

CONTINENTAL LANDSCAPES LIMITED

Annual Report and Financial Statements

30 April 2014

WEDNESDAY



A3KJ06PF

A23

12/11/2014

#7

COMPANIES HOUSE

CONTINENTAL LANDSCAPES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS 2014

CONTENTS	Page
Officers and professional advisers	1
Strategic report	2
Directors' report	5
Directors' responsibilities statement	7
Independent auditor's report	8
Profit and loss account	10
Statement of total recognised gains and losses	11
Balance sheet	12
Notes to the financial statements	13

CONTINENTAL LANDSCAPES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS 2014

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

W Trotman

REGISTERED OFFICE

Wychwood House
Landscape Close
Weston on the Green
Bicester
OX25 3SX

BANKERS

BNP Paribas Fortis S.A/N.V UK| Branch
10 Harewood Avenue
London
NW1 6AA

SOLICITORS

Woodfines Solicitors
16 St Cuthbert's Street
Bedford
MK40 3JG

CHARTERED ACCOUNTANTS AND STATUTORY AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
Four Brindleyplace
Birmingham
B1 2HZ
UK

STRATEGIC REPORT

PRINCIPAL ACTIVITIES

The activities of the company are grounds maintenance and street cleansing operations. It offers its customers a wide variety of services that fall within these sectors including grass cutting, arboriculture, landscaping, street cleansing and drainage services.

BUSINESS MODEL

The Company provides high quality grounds maintenance and street cleansing services to both the public and private sectors utilising a well trained and experienced workforce to effect client savings whilst maintaining an acceptable profit level.

The Company's main objectives:

- Growth in terms of both turnover and profit
- Employee welfare
- Increasing shareholder value

The key elements to our strategy of achieving our objectives is to

- Increase the number of services we are able to offer to our clients
- Invest in acquisitions to increase market share and reduce overheads
- Continually improve our operations and processes to effect efficiencies and savings

REVIEW OF PROGRESS

In 2011 the Company added full scale street cleansing to its portfolio of services with a view to growing the business by accessing a new market. Over the last 3 years this has proved very successful and has resulted in 3 large multi-million pound street cleansing contracts being added to the order book. The Company can now demonstrate to prospective clients that it has experience operating in this market which will increase the opportunities for the company to grow its market share. The Company is now looking to add more services to its portfolio with refuse collection and waste disposal heading the list. The addition of these expanding services will help to reduce central costs and therefore make the core service tendering more competitive.

The Company has been continuing its efforts to grow via acquisition. This has so far proved unsuccessful as the opportunities presented to the company have been declined due to differences in valuations or being a poor fit with current operations and strategy. However, the Company is still committed to continuing its research into future acquisition opportunities.

The Company has a culture of continuous improvement which is enforced at all levels of the organisation by various teams that have been set up covering areas such as machinery, risk and HR. The aim of these teams is to make sure the company is always operating using the most efficient methods available and is conforming to all current legislation. Examples of these teams' achievements over the recent years are as follows:

STRATEGIC REPORT (CONTINUED)

REVIEW OF PROGRESS (continued)

- Health and safety – Staff welfare is an area the Company considers key to its performance and has a management team responsible for staff health, staff welfare and risk management. The Company is certified with OHSAS 18001 relating to Occupational Safety in the Workplace. This system required numerous processes to be put in place which are both reactive and proactive such as accident investigations and our multi-tiered audit process. Our audit process ensures we operate within the legislation, adhere to best practice guidelines at all times and provide a consistent level of service across multiple operating sites. The certification to OHSAS 18001 demonstrates to the Company's clients that we operate to a recognised, safe and transparent level. The Company organises and runs numerous training courses using training facilities established in key locations so that we can provide national coverage. The company's in-house trainers and training facilities are accredited by LANTRA for land-based sector training, BAGMA for machinery familiarisation training and JAAPT for the provision of driver CPC courses. The company's safety systems have been independently verified by Safecontractor, CHAS,SSIP and Constructionline. In 2014 the company was awarded a Silver award by RoSPA for excellence in the field of occupational safety.
- Third Sector – Originally developed in partnership with Westminster Council, the Company's flagship community engagement scheme, Third Sector Plus, involves creating green space projects that are community focused, meet client expectations and use volunteer resources. Volunteers are trained in the skills required and work alongside qualified horticulturists to improve community parks and green spaces. The hours worked are documented and converted into 'green credits' which can then be re-invested into community projects. These projects range from tree planting, provision of wild flower areas, park benches and improving play equipment. The more volunteer hours committed, the more the community can re-invest in their area. Benefits include increased community pride, improved local environment and personal self-worth.
- Environmental Management – Due to the nature of the Company's business the environment is naturally considered important, and we take measures to ensure that we mitigate our environmental impact such as carbon off-setting. The Company is certified with ISO 14001, showing its commitment to operating in an environmentally sustainable manner. Operating procedures for ISO 14001 are incorporated into our business operating systems.
- Fleet – Due to the expansion of the business in the field of Street Cleansing, our fleet of larger vehicles is expanding, as is the requirement for good fleet management. During the year the Company has been awarded the FORS (Freight Operator recognition Scheme) Gold award, the highest available from this organisation, and the company are used by FORS as an example of good industry practise within their current publicity campaign. This demonstrates, to our clients and industry at large, that the company is achieving high levels across all areas of its fleet management including environmental considerations, training, procurement and safety.
- Operational – Over the course of the year the Company achieved 55 Green Flag awards for sites it maintains across the UK. It has also been recognised by many Britain in Bloom awards around the country and Best Borough award in London in Bloom. This demonstrates the very high standards the Company operates to.

KPI'S AND CASHFLOW

The Company has three key performance indicators:

	April 2014	April 2013
Turnover	£30,520,795	£27,847,201
Operating profit	£1,832,469	£1,785,603
Current ratio *	2.0	2.1

**The current ratio is calculated by dividing the current assets by the current liabilities and gives an indication as to the company's ability to pay back its short term liabilities. The higher the ratio the more capable the company is at paying its obligations, if the ratio is less than 1 it suggests the company will have difficulty paying its obligations.*

CONTINENTAL LANDSCAPES LIMITED

STRATEGIC REPORT (CONTINUED)

KPI'S AND CASHFLOW (continued)

The Company considers these three performance indicators as key because they demonstrate how the Company is performing against its two main objectives and also measures the liquidity of the Company which is essential for its day to day operation.

The Company's cash levels have increased by £929,556 from £1,840,076 at the end of 2013 to £2,769,632 at the end of the current financial year. The main reason for the increase in cash is down to the Company's profitable performance during the year.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks facing the business are new competitors entering the market, the possibility of further changes to local government policies which could affect future tendering opportunities and reduced funding to Councils and Public Bodies. Further areas of risk that require consideration are cashflow, credit and liquidity. However due to the company's current financial position these do not pose a significant risk.

FINANCIAL RISK MANAGEMENT

The directors have reviewed the financial risk management objectives and policies of the company. The Company does not as a regular policy enter into hedging instruments, as there is not believed to be any material exposure. It also does not enter into any speculative financial instruments. Appropriate trade terms are negotiated with suppliers and customers and management reviews these terms and the relationships with suppliers and customers and manages any exposure on normal trade terms. In order to ensure that sufficient funds are available for future developments the company has the option of using advances from the parent company.

GOING CONCERN

The directors have considered the financial position and future prospects of the Company. The directors consider that the company has access to sufficient resources to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period at least 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

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



W Trotman

Managing Director

Continental Landscapes Limited

Registered office:

Wychwood House

Landscapes Close

Weston on the Green

Bicester

OX25 3SX

CONTINENTAL LANDSCAPES LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 April 2014.

DIVIDENDS AND TRANSFERS TO RESERVES

The directors do not recommend the payment of a dividend (2013 – £nil). The retained profit of £1,436,076 (2013 – £1,326,459) has been transferred to reserves.

DIRECTORS

The directors who have served during the year and to the date of this report are as follows:

W Trotman

S Goodenough (resigned 11 April 2014)

DIRECTORS' INDEMNITIES

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

SUPPLIER PAYMENT POLICY

The Company's policy is to settle terms of payment with suppliers during the process of adding them to our preferred suppliers list. This ensures that suppliers are aware of the terms of payment and the company abides by the terms of payment.

CHARITABLE CONTRIBUTIONS

During the year the company made charitable donations of £13,954 (2013: £2,825), these were made principally to local ventures that work within the communities that the company operates in.

EMPLOYMENT OF DISABLED PERSONS

The Company has an established policy of encouraging the employment of disabled persons wherever this is practicable having regard to their particular aptitudes and abilities. Appropriate training is arranged for disabled persons, including retraining for alternative work for employees who become disabled, and to promote their career development within the organisation.

EMPLOYEE INVOLVEMENT

Regular meetings are held with employees to discuss the operation of the business and a monthly newsletter is also produced and made available to all employees. A number of national forums exist which include staff from around the country participating in the development of Company policies. In addition, part of the company's activities is accredited by Investors in People and it is the company's continuing aim to embrace the principles of Investors in People throughout the company's operations. The Company also has a very active Risk Management Team which helps promote inclusion and employee welfare.

CONTINENTAL LANDSCAPES LIMITED

DIRECTORS' REPORT (CONTINUED)

AUDITOR

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

(1) so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and

(2) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418A of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

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



W Trotman
Managing Director

Continental Landscapes Limited

Registered office:

Wychwood House

Landscapes Close

Weston on the Green

Bicester

OX25 3SX

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the 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 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONTINENTAL LANDSCAPES LIMITED

We have audited the financial statements of Continental Landscapes Limited for the year ended 30 April 2014 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 April 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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.



Jane Whitlock (Senior statutory auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

Birmingham, UK

5 November 2014

CONTINENTAL LANDSCAPES LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 30 April 2014

	Note	2014 £	2013 £
TURNOVER	2	30,520,795	27,847,201
Cost of sales		(22,919,351)	(20,437,265)
GROSS PROFIT		7,601,444	7,409,936
Administrative expenses		(5,768,975)	(5,624,333)
OPERATING PROFIT	4	1,832,469	1,785,603
Other interest receivable and similar income	5	58,113	4,105
Interest payable and similar charges	6	(17,559)	(40,429)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,873,023	1,749,279
Tax on profit on ordinary activities	7	(436,947)	(422,820)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION BEING RETAINED PROFIT FOR THE FINANCIAL YEAR	15	1,436,076	1,326,459

All activities in the current and prior year derive from continuing operations.

CONTINENTAL LANDSCAPES LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES Year ended 30 April 2014

	Notes	2014 £	2013 £
Profit for the financial year	15	1,436,076	1,326,459
Actuarial loss relating to the pension scheme	18	(477,181)	(711,499)
UK deferred tax attributable to actuarial loss		95,400	163,530
Total gains and losses recognised since last annual report and financial statements		<u>1,054,295</u>	<u>778,490</u>

CONTINENTAL LANDSCAPES LIMITED

BALANCE SHEET 30 April 2014

	Note	2014 £	2014 £	2013 £	2013 £
FIXED ASSETS					
Tangible assets	8		5,337,587		5,224,619
CURRENT ASSETS					
Stocks	9	127,200		100,474	
Debtors	10	5,235,865		6,023,307	
Cash at bank and in hand		2,769,631		1,840,076	
		8,132,696		7,963,857	
CREDITORS: amounts falling due within one year	11	(4,012,649)		(3,743,376)	
NET CURRENT ASSETS			4,120,047		4,220,481
TOTAL ASSETS LESS CURRENT LIABILITIES			9,457,634		9,445,100
CREDITORS: amounts falling due after more than one year	12		-		(1,035,622)
PROVISIONS FOR LIABILITIES	14		-		-
Net assets excluding pension asset			9,457,634		8,409,478
Pension asset	18		81,600		75,461
Net assets including pension asset			9,539,234		8,484,939
CAPITAL AND RESERVES					
Called up share capital	14		3,750,000		3,750,000
Profit and loss account	15		5,789,234		4,734,939
SHAREHOLDERS' FUNDS	16		9,539,234		8,484,939

These financial statements were approved by the Board of Directors and authorised for issue on 5th November 2014

Signed on behalf of the Board of Directors



W Trotman

Managing Director

Continental Landscapes Limited (Company registration number: 2416889)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 April 2014

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards. Principal accounting policies are detailed below, which have been applied consistently in the current and preceding year.

Accounting convention

The financial statements are prepared under the historical cost convention.

Going concern

The directors have adopted the going concern assumption and this is discussed in the directors' report.

Cash Flow Statement

Under the provisions of Financial Reporting Standard 1 "Cash Flow Statements", the Company has not prepared a cash flow statement because its ultimate parent company Elkarij B.V. (Netherlands), has prepared consolidated financial statements which are publicly available and which contain a cash flow statement.

Tangible fixed assets

Tangible Fixed Assets are stated at cost or valuation, net of depreciation and provision for impairment.

Depreciation is provided on assets in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Freehold property	2%
Plant and machinery	15% to 25%
Motor vehicles and commercial vehicles	16.7%
Fixtures, fittings, tools and equipment	25%

Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowances for any obsolete or slow moving items.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 30 April 2014

1. ACCOUNTING POLICIES (continued)

Leases

Assets obtained under finance leases and hire purchase contracts are capitalised at their fair value on acquisition and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

Operating lease rentals are charged to income in equal annual amounts over the lease term.

Turnover

Income is taken either on work completed or in the case of fixed income contracts when invoiced, adjusted for the income relating to the costs incurred for the days between the invoice period and the accounting period.

Pension costs

Retirement benefits to employees are provided by three pension schemes, a defined benefit scheme and two defined contribution schemes, which are funded by contributions from the company and employees.

For defined benefit schemes the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vestings occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the company, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond and equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet.

Payments to the defined contribution scheme are charged to the profit and loss account on an accruals basis. The assets of this scheme are held separately from the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

2. TURNOVER

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts and value added tax. The turnover and pre-tax profit is attributable to one activity wholly within the UK.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 30 April 2014

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2014	2013
	£	£
Directors' emoluments		
Directors' remuneration	401,849	334,710
Pension costs	15,578	15,578
Benefit in kind	21,549	26,926
	<u>438,976</u>	<u>377,214</u>

	2014	2013
	No.	No.
Average number of persons employed		
Service	702	662
Administration	86	86
	<u>788</u>	<u>748</u>

	2014	2013
	£	£
Staff costs during the year (including directors)		
Wages and salaries	15,739,495	14,323,694
Social security costs	1,370,893	1,239,531
Other pension costs (See note 18)	460,019	318,680
	<u>17,570,407</u>	<u>15,881,905</u>

CONTINENTAL LANDSCAPES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 30 April 2014

4. OPERATING PROFIT

Operating profit is stated after charging / (crediting):	2014 £	2013 £
Loss/(profit) on disposal of fixed assets	34,857	(15,808)
Depreciation		
Owned assets	1,509,778	1,183,005
Rentals under operating leases		
Land & buildings	430,295	413,775
Motor vehicles	135,879	93,876

The analysis of auditors' remuneration is as follows:

	2014 £	2013 £
Fees payable to the Company's auditors for the audit of the Company's annual accounts	21,000	21,000
Total audit fees	21,000	21,000
Tax compliance services	8,000	9,000
Total non-audit fees	8,000	9,000

5. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2014 £	2013 £
Interest receivable	6,113	4,105
Expected return on pension scheme assets less current interest costs (Note 19)	52,000	-
	58,113	4,105

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2014 £	2013 £
Other interest	17,559	4,930
Expected return on pension scheme assets less current interest costs (Note 19)	-	35,499
	17,559	40,429

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 30 April 2014

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

(i) Analysis of tax charge on ordinary activities

	2014 £	2013 £
Current tax		
United Kingdom corporation tax at 22.84% (2013 – 23.92%) based on profit for the year	(342,364)	(251,138)
Adjustment in respect of prior years	(28,669)	-
	(371,033)	(251,138)
Deferred tax (Note 13)		
Timing differences origination and reversal	41,984	(59,227)
Deferred taxation on pension asset	(96,200)	(109,537)
Effect rate of change	(11,698)	(2,918)
	(65,914)	(171,682)
Tax charge	<u>(436,947)</u>	<u>(422,820)</u>

(ii) Factors affecting tax charge for the current year

The tax assessed for the year is lower than that resulting from applying the standard rate of corporation tax in the United Kingdom of 21% (2013 – 23%).

The differences are explained below:

	2014 £	2013 £
Profit on ordinary activities before taxation	<u>1,873,023</u>	<u>1,749,279</u>
Tax at 22.84% (2013 – 23.92%) thereon	(427,716)	(418,369)
Effects of:		
Expenses not deductible for tax purposes	(8,246)	(8,125)
Capital allowances in excess of depreciation	(14,340)	62,274
Movement in short term timing differences	107,938	113,082
Adjustment in respect of prior year	(28,669)	-
Current tax charge for year	<u>(371,033)</u>	<u>(251,138)</u>

(iii) Factors that may affect the future tax charge

A reduction in the main rate of corporation tax from 23% to 21% is effective as at 1 April 2014. Since the reduction to 21% was effective 1 April 2014, a hybrid rate of current tax of 22.84% applies during the year ended 30 April 2014.

Deferred tax assets and liabilities are measured at tax rates that are enacted or substantively enacted at the balance sheet date. Accordingly, the reduction to 21% has been taken into account when measuring the deferred tax assets and liabilities at 30 April 2014.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 30 April 2014

8. TANGIBLE FIXED ASSETS

	Freehold property £	Commercial vehicles £	Plant and machinery £	Fixtures, fittings, tools and equipment £	Total £
Cost					
At 1 May 2013	504,784	2,965,386	7,819,147	783,587	12,072,904
Additions	-	858,442	930,306	33,624	1,822,372
Disposals	-	(679,459)	(764,436)	(105,144)	(1,549,039)
At 30 April 2014	504,784	3,144,369	7,985,017	712,067	12,346,237
Accumulated depreciation					
At 1 May 2013	187,347	1,337,623	4,657,222	666,093	6,848,287
Charge for the year	8,348	451,985	997,648	51,797	1,509,778
Disposals	-	(526,871)	(719,434)	(103,108)	(1,349,413)
At 30 April 2014	195,695	1,262,737	4,935,436	614,782	7,008,650
Net book value					
At 30 April 2014	309,089	1,881,632	3,049,581	97,285	5,337,587
At 30 April 2013	317,437	1,627,764	3,161,925	117,493	5,224,619

9. STOCKS

	2014 £	2013 £
Finished goods and goods for resale	127,200	100,474

There is no material difference between the balance sheet value of stocks and their replacement cost.

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 £	2013 £
Trade debtors	4,132,543	4,829,776
Other debtors	6,658	5,445
Prepayments and accrued income	984,853	1,103,621
Deferred tax asset (Note 13)	111,811	84,465
	5,235,865	6,023,307

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 30 April 2014

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 £	2013 £
Trade creditors	1,837,712	1,900,840
Other creditors including taxation and social security	1,451,402	1,010,547
Accruals and deferred income	541,325	730,994
Corporation tax	182,210	100,995
	<u>4,012,649</u>	<u>3,743,376</u>

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

	2014 £	2013 £
Amounts owed to group company	-	1,000,000
Finance lease	-	35,622
	<u>-</u>	<u>1,035,622</u>

13. DEFERRED TAXATION

	2014 £	2013 £
Deferred taxation provided is as follows:		
Accelerated capital allowances	110,117	84,431
Other term timing differences	1,694	34
	<u>111,811</u>	<u>84,465</u>
Deferred tax asset (Note 10)		
	<u>(20,400)</u>	<u>(22,540)</u>
Net asset	<u>91,411</u>	<u>61,925</u>
		£
At 1 May 2013		61,925
Charge to profit and loss account (Note 7)		(65,914)
Credit to statement of recognised gains and losses		95,400
Balance as at 30 April 2014		<u>91,411</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 30 April 2014

14. CALLED UP SHARE CAPITAL

	2014 £	2013 £
Allotted and fully paid		
3,750,000 ordinary shares of £1 each	3,750,000	3,750,000

15. PROFIT AND LOSS ACCOUNT

	Profit and loss account £
At 1 May 2013	4,734,939
Retained profit for the year	1,436,076
Other recognised gains and losses relating to the year	(381,781)
At 30 April 2014	5,789,234

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2014 £	2013 £
Profit for the financial year	1,436,076	1,326,459
Other recognised gains or losses during the year	(381,781)	(547,969)
	1,054,295	778,490
Opening shareholders' funds	8,484,939	7,706,449
Closing shareholders' funds	9,539,234	8,484,939

17. FINANCIAL COMMITMENTS

Capital commitments

At 30 April 2014 the company had no capital commitments which were contracted for but not provided in the financial statements (2013 - £Nil).

Operating lease commitments

At 30 April 2014 the company was committed to making the following payments during the next year in respect of operating leases.

	Land and buildings		Other	
	2014 £	2013 £	2014 £	2013 £
Leases which expire:				
Within one year	35,160	40,931	15,066	-
Within two to five years	252,014	226,922	76,105	135,879
More than five years	102,996	102,996	-	-
	390,170	370,849	91,171	135,879

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 30 April 2014

18. PENSION SCHEMES

The company operates three pension schemes, a defined benefit scheme, the Continental Landscapes Limited staff benefits plan ("the DB scheme") and two defined contribution schemes ("the DC schemes"). Scheme funds are administered by trustees, in the case of the DB scheme, or external administrators, in the case of the DC schemes, and are independent of company finances.

Contributions to the DB scheme are charged to the profit and loss account. The contributions are determined by an independent qualified actuary on the basis of triennial valuations using the defined accrued benefit method. Contributions to the DC scheme are charged to the profit and loss account on an accruals basis.

The pension cost for the DB scheme was £374,000 (2013 - £281,118). The pension cost for the DC schemes was £86,019 (2013 - £37,562).

The most recent valuation of the DB scheme was at 30 April 2012. The principal assumptions adopted were that the rate of inflation would be 2.9% per annum, the interest rate before normal retirement age would be 5.5% per annum, the interest rate after normal retirement age would be 3.7% per annum, the rate of increase in payment of benefits subject to Limited Price Indexation would be 2.9% per annum and the rate of salary growth would be 3.4%. The valuation showed that the market value of the scheme's assets was £5,676,000 at 30 April 2012 and that the actuarial value of those assets represented 77% of the benefits that had accrued to members.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 30 April 2014

18. PENSION SCHEMES (CONTINUED)

The valuation at 30 April 2012 has been updated by the actuary on an FRS 17 basis as at 30 April 2014.

The major assumptions used in this valuation were:

	30 April 2014 %	30 April 2013 %	30 April 2012 %
Rate of increase in salaries	2.7	2.6	2.8
Rate of increase in pensions in payment where LPI applies	3.3	3.2	3.4
Discount rate	4.4	4.2	5.5
Inflation assumption	3.4	3.3	3.5

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

At 30 April 2014 the fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and are thus inherently uncertain, were:

	30 April 2014		30 April 2013		30 April 2012	
	Long term expected rate of return %	Value £000	Long term expected rate of return %	Value £000	Long term expected rate of return %	Value £000
Equities	6.9	5,243	6.1	4,602	6.0	3,277
Bonds	2.9	2,138	2.2	2,542	2.6	1,745
Cash and other	0.8	219	0.8	163	0.8	685
		<u>7,600</u>		<u>7,307</u>		<u>5,707</u>
Fair value of scheme assets		7,600		7,307		5,707
Present value of benefit obligations		<u>(7,498)</u>		<u>(7,209)</u>		<u>(5,374)</u>
Surplus in the scheme		102		98		333
Related deferred tax liability		<u>(21)</u>		<u>(23)</u>		<u>(80)</u>
Net pension asset		<u><u>81</u></u>		<u><u>75</u></u>		<u><u>253</u></u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 30 April 2014

18. PENSION SCHEMES (CONTINUED)

The amount which has been charged to operating profit may be analysed as follows:

	2014 £000	2013 £000
Current service cost	(288)	(281)
Settlements and curtailments	(86)	-
	<u>(374)</u>	<u>81</u>

The settlements and curtailments figure has arisen due to a bulk leavers process, the members involved are now deferred and their increases before retirement are now linked to the deferred increase assumption of 3.4% rather than the salary increase assumption of 2.7%. As the deferred increase assumption is higher this has resulted in a loss to the scheme.

The amount which has been credited to other finance income may be analysed as follows:

	2014 £000	2013 £000
Expected return on pension scheme assets	357	267
Interest on pension scheme liabilities	(305)	(302)
Total other finance income/(charge)	<u>52</u>	<u>(35)</u>

The amount which has been recognised in the Statement of Total Recognised Gains and Losses (STRGL) may be analysed as follows:

	2014 £000	2013 £000
Actual return less expected return on pension scheme assets	(711)	588
Experience gains and losses arising on pension scheme liabilities	41	218
Changes in assumptions underlying the present value of scheme liabilities	193	(1,517)
Actuarial loss recognised in STRGL	<u>(477)</u>	<u>(711)</u>

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses since adoption of FRS17 is a £1,264,000 loss.

The movement in the surplus in the scheme over the period may be analysed as follows:

	2014 £000	2013 £000
Surplus in the scheme at the beginning of the year	98	333
Current service cost	(288)	(281)
Settlements and curtailments	(86)	-
Contributions paid	803	792
Other finance charge	52	(35)
Actuarial loss	(477)	(711)
Surplus in the scheme at the end of the year	<u>102</u>	<u>98</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 30 April 2014

18. PENSION SCHEMES (CONTINUED)

History of experience gains and losses over the period:

	2014	2013	2012	2011	2010
Difference between the expected and actual return on scheme assets:					
Amount (£'000)	(711)	588	(351)	(180)	891
Percentage of scheme assets	(9%)	8%	(6%)	(4%)	17%
Experience gains and losses on scheme liabilities:					
Amount (£'000)	41	218	35	(7)	(319)
Percentage of present value of scheme liabilities	1%	3%	1%	(1%)	(5%)
Changes in assumptions underlying the present value of the scheme liabilities:					
Amount (£'000)	(193)	(1,517)	543	118	(1,998)
Percentage of present value of scheme liabilities	(2.6%)	(21%)	10%	2%	(34%)
Total amount recognised in STRGL:					
Amount (£'000)	(477)	(711)	227	(69)	(1,426)
Percentage of present value of scheme liabilities	(6.4%)	(10%)	4%	(1%)	(24%)

Mortality assumptions:

Investigations have been carried out within the past three years into the mortality experience of the Company's defined benefit schemes. These investigations concluded that the current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

	Valuation at	
	2014	2013
	years	years
Retiring today:		
Males	86	86
Retiring in 20 years:		
Males	88	88

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 30 April 2014

18. PENSION SCHEMES (CONTINUED)

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

	2014	2013
	£000	£000
At 1 May	7,209	5,374
Service cost	288	281
Interest cost	305	302
Contributions from scheme members	37	48
Actuarial (gain)/loss	(234)	1,299
Benefits paid	(193)	(95)
Settlements and curtailments	86	-
At 30 April	<u>7,498</u>	<u>7,209</u>

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

	2014	2013
	£000	£000
At 1 May	7,307	5,707
Expected return on scheme assets	357	267
Actuarial (loss)/gain	(711)	588
Contributions from the sponsoring companies	803	792
Contributions from scheme members	37	48
Benefits paid	(193)	(95)
At 30 April	<u>7,600</u>	<u>7,307</u>

The actual return on the scheme assets over the period ending 30 April 2014 was a loss of £354,000 (2013 – a gain of £855,000).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 30 April 2014

18. PENSION SCHEMES (CONTINUED)

The five-year history of experience adjustments is as follows:

	2014	2013	2012	2011	2010
	£000	£000	£000	£000	£000
Present value of defined benefit obligations	(7,498)	(7,209)	(5,374)	(5,401)	(5,937)
Fair value of scheme assets	7,600	7,307	5,707	5,104	5,318
Surplus/(deficit) in the scheme	102	98	333	(297)	(619)
Experience adjustments on scheme liabilities					
Amount (£000)	(234)	1,299	578	111	(319)
Percentage of scheme liabilities (%)	(3%)	18%	11%	2%	(5%)
Experience adjustments on scheme assets					
Amount (£000)	(711)	588	(351)	(180)	891
Percentage of scheme assets (%)	(11%)	8%	(6%)	(4%)	17%

19. RELATED PARTY TRANSACTIONS

The exemption under FRS8 has been taken because its ultimate parent company Elkarij B.V. (Netherlands), has prepared consolidated accounts which are publicly available.

20. ULTIMATE PARENT COMPANY

The company's ultimate parent company and ultimate controlling party is Elkarij B.V. (Netherlands), a company registered in the Netherlands. Copies of the group financial statements of Elkarij B.V. (Netherlands) are available from Plantagebaan 58, Postbus 5, 4724ZG Wouw, and The Netherlands.

The results of Continental Landscapes Limited are consolidated only into the financial statements of the ultimate parent company, which is considered to be the smallest and largest group of which it is a member. The financial statements of Elkarij B.V. (Netherlands) are publicly available.