospices – they were enormously enjoyed by the people we care for and their families."
>
> **Jude Bridge**
> Executive Marketing Director, Fundraising and Public Affairs, Marie Curie

The NSPCC Soft Play initiative

We continue to offer ongoing support to the National Society for the Prevention of Cruelty to Children (NSPCC) by donating a proportion of the charges we collect for our soft play areas. In 2014, we donated over £185,000 to fund ten therapy centres, where children who have been mistreated participate in therapy sessions to help their recovery. These sessions often take place in gardens and outdoor spaces, which help children relax and encourage them to talk about their experiences. One of our centres' restaurant teams used their paid day's volunteering to transform a dull, unused courtyard at the NSPCC centre in Croydon into a colourful fun area where the joy of the garden is now used in the therapy work.

> "I think being in a garden and doing something, often makes it easier for children who have been traumatised to talk about things. Being in a garden with the colour and smells of the flowers and feeling the texture of the soil can be very grounding for these children and help them safely reconnect with their feelings. Growing plants can help children who may feel that they 'destroy' situations around them as the act of nurturing the plants can really help them work through their experiences and challenge their own feelings of identity."
>
> **Anna Pappin**
> Team Manager, NSPCC West London Service Centre

Colleagues voted Marie Curie our first national Charity partner

Our ‘Growing Together’ plan
(continued)

Other charitable engagement
Although our focus has been on fundraising for Marie Curie, our restaurants and centres still found the passion to participate in ‘the world’s biggest coffee morning’, raising over £17,000 for Macmillan Cancer Support. Additionally, our centres have raised thousands of pounds for local charities through events such as raffles, quiz nights, competitions, sponsored activities and providing space for local events within our centres.

The success of our fundraising is down to the commitment and dedication of our network of Charity Champions who inspire their centre colleagues to fundraise and volunteer for Marie Curie and local charities and community group. Their passion is a key way in which we strengthen our local communities.

Corporate governance

Strong governance is of key importance to the Group. We pride ourselves on running an ethical, sustainable business that works closely with customers, suppliers and our employees to ensure that the Group maintains a reputable image amongst all stakeholders. The individuals appointed to the Executive Management team are considered to reflect the key qualities we wish to see across our business.

Chairman's introduction

Strong governance is of key importance to the Group. We pride ourselves on running an ethical, sustainable business that works closely with customers, suppliers and our employees to ensure that the Group maintains a reputable image amongst all stakeholders.

It is vital that the Board and Executive Management team set a clear example on how we operate as a business. The individuals appointed to the Executive Management team are considered to reflect the key qualities we wish to see across our business, and we are confident that the management team will inspire the workforce and other partners to deliver the high quality of performance and service that is expected from a business of our calibre.

There have been a number of achievements across the Finance, Audit, and Nomination and Remuneration Committees during the year. Through working with internal audit, the Audit Committee has ensured that all our centres are operating at the high standards which we expect. The Finance Committee have played an integral part in the centre redevelopment programme, with involvement in reviewing all capital expenditure requested and planned improvements. The Nomination and Remuneration Committee have been pivotal in securing the new appointments to the Board and Executive Management team, and have also assisted in implementing incentive plans to ensure the long term commitment of key management.

The Board is fully committed to the governance of the Group, and understands the importance this plays in ensuring that the Group objectives are achieved in a manner which maintains both our reputation and image. The Committees we run are considered to be safeguards to ensure the right level of consideration is given to all decisions that the business makes, at all times considering the impact any action may have on the trust, integrity and value of the business. In order to ensure strong governance and transparency is maintained within the Group, the business follows the Walker Guidelines for Enhanced Disclosure by Portfolio Companies and Private Equity Firms. Implementation of the guidelines is on a voluntary basis, however management have taken the option to adopt these as it offers a robust structural framework for strong governance across the Group.

Overall, the Board and Executive Management team are pleased with the achievements made during the year. Between the Board and newly extended Executive Management team there is a wealth of experience, sufficient to guide the business forward and set the necessary tone for strong governance across the Group. We continually look for how we can improve and develop as a business, and are satisfied that we have the assets in place to drive forward improvement.

Stephen Murphy
Chairman
16 April 2015

The Board and Directors

Trellis Acquisition Limited, which is one of the Company's subsidiaries and the governance company of the Group ('Governance Board'), holds regular meetings to discuss the affairs of the Group and to maintain control of operations. The Board is responsible for devising the Group strategy, approving the annual budget and signing off the financial statements, significant investment decisions and setting limits for capital expenditure.

The non-executive Directors have been selected because they are deemed to be independent and have no relationship (business or otherwise) that could interfere with having an impartial view.

Each Director is considered to be able to devote sufficient time to the duties required of them.

The current balance between executive board members and non-executive board members is considered to be appropriate and effective in order to control and direct the business.

There are a number of sub-committees in place to support the Board, these being:

- Finance committee
- Audit committee
- Nomination and remuneration committee

The role of these committees is set out below. A record of the individual attendance by Directors to each meeting is set out on page 61.

The Board has delegated control of the day-to-day business running to the Chief Executive Officer, the Chief Financial Officer and the Executive Management team, the members of which are set out below.

Detailed information and board papers have been prepared throughout the year covering all major aspects of the Group's operations, ensuring that these are reviewed according to an agenda. Both executive and non-executive Directors have unlimited access to legal advisers at the Group's expense and the company secretary and executives within the Group on any matter of concern to them in respect to their duties. Training (both on appointment of a new member and on an ongoing basis) is taken to be of paramount importance and enables members to keep up to date with relevant topics or new areas which have emerged which are of concern. The Company agrees to reimburse legal fees to the Directors if advice has been sought from an independent source in order to fulfil their duties.

The Board

	Wyevale Garden Centres Capital Limited	Trellis Acquisition Limited			
Name	**Board**	**Board**	**Audit**	**Finance**	**Nomination and Remuneration**
Stephen Murphy	-	✓	✓	✓	✓
Kevin Bradshaw	-	✓	-	✓	-
Nils Steinmeyer	✓	✓	-	✓	✓
Lorenzo Levi	✓	✓	✓	✓	✓
Julie Williamson	✓	✓	✓	✓	✓
Rupert Gavin	-	✓*	-	-	-
Stephen Julius	-	✓*	-	-	-
Arnold Vos	-	✓*	-	-	-

* Denotes that the director was appointed during the year and thus was not eligible to attend all meetings

The Board

Stephen Murphy
Chairman
Trellis Acquisitions Limited

Kevin Bradshaw
Chief Executive Officer
Trellis Acquisitions Limited

Stephen Murphy has served as Chairman of the Group since 8th June 2012. Before joining the Group Stephen was Group CEO of the Virgin Group from 2005-2011, having succeeded the Founder, Sir Richard Branson. He oversaw the worldwide interests of Virgin Group and was responsible for global strategy.

Stephen is currently also Non-Executive Chairman of the Jumeirah Group, the UAE based international hospitality group, Chairman of the Learning Clinic, a UK medical technology business, Chairman of Byron Hamburgers Ltd, a leading UK gourmet burger restaurant chain, Chairman of Ovo Energy Group Ltd, a major UK energy supplier, and a Non-Executive Director of the Business Growth Fund, a £2.5 billion UK investment fund supporting small and medium sized UK enterprises. He is also an Advisory Partner at Ashcombe Advisers LLP, a specialist corporate finance and advisory business. He has previously worked for Mars Group Plc, Ford Motors and Unilever Plc.

Kevin Bradshaw has served as CEO of the Group since 19th November 2012.

Prior to that, Kevin was the Managing Director of Avis UK and was additionally responsible for technology across Avis Europe Plc. As a member of the Avis Executive Board, he oversaw a significant turnaround of the UK operating business and undertook a transformation of the European technology organisation prior to the sale of Avis Europe in October 2011.

Previously, Kevin served as Managing Director of the Enterprise Information Division at Reuters Plc and grew a number of businesses supplying financial data to the world's leading institutional financial services companies.

Kevin started his career at the Kalchas Group, a firm of strategy consultants founded as a spin off from McKinsey and Bain & Company.

Nils Steinmeyer
Chief Financial Officer
Trellis Acquisitions Limited

Nils has served as CFO since October 2012, initially on secondment from Terra Firma before joining the Group on a permanent basis in 2013.

Nils's previous position at Terra Firma Capital Partners was Finance Director. He joined Terra Firma in 2003 as Financial Controller with a remit to align the financial management and reporting standards across the portfolio businesses.

Nils previously worked closely with several Terra Firma portfolio businesses, including Deutsche Annington, AWAS and Phoenix Natural Gas.

Prior to Terra Firma, Nils spent 11 years with General Electric Co. (USA) in a wide range of finance roles across various divisions of the company, including 5 years in businesses where General Electric was a minority shareholder.

Nils has a BSc from London School of Economics and an MBA from London Business School.

Lorenzo Levi
Non-Executive Director
Wyevale Garden Centres Capital Limited (Formerly Trellis Capital Limited)

Lorenzo is an Operational Managing Director at Terra Firma Capital Partners. Since joining Terra Firma in 2002 he has been involved in a number of the firm's investments including Phoenix Natural Gas, AWAS, Tank & Rast, RTR and Odeon & UCI Cinemas.

Prior to joining Terra Firma his career ranged from sales management and corporate development roles for companies such as IBM and Nortel Networks to strategy work for management consultants Bain & Co.

He has a BSc in Electrical Engineering and a BSc in Economics from MIT as well as an MBA from Harvard.

The Board
(continued)

Julie Williamson
Non-Executive Director
Wyevale Garden Centres Capital Limited
(Formerly Trellis Capital Limited)

Julie is a Financial Managing Director at Terra Firma Capital Partners Limited, adviser to the Terra Firma shareholders and currently focuses on the hospitality and leisure sectors. She led the team advising on Terra Firma's investment in Wyevale Garden Centres Group. She also led the team advising on the investment in Tank & Rast, another Terra Firma investment and was responsible for its refinancing in 2006 and the partial exit in 2007. Julie currently also sits on the Board of Odeon & UCI Cinemas Holdings Limited.

Prior to joining Terra Firma in 1998, Julie worked for Nomura International plc where she headed the legal team that provided legal risk analysis and transaction execution support to the group. Prior to that, she was a partner in the Banking department of the law firm Winthrop & Weinstine.

Rupert Gavin
Non-Executive Director
Trellis Acquisitions Limited

Rupert Gavin was appointed to the board as a non-executive Director as from the 16th January 2014. Rupert Gavin is the previous CEO of Odeon & UCI Cinemas, owned by Terra Firma. Prior to joining Odeon he held senior positions at the BBC, BT and Dixons.

Rupert also currently holds positions as Chairman of Historic Royal Palaces, Non-executive Director of Countrywide Plc., Chairman of Incidental Colman Ltd a West End theatre producing company and Chairman of Theatre Co-productions (sales and marketing) Ltd.

As a keen gardener and as the former publisher of Gardeners' World Magazine and many popular gardening books, Rupert brings a personal enthusiasm and knowledge which will be a further significant contribution.

Arnold Vos
Non-Executive Director
Wyevale Garden Centres Capital Limited
(Formerly Trellis Capital Limited)

Arnold is an Associate Director with Terra Firma, and has worked with the Group since its acquisition in 2012. He originally served as Head of Corporate Finance, developing the Groups financial and acquisition strategy, and was subsequently appointed as a Non-Executive Director in March 2014. Arnold has worked for Terra Firma since October 2010, before which he held analyst positions at Credit Suisse and Jamieson Corporate Finance.

Stephen Julius
Non-Executive Director
Trellis Acquisitions Limited

Stephen joined the Group as a Non-executive Director during 2014. Stephen is an entrepreneur and investor, focused on acquiring and re-launching iconic consumer brands through his privately owned firm, Stellican Ltd. which he founded 23 years ago. He is currently Chairman and controlling shareholder of US based Chris-Craft boats. He is also a Non-Executive Director of Wyevale Garden Centres, Odeon & UCI Cinemas, Brighterkind Nursing Homes and Fairline boats.

Previously, amongst other investments, Stephen was Chairman and controlling shareholder of Indian Motorcycle in the USA and Riva boats in Italy. He was also the first foreigner to acquire an Italian Premier League football club, Vicenza Calcio. Stephen began his career at The Boston Consulting Group.

Stephen has a BA in classics from Magdalen College, Oxford, and an MBA from The Harvard Business School.

The Executive Management Team

Colin Hughes

As Retail Operations Director, Colin heads the Garden Centre and Retail Operations teams within Wyevale Garden Centres, with overall responsibility for retail and operating standards, levels of customer service as well as the motivation and engagement of its 5,900+ employees.

Before joining the Group, Colin most recently worked as an independent consultant providing interim operational and commercial cover as well as due diligence support to a range of businesses and private equity clients. He has previously held numerous retail operational roles for Marks & Spencer, Pret a Manger and EAT, and has also served as a Non-Executive Director for a number of growing retail businesses. In his role as Retail Operations Director at both Pret a Manger and EAT, he was responsible for opening over 150 news sites throughout the UK. Prior to this at Marks & Spencer Colin led several Board sponsored initiatives on customer service in stores and led store teams across the UK and Ireland in delivering a cultural change programme.

Colin is a graduate of The Queens University of Belfast and also holds an Executive MBA (prize winning) from Cranfield School of Management. He is a Fellow of The Chartered Management Institute and a graduate CIPD member.

Lisa Cherry

Lisa Cherry joined Wyevale Garden Centres as Human Resources Director in 2014. Prior to joining, Lisa worked with WHSmith, where she was Head of HR for the Travel Head Office and International Businesses and the Group Head of Learning and Development. Prior to this, Lisa held a number of senior HR roles in WHSmith and Sainsbury's, with UK and international responsibilities including in Asia, Australia and the Middle East. She has 15 years' experience in retail head office and operational environments, having worked in a number of store management and HR roles.

Lisa has a wealth of knowledge and experience in human resource development and learning and she has proved to be an asset to the group as we continue to recruit talented team members and invest in learning, training and mentoring programmes for our colleagues across the organisation. Her experience in the retail sector has helped us to continue to attract some of the top candidates with experience at leading retailers.

Steve Masters

Steve formally joined the Group at the start of 2014. As Estates and Merger and Acquisitions Director, Steve heads the new centre acquisitions, estate management, centre format and design, development and construction, maintenance and health and safety teams within Wyevale Garden Centres.

Steve most recently worked at Gap Inc. as the Vice President of International Real Estate, Store Development and Strategic Alliances.

Prior to joining Gap Inc, Steve was Director of Retail Development at ASDA Wal-Mart. Previously he held directorships and senior roles for a number of major national and international retailers such as Thresher Group, Polo Ralph Lauren, The Walt Disney Company and Burton Group. As a result Steve has significant experience in the management and development of large and complex multiple retail site portfolios.

Frank Hayes

Frank is Commercial Director and is responsible for leading the concessions strategy of the business.

Frank was previously CEO and Commercial Director of Betts Group, a private equity backed global packaging manufacturer supplying the major FMCG companies. He led a restructuring of the business and its key customer relationships, which dramatically improved its profitability and cash position, enabling a refinancing and the successful sale of the business.

Prior to this, Frank was Managing Director of Spirit Food, the pub and restaurant division of Spirit Group. Before joining Spirit Group, Frank spent 13 years at Yum! Brands (previously PepsiCo Restaurants) in various international supply chain and general management roles including five years as General Manager of Yum!'s businesses in Spain and France. Frank started his career at Bain & Company, the leading firm of strategy consultants.

The Executive Management Team
(continued)

Sarah Fuller

As Marketing Director, Sarah is responsible for Wyevale Garden Centres brand strategy, national and local marketing communications, content, PR, customer insight and CRM, including The Gardening Club loyalty programme.

Before joining Wyevale Garden Centres, Sarah was Head of Marketing Communications for Waitrose, where she was responsible for brand strategy, through-the-line communications, loyalty, publications and customer events.

Prior to Waitrose, Sarah held the position of Director of Marketing & Insight for AIRMILES at British Airways Group. Previously, Sarah spent five years at Telewest (now Virgin Media) in various marketing and product management roles. Sarah started her career at Procter & Gamble in their Health & Beauty Care division in a variety of marketing and brand management roles.

Sarah is delighted to be able to combine her work life with her interest in her degree subject, Natural Sciences, and is currently enjoying experimenting with growing fruit and veg with her young children in their small urban garden.

Dan Zinner

As Trading Director, Dan is responsible for the buying, supply chain and visual merchandising teams who manage products sold within our garden centres.

Before joining the Group, Dan worked for Clicks Group, Southern Africa's largest retail and wholesale group with a primary focus on the health and beauty sector. He was Head of Healthcare, responsible for overall healthcare industry strategy and relationships as well as £350m of healthcare products and services offered in over 440 stores, 330 pharmacies and 125 full-time primary healthcare clinics. Dan was also Head of Business Development creating new subsidiary businesses, one which focused on sourcing and marketing own label prescription and over the counter medication.

Prior to working at Clicks, Dan spent a number of years at McKinsey & Company in London where his main focus was advising on strategic and transformational change across a broad range of consumer and retail industries.

Jason Danciger

Jason holds the position of Food and Beverage Director, and is responsible for overseeing the portfolio of over 100 restaurants operated across the Group.

Jason has spent over a quarter of a century working in the catering & leisure industry, after a decade cooking with Roux Brothers, he drove the offer in a number of restaurants such as Café Rouge, Livebait, Dome, Bertorelli's, Chez Gerard, Slug & Lettuce and Scott's to name a few.

Prior to joining Wyevale Garden Centres, Jason's roles have included Director of Food at the Spirit group where he put pub food firmly on the map, which became a significant growth driver both for their 3,000 pubs and for the rest of the industry.

Jason later joined Marks & Spencer and picked up a number of accolades for hospitality in M&S heading up over 100 restaurants and casual dining outlets and over 300 coffee shops in UK and over 60 global operations. Jason was also responsible for the rolling out of around 50 new deli counters adding theatre in their food halls as well as revitalising their in-store bakery operation, bringing a new award-winning design concept to over 450 stores in less than 18 months stealing significant market growth.

Jason completed his basic horticulture training through Wyevale's Garden Centres award winning e-learning suite and as a passionate foodie his garden is full of herbs. He grows his own teas from chocolate mint to lemon verbena.

Tim Patten

Tim was appointed as the Director of Multi-Channel during 2014. Tim Patten has held a number of e-Commerce, Marketing and Multi-Channel Director roles for a variety of retail businesses. He was Marketing and e-Commerce Director at the Early Learning Centre before its acquisition by Mothercare where he became Group e-Commerce Director responsible for both brands. He then spent time at Space NK as e-Commerce and Marketing Director before moving to Jack Wills where he became its first Multi Channel Director responsible for UK Stores, e-Commerce and Marketing.

After a couple of years at Jack Wills he was given International responsibility for developing Jack Wills USA and Jack Wills Hong Kong Multi Channel business. Prior to joining Wyevale Garden Centres as Multi Channel Director he was Multi Channel Director for Morrisons Non Food business.

Accountability and transparency

Directors' interests and indemnity arrangements

At no time during the year was it deemed that any Director held a material interest in the Company or subsidiary undertaking, other than a third party indemnity provision between each Director and the Company, and service contracts between each executive Director and the Company. Directors' and officers' liability insurance has been held throughout the period in respect of the Group and its Directors. These provisions, which are qualifying third-party indemnity provisions as defined by Section 236 of the Companies Act 2006, were in force throughout the period and are currently in force. Details of the Directors' remuneration and interests in the shares of the Company are set out in note 9 of this report.

Directors' conflicts of interest

Procedures are in place in order to review any potential conflicts of interest which might arise on a regular basis. Subsequently, the board feel confident that should any circumstances or potential situation arise which may result in a conflict of interest that they will be dealt with appropriately and in a timely manner in accordance with the Companies Act 2006 and the Company's Articles of Association. No such issues have materialised throughout the year.

Bribery Act 2010

Following the introduction of the Bribery Act 2010 which came into force across the UK on 1 July 2011, the board has approved a formal Anti-Bribery Policy. The Act simplifies and strengthens UK legislation by removing a number of other pieces of legislation and replacing them with the crimes of bribery, being bribed, the bribery of foreign public officials, and the failure of a commercial organisation to prevent bribery, which if not complied with could expose the Group to unlimited fines.

The Group values its reputation for lawful and ethical business behaviour and is committed to maintaining high standards of integrity, transparency and accountability in all that the Group does. A policy has been prepared to give clear guidance to everyone within the Group on their responsibilities in observing and upholding the Group's position on anti-bribery.

Committees

Director attendance at meetings held by Trellis Acquisitions Limited;

Director	Board	Finance	Audit	Nomination and Remuneration
Maximum number of meetings	**11**	**11**	**2**	**11**
Stephen Murphy	11	11	2	11
Kevin Bradshaw	11	11	-	-
Nils Steinmeyer	11	11	-	11
Lorenzo Levi	11	11	2	11
Julie Williamson	9	9	2	9
Rupert Gavin*	8	-	-	-
Stephen Julius*	4	-	-	-
Arnold Vos*	7	-	-	-

* Denotes that the director was appointed during the year and thus was not eligible to attend all meetings

Finance Committee

The Finance Committee is chaired by Julie Williamson. The powers of the Finance Committee, in so far as they are not reserved by the Governing Board (Trellis Acquisitions Limited board of Directors), the Investor Entity (Terra Firma Capital Partners III L.P.) or by applicable law, or otherwise delegated to a special ad hoc committee, include the establishment of the Group's financial strategy and the general guidelines and policies for implementing such strategy including:

- Financial and investment policy, including the capital structure of Group companies and the payment of dividends
- The management of foreign exchange, interest rate, liquidity, and other financial risk
- The management of credit risk and implementation of credit policies (where appropriate)
- Participation and acquisition/divestiture policy, including the acquisition and sale of individual participations of strategic importance
- Communication policy regarding the financial press, the financial community, and shareholders
- Acquisition and divestiture of material corporate premises, whether of a purchase, lease, or other contractual nature
- Submitting recommendations on matters to be decided or approved by the Governing Board (generally on the basis of proposals to the Finance Committee by the Chief Executive Officer and/or the Executive Management team, as the case may be)

Accountability and transparency
(continued)

Finance Committee (continued)

Name	Date of Appointment	Date of Resignation
Stephen Murphy	08/06/12	n/a
Kevin Bradshaw	19/11/12	n/a
Julie Williamson	20/12/11	n/a
Lorenzo Levi	05/03/12	n/a
Nils Steinmeyer	05/03/12	n/a

The Finance Committee may meet as often as its members deem necessary, but in any event not less than once in every calendar quarter.

Key achievements of the Finance Committee

The key areas of achievement for the Finance Committee during the year are;

- Review of all capital expenditure requirements during the year
- Completion of the acquisitions of five single site centres in addition to the Golden Acres Group
- Securing £40.0 million of additional funding through an additional loan facility with the Groups Bank

The focus for the Committee going forwards into the next year will be:

- Reviewing the returns generated from the ongoing store and restaurant redevelopment programme alongside the roll out of the new coffee shops, to ensure the initiatives are generating appropriate additional value to the shareholders
- Further acquisitions where the terms are favourable
- Optimising the capital structure to ensure the lowest possible finance cost

Audit Committee

The Audit Committee was chaired by Lorenzo Levi. The Audit Committee is appointed by the board from the non-executive Directors of the company. The Audit Committee's terms of reference include all matters indicated by Disclosure and Transparency Rule 7.1 and the key principles of the UK Corporate Governance Code. The terms of reference will be considered annually by the Audit Committee and then referred to the board for approval.

The Audit Committee is responsible for, but not limited to the following:

- To advise the Governing Board regarding the appointment of the external auditor of the Company and any Group Company, and any questions of resignation or dismissal and to make recommendations to the Board regarding the amount of fees paid to the Company's auditor or the auditor of any Group Company
- To discuss with the Governing Company's and any Group Company's external auditor, before any audit commences, the nature and scope of the audit, to review the audit plan
- To review with the Governing Company's and any Group Company's external auditor the annual financial statements of the Company and the Group before submission to the Board, focusing particularly on:
  - Any changes in accounting policies and practices
  - Major accounting judgement areas which include but not limited to:
    - Acquisition accounting
    - Stock provisioning
    - Accounting for exceptional items
  - Significant adjustments resulting from the audit (at year-end only)
  - The going concern assumption
  - Compliance with accounting standards
  - Compliance with legal requirements
- To review the Governing Company's and any Group Company's external auditors' management letters, if any, and Management's response
- To recommend to the Governing Board appropriate policies of internal control:
  - To facilitate the Group's effective and efficient operation by enabling it to respond appropriately to significant business, operational, financial, compliance and other risks to achieving the company's objectives
  - To help ensure the quality of internal and external reporting
  - To help ensure compliance with applicable laws and regulations and with internal policies with respect to the conduct of business
- To decide on the implementation of the Group's internal audit programme, and in such case, to ensure co-ordination between the internal and external auditors, and ensure that the internal audit function is adequately resourced and has appropriate authority and standing within the Company and the Group
- To consider the major findings of the internal and external audit and Managers' response, and to take all necessary steps to clarify all matters it deems appropriate to submit to the Governing Board and to submit its recommendations to the Governing Board

Composition of the Audit Committee

Name	Date of Appointment	Date of Resignation
Stephen Murphy	08/06/12	N/A
Lorenzo Levi	05/03/12	N/A
Julie Williamson	20/12/11	N/A

The Audit Committee may meet as often as its members deem necessary, but in any event not less than twice in each calendar year.

Accountability and transparency
(continued)

External auditor

The Audit Committee is responsible for the development, implementation and monitoring of the Group's policy on external audit. The policy assigns oversight responsibility for monitoring, the independence, objectivity and compliance with ethical and regulatory requirements to the Audit Committee, and the day to day responsibility with the group Chief Financial Officer. It states that the external auditor is jointly responsible to the board and the Audit Committee and that the Audit Committee is the primary contact. The policy also sets out the categories of non-audit services which the external auditor will and will not be allowed to provide to the Group, including those pre-approved by the Audit Committee and those which require specific approval before they are contracted for, subject to de minimis levels.

To assess the effectiveness of the external auditor, the Audit Committee reviewed:

- The arrangements for ensuring the external auditor's independence and objectivity
- The external auditor's fulfilment of the agreed audit plan and any variations from the plan
- The robustness and perceptiveness of the auditor in their handling of the key accounting and audit judgements
- The content of the external auditor's reporting on the internal control

Note 7 to the financial statements includes disclosure of the auditor's remuneration for the period, including analysis of audit services, audit related services and other non-audit services under those headings prescribed by law.

Internal Audit function

The Audit Committee is required to assist the board to fulfil its responsibilities relating to the adequacy of the resourcing and plans of the Internal Audit department. To fulfil these duties, the Committee reviewed:

- Internal Audit's terms of reference, reporting lines and access to the Audit Committee and all the members of the board
- Internal Audit's plans and its achievement of the planned activity
- The results of key audits and other significant findings, the adequacy of management's response and the timeliness of resolution
- The level and nature of non-audit activity performed by Internal Audit

The Group's Whistleblowing Policy contains arrangements for the Group's Head of Internal Audit to receive, in confidence, complaints on accounting, risk issues, internal controls, auditing issues and related matters for reporting to the Audit Committee as appropriate.

Key achievements of the Audit Committee

During the year, the following achievements have been made by the Committee;

- All garden centres have been visited by Internal Audit, the results of which were in-line with the Committees expectations
- An unmodified audit report has been issued

The focus for the Committee going forward will be to ensure that all garden centres receive acceptable internal audit reports, and the Group continues to remain compliant will all accounting regulations.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee is chaired by Stephen Murphy and also consists of two non-executive Directors and one executive Director. The Group has established a Remuneration Committee which is responsible for all matters concerning discretions or authorities in respect of:

- The organisational structure of the Company, any Group Company and the Group
- The appointment and termination of any Director, senior employee or manager
- The terms and conditions of appointment or employment of any Director, senior employee or manager
- Any policies relating to the appointment and termination of the Company or any Group Company
- Any policies relating to the terms and conditions of employment of any employees of the Company or any Group Company
- Any changes to the role of any Director or senior employee
- Any recommendation to the Governing Board in respect of the implementation of redundancies in excess of the applicable Delegated Authority Limit

The Nomination and Remuneration Committee will review recommendations and approve proposals from Directors in relation to policies in respect of the appointment, termination and terms and conditions of employment of employees of the Group generally.

Composition of the Remuneration and Nomination Committee

Name	Date of Appointment
Stephen Murphy	08/06/12
Julie Williamson	20/12/11
Lorenzo Levi	05/03/12
Nils Steinmeyer	05/03/12
Nils Steinmeyer	05/03/12

The Nomination and Remuneration Committee may meet as often as its members deem necessary, but in any event not less than once a year.

Key achievements of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee have played an integral part in the hire of the external management team during the year. The Committee was involved in agreeing appropriate rewards for the individuals appointed.

Furthermore, the committee has been involved in reviewing the structure of the bonus scheme for management and employees. The scheme was refined in 2014 to ensure that staff reward is aligned with the overall business objectives, and additional refinements going into 2015 will further align the scheme with the direct KPI of each business segment.

Our coffee is Rainforest Alliance certified

Directors' report

The Group is expecting to continue to grow over the coming years, generating cash flow and improving profitability. Based on the financial projections, the debt facilities available and a review of covenant compliance, the Directors believe that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future.

Directors' report

The Directors present their annual report and the audited financial statements for Wyevale Garden Centres Capital Limited and its subsidiaries (together the 'Group') for the year ended 28 December 2014.

Principal activity

The principal activity of the Group is the operation of garden centres within the United Kingdom.

The subsidiary and associated undertakings principally affecting the profits or net assets of the Group in the year are listed in note 15 to the financial statements.

Future developments

Details regarding the future prospects of the Group are set out in the 'Future Development' section on page 37.

Going concern

On 24 April 2012 the Group entered into new debt facilities comprising £160.0 million of new bank debt, of which £95.0 million expires in 2018 and £65.0 million expires in 2019. The Group secured a further £40.0 million facility to be used for financing expansion in the current year, which also expires in 2019. The Group also has £38.0 million unsecured loan notes which expire in April 2022 and an unsecured loan from its parent company of £138.1 million, expiring in April 2022. As at 28 December 2014 the Group had outstanding debt drawn down of £167.2 million of its external debt facility. Principle repayments of £5.9 million have been made during the year (2013: £4.2 million).

There are two financial covenants attached to the external debt which are tested on a quarterly basis, all of which are expected to be met for at least 12 months from the date of signing these financial statements based on the Director's review and financial projections.

The Group is expecting to continue to grow over the coming years, generating cash flow and improving profitability. Based on the financial projections, the debt facilities available and a review of covenant compliance, the Directors believe that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future and for at least 12 months from the date of signing these financial statements. Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements.

Directors

The Company's Directors who served during the year and subsequently were:

- Julie Williamson
- Lorenzo Levi
- Huibert Arnold Vos (appointed 1 May 2014)

Post Balance sheet events

There were no disclosable post Balance sheet events prior to the date of signature of this annual report and financial statements.

Dividends

The Group paid £nil dividends in the year.

Health and safety, environment and employee involvement

Information on health and safety, environment and employee involvement can be found on pages 40-43 in the Corporate Responsibility section of this report.

Disabled employees

It is the Group's policy to give full and fair consideration to suitable applications for employment by disabled persons, having regard to particular aptitudes and abilities. Disabled employees are eligible to participate in all training, career development and promotion opportunities available to all staff. Opportunities also exist for employees of the Group who become disabled, to continue their employment or to be trained in other positions in the Group.

Policy on payment of suppliers

The Group policy concerning the payment of suppliers is to agree terms of payment at the start of business with each supplier and to adhere to these terms in accordance with the contractual obligations.

Donations

Refer to the Corporate Responsibility section (pages 46-47) for information on donations made by the Group.

Disclosure of information to auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

- So far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware
- The Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Auditor

Deloitte LLP has expressed their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board.

Lorenzo Levi
16 April 2015

Financial statements and notes

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). The financial statements have also been prepared in accordance with the IFRSs adopted by the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation.

Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have also chosen to prepare parent company financial statements under IFRS's as adopted by the European Union. 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 Company and of the loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that Directors:

- Select suitable accounting policies and apply them consistently
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information
- Provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance
- Make an assessment of the Company's ability to continue as a going concern

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company 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 Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report

to the members of Wyevale Garden Centres Capital Limited
(Formerly Trellis Capital Limited)

We have audited the Group and Parent Company financial statements of Wyevale Garden Centres Capital Limited for the year ended 28 December 2014 which comprise the Consolidated Income statement, the Consolidated Statement of comprehensive income, the Consolidated and Company Balance sheets, the Consolidated and Company Statements of changes in equity, the Consolidated and Company Cash flow statements, and the related notes 1 to 34. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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.

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 28 December 2014 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Separate opinion in relation to IFRSs as issued by the IASB

As explained in Note 3 to the Group financial statements, the Group in addition to applying IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the Group financial statements comply with IFRSs as issued by the IASB.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Jane Whitlock ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP Chartered Accountants and Statutory Auditor
Birmingham, United Kingdom
April 2015

Consolidated income statement

For year ended 28 December 2014

	Note	2014 £'000 Acquisitions	2014 £'000 Continuing operations	2014 £'000 Total	2013 £'000 Total
Revenue – sale of goods	3,4,5	2,875	287,540	290,415	276,208
Cost of sales		(1,248)	(125,161)	(126,409)	(129,304)
Gross profit		**1,627**	**162,379**	**164,006**	**146,904**
Sales and distribution costs		(716)	(125,222)	(125,938)	(116,800)
Administrative expenses		(198)	(24,090)	(24,288)	(23,382)
Exceptional items included within administrative expenses					
Group restructuring costs	6	-	(2,535)	(2,535)	(2,001)
Transformational projects	6	-	(5,843)	(5,843)	(3,671)
Pension restructuring cost	6	-	(108)	(108)	(742)
One-off administrative costs	6	-	(527)	(527)	(849)
Profit on disposal of property plant and equipment	6	-	970	970	1,752
Negative goodwill	6	-	2,726	2,726	582
Unfavourable lease provision	6	-	-	-	640
		-	(5,317)	(5,317)	(4,289)
Share of results of associate and jointly controlled entity	16	-	126	126	(47)
Other operating income	4	129	20,094	20,223	15,285
Operating profit	7	**842**	**33,287**	**34,129**	**21,960**
Investment income	10	-	191	191	382
Finance costs	11	-	(35,201)	(35,201)	(34,099)
Profit/(Loss) before tax		**842**	**(1,723)**	**(881)**	**(11,757)**
Tax on loss on ordinary activities	12	-	353	353	3,550
Profit/(loss) for the year		**842**	**(1,370)**	**(528)**	**(8,207)**

Consolidated statement of comprehensive income

For year ended 28 December 2014

	Note	**2014 £'000**	2013 £'000
Loss for the year		**(528)**	**(8,207)**
Items that will not be reclassified subsequently to profit or loss:			
Actuarial loss on defined benefit pension scheme	31	(396)	(289)
Tax on defined benefit pension scheme taken to equity	23	79	13
		(317)	(276)
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedge	27	(880)	2,352
Tax on cash flow hedge	27	171	(500)
		(709)	1,852
Total comprehensive (expense)/income for the year		**(1,026)**	**1,576**
Total recognised expense for the year	27	**(1,554)**	**(6,631)**
Attributable to:			
Equity holders of the parent		**(1,554)**	**(6,631)**

In 2014 we adopted central hub distribution, an industry innovation

Consolidated and company Balance sheet

As at 28 December 2014 (2013:29 December)

	Note	**Group 2014 £'000**	**Company 2014 £'000**	Group 2013 £'000 restated*	Company 2013 £'000
Non-current assets					
Intangible assets	13	15,084	-	11,459	-
Property, plant and equipment	14	417,104	-	365,646	-
Investments	15	-	14,178	-	14,178
Interest in associates	16	2,364	-	2,238	-
		434,552	14,178	379,343	14,178
Current assets					
Inventories	17	43,867	-	33,543	-
Trade and other receivables	18	22,574	227,072	21,596	210,253
Cash and cash equivalents	19	18,917	-	31,857	-
		85,358	227,072	86,996	210,253
Total Assets		519,910	241,250	466,339	224,431
Current liabilities					
Trade and other payables	20	(62,521)	(1,373)	(61,001)	(4,003)
Obligations under finance leases	24	(480)	-	(480)	-
Borrowings	21	(9,428)	-	(8,981)	-
		(72,429)	(1,373)	(70,462)	(4,003)
Net current assets		12,929	225,699	16,534	206,250
Non-current liabilities					
Borrowings	21	(345,238)	(187,506)	(296,003)	(167,416)
Derivative financial liability	22	(1,083)	-	(226)	-
Retirement benefit obligation	31	(1,711)	-	(1,418)	-
Deferred tax liability	23	(11,954)	-	(7,633)	-
Obligations under finance leases	24	(5,289)	-	(5,411)	-
Provisions	25	(45,411)	-	(46,837)	-
		(410,686)	(187,506)	(357,528)	(167,416)
Net Assets		**36,795**	**52,371**	**38,349**	**53,012**
Equity					
Share capital	26	49,365	49,365	49,365	49,365
Hedging reserve	27	(681)	-	28	-
Retained earnings	27	(11,889)	3,006	(11,044)	3,647
Total Equity		**36,795**	**52,371**	**38,349**	**53,012**

* Refer note 33 for details of the prior year restatement

The financial statements were approved by the Board of Directors and authorised for issue on 16 April 2015. They were signed on its behalf by:

Lorenzo Levi
Director

Consolidated and company statement of changes in equity

For the year ended 28 December 2014

Group	Note	Share Capital £000	Hedging Reserve £000	Retained Earnings £000	Total Equity £000
Balance at 30 December 2012		**24,365**	**(1,824)**	**(2,561)**	**19,980**
Issue of new share capital	26	25,000	-	-	25,000
Loss for the year		-	-	(8,207)	(8,207)
Comprehensive income/ (expense) for the year		-	1,852	(276)	1,576
Balance at 29 December 2013		**49,365**	**28**	**(11,044)**	**38,349**
Loss for the year		-	-	(528)	(528)
Comprehensive expense for the year	27	-	(709)	(317)	(1,026)
Balance at 28 December 2014		**49,365**	**(681)**	**(11,889)**	**36,795**

Company	Note	Share Capital £000	Retained Earnings £000	Total Equity £000
Balance at 30 December 2012		**24,365**	**1,186**	**25,551**
Issue of new share capital	26	25,000	-	25,000
Profit for the year	27	-	2,461	2,461
Balance at 29 December 2013		**49,365**	**3,647**	**53,012**
Loss for the year	27	-	(641)	(641)
Balance at 28 December 2014		**49,365**	**3,006**	**52,371**

Consolidated and company cash flow statement

For the year ended 28 December 2014

	Note	Group 2014 £'000	Company 2014 £'000	Group 2013 £'000	Company 2013 £'000
Net cash inflow from operating activities	28	31,907	-	37,806	-
Investing activities					
Interest received		193	-	274	-
Proceeds on disposal of property, plant and equipment		2,524	-	1,931	-
Purchases of property, plant and equipment		(34,632)	-	(13,382)	-
Acquisition of subsidiary undertaking and trade and assets	29	(28,260)	-	(35,366)	-
Net cash used in investing activities		(60,175)	-	(46,543)	-
Financing activities					
Repayments of borrowings		(5,910)	-	(4,199)	-
Arrangement fees paid		(1,000)	-	-	-
Revolving capex facility drawdown		22,000	-	-	-
Repayment of revolving capex facility		(17,000)	-	-	-
Capital expenditure facility drawdown		26,535			
Interest paid		(6,398)	-	(7,578)	-
Subsidiary debt repayment		(3,133)	-	(5,500)	-
Repayment of obligations under finance leases		(346)	-	(149)	-
Net cash acquired at acquisition	29	580	-	1,375	-
New shareholders loan		-	-	25,000	25,000
Loan to subsidiary undertaking		-	-	-	(25,000)
Net cash generated from financing activities		15,328	-	8,949	-
Net (decrease)/increase in cash and cash equivalents		(12,940)	-	212	-
Cash and cash equivalents at beginning of year		31,857	-	31,645	-
Cash and cash equivalents at end of year		**18,917**	-	**31,857**	-

Notes to financial statements

For the year ended 28 December 2014

1. General information

Wyevale Garden Centres Capital Limited (Formerly Trellis Capital Limited) is a company incorporated in the United Kingdom. The registered address of the Company is given on page 128. The nature of the Group's operations and its principal activities are set out on pages 17-20.

2. Adoption of new and revised standards

During the year, The Group adopted IAS 19 'Employee Benefits' (revised) that changes the method of calculating the net financing cost on defined benefit pension schemes. Previously, the discount rate used to calculate the scheme liabilities at the previous Balance sheet date was applied to the liabilities and the expected return on the scheme assets was applied to the assets. Under the revised standard, the discount rate is applied to the net deficit to determine the net finance cost. Scheme administration costs were previously deducted from the expected return from assets. Such costs are now included in operating costs. There is no change to the measurement of the net surplus or deficit recognised in the Balance sheet. The difference between interest income calculated on the scheme assets and the actuarial return is recognised in other comprehensive income as an actuarial gain or loss.

The change in the standard has meant that if applied retrospectively the finance cost in the Income Statement for 2013 would have been higher by £0.2m, and the charge recognised through other comprehensive income would have been lower by £0.2m. As this impact is not material, the Group has decided not to restate prior year figures for the change in standard.

The Group has adopted IFRS 13 'Fair Value Measurement' in this financial year. This standard sets out the approach to determining fair values in financial statements and provides additional guidance on how to measure fair value but does not change when fair value is permitted or required. In particular, the standard requires the Group to take account of its credit risk in determining the fair value of financial liabilities. The standard is applied prospectively and hence has no impact on amounts previously recognised. In the current year the impact of adoption of this standard is immaterial.

In the current financial year, the Group has also adopted the following standards which did not have a material impact:

IFRS 7	(amended) Financial Instruments Disclosures
IFRS 9	Financial Instruments (December 2011 amendments)
IFRS 10, IFRS 12 and IAS 27	amendments relating to investment entities
IAS 1	(amended) Presentation of Financial Statements (Annual improvements 2009-2011 Cycle)
IFRS 13	(amended) Fair Value Measurement
IAS 16	(amended) Property Plant and Equipment (Annual improvements 2009-2011 Cycle)
IAS 27	Separate Financial Statements (May 2011 amendments)
IAS 28	Investments in Associates and Joint Ventures (May 2011 amendments)
IAS 32	Financial Instruments Presentation (May 2012 amendments-offsetting financial liabilities)
IAS 36	Amendments relating to recoverable amounts disclosure for non -financial assets
IAS 39	Amendments relating to novation of derivatives and continuation of hedge accounting
IFRIC 21	levies

Notes to financial statements

For the year ended 28 December 2014 (continued)

2. Adoption of new and revised standards (continued)

At the date of authorisation of these financial statements, the following Standards and Interpretations, which have not yet been applied in these financial statements, were in issue, but not yet effective:

IFRS 2	Share Based Payments (Annual improvements 2010-2012 cycle)
IFRS 3	Business Combinations (Annual improvements 2010-2012 and 2011-2013 cycle)
IFRS 9	Financial Instruments (September 2014 amendments)
IFRS 10	Consolidated Financial Statements
IFRS 11	(amended) Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 15	Revenue from Contracts with Customers
IAS 16	(amended) Property Plant and Equipment (May and June 2014 amendments)
IAS 24	(amended) Related Party Disclosures (Annual improvements 2010-2012 Cycle)
IAS 28	Investments in Associates and Joint Ventures (September 2014 amendments)
IAS 32	Financial Instruments Presentation (December 2011 amendments)
IAS 36	(revised) Impairment of Assets (May 2013 amendments)
IAS 38	(revised) Intangible Assets (December 2013 and May 2014 amendments)
IAS 40	Annual improvements 2011-2013 cycle

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods, except as follows:

IFRS 9	will impact both the measurement and disclosure of Financial Instruments
IFRS 12	will impact the disclosure of interests Wyevale Garden Centre Capital Limited (Formerly Trellis Capital Limited) has in other entities

The Directors have reviewed the impact of adopting the above standards and amendments, and are satisfied that these will not have a material impact on the financial statements.

3. Significant accounting policies

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). The financial statements have also been prepared in accordance with the IFRSs adopted by the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation.

The financial statements have been prepared on a historical cost basis, with the exception of certain balances which have been revalued to their fair value. Details are given in the accounting policies section and the notes to the financial statements.

The Company has opted to apply Section 390(3) of the Companies Act 2006. This permits the Company to end its financial year on 28 December 2014, as it is not more than 7 days after or before the end of the year dated 31 December 2014 (2013: 29 December 2013).

This financial year consists of a 52 week period that will be known as a 'year' for the purposes of these financial statements (2013: 52 week period).

3. Significant accounting policies (continued)

Basis of consolidation
The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) for the year ended 28 December 2014. This financial year consists of a 52 week period that will be known as 'year' for the purposes of these accounts. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

Going concern
The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements. Further detail is given on page 68.

Company Income statement
Pursuant to section 408 of the Companies Act 2006, a separate Income statement dealing with the results of the Company only has not been presented. The loss for the year of the Company amounted to £641,000 (2013: profit £6,079,000).

Business combinations
All business combinations are accounted for using the purchase method. The cost of an acquisition represents the cash value of the consideration and/or the fair value of the shares issued on the date the offer became unconditional. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 (2008) are recognised at their fair value at the acquisition date except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- Liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with IFRS 2 Share-based Payments; and
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the year end of the reporting period in which combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period or additional assets or liabilities are recognised to reflect new information obtained about the facts and circumstances that existed as of the acquisition date that if known would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtain complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year.

Investments in associates
The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting except when classified as held for sale. Investments in associates are carried in the Balance sheet at cost as adjusted by post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. Transactions with associates are not eliminated upon consolidation.

Any excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets of the associates at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any deficiency of the cost of acquisition below the Group's share of the fair values of the identifiable net assets of the associate at the date of acquisition is credited in profit or loss in the year of acquisition.

Notes to financial statements

For the year ended 28 December 2014 (continued)

3. Significant accounting policies (continued)

Jointly controlled entities
A jointly controlled entity is an entity in which the Group holds an interest with one or more third parties where a contractual arrangement has established joint control over the entity. Jointly controlled entities are accounted for using the equity method of accounting.

Goodwill
Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest at fair value of identifiable assets, liabilities and contingent liabilities of a subsidiary, associate, or jointly controlled entity at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in profit or loss and is not subsequently reversed. Any excess of the fair value over the cost of acquisition (negative goodwill) is recognised in the Income statement at the acquisition date. Goodwill is considered to have an infinite useful life and so is not amortised.

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from the synergies of the business combination.

Cash generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit, pro-rata on the basis of the carrying amount of each asset in the unit. Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which goodwill has been allocated. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates, property valuations and cash flow forecasts.

Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the cash generating units.

Negative goodwill arising as a result of a 'bargain purchase' has not been recognised on the Balance sheet and has been taken to the Income statement.

Revenue recognition
Sales comprises Group sales, net of applicable discounts, including the provision against the expected redemption of Gardening Club loyalty points, value added tax and other sales related taxes. Sales of goods are recognised when goods are delivered and title has passed.

Concession income and rental income are accrued on a time basis and are recognised within 'other operating income'.

Interest income is accrued on a time basis, by reference to the principle outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Investments
Investments are stated at cost less any provision for impairment. Cost of investments includes costs directly attributable to their acquisition.

Provisions
Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the Balance sheet date, and are discounted to present value where the effect is material.

Property plant and equipment
Property, plant and equipment is stated at cost or deemed cost, net of depreciation and any provision for impairment.

3. Significant accounting policies (continued)

Property plant and equipment (continued)
Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write-off the cost or valuation, less estimated residual value of each asset on a straight-line basis over its expected useful life as follows:

Motor vehicles	25% of cost per annum
Freehold Buildings	Over 50 years on cost or valuation
Long leasehold land and buildings	Over term of the lease or 50 years, whichever is the shorter period
Short leasehold land and buildings	Over the period of the lease
Plant and equipment	10-33% of cost per annum
Freehold land is not depreciated	

The estimated residual values of assets are determined by the Directors by reference to the on-going review of the condition of the assets and consideration of other factors relevant to the market values excluding inflation. Annual impairment tests are performed on these properties. Assets held under finance leases are depreciated over the expected useful lives on the same basis as owned assets or, where shorter, over the relevant lease term.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Income statement.

Leasing
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the leasee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the Balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Intangible assets
Intangible assets which are separately identifiable upon acquisition and for which a fair value can be assigned are recognised as an asset at the time of acquisition. They are amortised over the useful life of the asset on straight line basis, being 20 years from the year of acquisition.

Impairment of tangible and intangible assets excluding goodwill
The Group reviews the carrying amounts of its tangible and intangible assets annually to determine whether there is any indication those assets have suffered an impairment loss. If any such loss exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less disposal costs and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using the Group's weighted average cost of capital. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the Group's cash generating units.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Notes to financial statements

For the year ended 28 December 2014 (continued)

3. Significant accounting policies (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Financial instruments

Financial assets and financial liabilities are recognised on the Group's Balance sheet when the Group becomes party to the contractual provisions of the instrument.

The Group has determined the classes of financial assets and liabilities to be cash and borrowings, loans and receivables, trade payables and derivative financial instruments.

Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL) and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets are assessed for indicators of impairment at each Balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty
- default in interest or principal payments
- it becoming probable that the borrower will enter bankruptcy

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written-off against the allowance account.

Cash and cash equivalents

Cash and cash equivalents comprise cash on-hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Loans and receivables

Trade receivables, loans and other receivables are measured at initial recognition at their fair value, and are subsequently measured at amortised cost using the effective interest rate method less any impairment. Appropriate allowances for estimated irrecoverable amounts are recognised in the Consolidated Income statement when there is objective evidence that the asset is impaired.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income / expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts / payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or, where appropriate, a shorter period.

3. Significant accounting policies (continued)

Financial liabilities
Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial liabilities at FVTPL
Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Other financial liabilities
Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

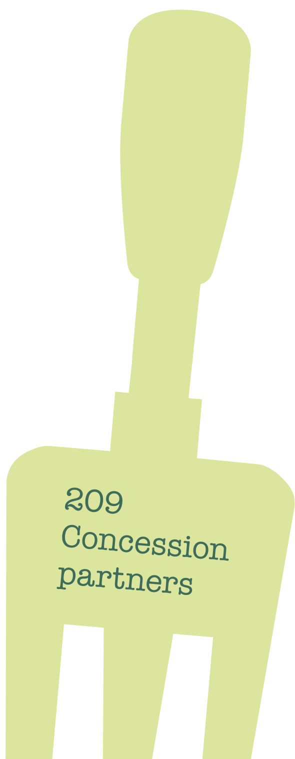
Borrowings
Interest bearing loans and bank overdrafts are recorded at the proceeds received, net of direct costs of issue. Finance charges, including premiums payable on settlement or redemption and direct costs of issue are accounted for, on an accruals basis, to the Income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade payables
Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Derivative financial instruments
The Group uses derivative financial instruments such as interest rate swaps, forward interest rate contracts and forward foreign currency contracts to minimise exposure to the financial risk of interest rates and foreign currency fluctuations. The Group does not use derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each Balance sheet date. The resulting gain or loss is recognised in profit and loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group designates certain derivative hedges as hedges of highly probable forecast transactions (cash flow hedge).

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.



3. Significant accounting policies (continued)

Hedge accounting
The Group designates its derivative hedging instrument as a cash flow hedge.

At inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with the risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair value or cash flows of the hedged item. Note 22 sets out details of the fair value of the derivative instruments used for hedging purposes. Movements in the hedging reserve in equity are detailed in note 27.

Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the profit or loss, and is included in the 'other gains and losses' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the year when the hedged item is recognised in profit or loss, in the same line of the Income statement as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income at that time is accumulated in equity and is recognised in other comprehensive income at that time is accumulated in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

Exceptional items
Exceptional items are income or expenditure, which individually or, if of a similar type, in aggregate should, in the opinion of the Directors, be disclosed by virtue of their size or nature if the financial statements are to give a true and fair view.

Operating profit
Operating profit is stated after charging restructuring costs and the share of results of jointly controlled entities but before investment income and finance costs.

Retirement benefit costs
The Group operates a funded defined benefit (final salary pension) scheme, which has been set up under a trust that holds its financial assets separately from those of the Group. In addition, a number of defined contribution arrangements are currently operated. Payment to defined contribution retirement benefit schemes are charged as an expense as they fall due.

The difference between the value of defined benefit pension scheme assets and defined pension scheme liabilities is recorded on the Balance sheet as a retirement benefit asset or obligation.

Defined benefit pension scheme assets are measured at the fair value using bid price for assets with quoted prices. Defined benefit pension scheme liabilities are measured at the Balance sheet date by an independent actuary using the projected unit method and discounted at the current rate of return of high quality corporate bonds of equivalent term and currency to the liability.

Service cost, which is the increase in the present value of the liabilities of the Group's defined pension schemes expected to arise from employee service in the period, is included in operating costs. Net finance cost is calculated by applying the discount rate used for the scheme liabilities to the net deficit.

Changes in the retirement obligation arise from differences between the return on scheme assets and interest included in the Income Statement, and from actuarial gains and losses from experience adjustments and changes in demographic or financial assumptions.

3. Significant accounting policies (continued)

Retirement benefit costs (continued)
Such changes are classified as remeasurements and are charged or credited to equity and recorded in the Statement of Comprehensive Income in the year in which they arise.

Taxation
The tax expense represents the sum of the tax currently payable and deferred tax.

Taxable profit differs from profit before tax as reported in the Income statement because it excludes some items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the Balance sheet date.

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

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each Balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Equity share capital
Equity share capital represents the ordinary shares issued by the Company and are recorded as the proceeds received less direct issue costs.

Critical accounting judgements and key sources of estimation uncertainty
In the process of applying the Group's accounting policies which are described above, management have not made any significant judgements that affect the amounts recognised in the financial statements aside from the application of the assumptions below.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the Balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Inventory provisioning
Determining inventory provisioning involves estimating the recoverable amount of the inventory held by the Group. Calculating the recoverable amount of inventory requires a degree of estimation in terms of the likely demand and prices for individual inventory items. Management monitor demand closely and continue to ensure any changes in the market are appropriately reflected.

Fixed asset and goodwill impairment
Determining whether fixed assets and goodwill are impaired requires an assessment of the cash generating units ('CGU') to which fixed assets have been allocated and an estimation of the value in use of the CGU to which fixed assets have been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU and a suitable discount rate to calculate present value.

Depreciation and carrying amounts of property, plant and equipment
Calculating the depreciation charge and hence the carrying value for property, plant and equipment requires estimates to be made of the useful lives of the assets. The estimates are based on the Group's experience of similar assets. Details are set out in note 3 on page 84-85.

Notes to financial statements

For the year ended 28 December 2014 (continued)

3. Significant accounting policies (continued)

Critical accounting judgements and key sources of estimation uncertainty (continued)

Retirement benefit obligations

Determining the amount of the Group's retirement benefit obligations and the net costs of providing such benefits requires assumptions to be made concerning long term interest rates, inflation, salary and pension increases, investment returns and longevity of current and future pensioners. Changes in these assumptions could significantly impact the amount of the obligations or the cost of providing such benefits. The Group makes assumptions concerning these matters and the probability that a surplus may be recoverable with the assistance of advice from independent qualified actuaries. Details of the assumptions made are set out in note 31 to the financial statements.

Tax provisions

Assessing the outcome of uncertain tax positions requires judgements to be made regarding the result of negotiations with and enquiries from tax authorities. The assessments made are based on advice from independent tax advisers and the status of ongoing discussions with the relevant tax authorities.

Acquisition accounting

During the year, the Group acquired Raglan Nurseries Limited, Golden Acres Holdings Limited and its subsidiary and Brooks, Moreton Park and Ashford through Garden Centre Acquisitions Limited. Following these acquisitions, a fair value exercise, under IFRS3 – Business Combinations, was undertaken in order to calculate the fair value of the acquired assets and liabilities. Both negative and positive goodwill arose during the year as a result of the acquisition accounting being completed in-line with IFRS 3- Business Combinations. In line with the requirements of the standard, negative goodwill has been released to the Income Statement during the year and positive goodwill has been capitalised.

The goodwill balance carried on the Balance Sheet will be tested annually for impairment. In carrying out the fair value exercise, the Group made the following significant judgements that had a material impact on the calculation of goodwill:

- Inventories were reviewed and subsequently provided for based primarily on a revised ranging strategy which contemplated a shift/discontinuation of certain sub-categories.
- Property has been adjusted to its current market value. The current market values set with reference to valuation work performed by a third party property expert. Where third party valuation were unavailable, fair values have been set based on management best estimates using industry standard calculations.

Prior year acquisition accounting

During 2013 Wyevale Garden Centre Capital Limited (Formerly Trellis Capital Limited) completed the acquisition of Wyevale Garden Centre G&L Limited (Formerly The Garden and Leisure Group Limited). Within 2013 Annual Report and Financial statements, provisional values were allocated to the fair value accounting for this acquisition. In 2014, new information has come to light which has meant the provisional values have been revised. There is one area impacted by the adjustments. A provision was recognised on acquisition reflecting the additional rent the Group is committed to over and above what would be considered a current market rate. The original obligation did not factor in rent increases implicit in the lease and therefore the obligation has been adjusted as appropriate.

4. Revenue

Revenue represents amounts derived from the provision of goods and services which fall within the Group's ordinary activities after deduction of trade discounts and Value Added Tax.

An analysis of the Group's revenue for the year is as follows:

	2014 £'000	2013 £'000
Revenue - Sale of goods	290,415	276,208
Concession income	18,053	14,343
Other	2,170	942
	310,638	**291,493**

5. Business and geographical segments

Management monitor the business performance based on the key KPI for the three main revenue streams- garden centres, food and beverage and concessions. Details of these KPI have been provided within the strategic review section of the annual report. As the Group is not listed, full segmental analysis is not required, and therefore the Group have opted not to provide further detail in this area.

Notes to financial statements

For the year ended 28 December 2014 (continued)

6. Exceptional items

Due to the nature of the Group's costs detailed below, they were deemed to be non-recurring and have been disclosed separately to ensure the underlying performance of the business is clearly identified.

	2014 £'000	2013 £'000
(a) Group restructuring costs	(2,535)	(2,001)
(b) Transformational projects	(5,843)	(3,671)
(c) Pension restructuring costs	(108)	(742)
(d) One-off administrative costs	(527)	(849)
(e) Profit on disposal of property plant and equipment	970	1,752
(f) Negative goodwill	2,726	582
(g) Unfavourable lease provision	-	640
	(5,317)	**(4,289)**

a) Group restructuring cost – During the year, the Group incurred £339,000 (2013: £521,000) for the secondment of Terra Firma staff. In addition to that, redundancy costs of £886,000 (2013: £462,000) and £1,310,000 (2013: £1,018,000) relating to restructuring of senior management of the Group were also incurred.

b) Transformational projects – The Group incurred costs of £5,843,000 (2013: £3,671,000) in relation to one off strategic projects linked to the setting of the main long term strategy of the Group, as agreed with shareholders.

c) Pension restructuring cost – During the year, the Group further incurred cost of £108,000 (2013: £742,000) on a review of the existing defined benefit pension scheme.

d) One off administrative costs – The Group incurred £527,000 (2013: £849,000) on consultancy and advisory fees in relation to various projects on cost savings initiatives.

e) Profit on disposal of property plant and equipment – During the year, a profit of £970,000 (2013: £1,752,000) arose from disposal of a plot of land.

f) Negative goodwill – Negative goodwill of £2,726,000 (2013: £582,000) arose from the acquisition of Brooks, Moreton Park, Ashford, Podington, Raglan Garden Centres and Golden Acres Group. This was released to the Income statement in line with IFRS 3 Business Combinations.

g) Unfavourable lease provision release – In 2013, £640,000 was released as a result of change in the lessor on three properties that resulted in a reduction of the net unfavourable lease relating to the properties.

7. Operating profit

The Group's operating profit for the year has been arrived at after charging/ (crediting):

	2014 £'000	2013 £'000
Depreciation charge for the year (see note 14)	14,960	14,623
Profit on sale of property, plant and equipment	(970)	(1,752)
Cost of inventories recognised as expense	126,409	129,304
Staff costs (see note 9)	70,170	64,517
Auditor's remuneration for audit services (see below)	251	346
Operating lease rental	10,316	9,800
Amortisation of intangibles (see note 13)	38	35
Exceptional items (refer to note 6)	5,317	4,289
Acquisition costs	**1,818**	**1,789**

	2014 £'000	2013 £'000
Fees payable to the Company's auditors and their associates for the audit of the Company's annual financial statements	5	5
Fees payable to the Company's auditors and their associates for other services to the Group	-	-
Audit of the Company's subsidiaries pursuant to legislation	163	170
	168	175
Other audit related assurance services	12	15
Tax compliance	44	69
Tax advisory	27	87
Other non-audit assurance services	-	-
Total non audit fees	83	171
Total	**251**	**346**

The audit fees of the Company were borne by another Group company.

Notes to financial statements

For the year ended 28 December 2014 (continued)

8. Reported EBITDA for the financial year

The Group's reported EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation) before exceptional items and acquisition costs excluding share of results of associate is a key performance indicator for the business. The calculation of reported EBITDA is set out below:

	2014 £'000	2013 £'000
Operating profit	34,129	21,960
Adjustments for items not included in EBITDA:		
Acquisition costs (note 7)	1,818	1,789
Exceptional items (note 6)	5,317	4,289
Depreciation expense (note 14)	14,960	14,623
Amortisation expense (note 13)	38	35
Share of results of associate and jointly controlled entity	(126)	47
Reported EBITDA	**56,136**	**42,744**

9. Information regarding key management personnel and employees

The average monthly number of employees (including executive Directors) was:

	Group 2014 Number	Group 2013 Number
Selling	3,304	3,080
Administration	246	186
	3,550	**3,266**

	£'000	£'000
Their aggregate remuneration comprised:		
Wages and salaries	67,421	61,794
Social security costs	1,568	1,391
Other pension costs (refer to note 31)	1,181	1,332
	70,170	**64,517**

The key management personnel of the Group are not remunerated by the Company, but are remunerated by the Group. Refer to note 32 for payments to related parties who are also members of the key management personnel.

9. Information regarding key management personnel and employees (continued)

During year, the Directors and executive management team, who are the key management personnel, received the following remuneration:

	2014 £'000	2013 £'000
Emoluments	3,412	2,501
Payment on loss of office	-	467
Company contributions to defined contribution pensions schemes	275	229
	3,687	**3,197**

At 28 December 2014, retirement benefits were accruing to £nil (2013: £nil) for Directors under the defined benefit scheme. The number of Directors who were members of pension schemes during the year was as follows:

	2014 Number	2013 Number
Defined contribution schemes	**8**	**4**

Highest paid Director

The above amounts include the following in respect of the highest paid Director.

	2014 £'000	2013 £'000
Emoluments	734	862
Company contributions to defined contribution pensions schemes	15	67
	749	**929**

The accrued pension entitlement under the Company's defined benefit schemes of the highest paid Director at 28 December 2014 was £nil (2013: £nil).

Notes to financial statements

For the year ended 28 December 2014 (continued)

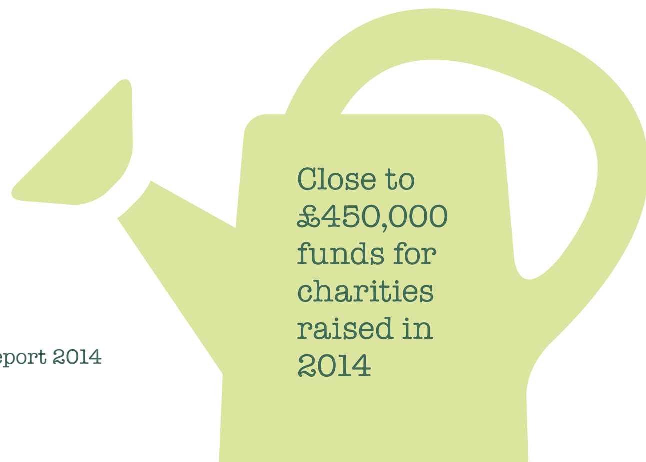
10. Investment income

	2014 £'000	2013 £'000
Interest on bank deposits held at amortised cost	191	274
Net return on pension scheme (refer to note 31)	-	108
	191	**382**

11. Finance costs

	2014 £'000	2013 £'000
Interest on bank overdrafts and loans	11,533	12,334
Interest on obligations under finance leases	263	515
Interest payable to immediate parent undertaking	20,090	17,676
Net interest from pension scheme (refer to note 31)	56	-
Unwinding of discount on provisions (refer to note 25)	3,259	3,574
	35,201	**34,099**

Finance costs in relation to the amounts owed to the parent undertaking are rolled up into the loan value, and are therefore not a cash expense.



12. Tax

On 17 July 2013 the government enacted further reductions in the standard rate of corporation tax to 21% from 1 April 2014 and 20% from 1 April 2015. As these changes had been substantively enacted at the Balance sheet date they are reflected in these financial statements.

Group	**2014 £'000**	2013 £'000
Deferred tax:		
Income statement	(353)	(3,550)
Total tax credit	**(353)**	**(3,550)**

The credit for the year can be reconciled to the loss per the Income statement as follows:

Group	**2014 £'000**	2013 £'000
Loss before tax	(881)	(11,757)
Tax at the UK corporation tax rate of 21.49% (2013:23.25%)	(189)	(2,733)
Expenses not deductible and other permanent differences	2,481	1,976
Effect of tax rate change	(101)	-
Non taxable release of negative goodwill	(563)	(135)
Effect of prior year adjustments	(1,981)	(1,680)
Reduction in deferred tax liability due to rate change	-	(978)
Tax credit for the year	**(353)**	**(3,550)**

A deferred tax credit relating to the actuarial losses on defined benefit pension schemes of £79,000 (2013: £13,000) has been recognised in the Statement of Comprehensive Income.

A deferred tax charge relating to the derivative financial liability of £171,000 (2013: £500,000) has also been recognised in the Statement of Comprehensive Income.

Notes to financial statements

For the year ended 28 December 2014 (continued)

13. Intangible assets

Group	Goodwill £'000	Trademarks £'000	Total £'000
Cost:			
At 30 December 2012	-	688	688
Recognised at acquisition (note 29)	5,988	-	5,988
At 29 December 2013 as previously stated	5,988	688	6,676
Prior year adjustment	4,849	-	4,849
At 29 December 2013	10,837	688	11,525
Recognised at acquisition (note 29)	3,663	-	3,663
At 28 December 2014	**14,500**	**688**	**15,188**
Amortisation:			
At 30 December 2012	-	31	31
Amortisation charge	-	35	35
At 29 December 2013	-	66	66
Amortisation charge	-	38	38
At 28 December 2014	**-**	**104**	**104**
Net book value:			
At 28 December 2014	**14,500**	**584**	**15,084**
At 29 December 2013	**10,837**	**622**	**11,459**

At 28 December 2014 and 29 December 2013, the Company had no intangible assets.

The trademarks were recognised on acquisition of The Garden Centre Group Limited. They have an estimated useful life currently of 15 years (2013: 16 years).

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. The recoverable amounts of the CGU are determined from value in use calculations and assessment of the net realisable value of the CGU.

The key assumptions for the value in use calculation are the discount rates, growth rates and cash flow forecasts. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the Group. The growth rates are based on the Group's three year forecast, after excluding future profits generated from future capital expenditure.

The Group prepares detailed cash flow forecasts derived from the most recent financial budgets approved by management for the next three years and assumes a growth rate applied into perpetuity of 2.5% (2013: 2.5%).

The rate used to discount the forecast cash flows is pre tax discount rate 11% (2013: 11%).

The Group has conducted a sensitivity analysis on the impairment of goodwill. An increase in discount rate by 5.3% percentage points or a reduction in discounted future cash flow by 37.7% would result in the carrying value of goodwill being reduced to zero.

14. Property plant and equipment

Group	Land and buildings £'000	Plant and equipment £'000	Motor vehicles £'000	Total £'000
Cost:				
At 30 December 2012	290,396	43,082	41	333,519
Recognised on acquisition	33,575	4,076	-	37,651
Additions	2,236	11,171	6	13,413
Disposals	(179)	-	(33)	(212)
At 29 December 2013	326,028	58,329	14	384,371
Recognised on acquisition	32,437	910	-	33,347
Additions	3,313	31,265	-	34,578
Disposals	(1,468)	(1,023)	(14)	(2,505)
At 28 December 2014	**360,310**	**89,481**	**-**	**449,791**
Accumulated depreciation:				
At 30 December 2012	2,033	2,077	25	4,135
Charge for the period	4,063	10,541	19	14,623
Eliminated on disposals	-	-	(33)	(33)
At 29 December 2013	6,096	12,618	11	18,725
Charge for the year	3,591	11,366	3	14,960
Eliminated on disposals	(46)	(938)	(14)	(998)
At 28 December 2014	**9,641**	**23,046**	**-**	**32,687**
Net book value:				
At 28 December 2014	**350,669**	**66,435**	**-**	**417,104**
At 29 December 2013	**319,932**	**45,711**	**3**	**365,646**

The carrying amount of the Group's land and buildings includes an amount of £23,372,376 (2013: £23,469,073) in respect of assets held under finance leases.

The Company has no property or plant and equipment (2013: £nil).

Notes to financial statements

For the year ended 28 December 2014 (continued)

15. Investments

	Group £'000	Company £'000
Cost		
At 30 December 2012	7,000	200
Acquisitions during the year (note 29)	-	-
Debt to equity swap	-	13,978
At 29 December 2013	7,000	14,178
Acquisitions during the year (note 29)	-	-
At 28 December 2014	**7,000**	**14,178**
Impairment:		
At 30 December 2012	7,000	-
Impairment charge	-	-
At 29 December 2013	7,000	-
Impairment charge	-	-
At 28 December 2014	**7,000**	**-**
Net book value:		
At 28 December 2014	**-**	**14,178**
At 29 December 2013	**-**	**14,178**

In 2013, the Company completed a debt to equity swap with Trellis Holdco Limited, another Group member. 134,911 ordinary A shares of £1 with an aggregate nominal value of £134,911 were issued to Wyevale Garden Centres Capital Limited (Formerly Trellis Capital Ltd), in settlement of an element of accrued interest on the intercompany loan due to Wyevale Garden Centres Capital Limited (Formerly Trellis Capital Ltd). The shares were issued in settlement of accrued interest to the value of £13,978,000. As part of this transaction the future interest to be charged on the loan was reduced to 8%.

15. Investments (continued)

A list of the significant investments in subsidiaries is shown below.

Name	Country of incorporation	Percentage holding by Company	Percentage holding by Group
Trellis Holdco Limited	England & Wales	100%	100%
Trellis Finance Limited	England & Wales	-	100%
Trellis Investment Limited	England & Wales	-	100%
Trellis Acquisitions Limited	England & Wales	-	100%
Trellis Management Limited	England & Wales	-	100%
Garden Centre Holdings Limited	England & Wales	-	100%
Blooms Garden Centres limited	England & Wales	-	100%
The Garden Centre Group Limited	England & Wales	-	100%
EHGT Limited	England & Wales	-	100%
Wyevale Acquisitions Borrower Limited	England & Wales	-	100%
Garden and Leisure Group Limited	England & Wales	-	100%
Wyevale Garden Centre Holdings Limited (Formerly The Garden Centre Group Holdings Limited)	England & Wales	-	100%
Wyevale Garden Centres Limited (Formerly The Garden Centre Group Trading Limited)	England & Wales	-	100%
Wyevale Garden Centres Acquisitions Limited (Formerly Garden Centre Acquisitions Limited)	England & Wales	-	100%
Wyevale Garden Centres G&L Limited (Formerly The Garden and Leisure Group Limited)	England & Wales	-	100%
Podington Nurseries Limited	England & Wales	-	100%
Raglan Garden Centre Limited	England & Wales	-	100%
Golden Acres Holdings Limited	England & Wales	-	100%
Golden Acres Nurseries Limited	England & Wales	-	100%
Significant investments in jointly controlled entities			
Blooms Property Limited Partnership	England & Wales	nil	50.0%
Associate investments			
Garden Centre Property Development Trading plc	England & Wales	nil	29.8%

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For the year ended 28 December 2014 (continued)

16. Interest in associates

The Group owns 29.8% of Garden Centre Property Development Trading plc. (refer to note 15).

	2014 £'000	2013 £'000
Balance at the beginning of the year	2,238	2,285
Share of associate result	126	(47)
Interest in associate at end of the year	**2,364**	**2,238**

Aggregated amounts relating to Garden Centre Property Development Trading plc:

	2014 £'000	2013 £'000
Total assets	15,665	15,608
Total liabilities	(5,957)	(6,323)
Net assets	**9,708**	**9,285**
Group share of net assets of associates	**2,893**	**2,767**
Total revenue	1,069	1,402
Profit/(loss) for the year	423	(159)
Group share of profit/(loss) of associates	**126**	**(47)**

17. Inventories

	Group 2014 £'000	Group 2013 £'000
Goods for resale	43,547	33,287
Consumables	320	256
	43,867	**33,543**

The Directors consider carrying value of the inventories approximated their fair value.

18. Trade and other receivables

	Group 2014 £'000	**Company 2014 £'000**	Group 2013 £'000	Company 2013 £'000
Trade receivables	3,463	-	1,990	-
Other receivables	11,340	-	10,989	-
Prepayments	7,771	-	8,617	-
Amounts receivable from subsidiaries	-	227,072	-	210,253
	22,574	**227,072**	**21,596**	**210,253**

The directors consider the allowance made for irrecoverable amounts to be immaterial. The Directors consider that the carrying amount of the trade and other receivables approximates their fair value. Interest is charged at 12% (2013: 12%) on balances owed by group undertakings except for Trellis Holdco Limited for which the rate is 8% (2013: 8%). Amounts past due not impaired are immaterial.

Included in other receivables is £1.6 million (2013: £5.1) relating to an amount held in Escrow for redevelopment of a centre as per an agreement with a third party.

Credit risk

The Group and the Company's principal financial assets are bank balances and cash, and trade and other receivables, which represent the Group's and the Company's maximum exposure to credit risk in relation to financial assets.

The Group's credit risk is primarily attributable to trade and other receivables and the Company's credit risk is attributable to inter-company receivables, which are not considered to bear significant risk. The amounts presented in the Balance sheet are net of allowances for doubtful receivables, estimated by the Group's and the Company's management based on prior experience and their assessment of the current economic environment.

Notes to financial statements

For the year ended 28 December 2014 (continued)

19. Cash and cash equivalents

	Group 2014 £'000	Company 2014 £'000	Group 2013 £'000	Company 2013 £'000
Cash in hand and at bank	**18,917**	**-**	**31,857**	**-**

The Directors consider the carrying amount of the cash in hand and at bank approximated their fair value.

20. Trade and other payables

	Group 2014 £'000	Company 2014 £'000	Group 2013 £'000	Company 2013 £'000
Trade payables	30,953	-	27,881	-
Other payables	15,431	-	16,272	-
Accruals and deferred income	16,135	-	16,479	-
Group relief	2	1,373	-	4,003
Amounts payable to related parties	-	-	369	-
	62,521	**1,373**	**61,001**	**4,003**

The Directors consider that the carrying amount of the trade and other payables approximate to their fair value.

21. Borrowings

	Group 2014 £'000	Company 2014 £'000	Group 2013 £'000	Company 2013 £'000
Unsecured borrowing at amortised cost				
Shareholder loan	187,506	187,506	167,416	167,416
Secured borrowing at amortised cost				
Bank loans	167,160	-	137,568	-
Total borrowings	**354,666**	**187,506**	**304,984**	**167,416**
The borrowings are repayable as follows:				
Due within one year	9,428	-	8,981	-
In the second to fifth years	110,812	-	24,946	-
After five years	**234,426**	**187,506**	**271,057**	**167,416**
Amount due for settlement after 12 months	**345,238**	**187,506**	**296,003**	**167,416**

21. Borrowings (continued)

Facility A
A six year facility with a maximum limit of £35 million. The facility will be paid over numerous tranches over the term. Interest will be paid at 3.75% (2013: 3.75%) over LIBOR plus mandatory costs. At the Balance sheet date the Group had utilised £24.4 million (2013: £30.6 million) out of this facility.

Facility B
A seven year facility with a maximum limit of £65 million. The facility will be paid in full on maturity. However mandatory or voluntary repayments are applied on a pro rata basis. Interest will be paid at 4.5% (2013: 4.5%) over LIBOR plus mandatory costs. At the Balance sheet date £64.6 million of this facility (2013: £64.6 million), was outstanding.

Notes to financial statements

For the year ended 28 December 2014 (continued)

21. Borrowings (continued)

Capex/Acquisition facility

A six year facility with a maximum limit of £30 million. The facility will be paid in three tranches, commencing in 2015. Interest will be paid at 3.50% (2013: 3.75%) over LIBOR plus mandatory costs. At the Balance sheet date the Group had utilised £29.0 million (2013: £26.5 million) out of this facility.

Revolving facility

A six year facility with a maximum limit of £30 million. The facility will be paid in full on maturity. Interest will be paid at 4.25% (2013: 4.25%) over LIBOR plus mandatory costs. At the Balance sheet date the Group had £25.8 million undrawn in this facility (2013: £30 million).

Secured loan note facility

A 10 year facility with a maximum limit of £38 million. The facility will be paid in full on maturity. Interest will be accrued at 8% (2013: 8%) and is satisfied by the issuance of 'Payment in Kind Notes'. This facility has been fully utilised at Balance sheet date.

New Capex/Acquisition facility

During the year, the Group entered into a new capex facility with a maximum limit of £40 million. The facility will be paid in full in line with facility B. Interest will be paid at 3.5% over LIBOR plus mandatory costs. At the Balance sheet date the Group had £40 million undrawn in this facility.

Covenants

There are two covenants to be met under the new debt facilities; leverage cover and fixed charge cover. These are tested on a quarterly basis.

Financial liabilities analysed by maturity date 2014	Loans £'000	Finance leases £'000	Trade and other payables £'000	Shareholder Loan £'000
Due within one year	9,428	480	46,384	-
In the second to fifth years	110,812	1,639	-	-
After five years	46,920	3,650	-	187,506
	167,160	**5,769**	**46,384**	**187,506**
2013				
Due within one year	8,981	480	44,522	-
In the second to fifth years	24,946	1,639	-	-
After five years	103,641	3,772	-	167,416
	137,568	**5,891**	**44,522**	**167,416**

Finance lease liabilities are secured on the assets to which they relate.

22. Financial instruments

Capital risk management
The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group at the Balance sheet date consists of debt, which includes the borrowings disclosed in note 21, cash and equity attributable to equity holders of the parent, reserves and retained earnings as disclosed in notes 26 to 27.

Gearing ratio

The Directors review the capital structure on a periodic basis. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital.

	2014 £'000	2013 £'000
Debt	354,666	304,984
Cash	**(18,917)**	**(31,857)**
Net debt	335,749	273,127
Total equity	49,365	49,365
Net debt : equity ratio	**6.8:1**	**5.5:1**

Debt is defined as short and long-term borrowings, as detailed in note 21. Total equity is defined as ordinary share capital, as detailed in note 26.

Externally imposed capital requirement
The Group is not subject to externally imposed capital requirements.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the financial statements.

Notes to financial statements

For the year ended 28 December 2014 (continued)

22. Financial instruments (continued)

Categories of financial instruments

Financial assets	**Carrying value 2014 £'000**	Carrying value 2013 £'000
Loans and receivables (including cash and cash equivalents)	**33,719**	**44,836**

Financial liabilities		
Borrowings held at amortised cost	406,818	355,028
Derivative instruments in designated hedge accounting relationships	1,083	226
	407,901	**355,254**

Financial risk management objectives
The Group monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyses exposures by degree and magnitude of risks. These risks include fair value interest rate risk, currency risk, credit risk, liquidity risk and cash flow interest rate risk.

The Group seeks to minimise the effects of these risks by using derivative financial instruments to hedge interest rate and foreign currency exposures. The use of financial derivatives is governed by the Group's Board of Directors, who would decide on interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity as required. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Currency derivatives
The Group operates wholly in the United Kingdom. Sales and the majority of purchases are in local currency and all loans are in sterling. The Group and Company have minimal foreign exchange exposure (assets or liabilities) and therefore the financial statements do not contain any numerical disclosures on currency risk. The Group has used forward contracts, principally for US$, when any exposure has arisen. The fair value of the forward contract at 28 December 2014 was £361,497 (2013: £147,000).

Interest rate risk management
The Group is exposed to interest rate risk as entities in the Group borrow funds at floating interest rates. The risk is managed by the Group by the use of an interest rate swap contract and forward interest rate contracts for currency purchases.

Derivative financial instruments
The Group's policy on the use of financial instruments is explained in the Directors' report and in the accounting policies in note 3. All the Group's financial instruments are held by Trellis Acquisition Limited, a Group member.

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate, including interest rate swaps.

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt held and the cash flow exposures on the issued variable rate debt held. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the curves at the reporting date and the credit risk inherent in the contract, and is disclosed over. The average interest rate is based on the outstanding balances at the end of the financial year.

22. Financial instruments (continued)

The following table details the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at the reporting date:

Financial risk management objectives (continued)

Outstanding receive floating pay fixed contracts	Average contract fixed interest rate 2014 %	Notional principal value 2014 £'000	Fair value 2014 £'000
2 to 5 years	**1.48**	**80,865**	**(1,083)**

Outstanding receive floating pay fixed contracts	Average contract fixed interest rate 2013 %	Notional principal value 2013 £'000	Fair value 2013 £'000
2 to 5 years	**1.48**	**86,220**	**(226)**

The interest rate swap settles on a quarterly basis. The floating rate on the interest rate swap is three months LIBOR. The Group will settle the difference between the fixed and floating interest rate on a net basis.

The interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges to reduce the Group's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swap and the interest payments on the loan occur simultaneously.

Fair value measurements
The valuation techniques that the Group applies in determining the fair values of its financial instruments are described below.

The techniques are classified under the hierarchy defined in IFRS 13 which categorises valuation techniques into level 1-3 based on the degree to which the fair value is observable.

Level 1 Fair value measurements are those derived from unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2 Fair value measurements are those derived from inputs other than quoted prices included within level 1, those are observable for the asset or liability, either directly or indirectly.

Level 3 Fair value measurement are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to financial statements

For the year ended 28 December 2014 (continued)

22. Financial instruments (continued)

Fair value measurements (continued)
The following table describes the valuation technique that the Group applies for each class of financial instrument which is measured at fair value on a recurring basis.

	Fair value hierarchy	**2014 £'000**	2013 £'000	Valuation technique and key inputs
Interest rate swaps	2	(1,083)	(226)	**Discounted cash flow** Future cash flows are estimated and discounted based on the applicable yield curves derived from quoted interest rates.
Forward contracts	2	361	147	**Discounted cash flow** Future cash flows are estimated based on observable forward exchange rates at the year end and contract forward rates discounted at a rate that reflects the credit risk.

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair value.

Valuation techniques and assumptions applied for the purposes of measuring fair value
The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

Hedge accounting
In order to qualify for hedge accounting, the Group is required to document prospectively the relationship between the item being hedged and the hedging instrument. The Group is also required to demonstrate an assessment of the relationship between the hedged item and the hedging instrument, which shows that the hedge will be highly effective on an ongoing basis. This effectiveness testing is reperformed periodically to ensure that the hedge has remained, and is expected to remain highly effective.

Interest rate sensitivity analysis
The sensitivity analyses below have been determined based on the exposure to interest rates at the Balance sheet date. For floating rate liabilities, the analysis is prepared assuming the amount of floating rate liability outstanding at the Balance sheet date 28 December 2014 of £120,239,000 (2013: £91,042,000) (excluding the variable overdraft) was outstanding for the whole year. For fixed rate liabilities, the analysis is prepared assuming the £1,083,000 (2013: £226,000) fair value of the swap at 28 December 2014 is affected by an interest rate change for the remaining three years until the swap terminates in March 2017. A 0.5% increase or decrease is used in management's assessment of the reasonably possible change in interest rates. If interest rates had been 0.5% lower/higher and all other variables were held constant, the Group's:

- loss for the year ended 28 December 2014 would increase/decrease by £0.6 million (2013: £0.47 million). This is attributable to the Group's exposure to interest rates on its variable rate borrowings; and
- loss for the year ended 28 December 2014 would decrease/increase by £0.4 million (2013: £0.40 million). This is attributable to the Group's exposure to interest rates on its fixed rate borrowings in relation to the swap valuation; and
- equity for the year ended 28 December 2014 would increase/decrease by £0.2 million (2013: £0.07 million).

22. Financial instruments (continued)

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Directors manage liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities in the Group, by monitoring forecast and actual cash flows continuously and matching the maturity profiles of borrowings and undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

Liquidity and interest risk table

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

2014	**Weighted average interest rate %**	**Less than 1 month £'000**	**1-3 months £'000**	**3 months to 1 year £'000**	**1-5 years £'000**	**After 5 years £'000**	**Total £'000**
Variable interest rate instrument	6.0%	3,827	3,681	16,506	104,733	-	128,747
Fixed interest rate instruments	9.2%	43	86	387	94,480	438,654	533,650
Derivative financial instrument	1.5%	51	102	457	569	-	1,179
	10.1%	**3,921**	**3,869**	**17,350**	**199,782**	**438,654**	**663,576**

2013	Weighted average interest rate %	Less than 1 month £'000	1-3 months £'000	3 months to 1 year £'000	1-5 years £'000	After 5 years £'000	Total £'000
Variable interest rate instrument	6.2%	4,079	1,271	9,940	42,297	65,854	123,441
Fixed interest rate instruments	9.2%	43	86	387	94,480	439,239	534,235
Derivative financial instrument	1.5%	61	122	548	1,179	-	1,910
	10.2%	**4,183**	**1,479**	**10,875**	**137,956**	**505,093**	**659,586**

Notes to financial statements

For the year ended 28 December 2014 (continued)

22. Financial instruments (continued)

Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. This information is supplied by independent rating agencies where available and if not available the Group uses other publicly available financial information and its own trading records to rate its major customers.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are connected entities.

The following table represents the Group's maximum exposure to credit risk:

	2014 £'000	2013 £'000
Current 0-30 days	2,905	1,670
Overdue 31-60 days	98	56
Overdue 61-90 days	225	129
Overdue +120 days	236	135
	3,464	**1,990**

Company

As all the transactions within the Company are inter-company transactions the Directors consider there to be no credit risk on these assets.

23. Deferred tax

The following are the major deferred tax liabilities and (assets) recognised by the Group and movements thereon during the current period.

	Business combinations non-deductible assets £'000	Short term timing differences and losses £'000	Accelerated tax depreciation £'000	Tax deductible goodwill & intangible assets £'000	Derivative financial liability £'000	Retirement benefit obligations £'000	Unfavaour-able leases £'000	Total £'000
Balance at 30 December 2012	21,693	(3,889)	(1,997)	(1,638)	(545)	(559)	(6,152)	6,913
Recognised at acquisition	5,464	-	-	-	-	-	(1,681)	3,783
(Credit)/charge to income	(3,771)	(2,663)	1,333	282	-	288	981	(3,550)
Credit to equity	-	-	-	-	500	(13)	-	487
At 29 December 2013	23,386	(6,552)	(664)	(1,356)	(45)	(284)	(6,852)	7,633
Recognised at acquisition	5,096	-	(172)		-	-	-	4,924
(Credit)/charge to income	(985)	(2,204)	3,621	82	-	20	(887)	(353)
Credit to equity	-		-	-	(171)	(79)	-	(250)
At 28 December 2014	**27,497**	**(8,756)**	**2,785**	**(1,274)**	**(216)**	**(343)**	**(7,739)**	**11,954**

As described in note 12, on 17 July 2013 the Government enacted further reductions in the standard rate of corporation tax to 21% from 1 April 2014 and 20% from 1 April 2015. As these changes had been substantively enacted at the balance sheet date the deferred tax assets and liabilities at 28 December 2014 included within these financial statements have been calculated at 20% on the basis that they will materially reverse after 1 April 2015.

The following is the analysis of the deferred tax balances for financial reporting purposes:

	2014 £'000	2013 £'000
Deferred tax liabilities	30,282	23,386
Deferred tax assets	(18,328)	(15,753)
	11,954	**7,633**

The Group has no unrecognised deferred tax assets.

Notes to financial statements

For the year ended 28 December 2014 (continued)

24. Obligations under finance leases

	Minimum lease payments 2014 £'000	**Present value of minimum lease payments 2014 £'000**	Minimum lease payments 2013 £'000	Present value of minimum lease payments 2013 £'000
Amounts payable under finance leases:				
Within one year	516	480	516	480
In the second to fifth years inclusive	2,064	1,639	2,064	1,639
After five years	9,058	3,650	9,642	3,772
	11,638	5,769	12,222	5,891
Less: future finance charges	(5,869)		(6,331)	
Present value of lease obligations	5,769		5,891	
Less: Amount due for settlement within 12 months		(480)		(480)
		5,289		**5,411**

It is the Group's policy to lease certain of its properties under finance leases. 13 of the Group's 148 properties are financed under this method. The most significant lease, representing approximately 49% of these finance leases, expires in 2034. For the period ended 28 December 2014, the average effective borrowing rate was 7.56% (2013:7.56%). Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

All lease obligations are denominated in sterling. The fair value of the Group's lease obligations approximates to their carrying amount. The Group's obligations under finance leases are secured by the lessors' charges over the leased assets. The Company does not have any finance lease obligations (2013: £nil).

25. Provisions

	Dilapidation provision £'000	Unfavourable lease provision £'000	Total £'000
Balance at 30 December 2012	7,285	25,924	33,209
Recognised on acquisition (Refer note 29)	442	8,593	9,035
Release of provision no longer required	-	(640)	(640)
Utilisation of provision	-	(3,190)	(3,190)
Unwinding of discount on provisions	-	3,574	3,574
Balance at 29 December 2013 as previously stated	7,727	34,261	41,988
Prior year adjustment	-	4,849	4,849
Restated balance at 29 December 2013	7,727	39,110	46,837
Utilisation of provision	(1,468)	(3,217)	(4,685)
Unwinding of discount on provisions	456	2,803	3,259
At 28 December 2014	**6,715**	**38,696**	**45,411**

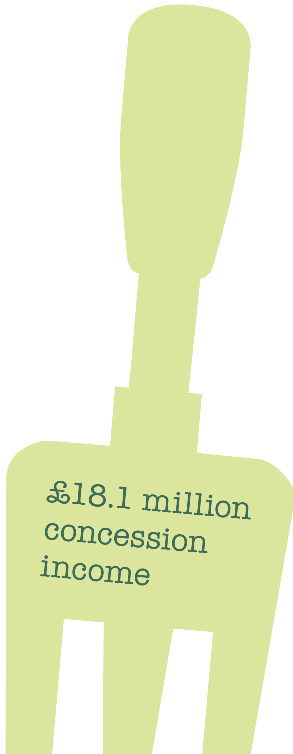
Unfavourable lease provision
The provision relates to the liability recognised as the existing terms of the operating leases that were unfavourable relative to market terms. The liability will be amortised over the remaining life of the lease to reduce the future rental expensed.

During the year, management reviewed the initial calculations of unfavourable leases, and identified that a further provision of £4.8m was required to reflect future rent increases to which the Group is committed.

The provision is expected to unwind over the period to 2055.

The Company had £nil unfavourable lease provision at 28 December 2014 (2013: £nil).

Dilapidation provision
A dilapidation provision relates to management estimate of the cost to return existing leasehold property to their original condition. The provision is expected to unwind over the next three years as the Group completes its store improvement programme.



Notes to financial statements

For the year ended 28 December 2014 (continued)

26. Share capital

Authorised:

Group and Company	2014 £'000	2013 £'000
49,365,426 (2013: 49,365,426) **Ordinary shares at £1 each**	**49,365**	**49,365**

Issued and fully paid:

Group and Company	2014 £'000	2013 £'000
49,365,426 (2013: 49,365,426) **Ordinary shares at £1 each**	**49,365**	**49,365**

Voting rights
Each share is entitled to one vote in any circumstance.

Dividends
Each share is entitled pari passu to dividend payments or any other distribution and to participate in any distribution arising from the winding up of the company.

Wyevale Garden Centres brand has strong heritage and customer recognition

27. Reserves

Group	Hedging reserve £'000	Retained earnings £'000	Total £'000
Restated balances at 30 December 2012	(1,824)	(2,561)	(4,385)
Cashflow hedge recognised through other comprehensive income	1,852	-	1,852
Total recognised expenses for the year	-	(8,483)	(8,483)
Balances at 29 December 2013	28	(11,044)	(11,016)
Cashflow hedge recognised through other comprehensive expense	(709)	-	(709)
Total recognised expenses for the year	-	(845)	(845)
Balances at 28 December 2014	**(681)**	**(11,889)**	**(12,570)**

Company	Retained earnings £'000
Restated balances at 29 December 2013	1,186
Total comprehensive income for the year	2,461
Balance at 29 December 2013	3,647
Total comprehensive expense for the year	(641)
Balances at 28 December 2014	**3,006**

Hedging reserve

The hedging reserve represents the cumulative amount of gains and losses on hedging instruments deemed effective in cashflow hedges. The cumulative deferred gain or loss on the hedging instrument is recognised in profit and loss only when the hedged transaction impacts the profit or loss, or is included as a basis adjustment to the non-financial hedged item, consistent with the applicable accounting policy.

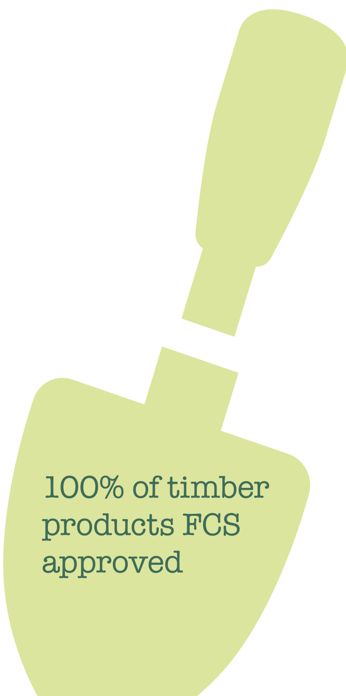
The fair value of financial instrument within reserves is non-tax deductible.

Notes to financial statements

For the year ended 28 December 2014 (continued)

28. Notes to the cash flow statement

	Note	**Group 2014 £'000**	**Company 2014 £'000**	Group 2013 £'000	Company 2013 £'000
Operating profit from continuing operations		34,129	-	21,960	-
Adjustments for:					
Share of results of associates		(126)	-	47	-
Bad debt write-off		-	-	11	-
Depreciation of property, plant and equipment	14	14,960	-	14,624	-
Amortisation of trademarks	13	38	-	35	-
Negative Goodwill released to the income statement		(2,726)	-	(582)	-
Pension adjustment to reflect true cash payment		(159)	-	(46)	-
(Gain)/loss on disposal of property, plant and equipment		(970)	-	(1,752)	-
Operating cash flows before movements in working capital		45,146	-	34,297	-
(Increase)/decrease in inventories		(8,810)	-	3,473	-
Decrease/(increase) in receivables		353	-	(398)	-
(Decrease)/increase in payables		(97)	-	4,264	-
Utilisation of unfavourable lease provisions	25	(4,685)	-	(3,830)	-
Net cash inflow from operating activities		**31,907**	-	**37,806**	-



29. Acquisition of subsidiary

In 2014 the Group acquired the trade and assets of Brooks, Moreton Park and Ashford Garden Centres, along with 100% of the share capital of Podington and Raglan Garden Centres and 100% of the share capital of Golden Acres (Holdings) Limited, the parent company of Golden Acres Nurseries, a chain of 4 Garden Centres. The total cash consideration for the acquisitions was £28.3m.

These transactions were accounted for by the acquisition accounting method.

The provisional amounts recognised in respect of identifiable assets acquired and liabilities assumed are as set out in the table below

	2014 £'000
Property, plant & equipment	33,340
Inventory	1,514
Financial assets	1,327
Financial liabilities	(1,475)
Non Current assets:	
Deferred tax	(4,924)
Loans	(2,498)
Total identifiable assets	27,284
Goodwill	976
Total consideration	**28,260**
Satisfied by:	
Cash consideration of £28.26m	**28,260**
Net cash outflow arising on acquisition	
Cash consideration	27,680
Plus: cash and cash equivalent balances acquired	580
	28,260

Acquisition and refinancing related costs of £1.8 million were incurred as a result of these transactions. Please see note 6 for further details.

Net goodwill of £1.0 million consists of £3.7 million of positive goodwill (refer note 13) and £2.7 million of negative goodwill (refer note 6). Positive goodwill has been capitalised, and will be tested annually for impairment whilst negative goodwill has been written off to the Income statement. Refer note 6 for further details.

The acquisitions contributed £2.5 million revenue and £0.8 million loss to the Group's loss before tax for the period between the date of acquisition and the Balance sheet date. If the acquisitions had of been completed on the first day of the calendar year, Group revenues for the period would have increased by £16.1 million and loss before tax decreased by £1.7 million.

Notes to financial statements

For the year ended 28 December 2014 (continued)

29. Acquisition of subsidiary (continued)

Pursuant to section 479A of the Companies Act 2006, the accounts for Podington Nurseries Limited (Company number: 01567042) for the 2014 financial year, which are included in the consolidated financial statements of Wyevale Garden Centres Capital Limited, have not been audited. This is permitted on the basis that Wyevale Garden Centres Capital Limited guarantees all the outstanding liabilities to which Podington Nurseries Limited is subject to as at the year end under section 479C.

In 2013, the Group acquired 100% of the issued share capital of EHGT Limited and trade and assets of Bolton garden centre and Cheddar and Lechlade garden centres. The total cash consideration of the acquisitions was £35.4 million. EHGT Limited was the parent company of Wyevale Garden Centres G&L Limited (Formerly The Garden and Leisure Group Limited), a company involved in the operation of garden centres in the United Kingdom.

During the year, management reviewed the initial calculations of unfavourable leases, and identified that a further provision of £4.8m was required to reflect future rent increases to which the Group is committed. This is therefore reflected in the final acquisition accounting as set out below.

	Provisional fair value as per prior year accounts £'000	Adjustment £'000	Final fair value £'000
Property, plant & equipment	37,537	-	37,537
Inventory	8,083	-	8,083
Financial assets	9,729	-	9,729
Financial liabilities	(7,042)	-	(7,042)
Non Current assets:			
Deferred tax	(3,812)	-	(3,812)
Loans	(5,500)	-	(5,500)
Unfavourable leases	(8,593)	(4,849)	(13,442)
Dilapidation provision	(442)	-	(442)
Total identifiable assets	29,960	(4,849)	25,111
Goodwill	5,406	4,849	10,255
	35,366	**-**	**35,366**
Total consideration			
Satisfied by:			
Cash consideration of £35.4 million	**35,366**	**-**	**35,366**
Net cash outflow arising on acquisition			
Cash consideration	33,991	-	33,991
Less: cash and cash equivalent balances acquired	1,375	-	1,375
	35,366	-	35,366

30. Operating lease arrangements

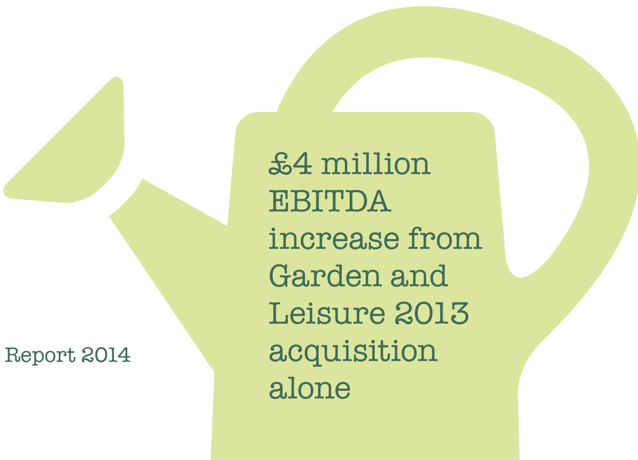
The Group as lessee

	2014 £'000	2013 £'000
Minimum lease payments under operating leases recognised in the income statement for the period	**10,316**	**9,800**

At the Balance sheet date, the Group had outstanding commitments for the future minimum lease payments under non-cancellable operating leases which expire as follows:

	2014 £'000	2013 £'000
Within one year	10,316	9,800
In the second to fifth years inclusive	38,931	37,237
After five years	158,014	159,229
	207,261	**206,266**

Operating lease payments represent rentals payable by the Group for certain of its garden centres. The leases held expire between June 2017 and May 2057. In addition to the minimum lease payments included above, rental payments are determined on the turnover of the garden centre. The Company has £nil operating lease arrangements (2013: £nil).



Notes to financial statements

For the year ended 28 December 2014 (continued)

31. Retirement benefit schemes

All of the employees of the Group are directly employed by Wyevale Garden Centre Holdings Limited (Formerly The Garden Centre Group Holdings Limited), a wholly owned subsidiary of the Group.

Defined contribution schemes

The total cost charged to Income statement of £1,181,000 (2013:£1,332,000) represents contributions payable to these schemes by the Group at rates specified in the rules of the plans.

Defined benefit schemes

The most recent formal actuarial valuation in respect of the defined benefit scheme was carried out by a qualified actuary as at 1 January 2009 using the projected unit method. This was then rolled forward to 28 December 2014 taking into account the changes to the assumptions to reflect the requirements of IAS 19. The actuarial valuation mortality assumptions are based on the Self-Administered Pension Scheme ('SAPS') tables, with future mortality improvements based on the CMI 2011 model, allowing for a long term improvement rate of 1.25% p.a. The mortality tables are adjusted to take account of scheme-specific experience, based on the longevity analysis carried out using the Aon Hewitt Longevity Model.

The assumed life expectations on retirement at age 65 are:

	2014 years	2013 years
Retiring today		
Male	23.4	23.3
Female	24.9	24.8
Retiring in 20 years		
Male	24.0	23.9
Female	26.6	26.5

The Scheme exposes the Company to a number of risks, the most significant of which are:

Asset volatility

The liabilities are calculated using a discount rate set with reference to corporate bond yields; if assets underperform this yield, this will create a deficit. The Scheme holds a significant proportion of growth assets which, though expected to outperform corporate bonds in the long-term, create volatility and risk in the short-term. The allocation to growth assets is monitored to ensure it remains appropriate given the Scheme's long term objectives.

Changes in bond yields

A decrease in corporate bond yields will increase the value placed on the Scheme's liabilities for accounting purposes, although this will be partially offset by an increase in the value of the Scheme's bond holdings.

31. Retirement benefit schemes (continued)

Inflation risk

A significant proportion of the Scheme's benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation). The majority of the assets are either unaffected by or only loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.

Life expectancy

The majority of the Scheme's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the liabilities.

The principal sensitivities regarding the principal assumptions used to measure the scheme liabilities are as follows:

	Valuation at 2014 %	Valuation at 2013 %
Financial assumptions		
Discount rate	3.9	4.5
Inflation assumption	3.2	3.5
Expected rate of salary increases	2.1	2.5
Future pension increases	3.1	3.3

Amounts recognised in the Income statement in respect of these defined benefit schemes are as follows:

	2014 £'000	2013 £'000
Current service cost	(200)	(229)
Interest cost	(56)	(105)
Loss on settlements	-	(142)
	(256)	**(256)**

Amounts recognised in Statement of Comprehensive Income in respect of these defined benefit schemes are as follows:

	2014 £'000	2013 £'000
Return on plan assets	(1,739)	(971)
Actuarial losses due to changes in financial assumptions	2,135	1,114
Actuarial gains due to changes in demographic assumptions	-	(157)
Actuarial Losses due to liability experience	-	84
	396	**70**

Of the charge for the year, £200,000 (2013: £229,000) has been included in administrative expenses. Interest costs of £56,000 (2013: £1,105,000) has been included within investment income.

Notes to financial statements

For the year ended 28 December 2014 (continued)

31. Retirement benefit schemes (continued)

Life expectancy (continued)
The amount included in the Balance sheet arising from the Group's obligations in respect of its defined benefit retirement benefit schemes is as follows:

	2014 £'000	2013 £'000
Present value of defined benefit obligations	24,888	22,138
Fair value of scheme assets	(23,177)	(20,720)
Deficit in scheme	1,711	1,418
Liability recognised in the balance sheet	**1,711**	**1,418**
This amount is present in the balance sheet as follows:		
Non-current liabilities	1,711	1,418
	1,711	**1,418**

Movements in the present value of defined benefit obligation were as follows:

	2014 £'000	2013 £'000
At 29 December	22,138	23,712
Service cost	200	229
Interest cost	981	1,103
Contributions from scheme members	42	46
Actuarial loss	2,135	1,041
Benefits paid	(608)	(514)
Settlements	-	(3,479)
At 28 December	**24,888**	**22,138**

Movements in the present value of fair value of scheme assets were as follows:

	2014 £'000	2013 £'000
At 29 December	20,720	21,279
Expected return on scheme assets	925	998
Actuarial gain	1,739	971
Contributions from the sponsoring companies	359	1,561
Contributions from scheme members	42	46
Benefits paid	(608)	(514)
Settlements	-	(3,621)
At 28 December	**23,177**	**20,720**

31. Retirement benefit schemes (continued)

Life expectancy (continued)

The scheme assets are invested in the following asset classes:

	2014 £'000	2013 £'000
Equity instruments	6,522	6,941
Diversified Growth Fund	-	7,902
Absolute return bonds fund	1,828	-
Senior secured loan fund	1,864	-
Corporate bonds	4,676	4,483
Gilts	8,260	2,253
Other assets	27	(859)
	23,177	**20,720**

The history of experience adjustments is as follows:

	2014 £'000	2013 £'000
Experience adjustments on scheme liabilities		
Amount (£)	2,135	1,041
Percentage of scheme liabilities (%)	**8.6%**	**4.7%**
Experience adjustments on scheme assets		
Amount (£)	1,739	752
Percentage of scheme assets (%)	**7.5%**	**3.6%**

Notes to financial statements

For the year ended 28 December 2014 (continued)

32. Remuneration of key management personnel and related party transactions

The key management personnel of the Group are not remunerated by the Company, but are remunerated by the Group. Please refer to note 9 for key management personnel remuneration disclosure. Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

At 28 December 2014 the Company owed £187,506,000 (2013: £167,416,000) to its immediate parent undertaking and was owed £227,072,000 (2013: £210,253,000) from subsidiaries as per notes 21 and 18.

The remaining related party transactions that require disclosure are shown below:

Trading transactions
During the year, Group companies entered into the following transactions with related parties who are not members of the Group.

2014	**Purchase of services £**	**Sale of goods £**	**Amount outstanding at 28 December 2014 £**
Terra Firma Capital Partners III L.P.	76,644	-	-
Muradv LLP	150,000	-	-
Moloney Search Limited	292,196	-	9,695
Plantworks Limited	-	6,433	-
Garden Centre Property Development Plc.	1,068,696	-	267,174

2013	Purchase of services £	Sale of goods £	Amount outstanding at 28 December 2013 £
Terra Firma Capital Partners III L.P.	974,000	-	340,000
Muradv LLP	148,800	-	12,000
Moloney Search Limited	586,000	-	9,000
Plantworks Limited	-	2,300	-
Garden Centre Property Development Plc.	1,219,000	-	8,000

The companies listed above were related parties of the Group because there are close personal relationships between the shareholders or senior management of the Companies and the senior management of the Group.

33. Prior year adjustments

Unfavourable lease provision
During the year, management reviewed the initial calculations of unfavourable leases, and identified that a further provision of £4.8m was acquired to reflect future rent increases to which the Group is committed.

34. Ultimate parent undertaking and controlling parties

The Company's immediate parent undertaking is Carmel Capital VII Sarl, a company registered in Luxembourg.

Carmel Capital VII Sarl is owned by TFCP Investments (GP) 3 Ltd, as general partner of the Terra Firma Capital Partners III L.P.

The Company's ultimate parent undertaking is Terra Firma Holdings Limited a company registered in Guernsey, and the Directors consider Guy Hands to be the ultimate controlling party.

Other information

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Shenstone
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Wyevale Garden Centre Telford
Wyevale Garden Centre Woburn
Sands

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Country Gardens Ongar
Country Gardens Royston
Country Gardens Upminster
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Huntingdon
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Sprowston
Stanway
Sudbury
Wyevale Garden Centre Woodbridge

South
Alfold
Beaconsfield
Brighton
Brooks
Cadnam
Canterbury Chartham
Chichester
Chipperfield
Country Gardens Handcross
Country Gardens Playhatch
Country Gardens Rake
Country Gardens Seven Hills
Country Gardens Winnersh
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Findon
Folkestone
Hamstreet
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Lower Morden
Marlow
Old Barn
Osterley
Paddock Wood
Potters Bar
Pulborough
Ramsgate
Sherfield-on-Loddon
Shirley
Syon Park
Thatcham
Tunbridge Wells
West Parley
Weybridge
Willesborough
Windlesham
Windsor
Woking
Heathlands
Worthing Ferring
Wyevale Garden Centre Binfield
Wyevale Garden Centre Hare Hatch

Wales West & South West
Andover
Ashford Barnstaple
Brockworth
Blooms Cheltenham
Blooms Gloucester
Blooms Swindon
Cadbury
Carmarthen
Cheddar
Country Gardens Hereford
Country Gardens Salisbury
Endsleigh
Galton
Hungerford
Jack's Patch
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