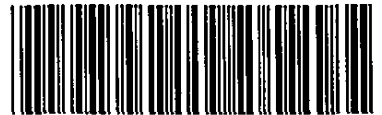


REGISTERED NUMBER. 2701780 (England and Wales)

ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31ST JULY 2010
FOR
DAVID AUSTIN ROSES LIMITED

FRIDAY



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DAVID AUSTIN ROSES LIMITED

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FOR THE YEAR ENDED 31ST JULY 2010

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DAVID AUSTIN ROSES LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31ST JULY 2010

DIRECTORS:	D C H Austin D J C Austin
SECRETARY:	D J C Austin
REGISTERED OFFICE:	Bowling Green Lane Albrighton Wolverhampton WV7 3HB
REGISTERED NUMBER:	2701780 (England and Wales)
SENIOR STATUTORY AUDITOR:	A C Ralph
AUDITORS:	Stanton Ralph & Co Registered Auditors 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 31ST JULY 2010

The directors present their report with the accounts of the company for the year ended 31st July 2010

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of rose breeding and wholesaling and plant centre operation

REVIEW OF BUSINESS

The company has been able to continue growth in certain areas of the business despite tough economic conditions. Overall turnover increased to £8,057k from £7,051k with a gross margin of 43.6% (2009 47.3%). The company's markets continue to be extremely competitive but the directors anticipate that strong branding together with targeted promotional strategies will facilitate further growth in 2011 and beyond.

The company continues to commit substantial funds to research and development activities where its extensive breeding programme facilitates the development of new varieties and is viewed by the directors as a foundation for future success. Total research and development costs were £821k (2009 £790k).

Total labour costs, excluding directors remuneration, including social security, increased to £2,322k in 2010 compared to £2,048k in the previous year.

Total profit before tax was £564k compared to £1,071K in 2009 after taking into account foreign exchange losses/(gains).

DIVIDENDS

An interim dividend of £25 per share was paid on 29th July 2010. The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 31st July 2010 will be £133,000.

RESEARCH AND DEVELOPMENT

The company continues to undertake substantial levels of research and development.

DIRECTORS

The directors shown below have held office during the whole of the period from 1st August 2009 to the date of this report.

D C H Austin
D J C Austin

PURCHASE OF OWN SHARES

On 18 February 2009 the company passed a special resolution to purchase 2280 of its own shares for £2,000,000 from C R Austin and J L Austin, directors of the company until their resignation on 18 February 2009, comprising 30% of its issued share capital.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

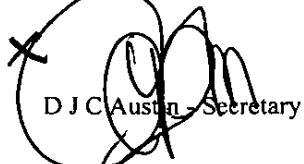
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

DAVID AUSTIN ROSES LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST JULY 2010

AUDITORS

The auditors, Stanton Ralph & Co, will be proposed for re-appointment at the forthcoming Annual General Meeting

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to be 'D J C Austin', is written over the printed name. The signature is stylized with a large 'D' and 'A'.

7th January 2011

REPORT OF THE INDEPENDENT AUDITORS TO
DAVID AUSTIN ROSES LIMITED
UNDER SECTION 449 OF THE COMPANIES ACT 2006

We have examined the abbreviated accounts set out on pages five to sixteen, together with the full financial statements of David Austin Roses Limited for the year ended 31st July 2010 prepared under Section 396 of the Companies Act 2006

This report is made solely to the company, in accordance with Section 449 of the Companies Act 2006. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special auditors' 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, for our work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with Section 445 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the Regulations made under that Section and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 445(3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with the Regulations made under that Section.

A C Ralph (Senior Statutory Auditor)
for and on behalf of Stanton Ralph & Co
Registered Auditors
Chartered Accountants
The Old Grammar School
St Leonards Close
Bridgnorth
Shropshire
WV16 4EJ

7th January 2011

DAVID AUSTIN ROSES LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST JULY 2010

31 7 09 £		Notes	31 7 10 £
7,050,572	TURNOVER	2	8,057,522
(3,714,269)	Cost of sales		(4,546,942)
<u>3,336,303</u>			<u>3,510,580</u>
<u>2,267,742</u>	Administrative expenses		<u>2,947,836</u>
1,068,561	OPERATING PROFIT	4	562,744
<u>2,810</u>	Interest receivable and similar income		<u>1,060</u>
1,071,371	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		563,804
<u>121,447</u>	Tax on profit on ordinary activities	5	<u>19,843</u>
<u>949,924</u>	PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		<u>543,961</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current year or previous year

The notes form part of these abbreviated accounts

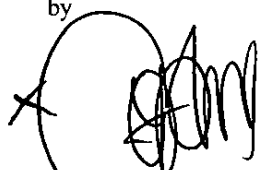
DAVID AUSTIN ROSES LIMITED

ABBREVIATED BALANCE SHEET
31ST JULY 2010

31 7 09				31 7 10
£	£		Notes	£
		FIXED ASSETS		
	2,857,265	Tangible assets	7	3,030,657
	6,331	Investments	8	33,583
	-	Investment property	9	<u>135,953</u>
	2,863,596			3,200,193
		CURRENT ASSETS		
409,801		Stocks	10	455,626
1,800,560		Debtors amounts falling due within one year	11	1,451,583
-		Debtors amounts falling due after more than one year	11	349,942
<u>1,142,354</u>		Cash at bank		<u>1,835,751</u>
3,352,715				4,092,902
<u>3,169,672</u>		CREDITORS		
		Amounts falling due within one year	12	<u>2,815,652</u>
<u>183,043</u>		NET CURRENT ASSETS		<u>1,277,250</u>
3,046,639		TOTAL ASSETS LESS CURRENT LIABILITIES		4,477,443
		CREDITORS		
		Amounts falling due after more than one year	13	(1,000,000)
<u>(58,264)</u>		PROVISIONS FOR LIABILITIES	14	<u>(78,107)</u>
<u>2,988,375</u>		NET ASSETS		<u>3,399,336</u>
		CAPITAL AND RESERVES		
	5,320	Called up share capital	15	5,320
	5,576	Share premium	16	5,576
	4,680	Capital redemption reserve	16	4,680
	<u>2,972,799</u>	Profit and loss account	16	<u>3,383,760</u>
<u>2,988,375</u>		SHAREHOLDERS' FUNDS	19	<u>3,399,336</u>

The abbreviated accounts have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to medium-sized companies

The financial statements were approved by the Board of Directors on 7th January 2011 and were signed on its behalf by


D J C Austin - Director

The notes form part of these abbreviated accounts

DAVID AUSTIN ROSES LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST JULY 2010

31 7 09 £		Notes	31 7 10 £
1,463,768	Net cash inflow from operating activities	1	555,116
2,810	Returns on investments and servicing of finance	2	1,060
(22,854)	Taxation		(115,103)
(494,119)	Capital expenditure and financial investment	2	(541,426)
<u>(133,000)</u>	Equity dividends paid		<u>(133,000)</u>
816,605			(233,353)
<u>(579,052)</u>	Financing	2	<u>926,750</u>
<u>237,553</u>	Increase in cash in the period		<u>693,397</u>
<hr/>			
	Reconciliation of net cash flow to movement in net funds	3	
<u>237,553</u>	Increase in cash in the period		<u>693,397</u>
<u>237,553</u>	Change in net funds resulting from cash flows		<u>693,397</u>
237,553	Movement in net funds in the period		693,397
<u>904,801</u>	Net funds at 1st August		<u>1,142,354</u>
<u>1,142,354</u>	Net funds at 31st July		<u>1,835,751</u>

The notes form part of these abbreviated accounts

DAVID AUSTIN ROSES LIMITED

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST JULY 2010

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

	31 7 10	31 7 09
	£	£
Operating profit	562,744	1,068,561
Depreciation charges	204,635	180,005
Loss/(Profit) on disposal of fixed assets	194	(4,650)
Increase in stocks	(45,825)	(103,557)
Increase in debtors	(71,923)	(177,313)
(Decrease)/Increase in creditors	<u>(94,709)</u>	<u>500,722</u>
Net cash inflow from operating activities	<u>555,116</u>	<u>1,463,768</u>

2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	31 7 10	31 7 09
	£	£
Returns on investments and servicing of finance		
Interest received	<u>1,060</u>	<u>2,810</u>
Net cash inflow for returns on investments and servicing of finance	<u>1,060</u>	<u>2,810</u>
 Capital expenditure and financial investment		
Purchase of tangible fixed assets	(378,871)	(498,769)
Purchase of fixed asset investments	(27,252)	-
Purchase of investment property	(135,953)	-
Sale of tangible fixed assets	<u>650</u>	<u>4,650</u>
Net cash outflow for capital expenditure and financial investment	<u>(541,426)</u>	<u>(494,119)</u>
 Financing		
Amount int'd/(withdrawn) by directors	(94,896)	148,221
Share buyback	-	(2,000,000)
Loans from group undertakings	1,021,646	1,284,384
Expenses paid re share buyback	-	(10,000)
Exchange loss on investment	<u>-</u>	<u>(1,657)</u>
Net cash inflow/(outflow) from financing	<u>926,750</u>	<u>(579,052)</u>

3 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 8 09	Cash flow	At
	£	£	31 7 10
			£
Net cash			
Cash at bank	<u>1,142,354</u>	<u>693,397</u>	<u>1,835,751</u>
	<u>1,142,354</u>	<u>693,397</u>	<u>1,835,751</u>
 Total	<u>1,142,354</u>	<u>693,397</u>	<u>1,835,751</u>

The notes form part of these abbreviated accounts

DAVID AUSTIN ROSES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31ST JULY 2010

I 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 excluding value added tax

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life

Freehold property	- 1% on cost
Plant and machinery	- 25% on cost, 20% on cost and 10% on cost
Motor vehicles	- 25% on cost

Assets are depreciated from the date that they are brought into use

Freehold land is not depreciated

Investment property

Investment property is carried at market value and no depreciation is charged in line with Statement of Standard accounting Practice 19. This policy is not in accordance with the Companies Act 2006 but, in the opinion of the directors, is necessary in order that the accounts give a true and fair view

Stocks

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

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date

Research and development

The company undertakes research and development so as to pursue its fundamental aim of developing rose varieties free of disease. The company's policy is not to capitalise and carry forward costs incurred due to the highly speculative nature of the work

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate

Foreign currencies

Transactions in foreign currencies and the results of overseas branch operations are translated at the average rates of exchange of ruling during the year and the balance sheet translated into sterling at the rate of exchange ruling on the balance sheet date. Exchange differences arising from the translation of branch opening net assets are taken to the profit and loss account

Group accounts

The company is the parent of a medium sized group and is therefore exempt from the requirement to prepare group accounts. The financial statements include information on transactions of the parent undertaking only and not about its group

The benefit of group relief is accounted for within the tax charge of the profit making undertaking. No payment is made for group relief between group undertakings

DAVID AUSTIN ROSES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS - continued
FOR THE YEAR ENDED 31ST JULY 2010

2 TURNOVER

Turnover arises from a single class of business. The directors consider that it would be prejudicial to the interests of the company if it disclosed its different geographical markets.

3 STAFF COSTS

	31 7 10	31 7 09
	£	£
Wages and salaries	2,329,335	2,194,869
Social security costs	220,626	201,773
Other pension costs	<u>15,907</u>	<u>15,150</u>
	<u><u>2,565,868</u></u>	<u><u>2,411,792</u></u>

The average monthly number of employees during the year was as follows

	31 7 10	31 7 09
Selling and administration	41	37
Production and breeding	<u>79</u>	<u>82</u>
	<u><u>120</u></u>	<u><u>119</u></u>

4 OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	31 7 10	31 7 09
	£	£
Hire of equipment	10,034	11,304
Other operating leases	2,233	-
Depreciation - owned assets	204,635	180,004
Loss/(Profit) on disposal of fixed assets	194	(4,650)
Auditors' remuneration	11,616	14,705
Foreign exchange differences	38,074	(760,440)
Research and development costs	<u>820,988</u>	<u>790,273</u>
Directors' remuneration	<u><u>202,717</u></u>	<u><u>311,015</u></u>

Information regarding the highest paid director for 2009 is as follows

	31 7 09
	£
Emoluments etc	<u><u>216,587</u></u>

DAVID AUSTIN ROSES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS - continued
FOR THE YEAR ENDED 31ST JULY 2010

5 TAXATION

Analysis of the tax charge

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

	31 7 10 £	31 7 09 £
Current tax		
UK corporation tax	-	113,864
Deferred tax	<u>19,843</u>	<u>7,583</u>
Tax on profit on ordinary activities	<u>19,843</u>	<u>121,447</u>

Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below

	31 7 10 £	31 7 09 £
Profit on ordinary activities before tax	<u>563,804</u>	<u>1,071,371</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009 - 28%)	157,865	299,984
Effects of		
Expenses not deductible for tax purposes	8,606	5,160
Capital allowances in excess of depreciation	(23,234)	(23,785)
Group relief	29,170	-
Research and development uplift	(172,407)	(165,957)
Marginal relief	-	(1,538)
	<u>-</u>	<u>-</u>
Current tax charge	<u>-</u>	<u>113,864</u>

6 DIVIDENDS

	31 7 10 £	31 7 09 £
Ordinary shares of £1 each		
Interim	<u>133,000</u>	<u>133,000</u>

DAVID AUSTIN ROSES LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS - continued
FOR THE YEAR ENDED 31ST JULY 2010**

7 TANGIBLE FIXED ASSETS

	Totals £	Freehold property £	Plant and machinery £	Motor vehicles £
COST				
At 1st August 2009	5,793,254	2,045,344	3,684,533	63,377
Additions	378,871	97,745	262,841	18,285
Disposals	(17,175)	-	-	(17,175)
At 31st July 2010	<u>6,154,950</u>	<u>2,143,089</u>	<u>3,947,374</u>	<u>64,487</u>
DEPRECIATION				
At 1st August 2009	2,935,989	41,038	2,846,053	48,898
Charge for year	204,635	17,189	176,685	10,761
Eliminated on disposal	(16,331)	-	-	(16,331)
At 31st July 2010	<u>3,124,293</u>	<u>58,227</u>	<u>3,022,738</u>	<u>43,328</u>
NET BOOK VALUE				
At 31st July 2010	<u>3,030,657</u>	<u>2,084,862</u>	<u>924,636</u>	<u>21,159</u>
At 31st July 2009	<u>2,857,265</u>	<u>2,004,306</u>	<u>838,480</u>	<u>14,479</u>

8 FIXED ASSET INVESTMENTS

	Unlisted investments £
COST	
At 1st August 2009	6,331
Additions	<u>27,252</u>
At 31st July 2010	<u>33,583</u>
NET BOOK VALUE	
At 31st July 2010	<u>33,583</u>
At 31st July 2009	<u>6,331</u>

The company's investments at the balance sheet date in the share capital of companies include the following

David Austin Rose Nursery Limited

Nature of business Rose grower and retailer

Class of shares	% holding		
Ordinary	100.00	31.7.10 £	31.7.09 £
Aggregate capital and reserves		3,304,106	2,441,848
Profit for the year		<u>862,258</u>	<u>331,413</u>

DAVID AUSTIN ROSES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS - continued
FOR THE YEAR ENDED 31ST JULY 2010

8 FIXED ASSET INVESTMENTS - continued

David Austin Roses Japan KK
Country of incorporation Japan
Nature of business Rose retailer

	%		
Class of shares	holding		
Ordinary	100 00		
		31 7 10	31 7 09
		£	£
Aggregate capital and reserves		(208,725)	(164,044)
(Loss)/Profit for the year		<u>(98,347)</u>	<u>13,109</u>

9 INVESTMENT PROPERTY

	Total £
COST	
Additions	<u>135,953</u>
At 31st July 2010	<u>135,953</u>
NET BOOK VALUE	
At 31st July 2010	<u>135,953</u>

The investment property was purchased during the year. The carrying valuation has been reviewed by the directors as at 31 July 2010, they consider that the purchase cost represents a reasonable assessment of open market value.

10 STOCKS

	31 7 10 £	31 7 09 £
Growing plants	303,572	263,539
Plants and goods for resale	<u>152,054</u>	<u>146,262</u>
	<u>455,626</u>	<u>409,801</u>

11 DEBTORS

	31 7 10 £	31 7 09 £
Amounts falling due within one year		
Trade debtors	1,173,574	1,113,213
Amounts owed by group undertakings	-	425,234
Other debtors	54,615	45,699
Tax	4,334	-
Prepayments	<u>219,060</u>	<u>216,414</u>
	<u>1,451,583</u>	<u>1,800,560</u>

DAVID AUSTIN ROSES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS - continued
FOR THE YEAR ENDED 31ST JULY 2010

11 DEBTORS - continued

	31 7 10	31 7 09
	£	£
Amounts falling due after more than one year		
Amounts owed by group undertakings	<u>349,942</u>	<u>-</u>
	<u>349,942</u>	<u>-</u>
Aggregate amounts	<u>1,801,525</u>	<u>1,800,560</u>

12 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 7 10	31 7 09
	£	£
Trade creditors	743,374	916,853
Amounts owed to group undertakings	1,674,679	1,728,325
Tax	-	110,769
Social security and other taxes	259,090	232,379
Customer deposits	52,562	5,035
Directors' current accounts	53,593	148,489
Accrued expenses	<u>32,354</u>	<u>27,822</u>
	<u>2,815,652</u>	<u>3,169,672</u>

13 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31 7 10	31 7 09
	£	£
Amounts owed to group undertakings	<u>1,000,000</u>	<u>-</u>

The directors of the company's subsidiary undertaking have confirmed that repayment of debts owing of at least £1m will not be demanded within twelve months of the balance sheet date

14 PROVISIONS FOR LIABILITIES

	31 7 10	31 7 09
	£	£
Deferred tax	<u>78,107</u>	<u>58,264</u>

	Deferred tax £
Balance at 1st August 2009	58,264
Movement in year	<u>19,843</u>
Balance at 31st July 2010	<u>78,107</u>

15 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid				
Number	Class	Nominal value	31 7 10	31 7 09
		£1	£	£
5,320	Ordinary		<u>5,320</u>	<u>5,320</u>

DAVID AUSTIN ROSES LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS - continued
FOR THE YEAR ENDED 31ST JULY 2010**

16 RESERVES

	Totals £	Profit and loss account £	Share premium £	Capital redemption reserve £
At 1st August 2009	2,983,055	2,972,799	5,576	4,680
Profit for the year	543,961	543,961		
Dividends	(133,000)	(133,000)		
At 31st July 2010	<u>3,394,016</u>	<u>3,383,760</u>	<u>5,576</u>	<u>4,680</u>

17 CAPITAL COMMITMENTS

	31 7 10 £	31 7 09 £
Contracted but not provided for in the financial statements	<u>61,000</u>	<u>28,927</u>

18 TRANSACTIONS WITH DIRECTORS

The company occupies land at Bowling Green Lane of which 30% is owned by Mr D C H Austin, director No rent is charged

19 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 7 10 £	31 7 09 £
Profit for the financial year	543,961	949,924
Dividends	<u>(133,000)</u>	<u>(133,000)</u>
	410,961	816,924
Purchase of own shares	<u>-</u>	<u>(2,010,000)</u>
Net addition/(reduction) to shareholders' funds	410,961	(1,193,076)
Opening shareholders' funds	<u>2,988,375</u>	<u>4,181,451</u>
Closing shareholders' funds	<u>3,399,336</u>	<u>2,988,375</u>

20 RELATED PARTY TRANSACTIONS AND CONTROLLING PARTY

David Austin Roses Limited is controlled by its director shareholders

During the period the company recharged certain overhead costs totalling £148,143 plus VAT (2009 £82,040 plus VAT) to David Austin Nursery Limited, subsidiary undertaking The company also made net loans of £1,127,330 (2009 £1,517,973) to this subsidiary undertaking At the 31st July 2010 £2,674,679 (2009 £1,728,325) was owed to David Austin Rose Nursery Limited shown as amounts owed to group undertakings in notes 12 and 13

The company also recharged overheads totalling £86,618 (2009 £264,264) to David Austin Roses Japan KK, subsidiary undertaking The company received net loans of £75,292 (2009 made net loans £235,588) to this subsidiary undertaking At 31st July 2010 £349,942 (2009 £425,234) was owed by David Austin Roses Japan KK shown as amounts owed by group undertakings in note 11

DAVID AUSTIN ROSES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS - continued
FOR THE YEAR ENDED 31ST JULY 2010

21 CONTINGENT ASSETS AND LIABILITIES

During the year the company has entered into derivative contracts in order to partially hedge its foreign exchange risks arising from anticipated future trading activities in foreign currencies

The company holds two US dollar forward contract over \$300,000 each expiring on 29 April 2011 and 28 June 2011 respectively Both contracts allow the company to benefit from an improved spot conversion rate of dollars to sterling at expiry provided that a trigger of \$1 425 to £1 is not reached within seven days of expiry Where the trigger rate is reached then the dollars must be sold at a protected rate of \$1 485 £1

The company holds two Japanese yen forward contracts over 50m yen each expiring on 31 January 2011 and 28 April 2011 respectively Both contracts allow the company to benefit from an improved lower spot conversion rate of yen to sterling at expiry provided that a trigger of 119 90 yen to £1 is not reached within one month of expiry Where the trigger is reached then the yen must be sold at a protected rate of 134 75 yen to £1

The company also holds two Euro forward contracts over 500,000 euro each expiring on 1 March 2011 and 27 May 2011 respectively Both contracts allow the company to benefit from an improved lower spot conversion rate of euros to sterling at expiry provided that trigger of 1 039 euro to £1 is not reached within one month of expiry Where a trigger is reached then the euros must be sold at a protected rates of 1 12 euro to £1

The company holds two further contracts over 250,000 euro each expiring on 14 January 2011 and 31 May 2011 respectively The first entitles the company to sell euros at 1 1503 euro £1 and the second at 1 1166 euro £1

The impact of revaluing these obligations to market value at the year end is immaterial to the financial statements

The company has entered into bank cross guarantees with its subsidiary undertaking, David Austin Rose Nursery Limited There was no obligation under these guarantees at 31st July 2010