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ANNUAL REPORT 2005

THE FLOWERS & PLANTS ASSOCIATION

(a company limited by guarantee)

DIRECTORS' REPORT

The Directors have pleasure in presenting their report and audited financial statements of the company for the year ended 31 December 2005.

PRINCIPAL ACTIVITY

The principal activity of the company is to encourage and promote the sales of fresh cut flowers and indoor pot plants.

INCORPORATION AND LIABILITY OF MEMBERS

The Flowers & Plants Association was incorporated on 19 December 1984 as a company limited by guarantee. The Members have undertaken to contribute to the assets of the company in the event of the company being wound up. Any such contribution is limited to a maximum of £10 per Member.

RESPONSIBILITIES OF THE DIRECTORS

The directors are required by UK company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. 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.

REVIEW OF THE BUSINESS AND TRADING RESULTS

The results for the year showed a profit after taxation of £24,525 (2004: £28,508)

AUDITORS

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Dunbar & Co (Corporate Services) Limited be re-appointed as auditors of the Association will be put to the members at the Annual General Meeting.

DIRECTORS' REPORT

The Directors wish to report that during 2005, the twenty first year of the Association's existence:

- The advertising agencies Cheetham Bell JWT and Mediacom North re-ran the TV commercial created three years earlier on ITV in the Midlands and Scotland and introduced a new area, the South-East, to the schedule. This was supported by radio advertising in all three regions and a new dimension of online advertising was added.
- The in-house **Press Office** reached an increased audience through a variety of generic promotional activities. The **Information Service** continued to be used extensively by press, public and trade alike. The website goes from strength to strength in reaching audiences and the placing of material on other websites has been extended.
- *Total income from all sources for the year, came to £1,182,312 an increase of 13% (2004: £1,046,909). This rise was principally due to a larger contribution to advertising from the Flower Council of Holland.*

The Work of the Association

The aim of the F&PA is to increase sales of cut flowers and indoor plants, by raising discretionary spending on them and positioning them as a frequent and everyday purchase, targeting particularly women aged 25 to 45 years. The survey used for 9 years to measure flowers and plants sales, namely AGB/TNS Impulse, was no longer available so data has been gathered through an omnibus survey (TNS UK Ltd's Omnimas) during 2005. This means that direct comparisons with the previous year are not possible. Omnimas showed the values of retail sales of flowers was £1.85 billion and of plants £308 million. The per capita spend on flowers for 2004 was £31, an increase of £3 on the previous year, and for indoor plants £8 (the same as 2003) according to Flower Council of Holland figures.

The multiples' share of cut flowers sales dominates. TNS Omnimas survey shows the percentage of expenditure for the year attributed to multiples at 65% and florists at 18%. For pot plants, the percentage of expenditure through the do-it-yourself companies and the multiples together was 48% with garden centres at 21%.

The work of the Association encompassed

1. Advertising campaign
2. PR/ promotions/ exhibition campaign/ websites

1. Advertising Campaign

- An extra tranche of advertising budget was again made available by the Flower Council of Holland which allowed the campaign to be extended to ITV in an important new area, the South East, as well as running for the second year in Scotland and the Midlands. It also ran on Channel 4 in all three areas, as well as on national satellite channels. The same "Why Wait? – Buy Your Own" commercial was used. It had performed outstandingly well in an internet tracking research survey through Millward Brown following the 2004 campaign. The advertising campaign persuades women in a lighthearted way to buy flowers for themselves, instead of waiting for men to treat them. Selective media buying allows the campaign to be screened alongside programmes

which the target audience (women aged 25-45 years with good levels of disposable income) are watching on a regular basis.

- The two radio commercials created the previous year featuring well-known comic actors, Hugh Dennis and Arabella Weir, as well as a final voice-over by the feisty BBC Radio 1 disc-jockey, Edith Bowman, were used in all three TV areas to support the activity.
- The advertising schedule is attached [ENCLOSURE 1]. Copies of all the advertisements, including a moving image file (computer video mpeg) of the commercial and voice files of the radio spots, are on the website: www.flowers.org.uk. A full schedule of the programming also appears on the site.
- Tracking research was again conducted using an internet survey through Millward Brown. It showed unprompted awareness of flower advertising at 56% of the target audience, ie women aged 25 to 45 with higher levels of disposable income. Of these 56%, 44% had seen it on TV. **Prompted awareness was 71% for TV.** This was lower than the previous year, because of the introduction of the new area South East, which brought the total figure down, but was still well above average. Prompted awareness of the radio advertising was 12% and 13% for the two different executions. Understanding of the key message of "Buy your own" was again excellent with **TV showing 92%** taking out the intended message and **82% and 78% for the two radio advertisements.**
- *Spending on advertising appears under Distribution in the Profit & Loss Account (page 11) and amounted to £792,804 (2004: £726,751). The remaining administrative/PR expenses of £364,422 (2004: £290,879) covers all advertorials, consumer research, PR and other activities carried out by the Association.*

2. Public Relations/Advertorials/Promotions/Exhibitions/Internet

In its fifteenth year, the in-house Press Office continued to provide reliable information, inspirational images, interviews and products for photoshoots in response to requests from press, broadcast and internet media. This work covers fashion trends for flowers and plants; advertorials and editorials; an extremely popular website; press releases and factsheets; media enquiries and assistance; television and radio appearances; informative printed material; reader offers with consumer publications; exhibitions and events; surveys and questionnaires and, finally, answering public enquiries.

2a. Fashion Trends Campaign

The generic campaign on **seasonal fashion trends for flowers**, on behalf of the Flower Council of Holland, continued to be very popular with journalists and researchers, with the spring trend, PERSONAL NOTES, outperforming all the other seasonal themes. Compact discs incorporating high and medium resolution images and thumbnails for reference purposes, together with text, were used to communicate with the press. The trend cds were also distributed to members with their monthly mailings. A leaflet was printed for the PERSONAL NOTES trend for distribution at exhibitions [ENCLOSURE 2]. An updated version of the "Easy Ways to great looking flowers" leaflet was also produced [ENCLOSURE 3].

The **fashion trend campaign for plants** was also continued, with stylish images of plants provided for editorial articles and advertorials and the health benefits and instant style messages continued to be used.

Journalists, freelancers and broadcast producers now rely on the Association for fashion and lifestyle stories and the supply of products for special features all through the year.

2b. Press and Broadcast Media Liaison

- **Trade press releases** were distributed throughout the year on the following subjects: Spring Florist Event, the new live video webchats, co-operation for the launch of a new Ted Baker perfume, plants on the stand at the Flowers 05 exhibition, TV coverage of Charlie Dimmock at the Hampton Court Flower Show, staff promotion and a new staff member and decorating the NatWest Everywoman awards.
- The **consumer press** campaign covered a wide range of topics in addition to the fashion trends, including bringing in green plants to replace the Christmas decorations, Mother's Day information, plants at 100% Design Exhibition, looking at Poinsettias with new eyes, and finally a Valentine's 2006 release.
- **Large numbers of press and media enquiries** are handled, as well as requests for interviewees on radio and TV. The peaks of St Valentine's, Mother's Day and Christmas bring extra requests, but items are being scheduled regularly.
- The **Press Only Picture Library** part of the website, with passwords for journalists and a monitoring method, was introduced at the end of 2003. It has proved popular and 156 journalists are now registered, enabling them to choose high-resolution images by themselves.
- The total **printed coverage** in newspapers and magazines for the year was 77.6 million circulation, giving a **readership of 272 million**. The **broadcast reach was 45 million** [ENCLOSURES: 4-5]. This represents a good increase in coverage for the year.
- The Association provided flowers and plants to magazines where the articles were totally focused on these products; and also supplied text and articles where appropriate.
- **Radio broadcasts** were undertaken throughout the year, interviews with other spokespersons in the trade organised and information provided for media journalists. Several whole days of radio from dedicated studios with ISDN lines were carried out, featuring both flower and plant trends.
- Several **book publishers** were helped during the year and the redesigned Dr Hessayon "Plants Expert" book, which is reported as being one of the most popular reference works in the world, was published, with 100,000 copies printed for the UK alone.

2c. Exhibitions and Events

- The Association took stands at the trade exhibitions: Spring Florist Event [SFE] (International Convention Centre, Birmingham) and Flowers 05 (Business Design Centre, London). At both of these the aim was to inspire retailers to use more plants. They were also kept informed of the advertising and promotional campaigns run by the Association.
- Plants and flowers were provided for other exhibitors at the Vitality, Daily Telegraph Home Show and the Collectables Shows, all held in London.
- A demonstration area was built at **Hampton Court Flower Show**, featuring the spring/summer trend, PERSONAL NOTES. Seven top designers delighted the audience with their ideas. The Association also produced two small identification areas for the flowers and plants included in the trend. Leaflets were distributed and staff were on hand to answer queries. Around 175,000 visitors attended.

- Working with the Flower Council of Holland, the Association gave assistance to a design company to place plants on the stand of the Dutch Furniture Association (DUFEX) at the up-market interior design exhibition, **100% Design** at Earls Court 2 in September. F&PA staff were also on hand to talk to visitors, particularly on the Sunday which is the public day.
- The Association again sponsored and decorated the prestigious NatWest **everywoman** awards ceremony held in the Lancaster Ballroom of the Savoy Hotel and later at a champagne reception at the Design Museum. Other sponsors were the *Financial Mail* and Royal Mail. Floral table arrangements in the winter DRESSING UP style were provided and planters with poinsettias, orchids and palms were used to decorate the stage and reception areas at both venues. Bouquets and posies in the DRESSING UP trend were presented to winners and runners up, as well as to BBC newsreader Fiona Bruce, who presented the prizes.

2d. Information Service

- The Press Office continued to handle a great many and extremely **varied requests for information** from journalists, students, the membership, the trade and the public, many being passed on by other trade bodies. Thousands of email, telephone, facsimile and mail **enquiries** are efficiently dealt with each year. The F&PA is often the first port of call for information and it is seen as an unbiased voice, representing the whole of the cut flower and pot plant industry.
- The **website** has become an integral part of the Association's information service. It is updated very regularly. Since its re-launch in 2002, the number of visitors to the site has continued to rise, encouraged by publicising the website name as often as possible in advertisements, editorials, advertorials and on radio and TV. It is also high on many of the internet search engines for flowers, including the BBC's site. The visitor numbers averaged 168,000 per month during 2005, peaking at 208,904 in April 2005, and they continue to grow. There are now more than 1,000 items of information on the site. The Association continued its campaign to **provide information and images for other websites**. Competitions and editorial items were placed on well-visited sites such as GMTV's own site, tiscali, supanet and so on, with 129 separate items reaching 53 million people. A copy of the websites coverage report is enclosed. [ENCLOSURE 5].
- A new method of internet promotion was begun in 2005, namely **live video webchats**. A half hour programme is produced with an F&PA member of staff being interviewed in a studio by a professional interviewer. She produces various simple arrangements and also gives information on particular flowers or plants. Emailed enquiries are answered during the programme and the whole programme is sold in to high-traffic lifestyle websites such as tiscali and supanet and appear live on the day but then remain available to view often for up to a month. The latest video webchat can be seen on www.flowers.org.uk by clicking on the link on the homepage.
- **Factsheets** are now principally distributed via email in response to enquiries, though some are handed out at shows. There are over 100 different sheets giving information on a wide range of topics. Much of the information contained within the factsheets is also available through the website.
- Four **newsletters** were issued during the year. Members also continued to receive monthly mailings and many membership queries were dealt with.

- *The total expenditure on PR and administration for the year, excluding research, was £347,899 (2004: £274,985).*

The Association continually seeks to update its information technology provision and to use new software and hardware wherever it is beneficial to the work being carried out. Protection against parasites and viruses on all machines is updated very regularly and a firewall using an old computer is in place.

During the year the Association had three full-time employees, and a further one regular part-time staff member. Others were employed on an ad-hoc or consultancy basis. Once again the Association benefited from the voluntary services of its committee members, directors and other volunteers. These contributions are gratefully acknowledged.

3. Research

- The F&PA continued to subscribe to **TNS data** during 2005. However this was the first full year of **Superpanel data**, which measures bar-coded purchases through multiples and other retail outlets. TNS had made the decision to drop flowers and other items from their Impulse panel. The Association felt a replacement had to be provided to measure the traditional sector of the market and following wide consultation, the decision was made to use the TNS omnibus survey, **Omnimas**. A pilot wave was run in December 2005 and the figures from the previous Impulse data were broadly comparable, so the F&PA and the Dutch Productschap jointly subscribed to Omnimas for the whole of 2005. One wave is carried out per month measuring purchasing for the preceding fortnight. The waves are run immediately following peak periods so that measurements of these are as accurate as possible. All these figures are valuable not only for journalists, but also to companies in the industry. Members paying over £1,000 per annum are designated as Research Members and regularly receive TNS data and special reports, as well as other figures compiled by the Association. A presentation to Research Members was given by representatives of TNS on 7 December 2005.
- The advertising campaign was measured by a **tracking research survey** carried out by Millward & Brown during October, funded by Productschap Tuinbouw. This tracking took place before and after the TV, radio and internet campaign period. The results from this are given under **Advertising** above, and, in addition, give the Association valuable insights into the minds and opinions of target consumers.
- The F&PA also invites consumers to fill in its own **questionnaires**. Most of these are now completed on-line through the website. During 2005 the flower questionnaire mirrored one done by an internet questionnaire website, **Tickbox**, so that the results of the public at large could be compared with the flower lovers visiting the F&PA site. Survey results are frequently quoted in press articles and supplied to members for presentations.
- As a result of providing market figures and trend information to the industry, F&PA staff are often asked to give presentations and talks at seminars, conferences and to colleges. Also, the Association is usually the only **source of user-friendly statistical information** available to the media.
- *Expenditure on research for the year amounted to £16,523 (2004: £15,894).*

Membership

The total number of Members at the end of 2005 was 195, a decrease of 4 members compared with the previous year (199). A total of 33 new members was offset by 37 resignations. The number of individual companies supporting the Association is, of course, many times greater than the actual membership number, since several Members are themselves composite organisations e.g. Flower Council of Holland, Interflora, and so on.

Financial Results

The results for the year showed a pre-tax profit of £24,782 (2004: £28,131). The tax adjustment in the profit and loss account for the year was £(257), as analysed in Note 3 in the Notes to the Accounts on page 13 of this report (2004: £377). The total profit after tax was £24,525 (2004: £28,508). The accumulated surplus in the Balance Sheet was therefore £166,098 (2004: 141,573).

The small profit for 2005 leaves the Association a prudent level of reserve for all foreseeable eventualities. The F&PA's aim is to use as much funding as possible on promotion and advertising, while maintaining a healthy cashflow and a strong balance sheet.

Outlook For 2006

Thanks to financial support from the Flower Council of Holland, the Association is continuing with above-the-line advertising activity during 2006. The decision has been taken to develop a new advertising campaign, following 5 years of "Why Wait? Buy your Own" activity. Groups of women were surveyed using research consultant Julie Davey in both the north and the south, to determine the strategy the advertising should use.

The number of F&PA website visitors continues to increase enormously. Around 63% of the UK population are now "online", with 71% of those using broadband. Women are now the main shoppers through the internet.

The noose of debt shows signs of tightening around the British consumer. Household debt now almost equals our entire gross domestic product. Borrowings have virtually doubled since the year 2000. A shift may well have begun in the propensity of consumers to increase their savings. The result of this, combined with the large increases in energy prices, is that there will be less money to spend in the shops. Against this background it is to be expected that consumer expenditure on flowers and plants may suffer.

Acknowledgements

The Directors warmly thank all Members for their support, without which the Association would be unable to carry out its valuable work on behalf of the industry. They are grateful to all who provide funds, products, time and skills - and hope that more companies and organisations will be persuaded to support the campaigns in the future.

Many thanks are due to the Chief Executive and the members of staff who have supported her very efficiently during 2005.

The Directors of the Association at 31 December 2005 are listed on the next page. The F&PA wishes to thank them most sincerely for their service to the Association.

COMPANY INFORMATION

DIRECTORS AND TRUSTEES

The Directors of the company at 31 December 2005 were:

R Herbert CBE [Chairman]	K Foufas	P Ras (appointed 7.6.05)
M Panter [Deputy Chairman]	J Hackett	D van Wonderen (appointed 22.3.05)
B Marshall [Hon Treasurer]	H Quinn (appointed 6.12.05)	G Westwood
R Coats	Y Reichman	
J Davies	R Schooling	

Directors serving during part of the year were:

J Birch (resigned 7.6.05)	A Frost (resigned 7.6.05)	N van Rest (resigned 7.6.05)
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CHIEF EXECUTIVE

V R Richardson

REGISTERED OFFICE

266-270 Flower Market, New Covent Garden Market, London SW8 5NB

COMPANY REGISTRATION NUMBER

1873287

BANKERS

HSBC plc, 20 Albert Embankment, London SE1 7SY

AUDITORS

Dunbar & Co (Corporate Services) Ltd, 70 South Lambeth Road, London SW8 1RL

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the Board

R HERBERT, CHAIRMAN

9 May 2006

V R RICHARDSON, CHIEF EXECUTIVE

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF THE FLOWERS & PLANTS ASSOCIATION

We have audited the financial statements of The Flowers & Plants Association for the year ended 31 December 2005, which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective June 2005).

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 AUDITORS

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report and Annual Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information beyond that referred to in this paragraph.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or by other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs at 31 December 2005 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.



DUNBAR & CO (CORPORATE SERVICES) LTD
Registered Auditor
15 May 2006

70 South Lambeth Road
London SW8 1RL

FLOWERS & PLANTS ASSOCIATION

(Company Limited by Guarantee)

PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2005

		2005	2004
	Notes	£	£
Turnover		1,170,725	1,037,787
Distribution costs		(792,804)	(726,751)
Administrative/PR expenses		<u>(364,422)</u>	<u>(290,879)</u>
		(1,157,226)	(1,017,630)
OPERATING PROFIT/(LOSS)	2	13,499	20,157
Interest receivable		11,587	9,122
Interest payable and similar charges		<u>(304)</u>	<u>(1,148)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		24,782	28,131
Taxation	3	<u>(257)</u>	<u>377</u>
PROFIT/(LOSS) AFTER TAXATION FOR THE FINANCIAL YEAR	9	<u>24,525</u>	<u>28,508</u>

The notes on pages 13 to 15 form part of these financial statements.

FLOWERS & PLANTS ASSOCIATION

(Company Limited by Guarantee)

BALANCE SHEET

AS AT 31 DECEMBER 2005

		2005		2004	
	Notes	£	£	£	£
FIXED ASSETS					
Tangible assets	4		4,627		5,749
CURRENT ASSETS					
Debtors	5	386,194		439,870	
Cash at Bank		90,776		126,774	
		<u>476,970</u>		<u>566,644</u>	
CREDITORS: amounts falling					
due within one year	6	<u>(313,005)</u>		<u>(427,248)</u>	
NET CURRENT ASSETS			<u>163,965</u>		<u>139,396</u>
Total Assets less current liabilities			<u>168,592</u>		<u>145,145</u>
CREDITORS: amounts falling					
due after more than one year	7		(2,388)		(3,344)
Provisions	8		<u>(106)</u>		<u>(228)</u>
			<u>166,098</u>		<u>141,573</u>
RESERVES					
Profit and loss account	9		<u>166,098</u>		<u>141,573</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The accounts were approved by a subcommittee appointed by the Board which met on 9 May 2006 and were signed on its behalf by:



R HERBERT - Chairman
9 May 2006

The notes on pages 13 to 15 form part of these financial statements.

FLOWERS & PLANTS ASSOCIATION

(Company Limited by Guarantee)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2005

1 ACCOUNTING POLICIES

1.1 Accounting Convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

1.2 Turnover

Turnover represents subscriptions, goods and services received or receivable net of Value Added Tax and trade discounts in respect of the year ended 31 December 2005.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life as follows:

Fixtures, fittings and equipment : 20% per annum on a straight line basis.

1.4 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

2 OPERATING PROFIT/(LOSS)	2005	2004
	£	£
The operating profit/(loss) is stated after charging:		
Depreciation of fixed assets	2,615	3,126
Auditor's remuneration	2,025	2,075
	<u>2,025</u>	<u>2,075</u>
 3 TAXATION	 2005	 2004
	£	£
UK current year taxation		
UK corporation tax	464	85
Prior years		
UK corporation tax adjustment	(85)	212
	<u>379</u>	<u>297</u>
Deferred taxation		
Deferred taxation (credit)/charge current year	(122)	(674)
	<u>257</u>	<u>(377)</u>

FLOWERS & PLANTS ASSOCIATION

(Company Limited by Guarantee)

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2005

4 TANGIBLE FIXED ASSETS

	Plant and machinery
Cost	
At 1 January 2005	28,105
Additions	1,493
Disposals	(6,224)
At 31 December 2005	<u>23,374</u>
Depreciation	
At 1 January 2005	22,356
Disposals	(6,224)
Charge for the year	2,615
At 31 December 2005	<u>18,747</u>
Net book value	
At 31 December 2005	<u>4,627</u>
At 31 December 2004	<u>5,749</u>

The net book value of tangible fixed assets includes £2,867 (2004: £3,822) in respect of assets held under finance leases or hire purchase contracts. The depreciation charge in respect of such assets amounted to £956 (2004: £956) for the year.

5 DEBTORS	2005	2004
	£	£
Trade debtors	369,484	435,579
Other debtors	12,000	-
Taxation and social security	4,710	4,291
	<u>386,194</u>	<u>439,870</u>
6 CREDITORS: amounts falling due within one year	2005	2004
	£	£
Net obligations under finance leases	956	956
Trade creditors	305,391	414,862
Taxation and social security	564	2,963
Other creditors	6,094	8,467
	<u>313,005</u>	<u>427,248</u>

FLOWERS & PLANTS ASSOCIATION

(Company Limited by Guarantee)

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2005

7	CREDITORS: amounts falling due after more than one year Net obligations under finance leases	2005 £ <u>2,388</u>	2004 £ <u>3,344</u>
8	PROVISIONS FOR LIABILITIES AND CHARGES		Deferred taxation £ 228 (122) <u>106</u>
	Balance at 1 January 2005 Profit and loss account Balance at 31 December 2005		
	Deferred taxation provided in the financial statements is as follows:	2005 £ <u>106</u>	2004 £ <u>228</u>
	Accelerated capital allowances		
9	STATEMENT OF MOVEMENTS ON PROFIT & LOSS ACCOUNT		Profit and loss account £ 141,573 24,525 <u>166,098</u>
	Balance at 1 January 2005 Retained profit for the year Balance at 31 December 2005		

10 RELATED PARTY TRANSACTIONS

P Ras is a director of Flowers & Plants Association (F&PA) and Flower Council of Holland (FCH). Subscriptions paid by FCH to F&PA during the year amounted to £859,716 (2004: £746,169). Other contributions paid from FCH to F&PA amounted to £197,637 (2004: £189,996).

11 REVENUE COMMITMENTS

The Rent Review on 31 March 2005, in respect of the offices and storage space, resulted in an increase in total rent payable of 6.1% from £17,253 per annum to £18,303 per annum.

These operating leases come up for renewal on 31 March 2006. At the time of publishing the accounts, the Association has successfully re-negotiated the leases for a further four years from 1 April 2006.