D. J. Squire & Co., Limited

Report and Financial Statements

Year Ended

31 July 2018

Company Number 00316151

D. J. Squire & Co., Limited

Report and financial statements
for the year ended 31 July 2018

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D. J. Squire & Co., Limited

Directors and advisers
for the year ended 31 July 2018

Directors

C S Squire OBE FRHS FInstHort (Chairman)
S C E Squire BA (Deputy Chairman)
J D E Cody
A H A Osborn MA
M N Breddy MA
D Oakley NDH
M A Wilson BA FCMA

Secretary and registered office

M A Wilson, Sixth Cross Road, Twickenham, Middlesex, TW2 5PA

Company number

00316151

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

Solicitors

Womble Bond Dickinson LLP, Oceana House, 39-49 Commercial Road, Southampton, S015 1GA

Bankers

Lloyds Bank plc, The Atrium, Davidson House, Forbury Square, Reading, Berks RG1 3EU
AMC plc, Charlton Place, Charlton Road, Andover, Hampshire, SP10 1RE (till 10 August 2018)

Garden Centres
for the year ended 31 July 2018

Badshot Lea
Badshot Lea Road, Badshot Lea, Surrey, GU9 9JX
Tel No: 01252 333666

Chertsey
Holloway Hill, Chertsey, Surrey, KT16 0AE
Tel No: 01932 563727

Cobham
Stoke Road, Stoke D'Abernon, Cobham, Surrey, KT11 3PU
Tel No: 01932 862530

Crawley
Horsham Road, Crawley, West Sussex, RH11 8PL
Tel No: 01293 522101

Frensham (acquired 1 August 2018)
The Reeds Rd, Frensham, Farnham, Surrey, GU10 3BP
Tel No: 01252 792545

Hersham
Burwood Road, Hersham, Surrey, KT12 4AR
Tel No: 01932 247579

Long Ditton
Woodstock Lane North, Long Ditton, Surrey, KT6 5HN
Tel No: 020 8398 7170

Milford
Portsmouth Road, Milford, Surrey GU8 5HL
Tel No: 01483 324077

Reigate
Main Road, Buckland, Reigate, Surrey, RH2 9RE
Tel No: 01737 247217

Shepperton
Halliford Road, Upper Halliford, Shepperton, Middlesex, TW17 8RU
Tel No: 01932 784121

Stanmore
Common Road, Stanmore, Middlesex, HA7 3JF
Tel No: 020 8954 4628

Twickenham
Sixth Cross Road, Twickenham, Middlesex, TW2 5PA
Tel No: 020 8977 9241

Washington
London Road, Washington, West Sussex, RH20 3BP
Tel No: 01903 892006

West Horsley
Epsom Road, West Horsley, Leatherhead, Surrey, KT24 6AR
Tel No: 01483 282911

Windsor (closing end October 2018)
Maidenhead Road, Windsor, Berkshire, SL4 5UB
Tel No: 01753 865076

Woking
Littlewick Road, Horsell, Woking, Surrey, GU21 4XR
Tel No: 01276 858446

D. J. Squire & Co., Limited

Chairman's statement
for the year ended 31 July 2018

Overview

Our company again achieved record sales; turnover increased by 4% to £49.8m. This was despite the impact of unusual weather conditions. Cold, snowy conditions from end February to end April delayed the start of the gardening season. A long period of hot, dry weather, from early May to the end of our financial year, drove a record May with two very successful Bank Holiday Monday promotions, and stronger sales than normal, helped by our new Summer Drive activity, in June and July.

Garden Centre sales, now including events income, were up 3% to £41.7m (LY comparative £40.5m). Hersham (after substantial investment in FY 2017), Long Ditton and Milford showed particularly encouraging sales increases. In its first full year, our extended Chertsey centre met budget, and our redeveloped Woking centre made a good start after re-opening in February, and also met budget. Some centres found it harder going, with Cobham experiencing a dip in sales due to the closure of its Pets and Aquatics department. Our four Christmas circuses at Badshot Lea, Stanmore, Washington and Shepperton were very successful.

Revenue from Café Bars grew substantially with a total turnover of £8.1m (+11%). All Café Bars increased their turnover in the year apart from Washington (due to closure for renovation at the end of the financial year) and Milford. The performances at Hersham (after extension), Long Ditton and Shepperton (after a substantial remodelling) were particularly pleasing. The new Café Bar at Woking, which is much larger than its predecessor, has made an outstanding start.

Customer numbers in our Garden Centres, which grew encouragingly (+4%) last year, dropped by 1% in the financial year, largely due to the unusual phasing of the peak season. In the Café Bars, by contrast, which are less weather-sensitive, we saw a very satisfactory gain of 7% (2017: +3%).

Average transaction value (ATV) in the Garden Centres was up by +3% (2017: +3%) while in the Café Bars ATV rose +5% (2017: +2%). While there is some inflation in these numbers, the underlying trend is positive in the Garden Centres, and in the Café Bars we continue to upgrade and broaden our offering.

Our Garden Centre gross margins, having been stable last year, showed renewed steady growth in this financial year, as we continued to improve our product mix. Café Bar margins dropped somewhat due to higher costs for food due to the weakness of sterling and the unusual weather.

Payroll costs increased substantially in the year, mainly due to increases to keep us ahead of the National Minimum Wage and National Living Wage, and the impact of higher pension contributions under auto-enrolment effective 1 April 2018.

As a result of the higher payroll costs, and further cost pressures in our overhead expenses, our profit before tax dipped by 14% to £3.2m (LY: £3.7m) (underlying, adjusting for movement on interest rate swap).

Net debt (gross borrowings, less cash) rose substantially (by £3.9m) to £4.7m at the year end, on the back of a large increase in capital expenditure related to our redevelopment project at Woking, and faster supplier payments (impact at year end: £2.9m).

Recruiting skilled horticulturalists into our centres continues to be challenging. This is a shared experience throughout the horticulture industry. Our "Grow Our Own" apprenticeship scheme continues to thrive, combining practical experience with educational development. The scheme is now in its fourth year, with 18 apprentices either currently in the scheme, or in permanent, full-time positions across the Company. We are pleased to continue to support our centres and the horticultural industry as a whole.

Other Developments

In February 2018 we re-opened our centre at Woking after a major redevelopment which started in June 2017. The total investment in the redevelopment was some £4.0m and we have created a beautiful new centre of which we can be proud. Trading has been encouraging through the summer, especially in the new, larger Café Bar.

We completed our purchase of Frensham Garden Centre on 1 August 2018, the first day of the new financial year. We are pleased to welcome this large, successful centre and its excellent team to our group, and we look forward to developing the centre over the coming years.

We also invested during the year at Shepperton (major Café Bar remodelling, with associated improvements in the rest of the centre), Cobham (extension of Café Bar and repurposing of Pets and Aquatics building to become a new Furniture and Christmas sales space), Washington (larger kitchen, remodelled and air-conditioned Café Bar) and Milford (enabling works to allow for an extension of the centre in FY 2020).

During the year, we also agreed the sale of our Windsor garden centre site for housing development, which will complete in November 2018. I would like to pay tribute to the whole team at Windsor for the professional way in which they have continued to operate the site and plan for closure. We all wish them the very best for the future.

Looking forward

The external environment in which we are operating continues to look more challenging as we consider the coming year. The problems of bricks and mortar retail are well documented. We are subject to the same cost pressures as anyone else; so we must look to improve growth and margins, and keep a close eye on costs.

There is continued uncertainty about Brexit, and a growing direct impact of Brexit on general economic growth. Though we may be in a more privileged position than many, with our distinctive geographical footprint and customer demographic, we are not immune to a wider slowdown and loss of confidence in the UK economy.

Shows and Community Support

The company continues to extend charitable support to local organisations and to 'In Blooms'. This year's highlights include supporting Historic Royal Palaces, Painshill Park, The Lightbox, The Watts Gallery, The Richmond Concert Society and many others. Our recent "Love where you Live" campaign, where customer purchases of bulbs trigger a donation of bulbs to be planted in public spaces in conjunction with local partners, is a further example of our work to connect with the community we serve.

People

Our team's work has once again been recognised nationally, with our success at the GCA awards as finalists and winners in many categories. In the GCA regional awards, Shepperton and Hersham were recognised as the best garden centre in their regions, and Hersham also awarded best restaurant. Long Ditton and Hersham have been nominated in the Garden Centre category for the Ruxley Rose plant area award.

I was especially glad to see Matt Tanner, our Centre manager at Chertsey, awarded a bursary to attend the IGCA congress in Prague in September 2018, as one of only two recipients from all GCA members nationally.

This year, we introduced the Feet on the Floor initiative, in which twice a year every member of our Group Office team spends a day working in one of our centres, to experience life at the sharp end and bring the whole team together as one unit.

On a personal note, I was proud and humbled to be awarded an OBE earlier this year, and delighted to share this special day with family and friends.

Finally, I should like to pay tribute wholeheartedly to my colleagues throughout the business for all their hard work and commitment. I greatly value their enthusiasm, dedication, ability and wisdom, working together to achieve standards and results of which I am immensely proud.

C S Squire OBE
Chairman
15 November 2018

The directors present their Strategic report together with the audited financial statements for the year ended 31 July 2018.

Business review

The Group's principal activity is that of Garden Centre operators. In the year to 31 July 2018 the Group operated 15 Garden Centres, each of which contains a Squire's Café Bar. Further details are set out below and in the financial statements.

Key financial performance indicators

The principal measures of financial performance used by the directors to review performance are EBITDA and profit before taxation, together with key operational ratios and net debt.

In the year to 31 July 2018 EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation) dropped by 3% to £5.7m (2017: £5.9m) and profit before taxation dropped by 17% to £3.5m (2017: £4.2m). The directors also closely monitor gross margin which rose slightly to 51.7% (2017 restated: 51.3%) and operational payroll which increased markedly to 20.7% (2017: 19.6%) due to further increases in legally-regulated wage levels and pension contributions, as well as a change in the sales mix towards Café Bars where the wages cost is higher as a percentage of sales.

Financial review

Total revenue increased by 4% to £49.8m (2017 restated: £47.8m). Adjusting for the impact of the non-cash FRS 102 charge for the movement in the market value of the interest rate swap at the year end, underlying profit before tax dropped by 14% to £3.2m (2017: £3.7m), largely due to higher staff and overheads cost, and the impact of the Woking centre being closed for the first 7 months of the financial year.

Dividends

The Board recommends a final dividend of 485 pence (2017: 485p) per share, which would result in a total dividend of 585 pence (2017: 585p) per share.

Investing for the future

The principal capital expenditure in the year was the redevelopment of the Woking Garden Centre, which re-opened in February 2018, having been closed since June 2017. Expenditure on Woking amounted to £3.7m of the capital expenditure in the year, which amounted in total to £5.7m (2017: £4.2m).

Cash flow and borrowings

Net cash generated from operating activities dropped to £2.3m (2017: £4.6m). The business continues to be highly cash-generative, although payments to creditors have been accelerated at year end, which has reduced cash generation on a one-off basis by £2.9m. As a result of this, and after meeting the higher capital expenditure bill and (static) dividends, net debt rose substantially to £4.7m (2017: £0.8m).

Gross loans of £6.7m (2017: £7.5m) were offset by cash balances of £1.9m. At the year end, £0.8m (2017: £0.8m) of debt was repayable within one year. At the year end the Group had unused credit facilities of £8.75m.

Principal risks and uncertainties

The Group risk management framework includes a process for identifying, assessing and responding to risk and supporting the Group's strategy and business objectives.

Risk management operates at all levels throughout the business. However, the Board takes overall responsibility, determining the nature and extent of principal risks it is willing to take to achieve the Group's strategic objectives, and maintaining the Group's risk governance structure and appropriate internal control framework.

The principal risks faced by the business are as follows:

Strategic

Includes for example, risk arising from making poor business decisions or sub-standard execution of business objectives.

Strategic Risk Management

The principal strategic risks are the failure to respond to fundamental changes in the garden centre and/or wider retail market which could reduce revenue and profit. This is managed by an ongoing review of the Garden Centre and wider retail market, including evaluation of our operational model in the Garden Centres and Café Bars.

Operational

Covers business processes.

Operational Risk Management

The principal operational risk is related to customer experiences, which if substantially impacted could result in reduced customer satisfaction. The second operational risk is that of an IT system failure or breach, resulting in a prolonged lack of availability of critical systems such as EPOS due to poor maintenance, weak business continuity and back up procedures or cyber-attack. These risks could result in reduced customer numbers, and therefore revenue and profit. The third operational risk is that of a poor working environment which could impact the well-being of our staff and their ability to carry out their roles effectively.

These operational risks are mitigated by regular management visits to operations, a system of internal and external health and safety and food hygiene audits, and participation in industry wide excellence reviews e.g. GCA awards. The business has a rolling programme of system upgrades to IT infrastructure and systems, and makes use of third party IT specialists to provide a robust continuity programme and defence from cyber-attack. The business continually re-invests in its existing businesses to help maintain operational standards.

Business Environment

Arises where external forces could significantly change the fundamentals driving all overall objectives and strategies in both the short and long term.

Business Environment Risk Management

The principal risk faced by the business is sustained periods of inclement weather in the key trading periods of Christmas and Spring. This risk could substantially reduce revenue, profit and liquidity. The business has invested in its Café Bars to help mitigate the impact of inclement weather.

Financial

Encompasses key financial functions including the provision of adequate liquidity to meet financial obligations and management of interest rate and other financial risks, together with corporate compliance with relevant legislation, including all aspects of taxation.

Financial Risk Management

The Group's operations expose it to a variety of financial risks that include the effects of price risk, credit risk, liquidity risk and interest rate risk. The Group has in place a risk management programme that seeks to limit the potential adverse effects on the financial performance of the Group by monitoring levels of debt finance and the related finance cost.

To ensure the stability of cash outflows and so manage interest rate risk, the Group has a policy of maintaining a significant proportion of its debt at a fixed rate. Accordingly, the Group has entered into an interest rate swap on £5m of variable borrowings for a period of 20 years at a fixed rate of 5.1%, which expires in April 2026.

Weather risk directly impacts on financial risk, as measured by the Group's banking covenants. The directors actively manage this risk by means of regular monitoring of profit performance in the year to date, and profit and cash forecasts for the financial year, and, where required, taking appropriate corrective action with regard to stock holding levels and overhead costs.

The Group is exposed to changes in the market prices of purchases from UK based suppliers, as well as direct impacts on sterling prices paid due to currency fluctuations on purchases from overseas suppliers. Due to the size of its operations, it would not be cost-effective for the Group to manage this risk by means of currency derivatives, but the Group continually seeks alternative UK-based suppliers to mitigate against foreign exchange risks.

Only a very small proportion of the Group's business is done through credit customers. No new credit customers are allowed.

Cash is deposited only with the Group's principal bankers.

The Group is financed with appropriate short-term and long-term finance to match the capital and working capital requirements of the business.

Approval

This strategic report was approved by order of the Board on 15 November 2018.

Mark Wilson

M A Wilson
Secretary

D. J. Squire & Co., Limited

Report of the directors
for the year ended 31 July 2018

The directors present their Annual Report together with the audited financial statements for the year ended 31 July 2018.

Results and dividends

The consolidated statement of comprehensive income is set out on page 13 and shows the profit for the year.

The 2018 interim dividend of 100 pence per share (2017: 100p) was paid in April 2018. The directors recommend the payment of a final dividend for 2018 of 485 pence per share (2017: 485p).

Policy and practice on the payment of suppliers

It is the Group's policy to agree payment terms as part of any formal contract with a supplier and to make every endeavour to abide by the agreed terms. During the year the Group has been able to negotiate some favourable credit terms with its suppliers including extended credit periods. Where a purchase is not covered by a formal contract, and no agreement is reached in advance of raising an order, the policy is that any valid invoice will be paid in full. The Group is sympathetic to, and pays particular attention to, the cash flow needs of its smaller suppliers. Trade creditor days of the Group as at 31 July 2018 were 40 days (2017: 60 days). This represents the ratio, expressed in days, between the amounts invoiced to the group in the year by its suppliers and the amounts due at the year end to trade creditors. The drop of 20 days is as a result of the acceleration of supplier payments at year end as described elsewhere.

Post Balance Sheet Events

Details of post balance sheet events are set out in Note 28.

Charitable contributions

During the year the Group made charitable contributions of £27,000 (2017: £33,000). There were no political contributions.

Employment policy

The Group values the involvement of its employees. When decisions are taken which are likely to affect employees' interests, their involvement is encouraged.

The policy of the Group is to give full and fair consideration to employment applications by disabled persons. Such disabled employees are given the same opportunities for training and promotion as its other employees. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues.

It is Group policy to recruit disabled persons for appropriate positions. Once employed, whatever assistance is necessary in terms of training and career advancement is given.

Directors

The directors of the company during the year were:

C S Squire
S C E Squire
J D E Cody
A H A Osborn
M N Breddy
D Oakley
M A Wilson

Directors' responsibilities

The directors are responsible for preparing the strategic report, the directors' 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 and Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping 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 Group 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.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Group's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the Board

Mark Wilson

M A Wilson

Secretary

15 November 2018

TO THE MEMBERS OF D. J. SQUIRE & CO., LIMITED

Opinion

We have audited the financial statements of D. J. Squire & Co., Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 July 2018 which comprise the consolidated statement of comprehensive income, the consolidated and company statements of changes in equity and the consolidated and company statements of financial position, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 July 2018 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions related to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or the Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatement in the Strategic report and Director's report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of Directors

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, and for such internal control as the Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with 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.

BDO LLP.

Anthony Perkins (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

15 November 2018

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

D. J. Squire & Co., Limited

Consolidated statement of comprehensive income
for the year ended 31 July 2018

	Note	2018 £000	2017 restated £000
Revenue	3	**49,796**	47,831
Cost of sales		**(24,070)**	(23,308)
Gross profit		**25,726**	24,523
Operating expenses		**(22,486)**	(20,748)
Other operating income		**335**	335
Operating profit	4	**3,575**	4,110
Investment income	7	**6**	3
Finance costs	8	**(57)**	62
Profit on ordinary activities before taxation		**3,524**	4,175
Taxation on profit from ordinary activities	9	**(891)**	(978)
Profit and total comprehensive income for the year		**2,633**	3,197

All amounts relate to continuing activities.

The notes on pages 19 to 36 form part of these financial statements.

D. J. Squire & Co., Limited

Consolidated statement of changes in equity
for the year ended 31 July 2018

	Share capital £000	Share premium account £000	Revaluation Reserve £000	Capital Redemption Reserve £000	Profit and loss account £000	Total equity £000
At 1 August 2017	**82**	**45**	**4,531**	**18**	**26,964**	**31,640**
Comprehensive Income for year	-	-	-	-	**2,633**	**2,633**
Dividends	-	-	-	-	**(483)**	**(483)**
At 31 July 2018	**82**	**45**	**4,531**	**18**	**29,114**	**33,790**
At 1 August 2016	82	45	4,531	18	24,250	28,926
Comprehensive Income for year	-	-	-	-	3,197	3,197
Dividends	-	-	-	-	(483)	(483)
At 31 July 2017	82	45	4,531	18	26,964	31,640

The notes on pages 19 to 36 form part of these financial statements.

D. J. Squire & Co., Limited

Company statement of changes in equity
for the year ended 31 July 2018

	Share capital £000	Share premium account £000	Revaluation Reserve £000	Capital Redemption Reserve £000	Profit and loss account £000	Total equity £000
At 1 August 2017	82	45	4,531	18	26,828	31,504
Comprehensive Income for year	-	-	-	-	2,660	2,660
Dividends	-	-	-	-	(483)	(483)
At 31 July 2018	**82**	**45**	**4,531**	**18**	**29,005**	**33,681**
At 1 August 2016	82	45	4,531	18	24,089	28,765
Comprehensive Income for year	-	-	-	-	3,222	3,222
Dividends	-	-	-	-	(483)	(483)
At 31 July 2017	82	45	4,531	18	26,828	31,504

The notes on pages 19 to 36 form part of these financial statements.

D. J. Squire & Co., Limited

Consolidated statement of financial position
at 31 July 2018

Company number 00316151	Note	2018 £000	2018 £000	2017 £000	2017 £000
Fixed assets					
Intangible assets	12		**1,297**		1,602
Property, plant and equipment	13		**39,261**		35,313
			40,558		36,915
Current assets					
Inventories	15	**5,191**		4,729	
Trade and other receivables	16	**1,826**		1,172	
Deferred taxation	17	**-**		76	
Cash and cash equivalents		**1,947**		6,696	
		8,964		12,673	
Current liabilities	18	**(8,452)**		(9,540)	
Net current assets			**512**		3,133
Non-current liabilities	19		**(7,280)**		(8,408)
Net assets			**33,790**		31,640
Equity					
Called up share capital	22		**82**		82
Share premium account	22		**45**		45
Revaluation reserve	22		**4,531**		4,531
Capital redemption reserve	22		**18**		18
Profit and loss account	22		**29,114**		26,964
Total equity			**33,790**		31,640

The financial statements were approved by the Board and authorised for issue on 15 November 2018.

C S Squire
Director

The notes on pages 19 to 36 form part of these financial statements.

D. J. Squire & Co., Limited

Company statement of financial position
at 31 July 2018

Company number 00316151	Note	2018 £000	2018 £000	2017 £000	2017 £000
Fixed assets					
Intangible assets	12		**1,187**		1,467
Property, plant and equipment	13		**39,261**		35,313
Investments	14		**1,247**		1,247
			41,695		38,027
Current assets					
Inventories	15	**5,191**		4,729	
Trade and other receivables	16	**1,826**		1,172	
Deferred taxation	17	**-**		76	
Cash and cash equivalents		**1,947**		6,696	
		8,964		12,673	
Current liabilities	18	**(9,698)**		(10,787)	
Net current (liabilities)/assets			**(734)**		1,886
Non-current liabilities	19		**(7,280)**		(8,409)
Net assets			**33,681**		31,504
Equity					
Called up share capital	22		**82**		82
Share premium account	22		**45**		45
Revaluation reserve	22		**4,531**		4,531
Capital redemption reserve	22		**18**		18
Profit and loss account	22		**29,005**		26,828
Total equity			**33,681**		31,504

The parent company profit for the year was £2,660,000 (2017: £3,222,000).

The financial statements were approved by the Board and authorised for issue on 15 November 2018.

C S Squire
Director

The notes on pages 19 to 36 form part of these financial statements.

D. J. Squire & Co., Limited

Consolidated statement of cash flows
for the year ended 31 July 2018

	Note	2018 £'000	2017 £'000
Cash flows from operating activities			
Profit for the financial year		**2,633**	3,197
Adjustments for:			
Depreciation, impairment and amortisation of fixed assets	4	**2,110**	1,778
Interest receivable		**(6)**	(3)
Interest payable		**380**	382
Movement on interest rate swap		**(322)**	(443)
Taxation expense	9	**891**	978
(Increase)/Decrease in trade and other receivables		**(654)**	85
(Increase)/Decrease in inventories		**(462)**	242
Decrease in trade and other payables		**(1,476)**	(439)
Foreign exchange		**2**	(1)
Loss on disposal of property, plant and equipment		**-**	83
Cash from operations		**3,096**	5,859
Interest paid		**(385)**	(386)
Taxation paid		**(848)**	(902)
Net cash generated from operating activities		**1,863**	4,571
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**400**	34
Purchases of property, plant and equipment	13	**(5,753)**	(4,176)
Interest received		**6**	3
Net cash used in investing activities		**(5,347)**	(4,139)
Cash flows from financing activities			
Equity dividends paid	10	**(483)**	(483)
Repayment of loans	20	**(782)**	(2,734)
Drawing of new loans		**-**	1,900
Net cash used in financing activities		**(1,265)**	(1,317)
Net (decrease) in cash and cash equivalents		**(4,749)**	(885)
Cash and cash equivalents at beginning of year		**6,696**	7,581
Cash and cash equivalents at end of year		**1,947**	6,696
Cash and cash equivalents comprise:			
Cash at bank and in hand		**1,947**	6,696
Bank overdrafts		**-**	-
		1,947	6,696

The notes on pages 19 to 36 form part of these financial statements.

1 Accounting policies

General information

D. J. Squire & Co., Limited is a company incorporated in England and Wales under the Companies Act and is limited by shares. The address of the registered office is given on page 1 and the nature of the Group's operations and its principal activities are set out in the strategic report.

Basis of preparation of financial statements

The financial statements have been prepared in accordance with FRS102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland, and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires the Group management to exercise judgement in applying the Group's accounting policies (see note 2).

Parent company disclosure exemptions

In preparing separate financial statements for the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the financial period has been presented as the reconciliations for the Group and parent company would be identical;
- No cash flow statement has been presented for the parent company;
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the Group as a whole.

The following principal accounting policies were applied:

Going concern

The financial statements have been prepared on the going concern basis which assumes that the Group will continue in operational existence for the foreseeable future. In assessing the reasonableness of this assumption the directors have taken into account the trading and cash flow forecasts of the Group for the period of 12 months from the date of approval of these financial statements, the likelihood of the renewal or replacement of the Group banking facilities at the time they fall due for renewal, and their experience and knowledge of the Group's working capital requirement for the remainder of the going concern period. Based on this information and experience, the directors are of the opinion that the Group is a going concern.

Basis of consolidation

The consolidated financial statements present the results of D. J. Squire & Co., Limited and all of its subsidiary undertakings ("The Group") as if they formed a single entity. Intercompany transactions and balances between the Group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the statement of financial position, the acquiree's identifiable assets and liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained.

1 Accounting policies *(continued)*

Revenue

Revenue comprises Group sales net of applicable discounts and value added tax. Sales of goods are recognised when the goods are delivered to the buyer. Events sales are recognised when the event takes place.

Concession 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 at the interest rate received by the Group.

Property, plant and equipment

Property, plant and equipment is stated at historical cost or deemed cost net of depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group adds to the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when the cost is incurred if the replacement part is expected to provide incremental future benefits to the group or has been previously fully depreciated. The carrying amount of the replacement part is derecognised. Repairs and maintenance are charged to the Statement of comprehensive income during the period in which they are incurred.

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

Long leasehold	-	Length of lease
Freehold buildings and improvements	-	20-40 years
Short leasehold property and improvements	-	over the period of the lease
Plant and machinery	-	5 years
Motor vehicles	-	4-7 years

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'net operating expenses' in the statement of comprehensive income.

Website development costs

Where the Group's website is expected to generate future revenue in excess of the costs of developing said website, expenditure on the functionality of the web site is capitalised and treated as an intangible fixed asset.

Any such expenditure which is capitalised is amortised over a period of 4 years.

Expenditure incurred on maintaining web sites, and expenditure incurred on developing websites used only for advertising and promotional purposes, are written off as incurred.

1 Accounting policies *(continued)*

Investments

Investments in subsidiaries are measured at cost less accumulated impairment. The cost of investment includes costs directly attributable to their acquisition.

Hedge accounting

The Group has entered into a variable to fixed rate interest swap to manage its exposure to interest rate cash flow risk on its variable rate debt. This derivative is measured at fair value at each reporting date. The movements in fair value are recognised in the statement of comprehensive income.

Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset is tested for impairment. An impairment loss is recognised for an amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units or CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

Inventories

Inventories are stated at the lower of cost and net realisable value (being the estimated selling price less further costs to completion and disposal). Cost is calculated using the cost of purchase based on the latest seasonal supplier purchase price.

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the statement of comprehensive income.

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in pounds sterling, which is the Company's and Group's functional presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the Group entity's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the statement of comprehensive income.

Financial liabilities

Financial liabilities are classified according to the substance of the financial instruments' contractual obligations, rather than the financial instruments' legal form.

1 Accounting policies *(continued)*

Finance costs

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

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Intangible assets

Goodwill represents the excess of the cost of a business combination over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary or asset at the date of acquisition. Goodwill on acquisitions of subsidiaries and assets is included in 'Intangible assets'. Gains and losses on the disposal of an entity or asset include the carrying amount of goodwill relating to the entity or asset sold. Goodwill is carried at cost less accumulated amortisation and accumulated impairment losses. Goodwill amortisation is calculated by applying the straight line method to its estimated useful life. The directors have estimated that goodwill relating to the acquisition of garden centres has a useful life of 10 years.

Current and deferred taxation

The tax expense for the financial period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except that a charge attributable to an item of income or expense recognised as other than comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date where the Group operates and generate taxable income.

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

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

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the difference between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

1 Accounting policies *(continued)*

Leased assets

The Group does not operate any assets held under finance leases.

Operating lease annual rentals are charged to the statement of comprehensive income on a straight-line basis over the term of the lease.

Retirement benefit costs

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid, the Company has no further payment obligations.

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the statement of financial position date and has been carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the statement of financial position date.

2 Judgements in applying accounting policies and key sources of estimation

In preparing these financial statements the directors have made the following judgements:

- Determine whether leases entered into by the Group as a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to lessee on a lease by lease basis;

- Determine whether there are indicators of impairment to the Group's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and, where it is a component of a larger cash generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty are:

- Intangible assets and goodwill (see note 12): Intangible assets and goodwill are amortised over their useful lives. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors taken into consideration are the same as those used to assess whether there is any impairment to intangible assets.

- Property, plant and equipment (see note 13): Property, plant and equipment are depreciated over their useful lives, taking into account residual values, where appropriate. The actual lives of property, plant and machinery are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider such issues as future market conditions, the remaining life of the asset, and projected disposal values.

- Inventory provisioning (see note 15): Inventory is carried in the statement of financial position at the lower of cost and net realisable value, after making due allowance for obsolete and slow-moving stock. The directors have used their knowledge and experience of the industry to determine the level of provisioning required based on the ageing profile of stock.

3 Revenue and restatement

Revenue represents amounts derived from the provision of goods and services which fall within the Group's ordinary activities after the deduction of discounts and value added tax.

	2018 £000	2017 restated £000
Sale of goods	**49,339**	47,544
Events income	**457**	287
	49,796	47,831

For management purposes and reporting the Group has one class of business and all sales are within the United Kingdom. Consequently the revenue and segment result, carrying amount of segment assets and segment liabilities are disclosed within these financial statements for the Group as a whole.

With effect from the year ended 31 July 2018, events income is also recognised in revenue. Previously, events income was credited, and events costs debited, in Operating expenses. The comparative has been restated, increasing revenue by £287,000, cost of sales by £179,000, and gross profit and Operating expenses by £108,000.

4 Operating profit

	2018 £000	2017 £000
The Group's operating profit has been arrived at after charging:		
Depreciation of property, plant and equipment	**1,805**	1,456
Amortisation of intangibles	**305**	322
Staff costs (excluding pension cost)	**12,654**	11,764
Operating lease rentals	**701**	672
Auditors' remuneration:		
- audit services	**55**	53
- tax services	**11**	13
- other services	**1**	-
Defined contribution pension cost	**244**	209
Loss on disposal of property, plant and equipment	**-**	83

5 Employees

	2018 £000	2017 £000
Staff costs (including directors) consist of:		
Wages and salaries	**11,802**	10,953
Social security costs	**852**	811
Cost of defined contribution schemes	**244**	209
	12,898	11,973

The average number of employees, including directors, during the year was 821 (2017: 771).

6 Directors

	2018 £000	2017 £000
Directors' emoluments consist of:		
Remuneration for management services	**797**	795
Payments to defined contribution pension schemes	**35**	34
Emoluments of the highest paid director:		
Emoluments	**213**	213
Amounts paid to the Company's defined contribution pension scheme on behalf of the highest paid director	**-**	-

There were 2 (2017: 2) directors in the Company's defined contribution pension schemes during the year.

7 Investment income

	2018 £000	2017 £000
Bank deposits	**6**	3

8 Finance costs

	2018 £000	2017 £000
Bank loans and overdrafts	**379**	381
Movement in fair value of interest rate swap	**(322)**	(443)
	57	(62)

9 Taxation

	2018 £000	2017 £000
Current tax		
Current tax on profits for the year	**798**	911
	798	911
Deferred tax		
Origination and reversal of timing differences (note 17)	**93**	67
Taxation on profit on ordinary activities	**891**	978

9 Taxation *(continued)*

Factors affecting the tax charge for the year

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The differences are explained below:

	2018 £000	2017 £000
Profit on ordinary activities before tax	**3,524**	4,175
Profit on ordinary activities at the standard rate of UK corporation tax of 19% (2017: 19.67%)	**669**	821
Effects of:		
Expenses not deductible for tax purposes	**10**	4
Ineligible depreciation	**173**	95
Amortisation	**49**	59
Differences in current and deferred tax rates	**(2)**	(1)
Prior year over provision deferred tax	**(8)**	-
Total tax charge	**891**	978

10 Dividends

	2018 £000	2017 £000
Equity shares		
Ordinary shares of £1 each		
2017 final paid of 485p (2016: 485p) per share	**401**	401
2018 interim paid of 100p (2017: 100p) per share	**82**	82
	483	483

The directors recommend the payment of a final dividend of 485p (2017: 485p) per share, which has not been recognised as the dividend was not approved by shareholders prior to the statement of financial position date.

11 Profit for the financial year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

12 Intangible assets - Goodwill

	Group £000	Company £000
Cost or valuation		
At 1 August 2017 and 31 July 2018	3,890	3,631
Amortisation		
At 1 August 2017	2,288	2,164
Charge for year	305	280
At 31 July 2018	**2,593**	**2,444**
Net book value		
At 31 July 2018	**1,297**	**1,187**
At 31 July 2017	1,602	1,467

13 Property, plant and equipment

Group and company	Long leasehold and freehold land and buildings £000	Short leasehold land and buildings £000	Improvements to property £000	Plant and equipment £000	Motor vehicles £000	Total £000
Cost or valuation						
At 1 August 2017	20,360	669	17,975	4,750	736	44,490
Additions	-	-	3,346	2,373	34	5,753
Disposals	-	-	-	-	-	-
At 31 July 2018	**20,360**	**669**	**21,321**	**7,123**	**770**	**50,243**
Depreciation						
At 1 August 2017	1,492	351	4,693	2,248	393	9,177
Provided for the year	102	26	546	1,017	114	1,805
Disposals	-	-	-	-	-	-
At 31 July 2018	**1,594**	**377**	**5,239**	**3,265**	**507**	**10,982**
Net book value						
At 31 July 2018	**18,766**	**292**	**16,082**	**3,858**	**263**	**39,261**
At 31 July 2017	18,868	318	13,282	2,502	343	35,313

13 Property, plant and equipment *(continued)*

The net book value of long leasehold and freehold land and buildings is:

	Group and Company 2018 £000	Group and Company 2017 £000
Long leasehold	**3,994**	3,997
Freehold	**14,772**	14,871
	18,766	18,868

14 Investments

Company	**Group undertakings £000**
Cost	
At 1 August 2017 and 31 July 2018	1,247
Net book value	
At 31 July 2017 and 31 July 2018	1,247

The investment represents the entire ordinary share capital of Milford Garden Centre Limited ("Milford") (Company number 08721474, registered office at Squire's Garden Centre, Badshot Lea Road, Badshot Lea, Farnham GU9 9JX) and Shoots Garden Centres Limited ("Shoots") (Company number 02621875, registered office Squire's Garden Centre, Sixth Cross Road, Twickenham TW2 5PA) which are both companies incorporated in England.

15 Inventories

	Group and Company 2018 £000	Group and Company 2017 £000
Goods and goods held for resale	**5,191**	4,729

Inventories recognised in cost of sales during the year as an expense was £23,852,000 (2017: £23,129,000).

There is no material difference between the replacement cost of inventories and the amounts stated above.

16 Trade and other receivables

	Group and Company 2018 £000	Group and Company 2017 £000
Trade receivables	**162**	65
Other receivables	**42**	96
Prepayments and accrued income	**1,622**	1,011
	1,826	1,172

All amounts shown under trade and other receivables fall due for payment within one year.

17 Deferred tax (liability)/asset

Group and Company	Deferred taxation £000
Balance at 1 August 2017	76
Charge to Consolidated statement of comprehensive income (note 9)	(93)
Balance at 31 July 2018	**(17)**

The deferred taxation liability is made up as follows:

	Group and Company 2018 Provided £000	Group and Company 2017 Provided £000
Accelerated capital allowances	**(258)**	(220)
Short term timing differences	**6**	6
Interest rate hedge	**235**	290
	(17)	76

18 Current Liabilities

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Borrowings (note 20)	**783**	758	**783**	758
Trade payables	**3,411**	4,924	**3,411**	4,924
Taxation and social security	**1,700**	1,068	**1,700**	1,068
Deferred tax	**17**	-	**17**	-
Corporation tax	**398**	448	**398**	448
Other payables	**610**	175	**609**	175
Accruals and deferred income	**1,533**	2,167	**1,533**	2,167
Loan from subsidiary company	**-**	-	**1,247**	1,247
	8,452	9,540	**9,698**	10,787

19 Non-Current liabilities

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Borrowings (note 20)	**5,896**	6,703	**5,896**	6,703
Interest rate swap (note 21)	**1,384**	1,706	**1,384**	1,706
	7,280	8,409	**7,280**	8,409

20 Borrowings

Group	2018 £000	2017 £000
Secured borrowing		
Bank loans	**6,679**	7,461
Total borrowings	**6,679**	7,461

20 Borrowings *(continued)*

	2018 £000	2017 £000
Analysis of secured borrowings		
Within one year	**783**	758
In more than one year but not more than two years	**783**	759
In more than two years but not more than five years	**3,014**	3,128
In more than five years	**2,099**	2,816
Amount due for settlement after 12 months	**5,896**	6,703

The secured borrowing comprises four loans as at 31 July 2018.

One loan, amounting to £1,615,000 as at 31 July 2018, is repayable in 2022 and interest is charged at 0.75% above LIBOR.

The remaining three loans, amounting to £5,064,000 as at 31 July 2018 (2017: £5,655,000), are repayable over 8 years, with interest charged at 0.85% to 2.5% over the bank's base rate.

Security for these loans is given by way of first and fixed legal charges over six of the Company's garden centres.

The Group has entered into a floating to fixed interest rate swap with a fixed leg of 5.1% and a floating rate leg equal to 3 month LIBOR. This is accounted for as a cash flow hedge (see note 21).

Company

	2018 £000	2017 £000
Unsecured borrowing		
Loan from subsidiary company	**1,247**	1,247
Secured borrowing		
Bank loans	**6,679**	7,461
Total borrowings	**7,926**	8,708

20 Borrowings *(continued)*

	2018 £000	2017 £000
Analysis of secured borrowings		
Within one year	**783**	758
In more than one year but not more than two years	**783**	759
In more than two years but not more than five years	**3,014**	3,128
In more than five years	**2,099**	2,816
Amount due for settlement after 12 months	**5,896**	6,703

The secured borrowing comprises four loans as at 31 July 2018.

One loan, amounting to £1,615,000 as at 31 July 2018, is repayable in 2022 and interest is charged at 0.75% above LIBOR.

The remaining three loans, amounting to £5,064,000 as at 31 July 2018 (2017: £5,655,000), are repayable over 8 years, with interest charged at 0.85% to 2.5% over the bank's base rate.

Security for these loans is given by way of first and fixed legal charges over six of the Company's garden centres.

The Group has entered into a floating to fixed interest rate swap with a fixed leg of 5.1% and a floating rate leg equal to 3 month LIBOR. This is accounted for as a cash flow hedge (see note 21).

21 Financial Instruments

The Group and Company's financial instruments may be analysed as follows:

Group

	2018 £000	2017 £000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	**2,151**	6,857
Financial liabilities		
Financial liabilities measured at amortised cost	**12,233**	14,727
Derivative financial instruments	**1,384**	1,706
	13,617	16,433

21 Financial Instruments *(continued)*

Company

	2018 £000	2017 £000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	**2,151**	6,857
Financial liabilities		
Financial liabilities measured at amortised cost	**13,479**	15,974
Derivative financial instruments	**1,384**	1,706
	14,863	17,680

Financial assets measured at amortised cost comprise cash and cash equivalents, trade receivables and other receivables.

Financial liabilities measured at amortised cost comprise bank borrowings, trade payables, other payables and accruals.

Derivative financial instruments designated as hedges of variable interest rate risk comprise interest rate swaps.

Hedge of variable interest rate risk arising from bank borrowing

To hedge the potential volatility in future interest cash flows arising from movements in LIBOR, the Group has entered into a floating to fixed rate interest rate swap. This results in the Group paying 5.1% and receiving 3 month LIBOR (though cash flows are settled on a net basis) and effectively fix the total interest cost on £5m of bank borrowings at 5.1% plus the bank's interest margin.

This derivative is accounted for as a hedge of variable rate interest rate risks, in accordance with FRS 102, and had a fair value as shown below as at the Statement of financial position date. The cash flows arising from the interest rate swap will continue until its maturity in April 2026. The change in fair value in the financial period was £322,000 credit (2017: £443,000 credit) all of which was recognised in the Consolidated statement of comprehensive income.

	Notional Principal Value 2018 £000	Fair Value 2018 £000	Notional Principal Value 2017 £000	Fair Value 2017 £000
Less than 10 years unexpired on swap	**5,000**	**(1,384)**	5,000	(1,706)

22 Share capital and reserves

	2018 Number	2018 £000	2017 Number	2017 £000
Allotted, called up and fully paid				
Ordinary shares of £1 each				
At 31 July	**82,500**	**82**	82,500	82

All the £1 ordinary shares rank equally in terms of voting rights, rights to dividends, and rights to repayment of capital.

The Share premium account represents the difference between the price paid for ordinary shares and the nominal value of those shares on issue.

The Revaluation reserve arises from the previous revaluations of the freehold land and buildings of the Group and represents the difference between the revalued amounts incorporated into the accounts and the carrying value of the assets at the relevant times.

The Capital redemption reserve represents the nominal value of shares previously repurchased and cancelled by the Company.

The profit and loss account represents the cumulative balance of profits of each accounting period, less dividends paid and other adjustments.

23 Retirement Benefits

The Group operates a number of defined contribution pension schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. The pension charge represents contributions payable by the Group to the funds and amounted to £244,000 (2017: £209,000). There were £35,000 (2017: £35,000) outstanding contributions at the end of the financial year.

24 Commitments under operating leases

As at 31 July 2018, the Group and Company had commitments under non-cancellable operating leases as set out below:

	2018 Land and buildings £000	2017 Land and buildings £000
Within one year	**688**	673
In more than one year but less than five years	**2,711**	3,351
In more than five years	**7,245**	7,672
	10,644	11,696

The above operating lease commitments relate to base rent payable at certain sites. In addition, four garden centre sites (2017: four) have additional rent payable based on a percentage of turnover. This has not been included above as it cannot be estimated with reasonable certainty.

25 Capital commitments

As at 31 July 2018 the Group and Company had a commitment of £363,000 for the redevelopment of the Milford Garden Centre.

As at 31 July 2018 the Group and Company had entered into a binding contract to sell the Windsor garden centre site for a total consideration of £4,675,000. Completion is scheduled to take place on 5 November 2018. In the course of the year ended 31 July 2018 a deposit of £400,000 was received in respect of the sale, and this is accounted for in "other payables" within current liabilities. The carrying value of the assets to be sold as at 31 July 2018 was £910,000.

26 Related party transactions

There is no one ultimate controlling party; the directors consider the company to be controlled by members of the Squire family. Mr C S Squire has been identified by the Company as a person of significant control.

The Company continues to rent the Chertsey Garden Centre and additional storage premises at Chertsey from D. J. Squire Property & Investment Company Limited. The chairman, C S Squire, is the controlling director and shareholder of this company, and S C E Squire and J D E Cody are also directors and shareholders of this company. The total rent payable during the year in respect of the above property amounted to £54,000 (2017: £37,000).

The shareholder directors received dividends during the year in aggregate of £291,000 (2017: £291,000).

The Company has taken advantage of the exemption allowed by Financial Reporting Standard 102 not to disclose any transactions with members of the Group.

27 Key Management personnel

Key management personnel include all directors and a number of senior managers across the Group who together have authority and responsibility for planning, directing and controlling the activities of the Group. The total compensation paid to key management personnel for services provided to the group was £1,075,000 (2017: £1,061,000).

28 Post Balance Sheet Events

On 1 August 2018, the Company acquired Frensham Garden Centre ("FGC") from Wheelhouse Warehousing Ltd. The purchase price was £4,495,000, plus a payment of £500,000 on account of stock. SDLT of £185,350 was payable on the transaction. The Asset Purchase Agreement was signed and exchanged on 4 July 2018. Total costs of some £278,000 were incurred on the transaction, which will be charged to the consolidated statement of comprehensive income in August 2018. Of this amount, some £216,000 was recorded in prepayments at 31 July 2018. £2,995,000 of the amount shown as Cash as at 31 July 2018 on the Consolidated statement of financial position was held in the Company's lawyers' client account, ready to be used for completion of the acquisition on the following day. FGC is expected to contribute an additional £3m of turnover to Squire's in FY2019.

On 10 August 2018, the Company refinanced some £5,064,000 of AMC loans (repayable over the next 8 years) through a new £5,200,000 loan from Lloyds (also repayable over the next 8 years). As a result of the refinancing, the spread on the loans was reduced from an average of 2.25% to 1.75%, and the three AMC legal charges (on Hersham, Long Ditton and Badshot Lea) were replaced by a single Lloyds charge on Badshot Lea. There was no arrangement fee for the new loan.