

**INTERFLORA BRITISH UNIT**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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## INTERFLORA BRITISH UNIT

### COMPANY INFORMATION

**DIRECTORS**

K Kerr  
C Cooper  
J Bennett

**COMPANY SECRETARY**

J Dunstan

**REGISTERED NUMBER**

00297087

**REGISTERED OFFICE**

Interflora House  
Watergate  
Sleaford  
Lincolnshire  
NG34 7TB

**INDEPENDENT AUDITORS**

Deloitte LLP  
Statutory Auditor  
Four Brindleyplace  
Birmingham  
B1 2HZ

**BANKERS**

HSBC Bank plc  
Marketplace  
Sleaford  
Lincolnshire  
NG34 7SB

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## INTERFLORA BRITISH UNIT

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## INTERFLORA BRITISH UNIT

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their annual report and the audited financial statements for the year ended 31 December 2019.

#### 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

#### RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £17,637,000 (2018 - £5,046,000).

During the year the Company paid a dividend of £7,120,000 (2018: £8,250,000). The company declared and paid a dividend of £6,444,000 in October 2020.

#### DIRECTORS

The directors who served during the year and up to the date of signing were:

R Hughes (Resigned 31 May 2019)  
J Dunstan (Resigned 31 May 2019)  
K Kerr (Appointed 31 May 2019)  
C Cooper (Appointed 31 May 2019)  
J Bennett (Appointed 31 May 2019)

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**DIRECTORS' INDEMNITIES**

The Company has indemnified its directors, and those of its parent companies, in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision was in place during the year and is in force at the date of approving the financial statements.

**PRINCIPAL RISKS AND UNCERTAINTIES**

Details of the principal risks and uncertainties can be found in the Strategic Report on page 5.

**GOING CONCERN**

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in the accounting policies in note 1 of the financial statements.

**FINANCIAL RISK MANAGEMENT**

The Company's operations expose it to foreign exchange risk arising from currency exposures and credit risk through trading with a number of retailers. The foreign exchange risk arises from future commercial transactions and recognised assets and liabilities. To manage the foreign exchange risk associated with long term finance arrangements where the impact of foreign exchange risk could be material, the Company at times uses forward contracts. Transactions in the normal course of trading are not hedged.

The Company has implemented policies that require appropriate credit checks to be performed on potential Member florists before orders are processed by these Member florists.

Given the size of the Company, the directors have not delegated the responsibilities of monitoring financial risk management to a sub-committee of the board.

**DISCLOSURE OF INFORMATION TO AUDITOR**

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

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

This confirmation is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006.

**FUTURE EVENTS AND EVENTS AFTER REPORTING PERIOD**

The outbreak of the Covid-19 virus in March 2020 impacted the business significantly in 2020. More detail is provided under Key Events in the Strategic Report.

**INTERFLORA BRITISH UNIT**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**AUDITORS**

The auditor, Deloitte LLP, will not seek reappointment at the annual general meeting, and the directors will propose KPMG LLP for appointment.

This report was approved by the board and signed on its behalf.

DocuSigned by:

*Katherine Kerr*

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**K Kerr**

Director

Date: 23 December 2020

Interflora House  
Watergate  
Sleaford  
Lincolnshire  
NG34 7TB

## INTERFLORA BRITISH UNIT

### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their Strategic Report for the year ended 31 December 2019.

#### PRINCIPAL ACTIVITIES

The principal activities of the Company are that of marketing and selling floral and other gifts directly to consumers and through third parties, and that of providing an order processing facility and clearing amounts due between Member florists and of providing goods and services to third parties wishing to sell flowers to consumers. The method of carrying out these activities is continuously being updated by technological changes in the UK and overseas.

#### BUSINESS REVIEW

The results for the Company show a profit before taxation of £18,571,000 during the year to 31 December 2019 as compared with £7,199,000 for the year to 31 December 2018 and turnover of £105,052,000 for the year to 31 December 2019 as compared with £106,822,000 for the year to 31 December 2018.

There is nothing in particular to note on the slight decline in turnover year on year. The release of the VAT provision of £9,470,000 improved the profit position, alongside a credit of £745,000 in respect of a true-up credit on the share based payment plans that have now ended with the change of ownership. With respect to the VAT accrual release additional advice was sought, and also contact with tax authorities, which led the business to revise its opinion as to the likelihood of overseas tax liabilities from probable to possible and/or remote.

The Company is not reliant on external borrowings or finance to fund current levels of activity. As at 31 December 2019 the amount of cash at bank and in hand was £11,384,000 (2018: £8,743,000).

Profit before taxation and turnover are considered to be the Company's main indicators of performance, as outlined above.

#### FUTURE DEVELOPMENTS

The company is looking to achieve medium and long-term growth in revenue and profit through:

Consumer Focus - rebuilding a strong, disruptive brand to earn the trust and win the hearts of consumers;

Florist Partners - recreating a network of strong partnerships with the world's best florists; and

Supply Chain Efficiency - providing high quality product at low cost with market leading fulfilment options.

#### KEY EVENTS

On 31 May 2019 FTD UK Holdings Limited (the Companies UK Parent Company) was sold to Teleflora UK Holdings Limited, a company ultimately owned by The Wonderful Company. See note 24 for further information.

In March 2020 the outbreak of the Covid-19 virus had far reaching impacts on the business. On 23 March 2020 the UK and Ireland entered periods of 'Lockdown' that severely impacted the business's ability to trade. Florist shops were ordered to close and various restrictions were placed on the delivery of fresh flowers. The supply of fresh flowers into the UK and Ireland through the wholesale distribution network was materially curtailed. The UK Government ordered workers to cease travelling to work unless travel was essential. In response to this crisis, the Directors produced and implemented revised trading and operational plans, including:

- Closure of the head office, furloughing of staff whose positions were made temporarily redundant, and adopting a universal 'work from home' policy for the remaining staff;
- Adapting the product range of our Interflora Business to products and services that we were able to supply, and that our florists were able to supply should they choose to do so;

## INTERFLORA BRITISH UNIT

### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

- Securing supply and increasing capacity in our Flying Flowers business for which our main supplier was able to keep operating effectively and safely;
- Suspend the charging of membership fees and certain other fees to our florists for the period during which they were unable to trade;
- Provide a package of assistance to our florists, particularly those that were willing to recommence operations, including flexibility on delivery areas, early financial settlement of orders delivered, and extended payment terms for fees incurred prior to the lockdown that were outstanding at the time of lockdown.

As a result of the above activity, the Company was able to fulfil demand in the marketplace, which itself was at least as high as normal in the short term due to the impact of the lockdown on consumers ability to travel to see loved ones. This trading was at a more efficient level, due to lower marketing costs and overhead cost savings made by the company, including those costs reduced with assistance from the UK Government. This positive impact on trade has been offset by the negative impact of charging lower fees to florists and the simplification of the range and its consequential impact on wholesale sales to florists of sundry items such as vases and ancillary products. The long term impact on the business remains uncertain. The Directors are confident that the future trading prospects are sufficiently strong, and the business's operational plans sufficiently flexible and robust, that the business will be able to continue in the changed trading environment for the foreseeable future.

#### PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the delivery of the Company's strategy are subject to a number of risks. The key ongoing risks facing the Company are considered to relate to competition from mass market retailers and member retention. Mitigation comes through continual product and service innovation, pricing decisions and promotional activity along with the development of a robust charging structure that allows the business to flex for declining member numbers.

A significant source of uncertainty is 'Brexit'. Following the United Kingdom's (UK) vote to leave the European Union (EU) on 23 June 2016, the UK left the EU on 31 January 2020. A Withdrawal Agreement was signed upon leaving, which was enacted in the UK Parliament and the UK entered a 'Transition Period' which will last until 31 December 2020. During the Transition Period the majority of UK law remains unchanged, and the UK and the EU are seeking to negotiate a Trade Agreement and further practical details of the withdrawal. Such a trade agreement remains not agreed.

The Directors have performed a risk assessment to understand the impact on the business, and the mitigating actions the business can take to limit the negative impact on the business, should the UK and the EU fail to agree a Trade Agreement, including trading on WTO terms, or should the UK and the EU agree a Trade Agreement that contains terms that have a negative impact on the business. The principal impact on the business is in three areas: (i) Disruption to fresh flower and other supplies due to delays on imports entering the UK (and indeed exports entering the Republic of Ireland from the UK); (ii) Increases in cost prices, driven by disruptions to supply and other factors, not least the devaluation of Sterling against the Euro and other currencies; and (iii) the imposition of tariffs on fresh flower and other imports from the EU (and indeed on exports from the UK to the Republic of Ireland). While talks on the trade agreement are at an advanced stage, the Directors assess the impact of these risks to be potentially significant and the probability to be more than remote. The Directors have worked with suppliers, both direct to the Company and indirectly to florist members of the Company, to ensure that processes are in place to minimise delays on imports entering the UK. The Directors have formulated a policy in response to rises in cost prices, which involves among other things an increase in consumer prices, together with strategies to respond to any resultant decrease in consumer demand. With regard to the imposition of tariffs, the UK government has publicised its expected tariff regime post Brexit, and in that has confirmed its intent to keep tariffs on the import of fresh flowers at zero, and accordingly while noting that this may change in the event of the UK leaving the EU without a trade agreement, the Directors believe the probability of imposition of tariffs on fresh flowers to be remote. In the event of an imposition of tariffs on the import of fresh flowers, the Directors will apply the policy formulated for general prices increases in cost prices. In addition, the Company has advised its florist members in the UK and in the

## INTERFLORA BRITISH UNIT

### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Republic of Ireland to take appropriate steps themselves to manage the risks of Brexit. We cannot be sure whether our assessment of the risks of Brexit are accurate, or whether in the event of Brexit those risks will manifest, or whether the impact of our actions in response to the manifestation of those risks will be adequate, but do not consider the risk of this to be sufficiently significant to affect the accounts.

#### THE COMPANY'S STATEMENT ON S172 (1)

The success of our business is dependent on the support of all of our stakeholders. Maintaining positive relationships with our stakeholders is important, along with sharing the same values and working towards shared goals to achieve long term success (including maintaining a reputation for high standards of business conduct).

The Directors, in line with their duties under s172 of the Companies Act 2006, act in a way they consider would be most likely to promote the success of the Company for the long term benefit of its members as a whole. As part of the Directors decision making process they consider the potential impact of decisions on relevant stakeholders, whilst also having regard for broader factors including the community, the environment, responsible business practices and the consequences in the long term.

Our members act as suppliers and customers and are visited on a regular basis to see how we can assist to improve their business. The business has a closed Facebook group for members to share information with each other, and our business. We operate processes to ensure our members are treated fairly.

Employee engagement takes place in many ways. The business holds regular business briefings to impart information to all employees, usually offsite to encourage engagement. Topics covered include performance, strategy and future plans. Annual surveys are undertaken, newsletters are circulated and online forums are available. The business provides LinkedIn Learning to all employees and there is an Employee Assistance Program in place. Positive employee engagement results in increased contribution from employees to strategic decision making.

Interflora has been hand delivering emotion since 1923, and we aim to be the most trusted flower delivery company to our customers. We champion local to keep our high streets alive. Our members direct engagement with communities, and interaction with customers, means that they can understand customer's needs and views to inform our decision making - for example our proposition to meet customer demand.

We engage in community support, charity work and also release employees in order that they can attend to support local initiatives too. A variety of local causes benefit from this. Whereas in the past we had a nominated local charity we now fund a different cause each time, via various activities, including bake sales, fancy dress, the giving tree, step challenges amongst others.

The business is compliance focused and ensures consideration is given when planning future actions. Key areas of focus are compliance with laws and regulations, health and safety and product safety.

This report was approved by the board and signed on its behalf.

DocuSigned by:

Katherine Kerr

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Director

Date: 23 December 2020

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## INTERFLORA BRITISH UNIT

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTERFLORA BRITISH UNIT

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#### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

##### OPINION

In our opinion the financial statements of Interflora British Unit (the 'company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; 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 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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

##### BASIS OF 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.

## **INTERFLORA BRITISH UNIT**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTERFLORA BRITISH UNIT (CONTINUED)**

#### **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.

#### **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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## INTERFLORA BRITISH UNIT

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTERFLORA BRITISH UNIT (CONTINUED)

#### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

##### OPINION 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 director's' 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.

##### 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

DocuSigned by:

*Emre Saka*

Emre Saka (Senior Statutory Auditor)

for and on behalf of  
**Deloitte LLP**

Statutory Auditor  
Birmingham  
United Kingdom

23 December 2020

# INTERFLORA BRITISH UNIT

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2019

Note		2019 £000	2018 £000
Turnover	3	105,052	106,822
Cost of sales		(72,025)	(71,670)
<b>Gross profit</b>		<b>33,027</b>	<b>35,152</b>
Administrative expenses		(23,629)	(28,061)
Other operating income		9,470	-
Other operating charges		(393)	(3)
<b>Operating profit</b>		<b>18,475</b>	<b>7,088</b>
Income from fixed assets investments		-	36
Interest receivable and similar income	8	96	75
<b>Profit before tax</b>	4	<b>18,571</b>	<b>7,199</b>
Tax on profit	9	(934)	(2,153)
<b>Total comprehensive income for the year</b>		<b>17,637</b>	<b>5,046</b>

As permitted under FRS102, the Company chooses not to produce a statement of comprehensive income as all comprehensive income is already included in the profit and loss account.

**INTERFLORA BRITISH UNIT**  
**REGISTERED NUMBER: 00297087**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2019**

Note		2019 £000	2018 £000
<b>Fixed assets</b>			
Intangible assets	10	406	580
Tangible assets	11	1,100	1,986
Investments	12	184	184
		<u>1,690</u>	<u>2,750</u>
<b>Current assets</b>			
Stocks	13	1,226	1,837
Debtors: amounts falling due within one year	14	9,143	11,565
Cash at bank and in hand		11,384	8,743
		<u>21,753</u>	<u>22,145</u>
Creditors: amounts falling due within one year	15	(13,125)	(24,349)
<b>Net current assets/(liabilities)</b>		<u>8,628</u>	<u>(2,204)</u>
<b>Total assets less current liabilities</b>		<u>10,318</u>	<u>546</u>
<b>Net assets</b>		<u>10,318</u>	<u>546</u>
<b>Capital and reserves</b>			
Called up share capital	19	-	-
Revaluation reserve	19	160	166
Other reserves	19	-	8,016
Profit and loss account	19	10,158	(7,636)
		<u>10,318</u>	<u>546</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on:

DocuSigned by:

*Katherine Kerr*

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**K Kerr**

Director

Date: 23 December 2020

The notes on pages 14 to 34 form part of these financial statements.

**INTERFLORA BRITISH UNIT**  
**REGISTERED NUMBER: 00297087**

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

	Revaluation reserve £000	Other reserves £000	Profit and loss account £000	Share Capital £000	Total equity £000
At 1 January 2019	166	8,016	(7,636)	-	546
Profit for the year	-	-	17,637	-	17,637
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>17,637</b>	<b>-</b>	<b>17,637</b>
<b>Transactions with owners, recorded directly in equity</b>					
Dividends: equity capital	-	-	(7,120)	-	(7,120)
Credit to equity for equity settled share based payments	-	(745)	-	-	(745)
Transfer to/(from) profit and loss account	(6)	(7,271)	7,277	-	-
<b>Total transactions with owners</b>	<b>(6)</b>	<b>(8,016)</b>	<b>157</b>	<b>-</b>	<b>(7,865)</b>
<b>At 31 December 2019</b>	<b>160</b>	<b>-</b>	<b>10,158</b>	<b>-</b>	<b>10,318</b>

**INTERFLORA BRITISH UNIT**  
**REGISTERED NUMBER: 00297087**

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

	Revaluation reserve £000	Other reserves £000	Profit and loss account £000	Share Capital £000	Total equity £000
At 1 January 2018	172	6,949	(4,436)	-	2,685
Profit for the year	-	-	5,046	-	5,046
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>5,046</b>	<b>-</b>	<b>5,046</b>
<b>Transactions with owners, recorded directly in equity</b>					
Dividends: equity capital	-	-	(8,250)	-	(8,250)
Credit to equity for equity settled share based payment	-	1,067	-	-	1,067
Transfer to/(from) profit and loss account	(6)	-	4	-	(2)
<b>Total transactions with owners</b>	<b>(6)</b>	<b>1,067</b>	<b>(8,246)</b>	<b>-</b>	<b>(7,185)</b>
<b>At 31 December 2018</b>	<b>166</b>	<b>8,016</b>	<b>(7,636)</b>	<b>-</b>	<b>546</b>

## **INTERFLORA BRITISH UNIT**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

#### **1. ACCOUNTING POLICIES**

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

##### **1.1 GENERAL INFORMATION AND BASIS OF ACCOUNTING**

Interflora British Unit ("the Company") is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 3. The nature of the Company's operations and its principal activities are set out in the Strategic Report on page 4.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The company is a private unlimited company with shares incorporated in the UK under the Companies Act and registered in England.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The Company is consolidated in the financial statements of its parent Teleflora UK Holdings Limited, a company registered in the UK. An exemption has been taken in relation to the presentation of a cash flow statement.

##### **1.2 REVENUE**

Turnover represents the income receivable from subscriptions, charges, levies and sales, excluding Value Added Tax. The directors have evaluated the criteria of FRS 102, section 23, in determining whether it is appropriate to record the gross amount of product sales and the related costs or the net amounts earned as commissions. Where the Company sets selling prices, is subject to any potential stock risk and has latitude in selecting suppliers or has a combination, if not all, of these factors then the Company is considered to be acting as principal and revenue is recorded gross. This applies to all sales made in the Company's consumer business. Where the Company earns amounts using a pre-determined percentage and is acting as an agent then the Company records the net amount. This applies to all sales made in the Company's florist business where the Company acts as an intermediary between Member florists. In all situations revenue is only recognised upon delivery.

## INTERFLORA BRITISH UNIT

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 1.3 INTANGIBLE FIXED ASSETS

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities acquired. It is amortised to the profit and loss account over its estimated economic life and a provision is made for any impairment.

Trademarks are included at a valuation and amortised over their useful economic life. Provision is made for any impairment.

Other intangible fixed assets are included at either cost or valuation and amortised over their estimated useful economic life. Provision is made for any impairment.

Amortisation is provided on the following bases:

Domain Name	-	Straight line over 5 years
Developed Software	-	Straight line over 3 years
Goodwill	-	Straight line over 10 years
Trademarks	-	Straight line over 10 years
Customer List	-	Straight line over 3 to 4 years

#### 1.4 TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost (except freehold property, which is stated at valuation), less accumulated depreciation. Cost includes the original purchase price of the asset and any costs attributable to bringing the asset into its working condition for its intended use.

The Company has applied the transitional provisions of FRS 102 and has not updated previous valuations of freehold land and buildings.

No provision for depreciation is made in respect of freehold land; buildings are depreciated at 2% per annum on a straight line basis.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Freehold property	- 2%
Fixtures & fittings	- 25-33.3%
Computer equipment	- 20-33.3%
Computer software	- 33%

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the profit and loss account.

## **INTERFLORA BRITISH UNIT**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

#### **1.5 OPERATING LEASES**

Operating lease costs are charged to the profit and loss account on a straight line basis over the period of the lease.

#### **1.6 STOCK**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost is based on the cost of purchase on a FIFO basis. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

#### **1.7 VALUATION OF INVESTMENTS**

Investments in associated undertakings are stated at cost less provision for any impairment.

#### **1.8 PENSIONS**

The Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the fund in respect of the year.

#### **1.9 CURRENT AND DEFERRED TAXATION**

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

## INTERFLORA BRITISH UNIT

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 1.10 FOREIGN CURRENCY TRANSLATION

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date or, if appropriate, at the forward contract rate.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account except when deferred in other comprehensive income as qualifying cash flow hedges.

#### 1.11 SHARE BASED PAYMENTS

Equity-settled share based payments, based on shares in the Company's previous ultimate parent undertaking are measured at fair value at the date of grant. The fair value determined at the date of grant is then expensed proportionally over the vesting period, as the vesting conditions are met at each anniversary date.

This expense is a realised loss in the profit and loss account and consequently the corresponding credit to other reserves is a realised profit. As such there is no effect on distributable reserves.

The fair value of stock options is determined using the Black Scholes option pricing model, which utilises various assumptions including expected volatility and expected term.

On the sale of the UK Group to Teleflora UK Holdings Limited on 31 May 2019 any outstanding unvested shares were forfeited. As a result of this there was a true-up required which resulted in a credit to the 2019 accounts.

#### 1.12 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 Strategic Report. The Company has not been as adversely affected as expected during the Covid-19 outbreak. The Company's forecasts and projections have all been revisited following the pandemic, however they confirm that the Company should still be able to operate within the level of its current banking facility and cash reserves. If required support from the ultimate parent company is available, although it is considered an unlikely requirement. The Company's forecasts and projections show that the Company is expected to generate positive cashflows without the need for external financing. The Company has no external borrowing.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### 1.13 DIVIDENDS

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within amounts owed to group undertakings.

## INTERFLORA BRITISH UNIT

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 1. ACCOUNTING POLICIES (CONTINUED)

##### 1.14 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are measured at fair value, which is normally the transaction price (including transaction costs except in the initial measurement of financial assets and financial liabilities that are measured at fair value through profit and loss). At the end of each reporting period all financial instruments, within the scope of section 12 FRS 102, are measured at fair value and any changes in their fair value are recognised in profit and loss account. If a reliable measure of fair value is no longer available for an equity instrument or a contract linked to such an instrument) that is not publicly traded but is measured at fair value through profit and loss account, its fair value at the last date the instrument was reliably measurable is treated as the cost of the instrument. The instrument is measured at this cost less impairment until a reliable measure of fair value becomes available.

#### 2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgments, 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.

Furthermore, the directors have considered the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the Company's accounting policies and do not consider there to be any key sources of estimation uncertainty.

##### **Overseas sales tax accrual**

The brought forward accrual for overseas sales tax was released during the year after further consideration of the likelihood of the potential liabilities for overseas sales tax across multiple tax jurisdictions in light of contact with tax authorities and subsequent advice from local indirect tax advisers. In considering the likelihood of there being a liability for overseas sales tax. The Directors took account of specific contact from tax authorities in two jurisdictions, and then considered advice concerning other jurisdictions and the similarities of the circumstances in those other jurisdictions to the two jurisdictions for which direct contact with tax authorities had been received. This has led to the release of the accrual and the statement regarding contingent liabilities in respect of possible liabilities for overseas sales tax contained in Note 20 to the accounts. The classification of the related amounts between a contingent liability and a provision is a significant judgment by the Company based on advice and communication obtained from advisors and tax authorities.

#### 3. ANALYSIS OF TURNOVER

The whole of the Company's turnover is attributable to the Company's principal business activity.

The directors have taken advantage of the exemptions available under the terms of FRS 102 from disclosing classification or geographical segmental information on the grounds that such disclosure would be seriously prejudicial to the interests of the Company.

**INTERFLORA BRITISH UNIT****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019****4. PROFIT BEFORE TAX**

The profit before tax is stated after charging:

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Depreciation of tangible fixed assets (note 11)	<b>991</b>	<b>1,196</b>
Amortisation of intangible assets, including goodwill (note 10)	<b>174</b>	<b>174</b>
Fees payable to the company's auditor and its associates for the audit of the Company's annual financial statement	<b>90</b>	<b>127</b>
Exchange differences	<b>53</b>	<b>50</b>
Release of provision of overseas sales tax	<b>-</b>	<b>-</b>
Other operating lease rentals	<b>184</b>	<b>134</b>
Defined contribution pension cost	<b>411</b>	<b>362</b>

**5. AUDITORS' REMUNERATION**

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<b>67</b>	<b>57</b>
	<b>67</b>	<b>57</b>

**FEES PAYABLE TO THE COMPANY'S AUDITOR AND ITS ASSOCIATES  
IN RESPECT OF:**

The auditing of financial statements of associates of the Company pursuant to legislation	<b>13</b>	<b>13</b>
Other audit related services	<b>-</b>	<b>57</b>
	<b>13</b>	<b>70</b>

# INTERFLORA BRITISH UNIT

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 6. EMPLOYEES

Staff costs, including directors' remuneration, were as follows:

	2019 £000	2018 £000
Wages and salaries	7,524	9,770
Social security costs	697	742
Cost of defined contribution scheme	411	362
	<u>8,632</u>	<u>10,874</u>

Included within wages and salaries are share based payments which included a credit in 2019 of £745k compared to a charge in 2018 of £1067k, see note 18 for further details.

The average monthly number of employees, including the directors, during the year was as follows:

	2019 Number	2018 Number
Management and administration	<u>233</u>	<u>241</u>

### 7. DIRECTORS' REMUNERATION

	2019 £000	2018 £000
Directors' emoluments	385	497
Company contributions to defined contribution pension schemes	12	27
	<u>397</u>	<u>524</u>

During the year retirement benefits were accruing to the 2 UK directors (2018 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £291,000 (2018 - £309,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £7,000 (2018 - £15,000).

During the year 2 directors received shares under the long term incentive schemes (2018 - 2).

On 31 May 2019 the 2 UK directors both resigned and charges relate to the period of time for which the directors were in place.

# INTERFLORA BRITISH UNIT

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 8. INTEREST RECEIVABLE AND SIMILAR INCOME

	2019 £000	2018 £000
Interest receivable	96	75
	<u>96</u>	<u>75</u>

### 9. TAX ON PROFIT

	2019 £000	2018 £000
<b>CORPORATION TAX</b>		
Current tax on profits for the year	923	2,035
	<u>923</u>	<u>2,035</u>
Group taxation relief	-	174
	<u>923</u>	<u>2,209</u>
<b>TOTAL CURRENT TAX</b>	<u>923</u>	<u>2,209</u>
<b>DEFERRED TAX</b>		
Origination and reversal of timing differences	11	(56)
<b>TOTAL DEFERRED TAX</b>	<u>11</u>	<u>(56)</u>
<b>Taxation on profit</b>	<u>934</u>	<u>2,153</u>

# INTERFLORA BRITISH UNIT

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 9. TAX ON PROFIT (CONTINUED)

#### FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2018 - higher than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £000	2018 £000
Profit on ordinary activities before tax	18,571	7,199
Profit multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	3,528	1,365
<b>EFFECTS OF:</b>		
Income not chargeable/expenses not deductible for tax purposes, other than goodwill amortisation and impairment	(2,166)	35
Capital allowances for year in excess of depreciation	35	32
Adjustments to tax charge in respect of prior years	(302)	230
Short term timing difference leading to an increase in taxation	(2)	189
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(12)	-
Share based payments	(155)	364
Income not included for tax purposes	-	(6)
Deferred tax charge/(credit)	11	(56)
Other differences leading to an increase (decrease) in the tax charge	4	-
Group relief	(7)	-
<b>TOTAL TAX CHARGE FOR THE YEAR</b>	<b>934</b>	<b>2,153</b>

#### FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

No provision is made for any tax liability which might arise in the event of a future disposal of the freehold property at its revalued amount as it is intended that the property will continue to hold its existing use for the foreseeable future. Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate, to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

In November 2019, the Prime Minister announced that he intended to cancel the future reduction in corporate tax rate from 19% to 17%, which was confirmed in the Spring Budget in March 2020. This announcement does not constitute substantive enactment and therefore deferred taxes at the balance sheet date continue to be measured at the enacted tax rate of 17%. However, the corporation tax rate remains at 19% after 1 April 2020.

There is no unrecognised deferred tax at the balance sheet date.

# INTERFLORA BRITISH UNIT

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 10. INTANGIBLE ASSETS

	Other £000	Trademarks £000	Goodwill £000	Total £000
<b>COST</b>				
At 1 January 2019	1,020	620	1,122	2,762
At 31 December 2019	1,020	620	1,122	2,762
<b>AMORTISATION</b>				
At 1 January 2019	1,020	414	748	2,182
Charge for the year	-	62	112	174
At 31 December 2019	1,020	476	860	2,356
<b>NET BOOK VALUE</b>				
At 31 December 2019	-	144	262	406
At 31 December 2018	-	206	374	580

# INTERFLORA BRITISH UNIT

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 11. TANGIBLE FIXED ASSETS

	Freehold land and buildings £000	Fixtures and fittings £000	Computer equipment and software £000	Total £000
<b>COST OR VALUATION</b>				
At 1 January 2019	470	1,557	11,706	13,733
Additions	-	-	105	105
At 31 December 2019	470	1,557	11,811	13,838
<b>DEPRECIATION</b>				
At 1 January 2019	239	1,237	10,271	11,747
Charge for the year	10	145	836	991
At 31 December 2019	249	1,382	11,107	12,738
<b>NET BOOK VALUE</b>				
At 31 December 2019	221	175	704	1,100
At 31 December 2018	231	320	1,435	1,986

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

	2019 £000	2018 £000
Freehold	221	231
	221	231

Cost or valuation at 31 December 2019 is as follows:

	Land and buildings £000
At cost	254
At valuation:	
Increase in valuation on 3 April 1991	216
	470

# INTERFLORA BRITISH UNIT

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 11. TANGIBLE FIXED ASSETS (CONTINUED)

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2019 £000	2018 £000
Cost	254	254
Accumulated depreciation	(202)	(198)
<b>NET BOOK VALUE</b>	<b>52</b>	<b>56</b>

The freehold property was revalued in 1991 by Escritt Barrell Morris on an open market existing use basis.

The Company has taken advantage of the transitional provisions made available under FRS 102 and has not updated previous valuations of freehold property.

### 12. FIXED ASSET INVESTMENTS

	Investments in associates £000
<b>COST OR VALUATION</b>	
At 1 January 2019	184
At 31 December 2019	184
<b>NET BOOK VALUE</b>	
At 31 December 2019	184
At 31 December 2018	184

## INTERFLORA BRITISH UNIT

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 12. FIXED ASSET INVESTMENTS (CONTINUED)

##### PARTICIPATING INTERESTS

Details of the investments in which the Company holds 20% or more of the nominal value of any class of share capital are as follows:

Name	Holdings	% Held	Nature of Business
The I.S. Group Limited	Ordinary shares	20.71%	Sale of sundry supplies to florists.
Interflora, Inc.	Ordinary shares	33.3%	Management of the Interflora worldwide network and international clearing house.

The directors believe that the carrying amount of the investments is supported by their underlying net assets.

Interflora, Inc. is incorporated in the state of Michigan, United States of America. The registered address is the following:

3113 Woodcreek Drive  
Downers Grove  
Chicago  
Illinois  
60515  
USA

The I.S. Group Limited is registered in England and Wales. The registered address is the following:

Stirling House  
Stirling Way  
Bretton  
Peterborough  
Cambridgeshire  
PE3 8YD  
United Kingdom

The unaudited financial statements of Interflora, Inc. for the year ended 31 December 2019 show the aggregate amount of share capital and reserves of €661,000 (2018: €606,000) and a profit for that year of €55,000 (2018: loss €224,000).

The audited consolidated financial statements of The I.S. Group Limited for the period ended 30 June 2019 show the aggregate amount of share capital and reserves of £6,742,000 (2018: £6,471,000) and a profit for that period of £444,000 (2018: £515,000).

**INTERFLORA BRITISH UNIT**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**13. STOCKS**

	2019 £000	2018 £000
Finished goods and goods for resale	1,226	1,837
	<u>1,226</u>	<u>1,837</u>

**14. DEBTORS: Amounts falling due within one year**

	2019 £000	2018 £000
Trade debtors	690	690
Amounts owed by group undertakings	6,444	8,486
Other debtors	730	841
Prepayments and accrued income	907	1,165
Deferred taxation	372	383
	<u>9,143</u>	<u>11,565</u>

Amounts owed by group undertakings, joint ventures and associated undertakings are unsecured, interest free and repayable on demand.

**15. CREDITORS: Amounts falling due within one year**

	2019 £000	2018 £000
Trade creditors	7,822	8,530
Amounts owed to group undertakings	48	37
Amounts owed to associates	8	164
Corporation tax	559	921
Other taxation and social security	1,216	1,027
Other creditors	218	244
Accruals and deferred income	3,254	13,426
	<u>13,125</u>	<u>24,349</u>

During the year we have sought additional advice, and had further contact with tax authorities in various jurisdictions, that has led us to revise our opinion as to the likelihood of there being overseas sales tax liabilities from a likelihood of probable to a likelihood of possible and/or remote. Therefore we have removed the provision from accruals and deferred income and make a note of a contingent liability as per note 20.

# INTERFLORA BRITISH UNIT

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 16. DEFERRED TAXATION

	2019 £000	2018 £000
At beginning of year	383	327
(Charged)/credited to profit or loss	(11)	56
<b>AT END OF YEAR</b>	<b>372</b>	<b>383</b>
	<b>2019 £000</b>	<b>2018 £000</b>
Accelerated capital allowances	354	352
Other timing differences	18	31
	<b>372</b>	<b>383</b>

No provision is made for any tax liability which may arise in the event of a future disposal of a freehold property at its revalued amount as it is intended that the property will continue to hold its existing use for the foreseeable future.

### 17. DIVIDENDS

	2019 £000	2018 £000
Dividends paid amounting to £3,559,913 per share	7,120	-
Dividends paid amounting to £4,125,000 per share	-	8,250
	<b>7,120</b>	<b>8,250</b>

# INTERFLORA BRITISH UNIT

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 18. SHARE BASED PAYMENTS

The Company's previous ultimate parent undertaking operated an equity incentive plan under which the Company's directors and other senior members of the Company's management team received restricted stock units at no cost to themselves. These units vest annually over a four year period on a straight-line basis and are cancelled upon termination of employment. Once vested, shares are deemed to have been exercised and are awarded to employees at nil consideration. All shares under the plan were forfeited on 31 May 2019.

Throughout the year under review a restricted stock unit plan was in operation. This plan was an equity-settled plan and the assumptions used in the restricted stock unit valuation are disclosed below. All shares under the plan were forfeited on 31 May 2019.

	2019	2018
Stock price at grant date (22 January 2018)	-	\$6.65
Stock price at grant date (12 November 2018)	-	\$2.64
Number of employees	-	15
Stock units granted (22 January 2018)	-	51,214
Stock units granted (12 November 2018)	-	248,500
Vesting period (years)	-	4

A reconciliation of restricted stock unit movements for the year to 31 December 2019 is shown below:

	2019	2018
Outstanding at 1 January 2019	361,592	101,501
Granted	-	299,714
Forfeited	(318,790)	-
Exercised (vested)	(42,802)	(39,623)
<b>Outstanding at 31 December 2019</b>	<b>-</b>	<b>361,592</b>

# INTERFLORA BRITISH UNIT

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 18. SHARE BASED PAYMENTS (continued)

The Company's ultimate parent company at the 2018 year end, FTD Companies, Inc. ("FTD"), also issued share options of ordinary shares in FTD Companies, Inc. to certain employees of the company. Options were exercisable at prices equal to the quoted market price of the parent company's shares on the date of grant. The vesting period is 3-4 years but any options not exercised within the four year period must be exercised within five to ten years from the grant date, unless cancelled due to termination of employment. Options are forfeited if the employee leaves the company before the options vest.

When the Company was sold on 31 May 2019 all outstanding options and restricted stock units were forfeited and so there were no options outstanding at 31 December 2019.

	2019 Number of share options	2019 Weighted average exercise price (in \$)	2018 Number of share options	2018 Weighted average exercise price (in \$)
Outstanding at the beginning of the year	327,588	23.41	262,300	27.58
Granted	-	-	65,288	6.65
Forfeited	(327,588)	(23.41)	-	-
Exercised	-	-	-	-
Outstanding at the end of the year	-	-	327,588	23.41
Exercisable at the end of the year	-	-	199,800	27.97

# INTERFLORA BRITISH UNIT

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 18. SHARE BASED PAYMENTS (continued)

The inputs into the Black-Scholes option pricing model are as follows:

	2019	2018
Weighted average exercise price	-	\$6.65
Expected volatility	-	37.7%
Expected life (years)	-	6.25
Risk-free rate	-	2.5%
Expected dividend yield	-	0%

The risk free interest rate assumed by FTD Companies, Inc. ("FTD") in valuing stock options was based on the U.S. Treasury yield curve in effect at the time of the grant. FTD has used the simplified method for estimating the expected term because there was insufficient historical data to estimate expected term. The dividend yield has been estimated as 0% as FTD does not currently intend to pay dividends.

The total credit/charge for the year relating to employee share based payment plans was a credit £745,000 (2018: charge £1,067,000), all of which related to equity-settled share based payment transactions. After deferred tax, the total credit was £727,000 (2018: charge £1,075,000). The credit relating to the restricted stock units plan was credit £762,000 (2018: charge £696,000); after deferred tax credit £742,000 (2018: charge £704,000). The charge relating to the share options was £16,000 (2018: charge £371,000). There were no deferred tax implications associated with the share options.

On the sale of the UK Group to Teleflora UK Holdings Limited on 31 May 2019 any outstanding unvested shares were forfeited. As a result of this there was a true-up required which resulted in a credit to the 2019 accounts.

### 19. CALLED UP SHARE CAPITAL AND RESERVES

	2019 £000	2018 £000
<b>Shares classified as equity</b>		
<b>Authorised</b>		
1,000 Ordinary Shares of £1 each	1	1
<b>Allotted, called up and fully paid</b>		
2 Ordinary Shares of £1 each	-	-

## INTERFLORA BRITISH UNIT

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 19. CALLED UP SHARE CAPITAL AND RESERVES (CONTINUED)

The Company's other reserves are as follows:

The profit and loss reserve represents cumulative profits or losses, including unrealised profit, net of dividends paid and other adjustments.

The other reserve represents the equity of the share based payments awards. Capital contributions credit of £745,000 (2018: charge of £1,067,000) relate solely to the equity component of the relevant year's share based payment awards. When the company was sold on 31 May 2019 to a new parent all share based payment awards were forfeited. At this time this category of reserves is no longer required.

The revaluation reserve represents the cumulative effect of revaluations of freehold land and buildings which were revalued on 03 April 1991.

#### 20. CONTINGENT LIABILITIES

During the year we have sought advice and had contact with tax authorities in various jurisdictions regarding the likelihood of there being overseas sales tax liabilities, receiving rulings in respect of two jurisdictions and local advisors' views on various other jurisdictions. We had previously assessed the likelihood of overseas sales tax liabilities in multiple locations to be probable, but as a result of the rulings and advice we have received we have revised our assessment to remote in the two jurisdictions where a ruling was received to that effect, and as possible and/or remote where advice we have received indicated this was appropriate based on the individual circumstances of each jurisdiction and its similarities to the circumstances in the jurisdictions where a ruling was received. We estimate the amount of possible contingent liabilities to account for overseas sales tax in various tax jurisdictions to be £4,884,000.

#### 21. PENSION COMMITMENTS

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £411,000 (2018: £362,000). There were no contributions outstanding at the year end (2018: £nil).

#### 22. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 Land and Buildings £000	2019 Other £000	2018 Land and Buildings £000	2018 Other £000
Within 1 year	29	89	35	22
Between 1-5 years	60	120	64	24
	<u>89</u>	<u>209</u>	<u>99</u>	<u>46</u>

# INTERFLORA BRITISH UNIT

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 23. RELATED PARTY TRANSACTIONS

The Company has elected to apply the exemptions available under the terms of FRS 102 from disclosing the transactions with other wholly owned group entities.

During the year ended 31 December 2019 and as at the 31 December 2019 the Company had the following transactions and balances, respectively, with The I.S. Group Limited and Interflora Inc. both minority owned investments.

	2019 £000	2018 £000
Dividends received from The I.S. Group Limited	-	36
Sales of wholesale sundry products to The I.S. Group Limited	-	787
Commission earned on sales of floral sundries to The I.S. Group Limited	-	414
Fees earned from The I.S. Group Limited for the collection of florist debts	-	39
Purchase of wholesale sundry products from Suki Gifts International Limited	184	56
Relay fees for clearing floral orders paid to Interflora Inc.	120	102
Portal fees for redirections from the www.interflora.com website paid to Interflora Inc.	3	4
Redirection fee received from Interflora Inc.	7	10
Administrative fee paid to Interflora Inc.	35	35
Amounts due to Interflora Inc. (included within Amounts owed to Associates)	8	5

### Key management personnel

Those who have authority and responsibility for planning, directing and controlling the activities of the Company are considered key management personnel. Total remuneration in respect of these individuals is £832,000 (2018: £2,021,000). This includes a credit of £424,000 (2018: charge £865,000) relating to share based payments due to the winding up of the scheme during the year, which explains the change in total remuneration from prior year. Refer to note 18 for further details.

## **INTERFLORA BRITISH UNIT**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

#### **24. CONTROLLING PARTY**

At 31 December 2018 the ultimate parent undertaking and controlling party was FTD Companies, Inc. ("FTD"), a company incorporated in the state of Delaware; United States of America. FTD was the parent undertaking of the smallest and largest group of undertakings of which the Company was a member and for which group financial statements are drawn up. Copies of the group financial statements of FTD can be obtained from FTD Companies, Inc. 3113 Woodcreek Drive, Downers Grove, Chicago, Illinois 60515, USA, its registered address, FTD's website <http://www.ftd.com> or SEC website <http://www.edgarcompany.sec.gov>.

The immediate parent undertakings at 31 December 2019 were Interflora Investments Limited and Interflora Group Limited. Both companies are incorporated in England and Wales.

On 31 May 2019 FTD UK Holdings Limited was sold to Teleflora UK Holdings Limited. The ultimate parent company of Teleflora UK Holdings Limited and the UK Group as of this date is The Wonderful Company ("TWC"), a private corporation based in Los Angeles, California: United States of America.

TWC is the largest group in which the results of the company are consolidated. The registered address of TWC is 11444 West Olympic Blvd, Los Angeles, CA 90064 California, United States of America.

The smallest group in which the results are consolidated is that headed by Teleflora UK Holdings Limited. The consolidated financial statements are available to the public from the registrar of companies. The registered address of Teleflora UK Holdings Limited is Interflora House, Watergate, Sleaford, Lincolnshire, NG34 7TB.

#### **25. SUBSIDIARY UNDERTAKING**

There were no subsidiary undertakings of the Company.

#### **26. POST BALANCE SHEET EVENTS**

The outbreak of the Covid-19 virus in March 2020 impacted the business significantly in 2020. More detail is provided under Key Events in the Strategic Report. No adjustments were required in respect of this. The company declared and paid a dividend of £6,444,000 in October 2020.