

ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31ST JULY 2006
FOR
DAVID AUSTIN ROSES LIMITED

MONDAY



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DAVID AUSTIN ROSES LIMITED

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FOR THE YEAR ENDED 31ST JULY 2006

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DAVID AUSTIN ROSES LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31ST JULY 2006

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 2006

The directors present their report with the accounts of the company for the year ended 31st July 2006.

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.

The company has continued to perform well in a difficult climate with growth achieved in many areas of the business. Overall turnover increased to £4,835k from £4,754k with gross margins being retained at 45%. Although the directors anticipate the market will become increasingly competitive they are confident that the strong brand along with a targeted promotional strategy will ensure continued growth.

The company remains committed to investing heavily in the research and development of new varieties through its extensive breeding programme which, it sees as the foundation of its success. Total research and development costs were £582k.

In addition the company has been successful in improving efficiencies throughout its business. This has enabled labour costs to be controlled, total labour costs, excluding directors remuneration, including social security being £1,535k in 2005 compared to £1,479 in the previous year.

Total profits before tax was £371k increased from a break even position in 2005, 2005 including substantial costs of expanding into new markets.

DIVIDENDS

An interim dividend of £20 per share was paid on 11th May 2006. The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 31st July 2006 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 2006 in the issued share capital of the company were as follows:

	31.7.06	1.8.05
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	-	-

DAVID AUSTIN ROSES LIMITED

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST JULY 2006

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

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

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

7th February 2007

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

We have examined the abbreviated accounts set out on pages five to fifteen, together with the financial statements of David Austin Roses Limited for the year ended 31st July 2006 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 abbreviated accounts have been 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 have been 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

Date: 7 February 2007

DAVID AUSTIN ROSES LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST JULY 2006

31.7.05 £		Notes	31.7.06 £
2,153,472	GROSS PROFIT		2,194,929
1,956,264	Administrative expenses - Normal		2,028,268
<u>226,051</u>	- Exceptional	3	<u>(226,051)</u>
(28,843)	OPERATING PROFIT/(LOSS)	4	392,712
<u>20,585</u>	Interest receivable and similar income		<u>41,388</u>
(8,258)	PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		434,100
<u>6,961</u>	Tax on profit/(loss) on ordinary activities	5	<u>35,038</u>
<u>(15,219)</u>	PROFIT/(LOSS) FOR THE FINANCIAL YEAR AFTER TAXATION		<u>399,062</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 profit for the current year and the loss for the previous year.

DAVID AUSTIN ROSES LIMITED

ABBREVIATED BALANCE SHEET

31ST JULY 2006

31.7.05			Notes	31.7.06	
£	£			£	£
		FIXED ASSETS			
	1,866,973	Tangible assets	7		1,771,117
	<u>1</u>	Investments	8		<u>1</u>
	1,866,974				1,771,118
		CURRENT ASSETS			
183,371		Stocks	9	207,943	
1,142,766		Debtors	10	1,461,026	
<u>1,017,616</u>		Cash at bank		<u>1,546,352</u>	
2,343,753				3,215,321	
		CREDITORS			
<u>836,404</u>		Amounts falling due within one year	11	<u>1,358,367</u>	
	<u>1,507,349</u>	NET CURRENT ASSETS			<u>1,856,954</u>
		TOTAL ASSETS LESS CURRENT LIABILITIES			
	3,374,323				3,628,072
	<u>47,797</u>	PROVISIONS FOR LIABILITIES	12		<u>54,484</u>
	<u>3,326,526</u>	NET ASSETS			<u>3,573,588</u>
		CAPITAL AND RESERVES			
	7,600	Called up share capital	13		7,600
	5,576	Share premium	14		5,576
	2,400	Capital redemption reserve	14		2,400
	<u>3,310,950</u>	Profit and loss account	14		<u>3,558,012</u>
	<u>3,326,526</u>	SHAREHOLDERS' FUNDS	17		<u>3,573,588</u>

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

The financial statements were approved by the Board of Directors on 7th February 2007 and were signed on its behalf by:



D C H Austin - Director

The notes form part of these abbreviated accounts

DAVID AUSTIN ROSES LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST JULY 2006

31.7.05 £		Notes	31.7.06 £
187,121	Net cash inflow from operating activities	1	283,696
20,585	Returns on investments and servicing of finance	2	41,388
(25,200)	Taxation		1,278
(544,206)	Capital expenditure and financial investment	2	(201,129)
(152,000)	Equity dividends paid		(152,000)
(513,700)			(26,767)
<u>357,606</u>	Financing	2	<u>555,503</u>
<u>(156,094)</u>	Increase/(Decrease) in cash in the period		<u>528,736</u>
<hr/>			
	Reconciliation of net cash flow to movement in net funds	3	
(156,094)	Increase/(Decrease) in cash in the period		<u>528,736</u>
(156,094)	Change in net funds resulting from cash flows		<u>528,736</u>
(156,094)	Movement in net funds in the period		528,736
<u>1,173,710</u>	Net funds at 1st August		<u>1,017,616</u>
<u>1,017,616</u>	Net funds at 31st July		<u>1,546,352</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 2006

1. RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	31.7.06	31.7.05
	£	£
Operating profit/(loss)	392,712	(28,843)
Depreciation charges	296,985	346,385
(Increase)/Decrease in stocks	(24,572)	34,534
(Increase)/Decrease in debtors	(318,260)	102,609
Decrease in creditors	<u>(63,169)</u>	<u>(267,564)</u>
Net cash inflow from operating activities	<u>283,696</u>	<u>187,121</u>

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

	31.7.06	31.7.05
	£	£
Returns on investments and servicing of finance		
Interest received	<u>41,388</u>	<u>20,585</u>
Net cash inflow for returns on investments and servicing of finance	<u>41,388</u>	<u>20,585</u>
 Capital expenditure and financial investment		
Purchase of tangible fixed assets	(201,129)	(544,905)
Purchase of fixed asset investments	-	(1)
Sale of tangible fixed assets	<u>-</u>	<u>700</u>
Net cash outflow for capital expenditure and financial investment	<u>(201,129)</u>	<u>(544,206)</u>
 Financing		
Amount introduced by directors	7,012	4,882
Loans from group undertakings	<u>548,491</u>	<u>352,724</u>
Net cash inflow from financing	<u>555,503</u>	<u>357,606</u>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.8.05	Cash flow	At
	£	£	31.7.06
			£
Net cash:			
Cash at bank	<u>1,017,616</u>	<u>528,736</u>	<u>1,546,352</u>
	<u>1,017,616</u>	<u>528,736</u>	<u>1,546,352</u>
 Total	<u>1,017,616</u>	<u>528,736</u>	<u>1,546,352</u>

The notes form part of these abbreviated accounts

DAVID AUSTIN ROSES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31ST JULY 2006

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 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 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

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.

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.

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.

DAVID AUSTIN ROSES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS - continued
FOR THE YEAR ENDED 31ST JULY 2006

2. STAFF COSTS

	31.7.06	31.7.05
	£	£
Wages and salaries	1,546,026	1,530,664
Social security costs	164,874	145,147
Other pension costs	<u>13,088</u>	<u>12,466</u>
	<u>1,723,988</u>	<u>1,688,277</u>

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

	31.7.06	31.7.05
Selling and administration	30	30
Production and breeding	<u>80</u>	<u>84</u>
	<u>110</u>	<u>114</u>

4. EXCEPTIONAL ITEM

The exceptional item comprises a payment of £226,051 received for a debt due from one of the company's overseas distributors following litigation, which had previously been fully provided against in 2005.

3. OPERATING PROFIT/(LOSS)

The operating profit (2005 - operating loss) is stated after charging/(crediting):

	31.7.06	31.7.05
	£	£
Hire of equipment	14,585	9,818
Depreciation - owned assets	296,985	346,385
Auditors' remuneration	13,750	10,075
Foreign exchange differences	96,400	(14,728)
Research and development costs	<u>582,397</u>	<u>606,214</u>
Directors' emoluments	<u>169,176</u>	<u>186,492</u>

5. TAXATION

Analysis of the tax charge

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

	31.7.06	31.7.05
	£	£
Current tax:		
UK Corporation tax	28,351	-
Under/over provision last year	<u>-</u>	<u>(14,925)</u>
Total current tax	28,351	(14,925)
Deferred tax	<u>6,687</u>	<u>21,886</u>
Tax on profit/(loss) on ordinary activities	<u>35,038</u>	<u>6,961</u>

DAVID AUSTIN ROSES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS - continued
FOR THE YEAR ENDED 31ST JULY 2006

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:

	31.7.06 £	31.7.05 £
Profit/(loss) on ordinary activities before tax	<u>434,100</u>	<u>(8,258)</u>
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2005 - 30%)	130,230	(2,477)
Effects of:		
Expenses not deductible for tax purposes	1,750	2,395
Capital allowances in excess of depreciation	(482)	(23,972)
Over provision in previous year	-	(14,925)
Research and development uplift	(55,396)	(90,932)
Group relief	-	91,956
Trading losses c/back	-	23,030
Small companies rate	<u>(47,751)</u>	<u>-</u>
Current tax charge	<u>28,351</u>	<u>(14,925)</u>

6. DIVIDENDS

	31.7.06 £	31.7.05 £
Ordinary shares of £1 each		
Interim	<u>152,000</u>	<u>152,000</u>

7. TANGIBLE FIXED ASSETS

	Totals £	Freehold property £	Plant and machinery £	Motor vehicles £
COST				
At 1st August 2005	3,964,236	849,685	3,067,491	47,060
Additions	<u>201,129</u>	<u>58,344</u>	<u>116,736</u>	<u>26,049</u>
At 31st July 2006	<u>4,165,365</u>	<u>908,029</u>	<u>3,184,227</u>	<u>73,109</u>
DEPRECIATION				
At 1st August 2005	2,097,263	8,512	2,056,766	31,985
Charge for year	<u>296,985</u>	<u>4,839</u>	<u>281,865</u>	<u>10,281</u>
At 31st July 2006	<u>2,394,248</u>	<u>13,351</u>	<u>2,338,631</u>	<u>42,266</u>
NET BOOK VALUE				
At 31st July 2006	<u>1,771,117</u>	<u>894,678</u>	<u>845,596</u>	<u>30,843</u>
At 31st July 2005	<u>1,866,973</u>	<u>841,173</u>	<u>1,010,725</u>	<u>15,075</u>

DAVID AUSTIN ROSES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS - continued
FOR THE YEAR ENDED 31ST JULY 2006

8. FIXED ASSET INVESTMENTS

	Unlisted investments £
COST	
At 1st August 2005 and 31st July 2006	<u>1</u>
NET BOOK VALUE	
At 31st July 2006	<u>1</u>
At 31st July 2005	<u>1</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		
		31.7.06	31.7.05
		£	£
Aggregate capital and reserves		890,127	429,305
Profit for the year		<u>460,822</u>	<u>317,520</u>

9. STOCKS

	31.7.06	31.7.05
	£	£
Growing plants	112,799	116,059
Plants and goods for resale	<u>95,144</u>	<u>67,312</u>
	<u>207,943</u>	<u>183,371</u>

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.7.06	31.7.05
	£	£
Trade debtors	1,349,301	1,005,521
Prepayments	<u>111,725</u>	<u>137,245</u>
	<u>1,461,026</u>	<u>1,142,766</u>

DAVID AUSTIN ROSES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS - continued
FOR THE YEAR ENDED 31ST JULY 2006

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.7.06	31.7.05
	£	£
Trade creditors	301,123	288,974
Amounts owed to group undertakings	841,338	292,847
Tax	9,300	(20,329)
Social security and other taxes	145,455	164,508
Customer deposits	-	50,000
Directors' current accounts	20,664	13,652
Accrued expenses	<u>40,487</u>	<u>46,752</u>
	<u>1,358,367</u>	<u>836,404</u>

12. PROVISIONS FOR LIABILITIES

	31.7.06	31.7.05
	£	£
Deferred tax	<u>54,484</u>	<u>47,797</u>
		Deferred tax
		£
Balance at 1st August 2005		47,797
Movement in year		<u>6,687</u>
Balance at 31st July 2006		<u>54,484</u>

The deferred tax balance comprises of capital allowances.

13. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	31.7.06	31.7.05
			£	£
10,000	Ordinary	£1	<u>10,000</u>	<u>10,000</u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	31.7.06	31.7.05
			£	£
7,600	Ordinary	£1	<u>7,600</u>	<u>7,600</u>

DAVID AUSTIN ROSES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS - continued
FOR THE YEAR ENDED 31ST JULY 2006

14. RESERVES

	Totals £	Profit and loss account £	Share premium £	Capital redemption reserve £
At 1st August 2005	3,318,926	3,310,950	5,576	2,400
Profit for the year	399,062	399,062		
Dividends	(152,000)	(152,000)		
At 31st July 2006	<u>3,565,988</u>	<u>3,558,012</u>	<u>5,576</u>	<u>2,400</u>

15. CAPITAL COMMITMENTS

	31.7.06 £	31.7.05 £
Contracted but not provided for in the financial statements	<u>20,000</u>	<u>63,417</u>

16. 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, director, acquired goods and services from the company totalling £2,544 (2005 £3,618). Goods and services were also supplied to the company totalling £2,352 (2005 £(524)). Amounts due from Claire Austin Hardy Plants Limited at 31st July 2006 £2,764 (2005 £nil). Amounts owed £66 (2005 £nil). All transactions were at normal commercial rates.

A £30,000 loan was granted to Cybula Limited, a company owed by Mr J Austin, director. Interest is charged at a commercial rate.

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31.7.06 £	31.7.05 £
Profit/(Loss) for the financial year	399,062	(15,219)
Dividends	<u>(152,000)</u>	<u>(152,000)</u>
Net addition/(reduction) to shareholders' funds	247,062	(167,219)
Opening shareholders' funds	<u>3,326,526</u>	<u>3,493,745</u>
Closing shareholders' funds	<u>3,573,588</u>	<u>3,326,526</u>
Equity interests	<u>3,573,588</u>	<u>3,326,526</u>

DAVID AUSTIN ROSES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS - continued
FOR THE YEAR ENDED 31ST JULY 2006

18. 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 £52,702 plus VAT (2005 £56,119 plus VAT) to its subsidiary undertaking. The company also received net loans of £548,491 (2005 417,603) from its subsidiary undertaking. At the 31st July 2006 £841,338 was owed to David Austin Rose Nursery Limited (2005 £292,847), shown as group undertakings in note 11.