

REGISTERED NUMBER: 2701780 (England and Wales)

ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31ST JULY 2005
FOR
DAVID AUSTIN ROSES LIMITED



DAVID AUSTIN ROSES LIMITED

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FOR THE YEAR ENDED 31ST JULY 2005

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DAVID AUSTIN ROSES LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31ST JULY 2005

DIRECTORS:

D C H Austin
Mrs P J Austin
D J C Austin
C R Austin
J L Austin

SECRETARY:

D J C Austin

REGISTERED OFFICE:

Bowling Green Lane
Albrighton
Wolverhampton
WV7 3HB

REGISTERED NUMBER:

2701780 (England and Wales)

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 2005

The directors present their report with the accounts of the company for the year ended 31st July 2005.

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

DIVIDENDS

An interim dividend of £20 per share was paid on 22nd June 2005. The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 31st July 2005 will be £152,000.

RESEARCH AND DEVELOPMENT

The company continues to breed roses and develop new strains.

FUTURE DEVELOPMENTS

The company continues to undertake significant expenditure on fixed assets to promote future growth and efficiency.

DIRECTORS

The directors during the year under review were:

D C H Austin
Mrs P J Austin
D J C Austin
C R Austin
J L Austin

The beneficial interests of the directors holding office on 31st July 2005 in the issued share capital of the company were as follows:

	31.7.05	1.8.04
Ordinary £1 shares		
D C H Austin	2,280	2,280
Mrs P J Austin	2,280	2,280
D J C Austin	3,040	3,040
C R Austin	-	-
J L Austin	-	-

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 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 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.

DAVID AUSTIN ROSES LIMITED

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST JULY 2005

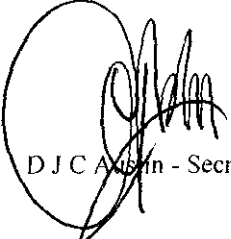
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Stanton Ralph & 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

16th May 2006

REPORT OF THE INDEPENDENT AUDITORS TO
DAVID AUSTIN ROSES LIMITED
UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages five to seventeen, together with the full financial statements of the company for the year ended 31st July 2005 prepared under Section 226 of the Companies Act 1985.

This report is made solely to the company, in accordance with Section 247B of the Companies Act 1985. 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 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with that provision and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Bulletin 2006/3 "The special auditor's report on abbreviated accounts in the United Kingdom" 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 246A(3) of the Companies Act 1985, and the abbreviated accounts on pages five to seventeen are properly prepared in accordance with that provision.

Stanton Ralph & Co

Stanton Ralph & Co
Registered Auditors
Chartered Accountants
The Old Grammar School
St Leonards Close
Bridgnorth
Shropshire WV16 4EJ

16th May 2006

DAVID AUSTIN ROSES LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST JULY 2005

<u>31.7.04</u>			<u>31.7.05</u>
£		Notes	£
2,508,372	GROSS PROFIT		2,153,472
2,033,472	Administrative expenses - Normal		1,956,264
	- Exceptional	3	<u>226,051</u>
474,900	OPERATING PROFIT	4	(28,843)
<u>33,892</u>	Interest receivable and similar income		<u>20,585</u>
508,792	(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(8,258)
<u>42,043</u>	Tax on (loss)/profit on ordinary activities	5	<u>6,961</u>
466,749	(LOSS)/PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		(15,219)
<u>152,000</u>	Dividends	6	<u>152,000</u>
314,749			(167,219)
<u>3,163,420</u>	Retained profit brought forward		<u>3,478,169</u>
<u><u>£3,478,169</u></u>	RETAINED PROFIT CARRIED FORWARD		<u><u>£3,310,950</u></u>

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 loss for the current year and the profit for the previous year.

ABBREVIATED BALANCE SHEET
31ST JULY 2005

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DAVID AUSTIN ROSES LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST JULY 2005

<u>31.7.04</u>			<u>31.7.05</u>
£		Notes	£
203,169	Net cash inflow from operating activities	1	187,122
33,892	Returns on investments and servicing of finance	2	20,585
(65,615)	Taxation		(25,202)
(376,157)	Capital expenditure and financial investment	2	(544,205)
(304,000)	Equity dividends paid		(152,000)
(508,711)			(513,700)
<u>15,160</u>	Financing	2	<u>357,606</u>
<u>£(493,551)</u>	Decrease in cash in the period		<u>£(156,094)</u>
<hr/>			
	Reconciliation of net cash flow to movement in net funds	3	
(493,551)	Decrease in cash in the period		(156,094)
(493,551)	Change in net funds resulting from cash flows		(156,094)
<u>-</u>	Exception item		<u>226,051</u>
(493,551)	Movement in net funds in the period		69,957
<u>1,667,261</u>	Net funds at 1st August		<u>1,173,710</u>
<u>£1,173,710</u>	Net funds at 31st July		<u>£1,243,667</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 2005

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

	31.7.05 £	31.7.04 £
Operating profit	(28,843)	474,900
Depreciation charges	346,385	286,800
Profit on sale of fixed assets	-	(5,562)
Decrease in stocks	34,534	26,215
Decrease/(Increase) in debtors	102,610	(624,635)
(Decrease)/Increase in creditors	<u>(267,564)</u>	<u>45,451</u>
Net cash inflow from operating activities	<u><u>187,122</u></u>	<u><u>203,169</u></u>

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

	31.7.05 £	31.7.04 £
Returns on investments and servicing of finance		
Interest received	<u>20,585</u>	<u>33,892</u>
Net cash inflow for returns on investments and servicing of finance	<u><u>20,585</u></u>	<u><u>33,892</u></u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(544,905)	(393,756)
Purchase of subsidiary	-	(1)
Sale of tangible fixed assets	<u>700</u>	<u>17,600</u>
Net cash outflow for capital expenditure	<u><u>(544,205)</u></u>	<u><u>(376,157)</u></u>
Financing		
Loan from subsidiary undertaking	352,724	47,515
Amount introduced by directors	4,882	-
Amount withdrawn by directors	<u>-</u>	<u>(32,355)</u>
Net cash inflow from financing	<u><u>357,606</u></u>	<u><u>15,160</u></u>

DAVID AUSTIN ROSES LIMITED

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST JULY 2005

3. **ANALYSIS OF CHANGES IN NET FUNDS**

	At 1.8.04 £	Cash flow £	At 31.7.05 £
Net cash:			
Cash at bank	<u>1,173,710</u>	<u>(156,094)</u>	<u>1,017,616</u>
	<u>1,173,710</u>	<u>(156,094)</u>	<u>1,017,616</u>
Total	<u>1,173,710</u>	<u>(156,094)</u>	<u>1,017,616</u>
Analysed in Balance Sheet			
Cash at bank	<u>1,173,710</u>		<u>1,017,616</u>
	<u>1,173,710</u>		<u>1,017,616</u>

DAVID AUSTIN ROSES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31ST JULY 2005

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.

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	- 1% straight line
Equipment and fixtures	- 25% on reducing balance
Motor vehicles	- 25% on reducing balance

Until 31 July 2003 no depreciation was charged on Freehold property as the amount involved was not material. From 1st August 2003 depreciation is charged at 1% straight line.

Stocks

Stock is 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.

Pensions

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

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 rates of exchange ruling at the date of transaction. This is except for transactions made through foreign currency bank accounts which are translated at the rates ruling when transfers are made to sterling accounts or at the balance sheet date, whichever is the earlier. Exchange differences are taken into account in arriving at the operating result.

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.

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.

2. STAFF COSTS

	31.7.05	31.7.04
	£	£
Wages and salaries	1,530,664	1,585,261
Social security costs	145,148	158,191
Other pension costs	12,466	11,852
	<u>1,688,278</u>	<u>1,755,304</u>

DAVID AUSTIN ROSES LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31ST JULY 2005**

2. STAFF COSTS - continued

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

	31.7.05	31.7.04
Selling and administration	30	31
Production and breeding	<u>84</u>	<u>66</u>
	<u>114</u>	<u>97</u>

3. EXCEPTIONAL ITEMS

The exceptional item comprises a doubtful debt provision against debts due from one of the company's overseas distributors.

4. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	31.7.05	31.7.04
	£	£
Hire of plant and machinery	9,818	17,910
Depreciation - owned assets	346,385	286,800
Profit on disposal of fixed assets	-	(5,562)
Auditors' remuneration	10,075	10,200
Foreign exchange differences	(14,728)	4,978
Research and development costs	<u>606,214</u>	<u>573,887</u>
Directors' emoluments	<u>186,492</u>	<u>258,360</u>

5. TAXATION

Analysis of the tax charge

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

	31.7.05	31.7.04
	£	£
Current tax:		
UK corporation tax	-	29,310
Under/over provision last year	<u>(14,925)</u>	<u>-</u>
Total current tax	(14,925)	29,310
Deferred taxation	<u>21,886</u>	<u>12,733</u>
Tax on (loss)/profit on ordinary activities	<u>6,961</u>	<u>42,043</u>

DAVID AUSTIN ROSES LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31ST JULY 2005**

5. TAXATION - continued

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:

	31.7.05	31.7.04
	£	£
(Loss)/profit on ordinary activities before tax	<u>(8,258)</u>	<u>508,792</u>
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2004 - 30%)	(2,477)	152,638
Effects of:		
Expenses not deductible for tax purposes	2,395	6,075
Capital allowances in excess of depreciation	(23,972)	(26,888)
Marginal relief	-	(16,432)
Research and development uplift	(90,932)	(86,083)
Group relief	91,956	-
Trading losses c/back	23,030	-
Over provision last year	<u>(14,925)</u>	<u>-</u>
Current tax charge	<u>(14,925)</u>	<u>29,310</u>

6. DIVIDENDS

	31.7.05	31.7.04
	£	£
Equity shares:		
Interim dividend	<u>152,000</u>	<u>152,000</u>

7. TANGIBLE FIXED ASSETS

	Totals	Freehold property	Equipment and fixtures	Motor vehicles
	£	£	£	£
COST:				
At 1st August 2004	3,424,568	849,685	2,527,823	47,060
Additions	544,905	-	544,905	-
Disposals	<u>(5,237)</u>	<u>-</u>	<u>(5,237)</u>	<u>-</u>
At 31st July 2005	<u>3,964,236</u>	<u>849,685</u>	<u>3,067,491</u>	<u>47,060</u>
DEPRECIATION:				
At 1st August 2004	1,755,415	4,256	1,724,200	26,959
Charge for year	346,385	4,256	337,103	5,026
Eliminated on disposals	<u>(4,537)</u>	<u>-</u>	<u>(4,537)</u>	<u>-</u>
At 31st July 2005	<u>2,097,263</u>	<u>8,512</u>	<u>2,056,766</u>	<u>31,985</u>
NET BOOK VALUE:				
At 31st July 2005	<u>1,866,973</u>	<u>841,173</u>	<u>1,010,725</u>	<u>15,075</u>
At 31st July 2004	<u>1,669,151</u>	<u>845,429</u>	<u>803,621</u>	<u>20,101</u>

DAVID AUSTIN ROSES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31ST JULY 2005

8. FIXED ASSET INVESTMENTS

	£	
COST:		
Additions		<u>1</u>
At 31st July 2005		<u>1</u>
NET BOOK VALUE:		
At 31st July 2005		<u>1</u>
At 31st July 2004		<u>1</u>
	31.7.05	31.7.04
	£	£
Unlisted investments	<u>1</u>	<u>1</u>

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

David Austin Rose Nursery Limited

Nature of business: Rose grower and retailer

	%		
	holding		
Class of shares:			
Ordinary	100.00		
		31.7.05	31.7.04
		£	£
Aggregate capital and reserves		429,305	111,785
Profit for the year		<u>320,197</u>	<u>111,784</u>

9. STOCKS

	31.7.05	31.7.04
	£	£
Growing plants	116,059	112,145
Plants and goods for resale	<u>67,312</u>	<u>105,760</u>
	<u>183,371</u>	<u>217,905</u>

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.7.05	31.7.04
	£	£
Trade debtors	1,005,521	1,133,734
Prepayments	137,245	111,642
Amounts due from subsidiary undertaking	<u>-</u>	<u>59,877</u>
	<u>1,142,766</u>	<u>1,305,253</u>

DAVID AUSTIN ROSES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31ST JULY 2005

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR					
			31.7.05	31.7.04	
			£	£	
Trade creditors			288,974	637,348	
Directors current accounts			13,652	8,770	
Customer deposits			50,000	1,639	
Amounts owed to subsidiary undertaking			292,847	-	
Taxation and social security			164,508	102,033	
Taxation			(20,329)	19,796	
Accrued expenses			<u>46,752</u>	<u>76,778</u>	
			<u>836,404</u>	<u>846,364</u>	
12. PROVISIONS FOR LIABILITIES AND CHARGES					
			31.7.05	31.7.04	
			£	£	
Deferred taxation			<u>47,797</u>	<u>25,911</u>	
			Deferred tax		
			£		
Balance at 1st August 2004			25,911		
Movement in year			<u>21,886</u>		
Balance at 31st July 2005			<u>47,797</u>		
13. CALLED UP SHARE CAPITAL					
Authorised:					
Number:	Class:	Nominal value:	31.7.05	31.7.04	
			£	£	
10,000	Ordinary	£1	<u>10,000</u>	<u>10,000</u>	
Allotted, issued and fully paid:					
Number:	Class:	Nominal value:	31.7.05	31.7.04	
			£	£	
7,600	Ordinary	£1	<u>7,600</u>	<u>7,600</u>	
14. SHARE PREMIUM					
			31.7.05	31.7.04	
			£	£	
Premium on share issue			<u>5,576</u>	<u>5,576</u>	
15. CAPITAL REDEMPTION RESERVE					
			31.7.05	31.7.04	
			£	£	
Purchase of own shares			<u>2,400</u>	<u>2,400</u>	

DAVID AUSTIN ROSES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31ST JULY 2005

16. CAPITAL COMMITMENTS

	31.7.05	31.7.04
	£	£
Contracted but not provided for in the financial statements	<u>63,417</u>	<u>63,417</u>

17. TRANSACTIONS WITH DIRECTORS

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

Claire Austin Hardy Plants Limited, a company owned by Miss C.R. Austin, acquired goods and services from the company totalling £3618 (2004 £6,586). Goods and services were also supplied to the company totalling £(524) (2004 £nil). Amounts due from Claire Austin Hardy Plants Limited at 31st July 2005 £nil (2004 £616). All transactions were at normal commercial rates.

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31.7.05	31.7.04
	£	£
(Loss)/Profit for the financial year	(15,219)	466,749
Dividends	<u>(152,000)</u>	<u>(152,000)</u>
Net (reduction)/addition to shareholders' funds	(167,219)	314,749
Opening shareholders' funds	<u>3,493,745</u>	<u>3,178,996</u>
Closing shareholders' funds	<u>3,326,526</u>	<u>3,493,745</u>
 Equity interests	 <u>3,326,526</u>	 <u>3,493,745</u>

19. 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 £56,119 plus VAT (2004 £15,393 plus VAT) to its subsidiary undertaking. The company also received net loans of £408,843 subsidiary (2004 received net loans of £47,515) from its subsidiary undertaking. At the 31st July 2005 £292,847 was owed to David Austin Rose Nursery Limited (2004 £59,877 was due from its subsidiary undertaking).

20. CONTINGENT LIABILITY

The company sought to terminate its contract with one of its overseas distributors due to the distributor's failure to settle significant overdue debts. The distributor has issued a counter claim against the company for breach of contract. The company's solicitors have confirmed to the directors that the counter claim should be unsuccessful so that no provision is considered necessary within the accounts. A bad debt provision against debts due from the distributor has been made in full as detailed in note 3.