

REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH APRIL 1996
FOR
DAVID AUSTIN ROSES LIMITED



DAVID AUSTIN ROSES LIMITED

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FOR THE YEAR ENDED 30TH APRIL 1996

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DAVID AUSTIN ROSES LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 30TH APRIL 1996

DIRECTORS: D C H Austin
P J Austin

SECRETARY: D.J.C. Austin

REGISTERED OFFICE: Bowling Green Lane
Albrighton

REGISTERED NUMBER: 2701780

AUDITORS: Richard Dyas & Co
Registered Auditor
Chartered Accountants
The Old Grammar School
St Leonards Close
Bridgnorth
Shropshire WV16 4EJ

DAVID AUSTIN ROSES LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30TH APRIL 1996

The directors present their report with the financial statements of the company for the year ended 30th April 1996.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of rose and plant breeders, growers, wholesalers and retailers.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

The company has expanded its level of activity during the year through mail order catalogue sales to France and Germany and increasing the volume of potted roses sold through wholesalers. The expansion of the wholesale business has involved the building of a coldstore and plant handling systems which are installed on the company's freehold property. Potting costs increase material costs and due to the need to hold stocks of potted roses the year end stock has increased. This does however extend the selling season. Involvement in overseas markets has resulted in the production of foreign language catalogues and advertisements and the employment of staff proficient in those languages. The company has continued its rose breeding programme with further success and features amongst the medal winners at Chelsea Flower Show. The preservation of the company's breeding right involves considerable expenditure in registration and licensing of roses which generate royalties.

DIVIDENDS AND TRANSFERS TO RESERVES

No dividends will be distributed for the year ended 30th April 1996. The retained profit transferred to reserves will be £267,231.

FIXED ASSETS

Fixed assets are as shown in the notes to the accounts.

FUTURE DEVELOPMENTS

The company continues to trade satisfactorily and prospects are considered encouraging. Overseas mail order supply is being expanded to Italy.

DIRECTORS

The directors during the year under review were:

D C H Austin

P J Austin

The beneficial interests of the directors holding office on 30th April 1996 in the issued share capital of the company were as follows:

	30.4.96	1.5.95
Ordinary £1 shares		
D C H Austin	2,600	5,000
P J Austin	2,600	5,000

POLITICAL AND CHARITABLE DONATIONS

During the year the company made charitable donations amounting to £500 and a political donation to the Conservative Party of £250.

DAVID AUSTIN ROSES LIMITED

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30TH APRIL 1996

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgments 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 financial statements 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.

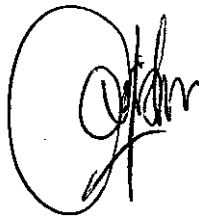
AUDITORS

The auditors, Richard Dyas & Co, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:

D.J.C. Austin - SECRETARY

Dated: 24th June 1996



DAVID AUSTIN ROSES LIMITED

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF
DAVID AUSTIN ROSES LIMITED

We have audited the financial statements on pages five to seventeen which have been prepared under the historical cost convention and the accounting policies set out on page ten.

Respective responsibilities of directors and auditors

As described on page three the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards 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 judgments 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 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 of the state of the company's affairs as at 30th April 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Richard Dyas & Co
Registered Auditor
Chartered Accountants
The Old Grammar School
St Leonards Close
Bridgnorth
Shropshire WV16 4EJ

Dated: 25th June 1996



DAVID AUSTIN ROSES LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30TH APRIL 1996**

		30.4.96	30.4.95
	Notes	£	£
TURNOVER	2	3,293,676	2,498,037
Cost of sales		1,679,038	1,339,055
GROSS PROFIT		1,614,638	1,158,982
Administrative expenses		1,211,648	687,458
OPERATING PROFIT	4	402,990	471,524
Interest receivable and similar income	5	807	1,265
		403,797	472,789
Interest payable and similar charges	6	39,062	13,483
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		364,735	459,306
Tax on profit on ordinary activities	7	97,504	133,479
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		267,231	325,827
Retained profit brought forward		632,849	307,022
RETAINED PROFIT CARRIED FORWARD		£900,080	£632,849

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current and previous years.

The notes form part of these financial statements

DAVID AUSTIN ROSES LIMITED

BALANCE SHEET
30TH APRIL 1996

		<u>30.4.96</u>		<u>30.4.95</u>	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	8		1,017,260		711,299
CURRENT ASSETS:					
Stocks	9	288,232		190,205	
Debtors	10	825,237		583,455	
Cash at bank		69,924		126,154	
		<u>1,183,393</u>		<u>899,814</u>	
CREDITORS: Amounts falling due within one year	11	<u>772,039</u>		<u>415,149</u>	
NET CURRENT ASSETS:			<u>411,354</u>		<u>484,665</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			<u>1,428,614</u>		<u>1,195,964</u>
CREDITORS: Amounts falling due after more than one year	12		(489,228)		(519,589)
PROVISIONS FOR LIABILITIES AND CHARGES:	15		(23,730)		(27,950)
			<u>£915,656</u>		<u>£648,425</u>
CAPITAL AND RESERVES:					
Called up share capital	16		10,000		10,000
Share premium	17		5,576		5,576
Profit & loss account			900,080		632,849
Shareholders' funds	19		<u>£915,656</u>		<u>£648,425</u>

ON BEHALF OF THE BOARD:

D C H Austin - DIRECTOR



Approved by the Board on 24th June 1996

The notes form part of these financial statements

DAVID AUSTIN ROSES LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30TH APRIL 1996**

	30.4.96		30.4.95	
	£	£	£	£
Net cash inflow from operating activities		488,186		99,370
Returns on investments and servicing of finance				
Interest received	1,107		965	
Interest paid	(43,151)		(6,646)	
Interest element of finance lease rentals payments	(224)		(540)	
Net cash outflow from returns on investments and servicing of finance		(42,268)		(6,221)
Taxation				
Corporation Tax paid	(121,066)		(43,630)	
Tax paid		(121,066)		(43,630)
Investing activities				
Purchase of tangible fixed assets	(469,304)		(140,968)	
Sale of tangible fixed assets	2,000		4,650	
Net cash outflow from investing activities		(467,304)		(136,318)
Net cash outflow before financing		(142,452)		(86,799)
Financing				
Loan repayments in year	(14,327)		-	
Increase in bank loan	-		169,771	
Amount introduced by directors	(9,985)		218	
Net cash (outflow)/inflow from financing		(24,312)		169,989
(Decrease)/Increase in cash and cash equivalents		£(166,764)		£83,190

The notes form part of these financial statements

DAVID AUSTIN ROSES LIMITED

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 30TH APRIL 1996**

1. **RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	30.4.96 £	30.4.95 £
Operating profit	402,991	471,524
Depreciation charges	160,892	63,525
Increase in stocks	(98,027)	(14,122)
Increase in debtors	(242,082)	(232,122)
Increase/(Decrease) in creditors	264,412	(189,435)
Net cash inflow from operating activities	<u>488,186</u>	<u>99,370</u>

2. **ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR**

Year ended 30th April 1996

	£
Balance at 1st May 1995	126,154
Net cash outflow	(166,764)
Balance at 30th April 1996	<u>(40,610)</u>

Year ended 30th April 1995

	£
Balance at 1st May 1994	42,964
Net cash inflow	83,190
Balance at 30th April 1995	<u>126,154</u>

3. **ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET**

Year ended 30th April 1996

	30.4.96 £	1.5.95 £	Change in year £
Cash at bank and in hand	69,924	126,154	(56,230)
Bank overdrafts	(110,534)	-	(110,534)
	<u>(40,610)</u>	<u>126,154</u>	<u>(166,764)</u>

Year ended 30th April 1995

	30.4.95 £	1.5.94 £	Change in year £
Cash at bank and in hand	126,154	42,964	83,190

The notes form part of these financial statements

DAVID AUSTIN ROSES LIMITED

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 30TH APRIL 1996

4. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

Year ended 30th April 1996

	Loans
	£
Balance at 1st May 1995	250,355
Repaid in the year	(14,327)
	<hr/>
Balance at 30th April 1996	236,028
	<hr/>

Year ended 30th April 1995

	Loans
	£
Balance at 1st May 1994	80,584
Increase in loans	169,771
	<hr/>
Balance at 30th April 1995	250,355
	<hr/>

The notes form part of these financial statements

DAVID AUSTIN ROSES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH APRIL 1996

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention.

Turnover

Turnover represents the net amount invoiced by the company for goods and services. A geographical analysis is given in the notes to the accounts in so far as it is considered relevant by the directors for an understanding of the accounts.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold property - not provided

Plant and machinery - 25% on reducing balance

Motor vehicles - 25% on reducing balance

The company's policy in respect of not providing for depreciation of freehold property does not comply with the requirements of Statement of Standard Accounting Practice 12. It is considered that the company's policy does not have a material effect on the understanding of the accounts.

Stocks

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

Research and Development

The Company is engaged in propagating with a view to creating further marketable varieties. The Company's policy is not to capitalise and carry forward costs incurred due to the highly speculative nature of the work.

DAVID AUSTIN ROSES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH APRIL 1996

2. **TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the company.

During the year the company expanded its retail mail order sales to France (£195,286) and Germany (£173,108). Other retail and wholesale sales are made outside the UK but these are not considered to have a material effect on the understanding of the accounts.

3. **STAFF COSTS**

	30.4.96	30.4.95
	£	£
Wages and salaries	991,860	731,648
Social security costs	75,490	56,007
	<u>1,067,350</u>	<u>787,655</u>

The average weekly number of employees during the year was as follows:

	30.4.96	30.4.95
Selling and administration	62	36
Production and breeding	29	34
	<u>91</u>	<u>70</u>

4. **OPERATING PROFIT**

The operating profit is stated after charging:

	30.4.96	30.4.95
	£	£
Hire of plant and machinery	18,713	12,976
Leasing charges	4,352	1,913
Depreciation - owned assets	159,004	58,966
Depreciation - assets on hire purchase or finance leases	1,888	4,559
Auditors' remuneration	<u>10,000</u>	<u>9,070</u>
Directors' emoluments (see below)	<u>124,216</u>	<u>44,216</u>

Details of individual emoluments, excluding pension contributions, were as follows:

	30.4.96
	£
Chairman	102,805

These emoluments are included in the information which follows.

DAVID AUSTIN ROSES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH APRIL 1996

The directors' emoluments, excluding pension contributions, fell within the following ranges:

	30.4.96
£20,001 - £25,000	1
£95,001 or more	1

5. **INTEREST RECEIVABLE AND SIMILAR INCOME**

	30.4.96	30.4.95
	£	£
Interest income	807	1,265

6. **INTEREST PAYABLE AND SIMILAR CHARGES**

	30.4.96	30.4.95
	£	£
Bank loans, overdrafts and other loans repayable within five years:		
otherwise than by instalments	1,773	242
AMC mortgage interest	3,006	2,748
Bank loan interest	22,562	9,953
Loan note interest	11,497	-
Finance charges - hire purchase or finance leases	224	540
	<u>39,062</u>	<u>13,483</u>

7. **TAXATION**

The tax charge on the profit on ordinary activities for the year was as follows:

	30.4.96	30.4.95
	£	£
Based on the adjusted results of the year:		
UK Corporation Tax	102,424	121,766
Under/over provision last year	(700)	163
Deferred taxation	(4,220)	11,550
	<u>97,504</u>	<u>133,479</u>

UK Corporation Tax has been charged at 27.03% (1995 - 28.08%).

DAVID AUSTIN ROSES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH APRIL 1996

8. **TANGIBLE FIXED ASSETS**

	Freehold property	Plant and machinery	Motor vehicles	Totals
	£	£	£	£
COST:				
At 1st May 1995	348,929	462,090	34,166	845,185
Additions	179,540	283,414	5,900	468,854
Disposals	-	-	(1,500)	(1,500)
At 30th April 1996	528,469	745,504	38,566	1,312,539
DEPRECIATION:				
At 1st May 1995	-	125,805	8,082	133,887
Charge for year	-	154,926	5,966	160,892
Eliminated on disposals	-	-	500	500
At 30th April 1996	-	280,731	14,548	295,279
NET BOOK VALUE:				
At 30th April 1996	528,469	464,773	24,018	1,017,260
At 30th April 1995	348,929	336,286	26,084	711,299

Fixed assets, included in the above, which are held under hire purchase or finance leases are as follows:

	Plant and machinery	Motor vehicles	Totals
	£	£	£
COST:			
At 1st May 1995	22,647	11,801	34,448
Transferred to ownership	(22,647)	-	(22,647)
At 30th April 1996	-	11,801	11,801
DEPRECIATION:			
At 1st May 1995	7,512	4,248	11,760
Charge for year	-	1,888	1,888
Transferred to ownership	(7,512)	-	(7,512)
At 30th April 1996	-	6,136	6,136
NET BOOK VALUE:			
At 30th April 1996	-	5,665	5,665
At 30th April 1995	15,135	7,553	22,688

DAVID AUSTIN ROSES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH APRIL 1996**

9.	STOCKS	30.4.96	30.4.95
		£	£
	Other materials :	24,117	4,600
	Growing plants	135,868	156,710
	Potted plants for resale	128,247	28,895
		<u>288,232</u>	<u>190,205</u>
10.	DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	30.4.96	30.4.95
		£	£
	Trade debtors	807,802	569,888
	Prepayments	17,435	13,567
		<u>825,237</u>	<u>583,455</u>
11.	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	30.4.96	30.4.95
		£	£
	Bank loans and overdrafts (see note 13)	126,534	20,046
	AMC mortgage (see note 13)	800	720
	Trade creditors	373,043	163,681
	Directors current accounts	(10,467)	(482)
	Hire purchase	927	6,122
	Other creditors	7,485	-
	Taxation and social security	149,232	85,008
	Taxation	102,424	121,766
	Accrued expenses	22,061	18,288
		<u>772,039</u>	<u>415,149</u>
12.	CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	30.4.96	30.4.95
		£	£
	Bank loans (see note 13)	185,704	195,261
	AMC mortgage (see note 13)	33,524	34,328
	Loan notes	230,000	-
	Directors loan	40,000	290,000
		<u>489,228</u>	<u>519,589</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH APRIL 1996

13. **LOANS AND OVERDRAFTS**

An analysis of the maturity of loans and overdrafts is given below:

	30.4.96 £	30.4.95 £
Amounts falling due within one year or on demand:		
Bank overdrafts	110,534	-
Bank loans	16,000	20,046
AMC mortgage	800	720
	<u>127,334</u>	<u>20,766</u>
Amounts falling due between one and two years:		
Bank loans	12,000	16,950
AMC mortgage	900	800
	<u>12,900</u>	<u>17,750</u>
Amounts falling due between two and five years:		
Bank loans	64,000	62,535
AMC mortgage	3,000	3,000
	<u>67,000</u>	<u>65,535</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans	109,704	115,776
AMC mortgage	29,624	30,528
	<u>139,328</u>	<u>146,304</u>

DAVID AUSTIN ROSES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH APRIL 1996

14. SECURED DEBTS

The following secured debts are included within creditors:

	30.4.96	30.4.95
	£	£
Bank overdrafts	110,534	-
Bank loans	201,704	215,307
AMC mortgage	34,324	35,048
	<u>346,562</u>	<u>250,355</u>

The AMC loan is secured by a mortgage over the Company's land. The bank borrowing is secured by a standard bank debenture over the Company's assets.

15. PROVISIONS FOR LIABILITIES AND CHARGES

	30.4.96	30.4.95
	£	£
Deferred taxation	23,730	27,950

	Deferred taxation £
Balance at 1st May 1995	27,950
Movement in year	(4,220)
Balance at 30th April 1996	<u>23,730</u>

16. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:		
Number: Class:	Nominal	
	value:	
10,000 Ordinary	£1	
	<u>10,000</u>	<u>10,000</u>

17. SHARE PREMIUM ACCOUNT

	30.4.96	30.4.95
	£	£
Premium on share issue	5,576	5,576

18. CONTINGENT LIABILITIES

The Company had no capital commitments contracted for nor authorised but not contracted at 30th April 1996 (1995 nil). The Company had no contingent liabilities at 30th April 1996 (1995 nil).

DAVID AUSTIN ROSES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH APRIL 1996

19.	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	30.4.96	30.4.95
		£	£
	Profit for the financial year	267,231	325,827
	NET ADDITION TO SHAREHOLDERS' FUNDS	267,231	325,827
	Opening shareholders' funds	648,425	322,598
	CLOSING SHAREHOLDERS' FUNDS	915,656	648,425
	Equity interests	915,656	648,425