

Company Registration No. 00645367

Hozelock Limited

Annual Report and Financial Statements

For the year ended 30 September 2018



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Hozelock Limited

Annual Report and financial statements For the year ended 30 September 2018

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Hozelock Limited

Annual Report and financial statements For the year ended 30 September 2018

Company Information

Directors

M Ballu
S Davies

Company Secretary

Gary Thorington-Jones (resigned 30 November 2017)
Emmanuel Perrousset (appointed 30 November 2017)

Registered Office

Midpoint Park
Minworth
Sutton Coldfield
B76 1AB

Bankers

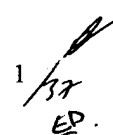
HSBC Bank Plc
120 Edmund Street
Birmingham
B3 2QZ

Solicitors

Pinsent Masons LLP
55 Colmore Circus
Birmingham
B3 2FG

Auditor

Constantin
Statutory Auditor
25 Hosier lane
London
EC1A 9LQ
United Kingdom



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Hozelock Limited

Directors' report

The directors present the annual report and the audited financial statements for the year ended 30 September 2018.

Directors

The directors who served throughout the year and up to the date of signing were as follows:

S Davies
M Ballu

Principal activities

The Company's principal activities are the design, manufacture and sale of a broad range of outdoor garden equipment to the DIY and specialist garden centre trade in the UK and throughout Europe. There have not been any significant changes in the Company's principal activities in the period under review. The Directors are not, at the date of this report, aware of any likely major changes in the Company's activities in the next period.

Results and dividends

As shown in the Company's profit and loss account on page 10, the profit for the period before taxation was £3,572,000 (2017: £2,171,000). The directors recommend a final dividend of £3,200,000 to be paid in December 2018 to registered shareholders (2017: nil).

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; all transactions have been recorded and reflected in the financial statements; and each director has taken all the steps that he ought to have taken as a director to make himself 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 s418 of the Companies Act 2006.

Appointment of auditor

Constantin has been appointed as auditor from 01 October 2017.

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



Simon Davies
Director

27 November 2018

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Hozelock Limited

Strategic report

The directors present the strategic report for the year ended 30 September 2018.

Business review

Turnover increased by 16.3% during the year, due to increased trading in the UK and European markets linked to a gain in market share and warm summer. Operating profit before exceptional items increased by 48.5% compared with the prior year, due to an increase in volume and reversal stock provision linked to disposal and sale of obsolete stock.

As shown in the Profit & Loss Account on page 10, the Company's turnover was £69,182,000 (2016: £59,505,000) and the number of employees was 238 (2017: 234), resulting in a turnover generated per employee of £290,681 (2017: £254,295). Gross margin reduced to 22.81% (2017: 23.07%). Operating profit, before exceptional items was £5,142,000 (2017: £3,463,000) and EBITDA (Earnings before interest, tax, depreciation and amortisation) before exceptional was £6,573,000 (2017: £4,898,000).

There was £nil (2017: £nil) of exceptional cost related to the impairment of investments in subsidiary undertakings.

The Balance Sheet on pages 12 and 13 of the financial statements shows that the Company's total net assets are £6,012,000 (2017: £2,486,000), an increase of £3,526,000. The increase in the Company's net asset position mainly was due to the company's profit for the year.

Principal risks and uncertainties

Competitive pressure in the UK and Europe is a continuing risk for the Company. To manage this risk, the Company designs and develops innovative new products, which provide added value solutions to gardening needs at attainable prices. Furthermore, the Company offers rapid response times in the supply of products to its customers, and maintains strong relationships with its key retail customers and distributors.

The Company sells products into international markets and it is therefore exposed to currency movements on such sales. Where appropriate, the Company manages this risk with forward foreign exchange contracts in line with Hozelock Group treasury policies.

The Company's businesses will be affected by fluctuations in the price and supply of key raw materials. There is a further risk to costs and revenue as a result of the UK's vote to leave the European Union. This risk cannot presently be quantified, due to the uncertainty in the market place. The business is proactively engaging with key suppliers and reviewing its purchasing policies and practices as it seeks to mitigate, where practicable, this risk.



Hozelock Limited

Strategic report (continued)

Principal risks and uncertainties (continued)

The Company sponsors the UK based Hozelock Limited defined benefit pension scheme, which is currently in deficit. The funding level of this pension scheme is subject to change resulting from movements in the actuarial assumptions underlying the calculation of scheme liabilities, including changes to discount rates and the longevity of scheme members, plus declines in the market value of scheme investments. The UK pension scheme is now closed to all members and deficit-reduction contributions are being made in addition to the normal cash contributions, under the terms of a repayment schedule agreed with the scheme Trustees. Significant adverse changes in the actuarial assumptions underlying the UK scheme valuation could materially impact the Company's results.

The Company is financed exclusively by funding from the ultimate parent Company. As such, the Company's interest rate exposure is to movements in LIBOR, on which these lending facilities are based.

Environment

The Company recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to mitigate any adverse impact that might be caused by its activities. Initiatives aimed at minimising the Company's impact on the environment include safe disposal of manufacturing waste, recycling and reducing energy consumption.

Employees

Details of the number of employees and related costs can be found in note 7 to the financial statements.

Applications for employment by disabled persons are considered fully, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

The Company participates in policies and practices to keep employees informed on matters relevant to them as employees through appropriate means, such as employee meetings and newsletters.

Going concern

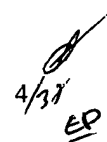

The Company's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Directors' report.

The financial statements have been prepared on the going concern basis. The directors, having assessed the responses of the directors of the Company's ultimate parent to their enquiries, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Company to continue as a going concern and operate within the current shareholder loan arrangements, or over the availability of such loan arrangements.

On the basis of their assessment of the Company's financial position and of the enquiries made of the directors of the ultimate parent, the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Risk management

Risk management and process control are a high priority and the Board of Directors are ultimately responsible for these matters.



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Hozelock Limited

Strategic report (continued)

Future developments

The company has had a history of development and delivering innovative new product range to the market place. In the coming years, the company aims to continue developing and bringing smart watering and gardening ranges to the market. The company operates in a very competitive market, through its innovative development the company aims to grow overall sales, and grow profitability through gaining better understanding of its component cost, pricing and profit profile to remain competitive. The level of profitability in the year will, of course be impacted by consumers' uncertainty around Brexit to which the company is continuously monitoring to ensure it remains competitive and able to react to any changes which may directly impact its trade.

Events after balance sheet date

There were no events occurring after the balance sheet date for which management need to adjust or disclose in these accounts.

Charitable and political donations

During the year charitable donations amounting to £1,726 (2017: £1,315) were made. No political donations were made (2017: £nil).

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



Simon Davies
Director

27 November 2018



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Hozelock Limited

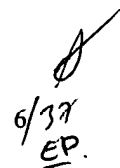
Directors' responsibilities statement

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 the law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". 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 profit or loss of the 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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of the financial statements; and¹
- 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 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.



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Independent auditor's report to the members of Hozelock Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Hozelock Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 30 September 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of other comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 26.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework".

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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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 relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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 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.

We have nothing to report in respect of these matters.

Other information

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

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 respect of these matters.

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Independent auditor's report to the members of Hozelock Limited (continued)

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 determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 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 on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

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 the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

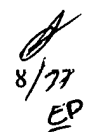
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

We have nothing to report in respect of these matters.

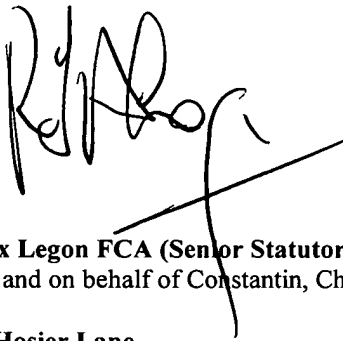


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Independent auditor's report to the members of Hozelock Limited (continued)

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.



Alex Legon FCA (Senior Statutory Auditor)

For and on behalf of Constantin, Chartered Accountants and Statutory Auditor

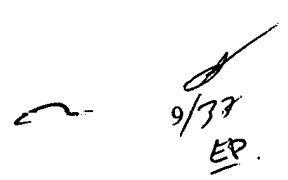
25 Hosier Lane

London

EC1A 9LQ

Date:

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Hozelock Limited

Profit and loss account For the year ended 30 September 2018

		Year Ended 30 September 2018 £'000	Year Ended 30 September 2017 £'000
Revenue	4	69,182	59,505
Cost of sales		(53,401)	(45,774)
Gross profit		15,781	13,731
Distribution costs		(5,790)	(5,262)
Administrative expenses		(4,849)	(5,006)
Operating profit		5,142	3,463
Investment revenue	8	511	380
Exceptional income	6	48	107
Finance costs	9	(1,949)	(1,779)
Profit before taxation		3,752	2,171
Tax	10	(264)	(330)
Profit for the year attributable to owners of the Company	11	3,488	1,841

All results represent continuing operations.

The notes on pages 15 to 38 form part of these financial statements.

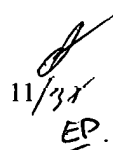


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Hozelock Limited

Statement of other comprehensive income For the year ended 30 September 2018

	Year ended 30 September 2018 £'000	Year ended 30 September 2017 £'000
Profit for the financial year	3,488	1,841
Defined benefit pension scheme asset gains	1,852	3,417
Defined benefit pension scheme liability losses	(1,806)	(3,488)
Movement in deferred tax on pension liability	(8)	12
	<hr/>	<hr/>
Total comprehensive income for the year attributable to the owners of the company	3,526	1,782
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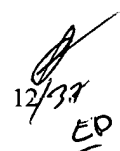


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Hozelock Limited

Balance Sheet As at 30 September 2018

		30 September 2018 £'000	30 September 2017 £'000
Non-current assets			
Property, plant and equipment	12	5,426	6,267
Investments in subsidiaries	13	3,421	3,421
Deferred tax assets	14	3,085	3,573
Trade and other receivables	15	25,913	25,700
		<u>37,845</u>	<u>38,961</u>
Current assets			
Inventories	16	5,712	6,961
Trade and other receivables	15	19,016	16,515
Current tax receivable		222	-
Cash and bank balances		5,008	1,182
		<u>29,958</u>	<u>24,658</u>
Total assets		<u>67,803</u>	<u>63,619</u>
Current liabilities			
Trade and other payables	17	14,061	12,518
Borrowings	18	5,165	24,820
		<u>19,226</u>	<u>37,338</u>
Net current liabilities		<u>10,732</u>	<u>(12,680)</u>
Total assets less current liabilities		<u>48,577</u>	<u>26,281</u>



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Hozelock Limited

Balance Sheet (continued) As at 30 September 2018

	Note	30 September 2018 £'000	30 September 2017 £'000
Non-current liabilities			
Borrowings	18	26,155	7,415
Retirement benefits scheme	19	14,347	15,845
		<u>40,502</u>	<u>23,260</u>
Provisions	21	2,063	535
Total liabilities		<u>61,791</u>	<u>61,133</u>
Net assets		<u>6,012</u>	<u>2,486</u>
Equity			
Share capital	20	1	1
Retained earnings		6,011	2,485
Equity attributable to owners of the Company		<u>6,012</u>	<u>2,486</u>

The notes on pages 15 to 38 form part of these financial statements.

These financial statements of Hozelock Limited (00645367), were approved and authorised for issue by the board of directors on 27 November 2018 and signed on its behalf by:



Marc Ballu
Director



Simon Davies
Director

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Hozelock Limited

Statement of changes in equity For the year ended 30 September 2018

	Share capital £'000	Retained earnings £'000	Total £'000
Balance at 1 September 2016	1	703	704
Profit for the year	-	1,841	1,841
Other comprehensive loss for the year	-	(59)	(59)
Balance at 30 September 2017	1	2,485	2,486
Profit for the year	-	3,488	3,488
Other comprehensive income for the year	-	38	38
Total comprehensive income for the year	-	3,526	3,526
Balance at 30 September 2018	1	6,011	6,012

Hozelock Limited

Notes to the financial statements For the year ended 30 September 2018

1. General information

Hozelock Limited is a Company incorporated in the England and Wales under Companies Act 1963 to 2012.

The Company is a private company Limited by shares and is registered in England and Wales under company registration number 00645367. The address of the Company's registered office is shown on page 1.

The nature of the Company's operations and its principal activities are set out in the directors' report on page 2.

These financial statements are presented in pound sterling because that is the currency of the primary economic environment in which the Company operates.

These financial statements are separate financial statements. The Company is exempt from the preparation and delivery of consolidated financial statements, because it is included in the group accounts of Exel Industries SA. The group accounts of Exel Industries SA are available to the public and can be obtained as set out in note 26. The registered office address of the parent Company preparing consolidated accounts is 52, Rue de la Victoire, 75009, Paris, France.

The Company has applied Financial Reporting Standard 101 'Reduced Disclosure Framework' issued by the Financial Reporting Council (FRC) incorporating the Amendments to FRS 101 issued by the FRC in July 2015 and the amendments to Company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 prior to their mandatory effective date of accounting periods beginning on or after 1 January 2016.

2. Significant accounting policies

In the current year, the company has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective from the beginning of the current year. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Basis of accounting

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions.

Where relevant, equivalent disclosures have been given in the group accounts of Exel Industries SA.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties, financial instruments and investment property that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.



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Hozelock Limited

Notes to the financial statements (continued) For the year ended 30 September 2018

2. Significant accounting policies (continued)

The principal accounting policies adopted are set out below.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Directors' report.

The financial statements have been prepared on the going concern basis. The directors having assessed the responses of the directors of the Company's ultimate parent to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Company to continue as a going concern and operate within the current intergroup loan arrangements, or over the availability of such loan arrangements.

On the basis of their assessment of the Company's financial position and of the enquiries made of the directors of the ultimate parent, the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less, where appropriate, provisions for impairment.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

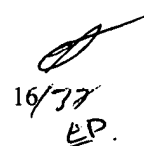
- * the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- * the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- * the amount of revenue can be measured reliably;
- * it is probable that the economic benefits associated with the transaction will flow to the entity; and
- * the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Dividend and interest revenue

- * Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).
- * Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal 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 on initial recognition.

Leases

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



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Hozelock Limited

Notes to the financial statements (continued) For the year ended 30 September 2018

2. Significant accounting policies (continued)

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign currencies

The financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates (its functional currency).

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Retirement benefit costs

The Company operates a defined benefit scheme (which is now closed to new members) and a defined contribution scheme.

For the defined benefit scheme, pension costs are recognised in the financial statements in accordance with the requirements of IAS 19 'Employee benefits'. The Company's contributions to the scheme are paid in accordance with the scheme rules and the recommendation of the actuary. The expected return on scheme assets and the interest cost on scheme liabilities are included within other finance costs in the profit and loss account.

Changes on volume are reported in Other Comprehensive income.

The scheme provides benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Company. The pension scheme deficit recognised in the balance sheet represents the excess of the present value of scheme liabilities over the fair value of scheme assets and is stated net of deferred tax.

The company's obligations to the defined contribution scheme are charged to as an expense as they fall due.

Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes 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 Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable within the foreseeable future 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.



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Notes to the financial statements (continued) For the year ended 30 September 2018

2. Significant accounting policies (continued)

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. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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 based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and any recognised impairment loss.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is not depreciated.

Plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method, on the following bases:

Land and buildings	- lower of 20 years or period of lease
Plant and machinery	- 5 to 10 years
Fixtures, fittings, tools and equipment	- 4 to 10 years

Assets under construction are not depreciated.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.



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Notes to the financial statements (continued) For the year ended 30 September 2018

2. Significant accounting policies (continued)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrapping of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Intangible assets

Research and development costs are capitalised as intangible fixed assets, insofar as they relate to clearly defined projects from which benefits may reasonably be regarded as assured. Such costs are not regarded as realised losses. Expenditure so deferred is limited to the value of estimated future related profits and is amortised through the profit and loss account in line with forecast sales of the product. There is currently no capitalised expenditure. Should research expenditure occur, it will be written off when incurred.

Impairment of property, plant and equipment and intangible assets

At each balance sheet date, the Company reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories

Inventories are stated weighted average cost. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the last cost basis of calculation. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

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Hozelock Limited

Notes to the financial statements (continued) For the year ended 30 September 2018

2. Significant accounting policies (continued)

Borrowings and payables

Trade payables, borrowings, and other payables that have fixed or determinable payments are classified as 'Borrowings and payables'. Borrowings and payables are measured at cost plus any interest due, calculated using the effective interest method. Interest payable is recognised by applying the effective interest rate, except for short-term payables when the recognition of interest would be immaterial.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Deferred taxation on tax loss

For the purpose of measuring deferred tax, management applied judgement in establishing the timing of the recognition of deferred tax assets relating to historic losses, assessing the recoverability of those assets and estimating taxes ultimately payable on trading profit in forthcoming financial years.

Retirement benefit scheme

It is necessary for actuarial assumptions to be made, including discount and mortality rates and long-term rate of return on scheme assets. The Company engages a qualified actuary to assist with determining the assumptions to be made when evaluating these liabilities.

Impairment of investments in subsidiaries

Determining whether the Company's investments in subsidiaries have been impaired requires estimations of the investments' values in use. The value in use calculations require the entity to estimate the future cash flows expected to arise from the investments and suitable discount rates in order to calculate present values. The closing carrying amount of investments in subsidiaries at the balance sheet date was £3,421,000 (2017: £3,421,000) with £nil (2017: £nil) of impairment recognised in the profit and loss account.

Provision for risk and charges

Management as part of their review seeks to identify potential risk to the company's profitability. Operating on the side of being prudent, management seek legal support on all potential risk and exercise judgement in valuing the company's potential future exposures to profit due to these risk.



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Notes to the financial statements (continued) For the year ended 30 September 2018

4. Revenue

In the opinion of the directors, the Company's entire turnover derives from its principal activity, being the design, manufacture and sale of a broad range of outdoor garden equipment. The analysis of turnover by geographical destination is set out below. The directors consider that further analysis would not be appropriate.

	Year ended 30 September 2018 £'000	Year ended 30 September 2017 £'000
Turnover	69,182	59,505
Other operating income		
Investment income (note 8)	511	380
	<u>69,693</u>	<u>59,885</u>

Analysis of turnover by geographic market is set out below;

	Year ended 30 September 2018 £'000	Year ended 30 September 2017 £'000
United Kingdom	44,559	38,603
Rest of Europe	21,937	18,918
Rest of World	2,686	1,984
	<u>69,182</u>	<u>59,505</u>

Included within Rest of Europe and Rest of World sales are £13,571,000 (2017: £13,938,000) of sales to Hozelock subsidiaries and other Exel Industries group companies.

5. Auditor's remuneration

Fees payable to Constantin for the audit of the Company's annual accounts amounted to £53,000 (Deloitte LLP 2017: £57,500). Moreover, amounts payable in relation to non-audit services for the half year limited review amounted to £15,000 (Deloitte LLP 2017: £15,000).



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Notes to the financial statements (continued) For the year ended 30 September 2018

6. Exceptional items

	Year ended 30 September 2018 £'000	Year ended 30 September 2017 £'000
Exceptional income	48	107
	<u>48</u>	<u>107</u>

Exceptional income in the current year of £48,000 relates to proceeds from the sale of trademark. Exceptional income of £107,000 in 2017 relates to proceeds from the sale of land.

7. Staff numbers and cost


	Number of employees	
	Year ended 30 September 2018	Year ended 30 September 2017
Production, distribution and selling	220	216
Administration	18	18
	<u>238</u>	<u>234</u>

Their aggregate remuneration comprised:

	Year ended 30 September 2018 £'000	Year ended 30 September 2017 £'000
The aggregate payroll costs were as follows:		
Wages and salaries	8,491	8,018
Social security costs	782	786
Other pension costs	570	585
	<u>9,844</u>	<u>9,389</u>

Disclosure of directors' remuneration is included in note 25.




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Notes to the financial statements (continued) For the year ended 30 September 2018

8. Investment revenue

	Year ended 30 September 2018 £'000	Year ended 30 September 2017 £'000
Interest receivable:		
Interest on loan to other group companies	511	380
Total investment revenue	511	380

9. Finance costs

	Year ended 30 September 2018 £'000	Year ended 30 September 2017 £'000
Interest payable to group companies	1,507	1,336
Other interest	32	36
Total interest payable	1,539	1,372
Net interest on defined benefit pension scheme liabilities	410	407
	1,949	1,779



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Notes to the financial statements (continued) For the year ended 30 September 2018

10. Tax

	Year ended 30 September 2018 £'000	Year ended 30 September 2017 £'000
Corporation tax:		
UK corporation tax	61	-
Adjustments in respect of prior years		
UK corporation tax	(277)	59
	<u>(216)</u>	<u>59</u>
Deferred tax (note 14)	480	271
	<u>264</u>	<u>330</u>

Corporation tax is calculated at 19.0% (2017: 19.5%) of the estimated taxable profit for the year. The charge for the year can be reconciled to the profit in the income statement as follows:

	Year ended 30 September 2018 £'000	Year ended 30 September 2017 £'000
Profit before tax	3,752	2,171
Tax at the UK corporation tax rate of 19.0% (2017: 19.5%)	713	423
Tax effect of expenses that are not deductible in determining taxable profit	98	93
Tax effect of income not taxable in determining taxable profit	9	(14)
Losses carried back	-	7
Tax effect in respect of previous period – current tax	(277)	60
Fixed asset differences	2	2
Tax effect in respect of previous period – deferred tax	53	32
Deferred tax (charged)/credited to equity	(8)	12
Adjust closing deferred tax to average rate	(79)	(65)
Change in unrecognised deferred tax assets	(247)	(220)
Tax charge for the year	<u>264</u>	<u>330</u>

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Notes to the financial statements (continued) For the year ended 30 September 2018

11. Profit for the year

Profit for the year has been arrived at after charging/ (crediting):


	Year ended 30 September 2018 £'000	Year ended 30 September 2017 £'000
Net foreign exchange losses/(gains)	186	452
Research and development costs	1,133	986
Depreciation of property, plant and equipment	1,431	1,434
Operating lease rentals payable:		
Land and building	1,905	1,905
Plant and machinery	352	351
	<hr/>	<hr/>

12. Property, plant and equipment

	Land and buildings £'000	Plant and machinery £'000	Fixtures and fittings £'000	Asset in the course of construction £'000	Total £'000
Cost					
At 1 October 2017	201	22,669	26,945	118	49,933
Additions	-	103	503	(15)	591
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2018	201	22,772	27,448	103	50,524
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Accumulated depreciation and impairment					
At 1 October 2017	85	20,172	23,409	-	43,666
Charge for the year	13	383	1,036	-	1,432
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2018	98	20,555	24,445	-	45,098
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Carrying amount					
At 30 September 2018	103	2,217	3,003	103	5,426
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 1 October 2017	116	2,497	3,536	118	6,267
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

All land and buildings are held on a freehold basis.




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Notes to the financial statements (continued) For the year ended 30 September 2018

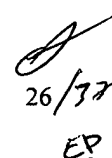
13. Investment in subsidiaries

	£'000
Cost	
At 1 October 2017	14,164
Additions	-
	<hr/>
At 30 September 2018	14,164
	<hr/> <hr/>
Provisions for impairment	
At 1 October 2017	(10,743)
Impairment	-
	<hr/>
At 30 September 2018	(10,743)
	<hr/> <hr/>
Carrying amount	
At 30 September 2018	3,421
	<hr/> <hr/>
At 30 September 2017	3,421
	<hr/> <hr/>

The wholly-owned operating subsidiary undertaking and their activities during the year were as follows:

Company	Business Activity	Status	Registered Office
Hozelock Holland BV	Dutch distribution company	Trading	Cartografenweg 34, 5141 MT Waalwijk, Netherlands
Hozelock Sweden AB	Swedish distribution company	Trading	Sisjö Kullegata 9, 421 32 Västra Frölunda, Sweden
Hozelock Australia PTY	Australian distribution company	Trading	Unit 22456 St Kilda Road, Melbourne Vic 3004, Australia
Associated Sprayers	Non-trading company	Non-trading	Midpoint Park Minworh, Sutton Codfield United Kingdom, B76 1AB
Cyprio Limited	Holding company	Non-trading	C/O Hozelock Limited Midpoint Park, Minworh Sutton Codfield United Kingdom, B76 1AB
Hozelock Pension Trustee Limited	Corporate Trustee Company	Non-trading	C/O Hozelock Limited Midpoint Park, Minworh Sutton Codfield United Kingdom, B76 1AB

The issued share capital of the principal subsidiary undertakings consists entirely of ordinary shares.



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Notes to the financial statements (continued) For the year ended 30 September 2018

14. Deferred tax

	Tax losses £	Retirement benefit scheme £	Total £
At 1 October 2017	879	2,694	3,573
Charge to profit or loss account	(233)	(247)	(480)
Charge to other comprehensive income	-	(8)	(8)
	<hr/>	<hr/>	<hr/>
At 30 September 2018	<u>646</u>	<u>2,439</u>	<u>3,085</u>

The rate reduced from 19.5% to 19% and then 17% during the year, effective from 1 April 2017 and 1 April 2020 respectively.

At 30 September 2017 the Company has unutilised capital allowances and other timing differences available to offset future taxable profits. In accordance with IAS 12, no deferred tax asset, which at 17% would amount to approximately £1.3 million (2017: £1.3 million), has been recognised in respect of these balances due to uncertainty regarding the quantum and timing of future periods taxable profits.

15. Trade and other receivables

	30 September 2018 £'000	30 September 2017 £'000
Amounts falling due within one year:		
Amount receivable for the sale of goods	11,603	6,555
Amounts owed by group undertakings	7,135	9,402
Prepayments and accrued income	278	558
	<hr/>	<hr/>
Included in current assets	19,016	16,515
Amounts falling due after more than one year:		
Amounts owed by group undertakings	25,913	25,700
	<hr/>	<hr/>
Included in non-current assets	25,913	25,700
	<hr/>	<hr/>
Total trade and other receivables	<u>44,929</u>	<u>42,215</u>

Included within amounts owed by group undertakings is loan repayable on demand with fellow group company Thistlehaven Limited. The sterling loan balance owed is £25,913,000 (2017: £25,700,000). This loan is denominated in sterling and the interest bearing at a rate of 1.25% over Libor. Unpaid interest balance is added to the loan at the end of each period.

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Hozelock Limited

Notes to the financial statements (continued)

For the year ended 30 September 2018

16. Inventories

	30 September 2018 £'000	30 September 2017 £'000
Raw materials	1,024	1,230
Work-in-progress	999	1,202
Finished goods	3,689	4,529
	<u>5,712</u>	<u>6,961</u>

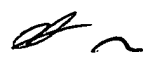
The replacement cost of stocks is not significantly different from the historical cost.

17. Trade and other payables

	30 September 2018 £'000	30 September 2017 £'000
Trade payables	4,530	3,087
Amounts owed to group undertakings	7,571	8,139
Other taxation and social security	197	205
Other payables	1,763	1,087
	<u>14,061</u>	<u>12,518</u>

18. Borrowings

	30 September 2018 £'000	30 September 2017 £'000
Unsecured borrowing		
Amounts owed to group undertakings	31,320	32,236
	<u>31,320</u>	<u>32,236</u>
Total borrowings		
	<u>31,320</u>	<u>32,236</u>
Amount due for settlement within 12 months:		
Amounts owed to group undertakings	5,165	24,820
	<u>5,165</u>	<u>24,820</u>



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Notes to the financial statements (continued)

For the year ended 30 September 2018

18. Borrowings (continued)

Included within amounts owed to Group undertakings above is a short term loan, repayable on demand, from the ultimate parent company, Exel Industries SA, for £2,000,000 (2017: £24,820,000) and long term loan with payment falling within 12 months of £3,165,000. These loans are denominated in sterling and are interest bearing at a rate of 3% over LIBOR.

	30 September 2018 £'000	30 September 2017 £'000
Amount due for settlement after 12 months:		
Owed to group undertaking	26,155	7,415
	<u>26,155</u>	<u>7,415</u>

Included within amounts owed to Group undertakings above are sterling denominated long term loan facilities from the ultimate parent company, Exel Industries SA. The sterling loan balance, due for repayment by January 2038, totals £28,155,000 (2017: £7,415,000) and is interest bearing at the rate of 3% over LIBOR.

During the year the company undertook finance restructure where the short term loan and the existing long term loan were structured into a £30,000,000 loan term loan repayable over 30 years and is interest bearing at a rate of 3% over LIBOR.

19. Retirement benefit schemes

Pension cost

The Company operates the Hozelock Limited Pension and Assurance Scheme ("the Scheme"), a UK registered trust based pension scheme that provides defined benefits. Pension benefits are linked to the members' final pensionable salaries and service at their retirement (or date of leaving if earlier). The Trustee is responsible for running the Scheme in accordance with the Scheme's Trust Deed and Rules, which sets out their powers. The Trustee of the Scheme is required to act in the best interests of the beneficiaries of the Scheme. There is a requirement that at least one-third of the Trustee Directors are nominated by the members of the Scheme.

There are two categories of pension scheme members:

- Deferred members: former employees of the Company not yet in receipt of pension
- Pensioner members: in receipt of pension.

The defined benefit obligation is valued by projecting the best estimate of future benefit outgo (allowing for revaluation to retirement for deferred members and annual pension increases for all members) and then discounting to the balance sheet date. The valuation method used is known as the Projected Unit Method. The approximate overall duration of the Scheme's defined benefit obligation as at 30 September 2018 was around 18 years.

Future funding obligation

The Trustee is required to carry out an actuarial valuation every 3 years.

The last actuarial valuation of the Scheme was performed by the Scheme Actuary for the Trustee as at 5 April 2017. This valuation revealed a funding shortfall of £14.495 million. The Company has agreed to pay annual deficit reduction contributions of £1,861,586 per annum increasing by 5% each 1 October from 1 July 2018 until 31 August 2023.

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Hozelock Limited

Notes to the financial statements (continued)

For the year ended 30 September 2018

19. Retirement benefit schemes (continued)

The Company therefore expects to pay £1,954,665 to the Scheme during the accounting year beginning 1 October 2018.

Method and assumptions

The results of the most recent formal actuarial valuation as at 6 April 2017 have been updated to 30 September 2018 by a qualified independent actuary.

The assumptions used were as follows:

Significant actuarial assumptions

	30 September 2018 % p.a	30 September 2017 % p.a
RPI Inflation	3.10	3.10
CPI Inflation	2.00	2.00
Discount rate for scheme liabilities	2.90	2.75
Pension increase:		
• Pre 91 GMP	5.00	5.00
• Post 81 GMP	1.80	1.80
• Pre 97 XS	5.00	5.00
• Post 97 pension	2.10	2.10
Revaluation of deferred pensions (non-GMP)	-	-
• RPI M5%	3.10	3.10
• CPI M5%	2.00	2.00

Mortality assumptions

	30 September 2018 % p.a	30 September 2017 % p.a
Mortality	107% of S2PA CMI_2017_M/F [1.00%] (YOB)	107% of S2PA CMI_2016_M/F [1.00%] (YOB)

Life expectancies (in years)

	Year ended 30 September 2018		Period ended 30 September 2017	
	Males	Females	Males	Females
For an individual aged 63 in 2018	23.0	25.0	23.2	25.1
At aged 63 for an individual aged 43 in 2018	24.2	26.3	24.3	26.4



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Notes to the financial statements (continued) For the year ended 30 September 2018

19. Retirement benefit schemes (continued)

Scheme risk

Through the Scheme, the Company is exposed to a number of risks:

- **Asset volatility:** the Scheme's defined benefit obligation is calculated using a discount rate set with reference to the corporate bond yields. However, the Scheme invests significantly in growth assets. These assets are expected to outperform corporate bonds in the long term, but provide volatility and risk in the short term.
- **Changes in bond yields:** a decrease in corporate bond yields would increase the Scheme's defined benefit obligation, however this is likely to be partially offset by an increase in the value of the Scheme's Liability Driven Investment (LDI) holdings.
- **Inflation risk:** a significant proportion of the Scheme's defined benefit obligation is linked to inflation, therefore higher inflation will result in a higher defined benefit obligation (subject to the appropriate caps in place). However, the value of the Scheme's LDI assets are directly linked with inflation, meaning some of the increase in the defined benefit obligation from higher inflation will be offset by an increase in the value of the Scheme's LDI assets holding.
- **Life expectancy:** if Scheme members live longer than expected, the Scheme's benefits will need to be paid for longer, increasing the Scheme's defined benefit obligation.

The Trustee and Company manage risks in the Scheme through the following strategies:

- **Diversification:** investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.
- **Investment strategy:** the Trustee is required to review its investment strategy on a regular basis.

Scheme assets

The assets of the Scheme are invested as follows:

Asset class	Year ended 30 September 2018:		Year ended 30 September 2017:	
	Market Value £000's	% of total assets	Market Value £000's	% of total assets
Equities	-	0%	-	0%
Bonds	-	0%	-	0%
LDI	10,026	17%	12,434	21%
Alternatives	38,993	67%	21,379	37%
Annuities	8,504	15%	8,874	15%
Current Assets	596	1%	15,419	27%
Total	58,119	100%	58,106	100%
Actual return on assets over period:	(205)		(1,976)	

Note: all assets listed above have a quoted market price in an active market.



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Notes to the financial statements (continued) For the year ended 30 September 2018

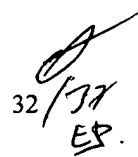
19. Retirement benefit schemes (continued)

Reconciliation of funded status to balance sheet	30 September 2018 £'000	30 September 2017 £'000
Market value of scheme assets	58,199	58,106
Present value of funded defined benefit obligation	(72,466)	(73,951)
Asset/(Liability) recognised on the balance sheet	(14,347)	(15,845)

A surplus may be recognised if the economic benefits are available in the form of a refund or reduction in future contributions. The Rules of the Scheme state that the Company will be entitled to any surplus remaining if the Scheme is run on until the last member exits the Scheme or the Scheme is bought out. Surpluses are therefore recognised in full.

Analysis of changes in the value of the defined benefit obligation over the year	30 September 2018 £'000	30 September 2017 £'000
Value of defined benefit obligation at start of year	73,951	78,029
Interest cost	2,011	1,919
Benefits paid	(1,644)	(2,580)
Actuarial (gains)/losses arising from experience differences	256	(535)
Actuarial (gains)/ losses arising from changes in demographic assumptions	(510)	(436)
Actuarial (gains)/losses arising from changes in financial assumptions	(1,598)	(2,446)
Value of the defined benefit obligation at end of year	72,466	73,951

Analysis of changes in the value of the Scheme assets over the year	30 September 2018 £'000	30 September 2017 £'000
Market value of assets at start of year	58,106	60,889
Interest income	1,601	1,512
Return on plan assets less interest	(1,806)	(3,488)
Employer contributions	1,862	1,773
Benefits paid	(1,644)	(2,580)
Market value of assets at end of year	58,119	58,106



Hozelock Limited

Notes to the financial statements (continued) For the year ended 30 September 2018

19. Retirement benefit schemes (continued)

Amounts recognised in profit and loss	30 September	30 September
	2018	2017
	£'000	£'000
Operating cost:		
Current service cost	0	0
Administration expenses	0	0
Past service cost (incl. curtailment)	0	0
Settlement cost	0	0
Financing cost		
Net interest on net defined benefit liability/(asset)	410	407
Pension expense recognised in profit and loss	410	407
Amounts recognised in Other Comprehensive Income (OCI)	30 September	30 September
	2018	2017
	£'000	£'000
Assets gains/ (losses)	1,852	3,417
Liability gain/ (losses)	(1,806)	(3,488)
Change in the effect of the asset ceiling	-	0
Net amount recognised in OCI	46	(71)



Hozelock Limited

Notes to the financial statements (continued) For the year ended 30 September 2018

20. Share Capital

	30 September 2018 £'000	30 September 2017 £'000
Authorised, issued and fully paid: 1,000 ordinary shares of £1 each	1	1

21. Provision for liabilities

	Year ended 30 September 2018 £'000	Year ended 30 September 2017 £'000
Legal cost and damages	1,915	535
Employee dispute	37	
Other provision	111	-
	<u>2,063</u>	<u>535</u>

22. Contingent liability

During the year the company made provisions for ongoing legal cases. Amount provided for includes both legal costs and potential damage due based on claims made. These risks were valued using management best estimate with the support of legal advisers.

While the management feels it is prudent to provide for potential damages, the Company will vigorously defend claim.

23. Operating lease arrangements

	Year ended 30 September 2018 £'000	Year ended 30 September 2017 £'000
Lease payments under operating leases recognised as an expense in the year	2,344	2,256

Hozelock Limited

Notes to the financial statements (continued) For the year ended 30 September 2018

23. Operating lease arrangements (continued)

At the balance sheet date, the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Year ended 30 September 2018 £'000	Year ended 30 September 2017 £'000
Within one year	2,066	2,080
In the second to fifth years inclusive	7,755	7,818
After five years	2,381	6,192
	<u>12,202</u>	<u>16,090</u>

Operating lease payments includes rentals payable by the Company for its manufacturing and distribution facilities leased from its fellow subsidiary.

24. Financial commitments

	Year ended 30 September 2018 £'000	Year ended 30 September 2017 £'000
Contracted for but not provided for - property, plant and equipment	2,752	2,335
	<u>2,752</u>	<u>2,335</u>

Hozelock Limited

Notes to the financial statements (continued) For the year ended 30 September 2018

25. Related party transactions

There were no transactions with the director during the year or the prior period.

The company relied upon exemptions available under FRS 101 paragraph 8(j) from disclosing related party transactions entered during the period.

By virtue of the company being a wholly-owned subsidiary included in the consolidated financial statements of a larger EU group, the company is exempt under FRS 101 from disclosing transactions or balances with entities which are part of the group which qualify as related parties.

The directors' remuneration analysed under the headings required by companies law is set out below.

	30 September 2018 £'000	30 September 2017 £'000
Directors' remuneration:		
Emoluments	456	414
Company contribution to pension scheme	14	14
	<u>470</u>	<u>428</u>
	Number	Number
The number of directors who:		
Are members of a money purchase pension scheme	1	1
	<u>1</u>	<u>1</u>
	30 September 2018 £'000	30 September 2017 £'000
Remuneration of the highest paid director:		
Emoluments	277	230
Company contributions pension scheme	-	-
	<u>277</u>	<u>230</u>



Hozelock Limited

Notes to the financial statements (continued) For the year ended 30 September 2018

26. Controlling party

At the year end date, the Company's immediate parent undertaking was Hozelock Group Limited and in the opinion of the directors, the Company's ultimate parent Company and ultimate controlling party is Exel Industries SA, a Company incorporated in France.

The results of the Company are consolidated in the group financial statement of Exel Industries SA. As a wholly-owned subsidiary of Exel Industries SA, the Company was exempt under Section 400 of the Companies Act 2006 from the obligation to prepare group financial statements and to deliver them to the Registrar of Companies. The largest and smallest group into which the company is consolidated is the group headed by Exel Industries SA.

Copies of the financial statements of Exel Industries SA may be obtained from that Company's registered office at 52, Rue de la Victoire, 75009, Paris, France.

