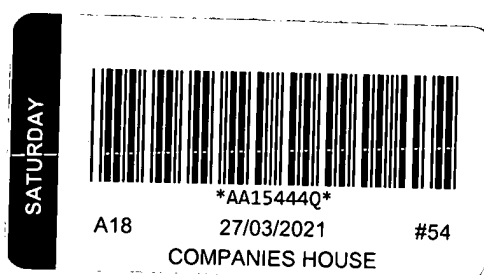


Registered number  
3380152

**JZ Flowers International Limited**  
**Report and Consolidated Financial Statements**  
**For the year ended 31 December 2020**



**JZ Flowers International Limited**  
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**JZ Flowers International Limited**  
**STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

The directors present their strategic report on JZ Flowers International Limited ("the company") and its subsidiaries (together, "the group") for the year ended 31 December 2020.

**REVIEW OF BUSINESS**

On 16 August 2020, the business alongside Rowe Farming Limited established a 50% Joint Venture partnership UK Daffodils Limited. Principal activities of the business are to buy, pack and sell Daffodils for export markets outside of the UK in 2021.

2020 was a year of unprecedented change with the COVID19 pandemic having a huge impact within the floral supply chain and especially in Kenya. Overall flowers were the worst hit sector within Kenya with the vast majority of farms needing additional funding and support from a Fairtrade Relief Fund setup at the start of the pandemic. Working closely with Fairtrade and after conducting weekly impact assessments monitoring worker welfare in Kenya, The business donated food and healthcare packages to over 200 workers.

The group has planned for moderate growth throughout 2021.

**KEY PERFORMANCE INDICATORS**

The group uses various key performance indicators to run the business as presented in the table below:

	2020	2019
Sales Revenue (£)	116,849,030	107,231,050
Waste recycling	81.5%	79.2%
Employee absenteeism	3.4%	3%

We focus our business on other non-financial key performance indicators, and we have highlighted our approach to the environmental challenges faced. The amount of material recycled in 2020 has increased compared with 2019, largely due to our drive to improve segregation of mixed plastic, this will continue to increase the amount of material recycled and will remain the focus during 2021.

Our employee engagement has improved during the year as one of our big focusses was to ensure we continue to provide support over key matters. Employment levels of absenteeism has increased by 0.4%. We hope to see this reduce during 2021, as the practices we have established continue.

**JZ Flowers International Limited**  
**STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**PRINCIPAL RISKS AND UNCERTAINTIES**

The group operates in a challenging economic climate in which the price expectations of our customers have to be balanced against inflationary pressures. The procurement of fresh produce is always faced with the uncertainties of the weather which impacts upon both the supply of products and the demand of the ultimate consumers. As such the management of the group's business and the execution of the group's strategies are subject to a number of risks:

- Ongoing market pressure to reduce prices and increase quality. We continually work with our customers to; ensure full understanding of their requirements, offer high quality competitive products and prices, and present them with product flexibility to suit their market whilst continuing to strive for growth in a very competitive environment.
- Adverse weather conditions can impact demand and supply as well as product quality. We aim to be flexible in our operations and respond to changes in demands at short notice, this ensures we continually provide high quality products and good service levels.
- Supply chain with strategic growers and partners located across the UK, Ireland, Holland, Turkey, Ethiopia, Kenya and Colombia. We recognise that sourcing on such a global level and within a number of complex socio-political climates, we have a responsibility to commit to the highest ethical trading standards and proactively monitor human rights risks within our supply chain and also own UK sites. We have a Responsible Sourcing Manager in place whose sole responsibility is to ensure that the company and its supply base have ethical processes and procedures in place to meet the requirements of Ethical Trading Initiative base code and the needs and expectations of our B2B customers.
- The general economic and political climate in the UK, including Brexit. The group is taking all necessary measures to be best prepared for Brexit, including taking guidance from a leading expert in customs, borders and European logistics in the UK. The business has formed a UK based Customs Department and working in collaboration with the Trade and Customs Compliance Specialist based in the Netherlands, the business feels comfortable to cover imports and export from the UK. The company has also been successful with CFSP (Customs Freight Simplified Procedures) with EIDR (Entry In Declarant Records) site accreditation. We have NES (New Export System) essential for Exports, PEACH (Procedure for Electronic Applications for Certificates from the Horticultural market) registration for Phytosanitary. TRACES (Trade Control & Expert System and TSS (Trader Support System) to help alleviate any pressures at the borders.
- Delivering on our commitment to source responsibly and ethically. As a business we are members of the Floriculture Sustainability Initiative (FSI) and adopt the FSI Basket of Standards within the JZ Responsible Sourcing Program. The FSI basket is benchmarked against leading international standards across Good Agricultural Practices (GAP), Social and Environmental. We conduct monthly sustainable sourcing scans across all our purchases to monitor performance, manage risk and compliance to the FSI basket.
- The exchange rate volatility of sterling which impacts upon raw material prices. The group ensures that foreign exchange contracts are in place to cover foreign currency risks in line with the hedging policy agreed by the board to minimise and spread the risk from foreign exchange fluctuations.

**ENVIRONMENT**

Policies and procedures are established in order to govern and develop working practices that promote the group's environmental responsibilities. Key aspects of these policies are provided below:

- The business is focused on adopting a beyond audit approach to tackle the key risks and challenges within the flower sector and to allow us to drive positive change. Following extensive sector and risk mapping we have identified our key risks and priority areas within the supply chain, living wage in Africa and CO2/carbon footprint reduction. We will tackle these areas through industry collaboration with our partners across FSI and the International Responsible Business Conduct (IRBC) Agreement for the Floriculture Sector. Under the IRBC agreement, we and other signed parties which include retailers, NGO's and traders, will cooperate on making the floriculture sector more sustainable pursuant to the OECD Guidelines and the United Nations Guiding Principles on Business and Human Rights. Our intention is to make substantial progress, towards improving the circumstances of those who may experience adverse impacts in connection with the floriculture sector.
- An integral software system is employed to manage and optimise the equipment and facilities used in order to maximise efficiencies in the usage of utility supplies.
- Insulation materials have been used throughout the facilities in use in order to minimise heat transfer and minimise energy loss.
- All lighting fitments are energy efficient models and are fitted with sensors to turn lights off after a period of inactivity and as daylight intensity increases, the lights are automatically switched off to compensate for increased lux levels. To improve efficiency and usage we have gone through a program of voltage optimisation across the full site.
- The facility is self-sufficient in relation to heating as the heat generated by refrigerated chillers is reclaimed to provide heating and hot water systems.
- Automation monitors the hourly usage of water and electricity to take advantage of load shedding and off-peak usage.
- Local wildlife habitats are conserved and developed through landscaping, pond developments and greenery planted.

**JZ Flowers International Limited**  
**STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**SECTION 172(1)**

The directors believe in building long term, strong and sustainable relationships with our customers and suppliers. This approach has enabled us to win long term contracts of supply with our customers. These long-term contracts provide security and commitment and allow us to invest in the future and focus on how we can improve for the benefit of our customer. Where possible we want to ensure that we pass on this security and commitment to our growers, so we can work together to ensure we provide our customers the best possible product in the most sustainable manner. We also recognise the diverse and complex social-political challenges facing retailers, packers, suppliers and the flower market as a whole and in order to proactively counter these challenges, we need to work together.

All UK sites are independently audited and certified to the British Ornamentals Plant Producers (BOPP) Packhouse standard and to the Ethical Trading Initiative (ETI) Base Code. The BOPP Packhouse Standard has been written specifically for the ornamental horticulture industry and is the established best practice framework for manufacturing practices and is widely supported by UK retailers. The requirements have been written to cover the packing of plants, flowers, seeds, bulbs and added value in the UK and internationally.

JZ Flowers International Ltd has been registered with the SEDEX (Supplier Ethical Data EXchange) since 2007 (S432069159727) and all our audit findings and completed SAQ's are accessible to all our suppliers and customers. Sedex audits are benchmarked against The ETI Base Code which is founded on the conventions of the International Labour Organisation (ILO) and is an internationally recognised code of good labour practice. It is viewed as a global reference standard and is widely used as a benchmark against which to conduct social audits and develop ethical trade action plans. We are audited to the ETI base code via a social ethical audit which is the uploaded onto Sedex, Sedex is one of the world's leading ethical trade service providers, working to improve working conditions in global supply chains.

In 2020, we maintained the Chain of Custody certification within the GLOBALGAP system after becoming the first UK packhouse to achieve certification in 2019. Our Irish packhouse also maintained Bord Bia certification throughout 2020 and is now TOPS (Tesco Ornamental Packhouse Standard) certified.

The group is proud to be supporting socially responsible initiatives such as the establishment and increasing supply of FairTrade products, which promotes significant improvements for communities in third world countries.

The group actively plays a part within the local community as it aims to employ local people and utilise the services of local companies as far as is possible. Providing charitable donations and flowers for causes local to the area.

The directors are committed to employees' health, wellbeing and training engaging with specialists for external training and providing in-house sessions for team leaders and managers during working time.

**APPROVED AND SIGNED ON BEHALF OF THE BOARD:**

  
Ms J Davison – Finance Director  
Date: 25/03/2021

**JZ Flowers International Limited**  
**DIRECTORS REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

The directors present their annual report and financial statements of JZ Flowers International Limited ("the company") and its subsidiaries (together, "the group") for the year ended 31 December 2020.

**PRINCIPAL ACTIVITY**

The principal activity of the group in the year under review was that of packaging and distribution of fresh cut flower bouquets and plants.

**BRANCHES**

The company's main operations are based in Newport, East Yorkshire, along with an operation located in Spalding, Lincolnshire, a branch based in Naas, Ireland and a subsidiary company located in Miami, USA.

**DIRECTORS**

The following directors of the company held office during the year and up to date of signature of the financial statements were as follows:

Mr J Zwemstra  
Mr M van Zijverden (Resigned 01 January 2021)  
Ms T Zwemstra  
Ms J Davison  
Mr H Brockhoff (Appointed 01 January 2021)  
Mr J Van Dam (Appointed 01 January 2021)

Qualifying third party indemnity provision is in place for the benefit of the directors of the company.

**DIVIDENDS**

During the year to 31 December 2020 final dividends of £2,500,000 were recommended and paid by the directors (2019: £3,500,000).

**FUTURE DEVELOPMENTS**

The group intends to continue trading in its traditional markets as well as exploring other opportunities and markets. The commercial environment in which the group operates is expected to remain competitive and challenging. The retail market is quickly changing, and COVID-19 has only accelerated the growth of ecommerce. The business will continue to focus on helping our customers grow ahead of the market and maintaining its competitive edge, service levels and quality. We look to do this in partnership with our grower base and further strengthen these strategic relationships to secure the best possible product for our customers in future.

**FINANCIAL INSTRUMENTS**

*Foreign currency risk*

To protect against fluctuating exchange rates, the group maintains a policy of ensuring that adequate forward exchange rate contracts are put into place to minimise exposure to exchange rate risks from both the Euro and the Dollar.

At 31 December 2020 the group had contracts in place for the value of €900k and \$1,05m (2019: €690k and \$150k) with maturity dates ranging from 11 February 2021 to 07 July 2021.

*Cash flow risk*

Cash flow risk is the risk of exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability such as future interest payments on a variability rate debt. The group manages this risk, where significant, by use of derivatives as explained above.

*Liquidity risk*

The group retains sufficient cash to ensure that it has adequate funds for operations. Facilities with the group's bankers have been maintained in order to provide a safe level of headroom to cover any potential seasonal fluctuations in trading.

*Credit risk*

The group maintains its policy of ensuring that credit checks are performed appropriately upon potential customers before any supplies are made. Periodic checks on existing customers are also undertaken and actions are taken if required to minimise any risks identified as a result.

The credit risk on liquid funds is limited as any significant funds are deposited with HSBC Bank, which is a bank that is assigned a high credit rating by International credit-rating agencies.

**JZ Flowers International Limited**  
**DIRECTORS REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**EMPLOYEES**

The directors supported the implementation of a HR People platform which enhances our ability to communicate and engage with all employees on all sites. The quarterly newsletter has continued, and we have also established a Workers Committee where we are collating and responding to all worker queries. Feedback from the committee is largely positive with negative comments relating only to language barriers and pay rates.

People also enables colleagues to give direct feedback, book holidays and check their hours giving them more control and understanding.

We engage closely with our Agency work suppliers with regard to Modern Slavery and HR ensure that the Ethical Compliance officer is made aware of any potential risks.

We are also able to carry out Pulse surveys to gauge mood and reaction to any policies implemented.

**BREXIT**

The business is committed to helping the workforce achieve the 'Settled Status' required to work in the UK and have embarked on a re-branding strategy which will aid recruitment and raise awareness of the business within the local area. We are also working with Government agencies and recruiters working with ex-military.

**DISABLED EMPLOYEES**

The group gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion. Where the groups' existing employees become disabled, it is the group policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

**COVID-19**

During 2020, the global pandemic COVID-19 outbreak has had a significant impacted on the worldwide economy. The directors are aware of the effects that this may subsequently have on the company and will continue to review and adopt the suitable operational strategies in order to safeguard the business for the ensuing 12 months.

We have invested heavily in implementing safety measures for COVID-19 and have remained trading. Feedback from our employees states that they feel safe on site and we are further strengthening that with the recruitment of a COVID-19 representative who will patrol all areas checking that everyone is complying and supporting the safety of others. All policies have been fluid and in line with Government guidance/legislation. Where colleagues have been working from home, we have encouraged Managers to support remotely with regular TEAMS meetings.

**JZ Flowers International Limited**  
**DIRECTORS REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**STREAMLINED ENERGY AND CARBON REPORTING (SECR)**

The directors are aware of the responsibilities and concerns surrounding global warming. During 2020, JZ Flowers partnered with Eco Chain, an Environmental Intelligence Platform which provides insights and assessments into our environmental performance. With the Eco Chain tool we are able to accurately measure our carbon footprint both within our own operations and value chain. In 2020, we have started with zero measurements to determine the kg CO<sub>2</sub>-eq within our own operations and based on these results, we have formulated reduction plans in order to reduce their emissions. These reduction plans include waste reduction projects and moving to a green renewable energy contract across all UK sites.

Collectively with the Group, we have developed a formal environmental strategy IMPACT2025. Within the strategy we have agreed carbon reduction plans at a senior board level with global commitments made across the group. Our commitment is to make a more sustainable world for future generations, we must commit to reduce the environmental impact of the activities within our floral chain. Our ambition is to strive towards zero environmental impact within our own operations and value chain by 2025.

JZ Flowers International Limited, are proud members of the Floriculture Sustainability Initiative (FSI). FSI have launched a new 2025 strategy with a key focus on carbon reduction across a number of core products lines. The company is also a member of the FSI2025 Carbon Working Group with other key members of the floral industry. The working group is looking at testing tools and agreeing reduction goals in alignment with the Paris agreement.

Emissions and energy usage data for the year ended 31 December 2020 are as follows;

	2020	2020
	tCO <sub>2</sub>	litres
<b>Direct emissions</b>		
Combustion of fuel for transport	15	5,537
	2020	2020
	tCO <sub>2</sub>	kWh
<b>Indirect emissions (for own use)</b>		
Purchase of electricity	1,118	4,730,094
	2020	
<b>Conversion factors</b>		
Diesel	2.68787	kg CO <sub>2</sub> e - per litre of diesel
Petrol	2.31467	kg CO <sub>2</sub> e - per litre of petrol
Electric	0.23314	kg CO <sub>2</sub> e - per kilowatt hour (kWh)
<a href="https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting">https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting</a>		
	2020	
<b>Intensity ratio</b>		
tCO <sub>2</sub> / £m turnover	9.5639	



**JZ Flowers International Limited**  
**DIRECTORS REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR**

The directors who were in office on the date of approval of these financial statements have confirmed, as far as the directors are aware, that there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as company's directors in order to make themselves aware of all relevant audit information and to establish it has been communicated to the auditor.

**AUDITORS**

Under Section 487(2) of the Companies Act 2006, Armstrong Watson Audit Limited will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

**APPROVED AND SIGNED ON BEHALF OF THE BOARD:**



Ms J Davison – Finance Director  
Dianthus Business Park  
Common Lane  
Newport  
East Yorkshire  
HU15 2FT

Date: 25/03/2021

**JZ Flowers International Limited**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT, STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

The directors are responsible for preparing the Annual Report, Strategic Report, the Directors' Report, and 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 they have elected to prepare the group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company 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;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JZ Flowers International Limited**

### **Opinion**

We have audited the financial statements of JZ Flowers International Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2020, which comprise the Group Statement of comprehensive income, the Group and Company Statements of financial position, the Group Statement of cash flows, the Group and Company Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

#### **In our opinion the financial statements:**

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2020 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the director with respect to going concern are described in the relevant sections of this report.

#### **Other information**

The director is responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JZ Flowers International Limited (continued)**

### **Opinion on other matters prescribed by the Companies Act 2006**

**In our opinion, based on the work undertaken in the course of the audit:**

- the information given in the Group strategic report and the Director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group strategic report and the Director's report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report or the Director's report.

**We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:**

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of directors**

As explained more fully in the Director's responsibilities statement set out on page 2, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the director is responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

### **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Group financial statements.

Irregularities, including fraud, are instances of non compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of laws and regulations that affect the company, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the UK Companies Act, tax legislation and occupational health and employment legislation.
- We enquired of the directors, reviewed correspondence with HMRC and reviewed directors meeting minutes for evidence of non compliance with relevant laws and regulations. We also reviewed controls the directors have in place to ensure compliance.
- We gained an understanding of the controls that the directors have in place to prevent and detect fraud. We enquired of the trustees about any incidences of fraud that had taken place during the accounting period.

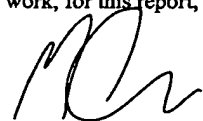
## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JZ Flowers International Limited (continued)**

- The risk of fraud and non compliance with laws and regulations and fraud was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: misappropriation of cash and other assets.
- We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the directors and third party advisors about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' report.

### **Use of our report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 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 and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



**Matthew Osbourne (Senior Statutory Auditor)**

**For and on behalf of  
Armstrong Watson Audit Limited**

**Chartered Accountants & Statutory Auditor**

**Leeds**

**Date:** 26/03/21

**JZ Flowers International Limited**  
**Consolidated Statement of Comprehensive Income**  
**For the year ended 31 December 2020**

	Notes	2020 (£)	2019 (£)
Turnover		116,849,030	107,231,050
Cost of sales		(102,098,472)	(91,554,095)
<b>Gross profit</b>		<b>14,750,558</b>	<b>15,676,955</b>
Distribution costs		(4,194,774)	(4,193,173)
Administrative expenses		(6,175,975)	(7,234,748)
<b>Operating profit</b>		<b>4,379,809</b>	<b>4,249,034</b>
Share of profit from Joint venture		(20,106)	40,421
<b>Profit before interest and taxation</b>		<b>4,359,703</b>	<b>4,289,455</b>
Fair value gains on foreign exchange contracts		(2,665)	11,908
Interest receivable		7,267	8,738
Interest payable		(27,078)	(75,867)
<b>Profit on ordinary activities before taxation</b>		<b>4,337,227</b>	<b>4,234,234</b>
Taxation	8	(754,652)	(939,063)
<b>Profit on ordinary activities after taxation and profit for the financial year</b>		<b>3,582,575</b>	<b>3,295,171</b>
Other comprehensive income			
<b>Total comprehensive income for the year</b>		<b>3,582,575</b>	<b>3,295,171</b>
<b>Total comprehensive income for the year attributable to:</b>			
Owners of the parent		3,549,826	3,258,217
Non-controlling interests		32,749	36,954
		<b>3,582,575</b>	<b>3,295,171</b>

The income statement has been prepared on the basis that all operations are continuing operations.

**JZ Flowers International Limited**  
**Consolidated Statement of Financial Position**  
**As at 31 December 2020**

Company Registration No 3380152

	Notes	2020 (£)	2019 (£)
<b>Fixed assets</b>			
Tangible assets		2,653,101	2,302,597
Joint Venture		37,195	57,301
Subsidiary		<u>-</u>	<u>-</u>
		2,690,296	2,359,898
<b>Non current assets</b>			
<b>Current assets</b>			
Stocks	13	2,324,877	1,815,782
Debtors due within one year	14	17,140,974	12,565,683
Cash at bank and in hand	15	<u>2,367,076</u>	<u>789,644</u>
		21,832,927	15,171,109
<b>Creditors: amounts falling due within one year</b>	16	<u>(18,769,989)</u>	<u>(12,902,203)</u>
<b>Net current assets</b>		<u>3,062,938</u>	<u>2,268,906</u>
<b>Total assets less current liabilities</b>		5,753,234	4,628,804
<b>Provisions for liabilities</b>		(240,128)	(175,000)
<b>Net assets</b>		<u>5,513,106</u>	<u>4,453,804</u>
<b>Capital and reserves</b>			
Called up share capital		2,000	2,000
Profit and loss account		5,463,124	4,413,297
<b>Equity attributable to owners of the parent company</b>		<u>5,465,124</u>	<u>4,415,297</u>
<b>Non-controlling interests</b>		<u>47,982</u>	<u>38,507</u>
<b>Total equity</b>		<u>5,513,106</u>	<u>4,453,804</u>

The financial statements on pages 12 to 33 were approved by the Board of Directors and authorised for issue on

25 March 2021 and were signed on its behalf by:

Mr J Zwaanstra  
 Director

**JZ Flowers International Limited**  
**Company Statement of Financial Position**  
**As at 31 December 2020**

Company Registration No 3380152

	Notes	2020 (£)	2019 (£)
<b>Fixed assets</b>			
Tangible assets		2,653,101	2,302,597
Subsidiary undertakings		<u>1</u>	<u>1</u>
		2,653,102	2,302,598
<b>Non current assets</b>			
<b>Current assets</b>			
Stocks	13	2,252,930	1,748,197
Debtors due within one year	14	16,698,093	12,300,971
Cash at bank and in hand	15	<u>1,989,603</u>	<u>562,565</u>
		20,940,626	14,611,733
<b>Creditors: amounts falling due within one year</b>	16	<u>(18,779,281)</u>	<u>(12,951,362)</u>
<b>Net current assets</b>		<u>2,161,345</u>	<u>1,660,371</u>
<b>Total assets less current liabilities</b>		4,814,447	3,962,969
<b>Provisions for liabilities</b>		(240,128)	(175,000)
<b>Net assets</b>		<u>4,574,319</u>	<u>3,787,969</u>
<b>Capital and reserves</b>			
Called up share capital		2,000	2,000
<b>Profit and loss account</b>			
At 1 January		3,785,969	4,349,047
Profit for the year attributable to the owners		3,286,349	2,936,921
Other changes in retained earnings		(2,500,000)	(3,500,000)
		4,572,319	3,785,969
<b>Total equity</b>		<u>4,574,319</u>	<u>3,787,969</u>

The financial statements on pages 12 to 33 were approved by the Board of Directors and authorised for issue on

25 March 2021 and were signed on its behalf by:

  
 Mr. J. Zwemstra  
 Director



**JZ Flowers International Limited**  
**Consolidated Statement of Changes in Equity**  
**For the year ended 31 December 2020**

	Notes	Share capital (£)	Profit and loss account (£)	Equity attributable to owners of the parent company (£)	Non-controlling interests (£)	Total equity (£)
<b>Balance at 1 January 2019</b>		2,000	4,655,080	4,657,080	42,238	4,699,318
Profit for the year and total comprehensive income for the year		-	3,258,217	3,258,217	36,954	3,295,171
Transactions with owners:						
Dividends		-	(3,500,000)	(3,500,000)	(40,685)	(3,540,685)
<b>Balance at 31 December 2019</b>						
<b>Restated</b>		2,000	4,413,297	4,415,297	38,507	4,453,804
Profit for the year and total comprehensive income for the year			3,549,826	3,549,826	32,749	3,582,575
Transactions with owners:						
Dividends			(2,500,000)	(2,500,000)	(23,273)	(2,523,273)
<b>Balance at 31 December 2020</b>		2,000	5,463,124	5,465,124	47,982	5,513,106

**JZ Flowers International Limited**  
**Company Statement of Changes in Equity**  
**For the year ended 31 December 2020**

	Notes	Share capital (£)	Profit and loss account (£)	Total equity (£)
<b>Balance at 1 January 2019</b>		2,000	4,349,047	4,351,047
Profit for the year and total comprehensive income for the year		-	2,936,921	2,936,921
Transactions with owners:				
Dividends		-	(3,500,000)	(3,500,000)
<b>Balance at 31 December 2019</b>		2,000	3,785,969	3,787,969
Profit for the year and total comprehensive income for the year			3,286,349	3,286,349
Transactions with owners:			(2,500,000)	(2,500,000)
Dividends				
<b>Balance at 31 December 2020</b>		2,000	4,572,319	4,574,319

**JZ Flowers International Limited**  
**Consolidated Statement of Cash Flows**  
**For the year ended 31 December 2020**

	Notes	2020 (£)	2019 (£)
<b>OPERATING ACTIVITIES</b>			
Cash generated from operations		8,090,086	1,717,785
Interest received		7,267	8,737
Interest paid		(27,078)	(75,867)
Taxation paid		(792,660)	(892,618)
Net cash generated from operating activities		<u>7,277,615</u>	<u>758,037</u>
<b>INVESTING ACTIVITIES</b>			
Purchase of tangible fixed assets		(1,414,286)	(594,414)
Proceeds on disposal of tangible fixed assets			(16,880)
Acquisition of joint venture			(611,294)
Net cash used in investing activities		<u>(1,414,286)</u>	<u>(1,222,588)</u>
<b>FINANCING ACTIVITIES</b>			
Dividends paid		(2,523,273)	(3,540,685)
Net cash used in financing activities		<u>(2,523,273)</u>	<u>(3,540,685)</u>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
		<u>3,340,056</u>	<u>(3,393,942)</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>			
		(1,689,559)	1,704,383
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>			
		<u>1,650,497</u>	<u>(1,689,559)</u>
<b>Relating to:</b>			
Bank balance included in cash at bank and in hand		2,367,076	789,644
Overdrafts included in creditors amounts falling due within one year		(716,579)	(2,479,203)
		<u>1,650,497</u>	<u>(1,689,559)</u>

**JZ Flowers International Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

**1 Accounting policies**

***General information***

JZ Flowers International Limited ("the company") is a private limited liability company domiciled and incorporated in England. The address of the company's registered office and principal place of business is Dianthus Business Park, Common Lane, Newport, East Yorkshire, HU15 2FT.

The company's and its subsidiaries (together, "the group") principal activities are the packing and distribution of fresh cut flower bouquets and plants.

***Basis of accounting***

The group and individual financial statements of the company have been prepared in accordance with the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provision of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention, modified to include certain financial instruments at fair value.

***Going concern***

The directors have considered the on-going situation with regard to COVID-19 as part of their going concern assessment. The view of the directors is that, while they acknowledge the significant disruption that the pandemic has brought over the past year, the directors feel that the company has proved to be resilient to the challenges presented (a fact that is borne out by these financial statements) and that, with the worst disruption now behind us, they are very positive about the company's prospects over the coming year – the company's current level of cash is positive; the company's clients and customers are enjoying strong growth, while the company itself continues to explore exciting new strategic opportunities.

In reaching their conclusion, the directors have prepared cash flow forecasts covering a period of 12 months from the date of sign off, applied sensitivity analyses as appropriate, and considered the various financial support measures that have been announced by the UK government, but not reliant on the any UK Government financial support available during the pandemic.

The group continues to meet its day to day working capital requirements through self-generated funds and supported, when required, by the facilities held with the group's bankers. The group has strong financial resources together with long-term contracts with its customers and suppliers.

After consideration of all factors, the directors continue to adopt the going concern basis in preparing the financial statements. No material uncertainties that cast significant doubt about the ability of the group to continue as a going concern have been identified by the directors. The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report and directors report on pages 4 to 7.

***Exemptions for qualifying entities under FRS 102***

The parent company is included in the consolidated financial statements and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- No separate parent company Cash Flow Statement with related notes is included.

**JZ Flowers International Limited,  
Notes to the financial statements (continued)  
For the year ended 31 December 2020**

***Basis of consolidation***

The group consolidated financial statements include the financial statements of the company, its subsidiary undertakings together with the Group's share of the results of its joint ventures. Uniform accounting policies are applied within the group.

A subsidiary entity is an entity controlled by the group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Where the group owns less than 50% of the voting powers of an entity but controls the entity by virtue of an agreement with other investors which give it control of the financial and operating policies of the entity it accounts for that entity as a subsidiary.

A joint venture is an entity where the group owns 50% of the voting powers of the entity and has joint control and significant influence of the financial and operating policies of the entity. The results of the joint ventures are accounted for using the equity method of accounting.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The company has taken the advantage of the exemption in Section 408 of the Companies Act from presenting its individual statement of comprehensive income.

***Functional and presentational currencies***

The consolidated financial statements are presented in sterling which is also the functional currency of the company.

***Foreign currencies***

Transactions in currencies other than the functional currency (foreign currencies) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains on non-monetary items recognised in other comprehensive income, when the related transaction gain or loss is also recognised in other comprehensive income.

The assets and liabilities of the company's operation based in Ireland and its subsidiary in the United States of America are translated into sterling in the financial statements, at the rate ruling at the reporting date. Income and expenses of the Irish operation and the company's subsidiary in the United States of America are translated at the average rate for the year, as the directors consider this to be a reasonable approximation to the rate at the date of the transaction. Exchange differences are recognised in profit or loss and are accumulated in equity.

***Turnover***

Turnover is recognised at the fair value of the consideration received or receivable for sale of goods and services to external customers in the ordinary nature of the business. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates. Turnover is shown net of Value Added Tax.

The group sells flowers to retailers. Turnover is recognised on delivery or despatch of the goods to the customer. Credit terms are given to all customers which is consistent within the industry.

***Retirement benefits***

***Defined contribution plans***

The group operates a stakeholder pension scheme on behalf of its employees. Contributions are charged to profit or loss in the period in which they relate, in accordance with the rules of the scheme.

**JZ Flowers International Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 31 December 2020**

***Taxation***

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are tax deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted, or substantively enacted, by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised, or the liability settled, based on different tax rates that have been enacted, or substantively enacted, by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

***Tangible fixed assets***

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset, to its estimated residual value on a straight-line basis over its expected useful life, as follows:

Plant and office equipment	20% per annum of cost
Motor vehicles	20% per annum of cost with a 10% residual value

Only assets with a value in excess of £1,000 are capitalised.

Residual value in respect of motor vehicles is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

There are no residual values taken into account in respect of the plant and office equipment or the computer equipment and software, as the directors' view is that the assets that remain in use have minimal residual value.

Subsequent costs, including replacement parts, are capitalised only when it is probable that such costs will generate future economic benefits. All other costs of repairs and maintenance are charged to profit or loss as incurred.

An assessment is made at each reporting date of whether there are indications that a tangible fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the company estimates the recoverable amount of the asset.

Shortfalls between the carrying value of tangible fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value in use, are recognised as impairment losses. All other impairment losses are recognised in the profit or loss.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in the profit or loss. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

**JZ Flowers International Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 31 December 2020**

***Leases***

Operating lease annual rentals are charged to profit or loss on a straight-line basis over the term of the lease.

***Investments***

Investments in joint ventures are held at cost less accumulated impairment losses.

Investments in subsidiary companies are held at cost less accumulated impairment losses.

***Stocks***

Stocks are valued as the lower of cost and estimated selling price less distribution costs. Cost is determined using the weighted average cost basis and for finished goods, these include the associated direct labour costs.

At each reporting date, the group assesses whether stocks are impaired or if an impairment loss recognised in prior periods has reversed. Any excess of the carrying amount of stock over its estimated selling price less costs to complete and sell is recognised as an impairment in the profit or loss. Reversals of impairment losses are also recognised in the profit or loss.

***Cash and cash equivalents***

Cash and cash equivalents includes cash in hand, deposits held with banks and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

***Financial instruments***

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument and are offset only when the group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

***Financial assets***

***Trade debtors***

Trade debtors which are receivable within one year that do not constitute a financing transaction, are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in the profit or loss.

***Financial liabilities and equity***

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

***Equity instruments***

Financial instruments classified as equity instruments are recorded at the value of the proceeds received.

**JZ Flowers International Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 31 December 2020**

***Trade creditors***

Trade creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

***Derivatives***

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to fair value, at each reporting date. Fair value gains and losses are recognised in profit or loss.

***Derecognition of financial assets and liabilities***

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

***Dividends***

Dividends are recognised as liabilities once they are no longer at the discretion of the company. These amounts are recognised in the statement of changes in equity.

**2 Critical accounting estimates and areas of judgement**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

**Useful economic lives of tangible fixed assets**

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated economic useful lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on future investments, economic utilisation and the physical condition of the assets.

**Stock provisions**

The group designs and manufactures fresh cut flower bouquets and plants which are subject to changing consumer demands and trends. As a result, it is necessary to consider the recoverability of stocks. When calculating the stock provision, the directors consider the nature and condition of stocks along with applying assumptions around anticipated saleability of items and future uses. See Note 13 for the net carrying amount of the stocks and associated provisions.

**Dilapidation Provision**

Certain property leases specify that the property must be returned by the lessee in a particular condition at the end of the lease arrangement. The provision for the reinstatement costs and remedial work is based on a quotation from an engineering and construction company specialising in the design and development of commercial glasshouses. The valuer used observable market prices, however there is a degree of uncertainty in the valuation due to the time remaining on the leases as well as ongoing disruption in the UK property and construction markets as a result of Covid-19 which inevitable increases the degree of judgment involve in the provision valuation at 31 December 2020.

**3 Turnover**

An analysis of turnover by geographical markets is not disclosed as the directors consider that such disclosure would be seriously prejudicial to the interest of the group.



**JZ Flowers International Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 31 December 2020**

**4 Profit on ordinary activities before taxation**

Profit on ordinary activities before taxation is stated after charging / (crediting):

	2020 (£)	2019 (£)
Depreciation of owned tangible fixed assets	980,498	955,388
Stock – amounts expensed to cost of sales	92,163,617	83,132,044
Stock - impairment losses recognised in cost of sales	(75,962)	119,982
Loss on sale of assets	-	-
Operating lease rentals – plant and machinery	122,400	150,955
Operating lease rentals – land and buildings	1,653,844	2,319,508
Fees payable to the company's auditors and its associates in respect of audit and non-audit services:		
Audit services – statutory audit	36,500	36,500
Tax services – compliance services	22,587	9,500
Fair value (gains)/losses on foreign exchange contracts	2,665	(11,908)
Foreign exchange (gains)/losses	<u>(241,443)</u>	<u>194,303</u>

**5 Joint venture**

The carrying value of the Group's investment in a joint venture was as follows:

	2020 (£)	2019 (£)
At 1 January	57,301	16,880
Share of profits	<u>(20,106)</u>	<u>40,421</u>
At 31 December	<u>37,195</u>	<u>57,301</u>

**6 Interest receivable**

	2020 (£)	2019 (£)
Interest on bank deposits	266	1,410
Other interest	<u>7,001</u>	<u>7,328</u>
	<u>7,267</u>	<u>8,738</u>

**7 Interest payable**

	2020 (£)	2019 (£)
Interest arising on;		
Bank overdrafts	22,770	75,853
Other interest	<u>4,308</u>	<u>14</u>
	<u>27,078</u>	<u>75,867</u>

**JZ Flowers International Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 31 December 2020**

**8 Taxation**

	2020 (£)	2019 (£)
<b>Current tax:</b>		
UK Corporation tax charged at: 2020 19% (2019: 19%)	454,296	580,199
Foreign tax charged under other tax regimes	242,445	190,553
Adjustments in respect of previous periods	<u>(7,217)</u>	<u>(5,530)</u>
Total current tax	<u>689,524</u>	<u>765,222</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	65,128	(5,140)
Adjustments in respect of previous periods	<u>-</u>	<u>178,983</u>
Total deferred tax	<u>65,128</u>	<u>173,843</u>
<b>Total tax on profit on ordinary activities</b>	<u><u>754,652</u></u>	<u><u>939,065</u></u>

**Factors affecting tax charge for the year**

The differences between the tax assessed for the year and the standard rate of corporation tax are explained as follows:

	2020 (£)	2019 (£)
Profit on ordinary activities before tax	<u>4,337,227</u>	<u>4,234,234</u>
Standard rate of corporation tax in the UK	19.00%	19.00%
Profit on ordinary activities multiplied by the standard rate of corporation tax	824,073	804,504
Effects of:		
Expenses not deductible for tax purposes	1,858	1,810
Depreciation in excess of capital allowances for period	-	(5,140)
Effects of profits chargeable in other tax regimes	(64,062)	(35,562)
Adjustments in respect of previous periods	(7,217)	(5,530)
Amounts relating to changes in tax rates	-	-
Deferred tax liabilities not previously recognised	<u>-</u>	<u>178,983</u>
Tax expense	<u><u>754,652</u></u>	<u><u>939,065</u></u>

**JZ Flowers International Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 31 December 2020**

**9 Employees and directors**

**Employees**

Average monthly number of persons (including directors) employed by the group during the year:

	Number 2020	Number 2019
Administration	54	48
Manufacturing	349	287
Marketing	16	14
Sales	2	2
	<u>420</u>	<u>351</u>

Staff costs for the above persons;

	2020 (£)	2019 (£)
Wages and salaries	8,763,324	7,599,000
Social security costs	1,281,768	1,087,161
Defined contribution pension costs	165,861	104,038
	<u>10,210,953</u>	<u>8,790,199</u>

**Directors emoluments**

	2020 (£)	2019 (£)
Emoluments	233,321	125,000
Company contributions to money purchase pension scheme	2,626	1,316
Total emoluments	<u>235,947</u>	<u>126,316</u>

Service charges are also levied from TAJJ Limited and Dutch Flower Group Facilities B.V. to cover directors' services. The amounts charged are included within administration charges shown in Note 23.

Retirement benefits are accruing under a money purchase pension scheme for two directors of the company.

**Highest paid director**

The highest paid director's emoluments were as follows:

	2020 (£)	2019 (£)
Emoluments	137,500	125,000
Company contributions to money purchase pension scheme	1,313	1,316
Total emoluments	<u>138,813</u>	<u>126,316</u>

**Key management compensation**

Key management includes the directors and members of senior management. The compensation paid or payable to key management for employee services is shown below:

	2020 (£)	2019 (£)
Emoluments	891,109	876,869
Company contributions to money purchase pension scheme	7,877	7,896
Total emoluments	<u>898,986</u>	<u>884,765</u>

There were outstanding pension contributions at the year end of £4,747 (2019: £6,366).

**JZ Flowers International Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 31 December 2020**

**10 Equity dividends paid on ordinary shares**

	2020	2019
	(£)	(£)
Equity dividends on ordinary shares		
Class A shares £1,250 per share (2019: £1,750 per share)	1,237,500	1,732,500
Class B shares £1,250 per share (2019: £1,750 per share)	1,237,500	1,732,500
Class C shares £1,250 per share (2019: £1,750 per share)	25,000	35,000
	<u>2,500,000</u>	<u>3,500,000</u>

**11 Tangible fixed assets**

**Group and Company**

	Plant & Office Equipment (£)	Motor Vehicles (£)	Total (£)
<b>Cost</b>			
At 1 January 2020	8,441,218	123,616	8,564,834
Additions	1,330,999	-	1,330,999
Disposals			
At 31 December 2020	<u>9,772,217</u>	<u>123,616</u>	<u>9,895,833</u>
<b>Depreciation</b>			
At 1 January 2020	(6,188,743)	(73,491)	(6,262,234)
Charge for the year	(962,102)	(18,396)	(980,498)
Disposals			
At 31 December 2020	<u>(7,150,845)</u>	<u>(91,887)</u>	<u>(7,242,732)</u>
<b>Carrying value</b>			
At 31 December 2020	<u>2,621,372</u>	<u>31,729</u>	<u>2,653,101</u>
At 31 December 2019	<u>2,252,472</u>	<u>50,125</u>	<u>2,302,597</u>

All fixed assets are held in the company, JZ Flowers International Limited, therefore no separate company fixed asset note has been prepared.

**JZ Flowers International Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 31 December 2020**

**12 Fixed asset investments**

**Company**

**Direct and indirect investments**

The company has the following direct and indirect investments:

	<b>Class of shares</b>	<b>Holding</b>	<b>Registered office</b>
Dianthus Enterprises Limited	Ordinary	100%	Dianthus Business Park, Common Lane, North Cave, Brough, England, HU15 2FT
JZ Flowers USA Incorporation*	Ordinary	90%	2153 NW 86 <sup>th</sup> Ave, Doral, FL 33122, United States of America
JZ Flash Cicekcilik Sanayi Ticaret Anonim Sirketi*	Ordinary	50%	Zeytinlik Mahallesi 7748 SK, Flash Tarim Sit. No: 1 Kepez Antalya
UK Daffodils Limited*	Ordinary	50%	Dianthus Business Park, Common Lane, North Cave, Brough, England, HU15 2FT

\* Indirectly held

The company owns 100% of the ordinary share capital being 1 share of £1 par value in Dianthus Enterprises Limited (31 December 2019: 100%).

Dianthus Enterprises Limited owns 90% of the ordinary share capital being 90 shares of \$0.01 par value in JZ Flowers USA Incorporation.

Dianthus Enterprises Limited, owns a 50% holding being 1200 shares of 100 Turkish Lira par value in a joint stock company; JZ Flash Cicekcilik Sanayi Ticaret Anonim Sirketi.

JZ Flowers International Limited, owns a 50% holding of the ordinary share capital being 50 shares of £1 par value in UK Daffodils Limited.

**13 Stocks**

	<b>Group 2020 (£)</b>	<b>Group 2019 (£)</b>	<b>Company 2020 (£)</b>	<b>Company 2019 (£)</b>
Raw materials and consumables	1,691,168	1,297,687	1,666,648	1,268,273
Finished goods and goods for resale	633,710	518,095	586,281	479,924
	<u>2,324,877</u>	<u>1,815,782</u>	<u>2,252,930</u>	<u>1,748,197</u>

Raw materials in the group with a carrying value of £186,643 (2019: £292,958) have been written down to £22,538 (2019: £52,891). The difference between the purchase price and replacement cost of stocks, is not material.

**JZ Flowers International Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 31 December 2020**

**14 Debtors**

	<b>Group 2020 (£)</b>	<b>Group 2019 (£)</b>	<b>Company 2020 (£)</b>	<b>Company 2019 (£)</b>
Trade debtors	13,945,390	11,887,474	13,457,107	11,609,865
Amounts owed by group undertakings	-	-	-	-
Amounts owed by related undertakings	1,851,854	157,120	1,899,284	172,317
Foreign currency forward contracts (note 17)	11,495	14,160	11,495	14,160
Other debtors	83,036	83,901	81,980	83,901
Prepayments and accrued income	1,249,197	423,028	1,248,227	420,728
	<u>17,140,972</u>	<u>12,565,683</u>	<u>16,698,093</u>	<u>12,300,971</u>

There are no impairment losses included within trade debtors.

Amounts owed by group and related undertakings are unsecured, interest free are repayable on demand.

**15 Cash and cash equivalents**

	<b>Group 2020 (£)</b>	<b>Group 2019 (£)</b>	<b>Company 2020 (£)</b>	<b>Company 2019 (£)</b>
Cash and cash equivalents represent:				
Cash at bank	2,367,076	789,644	1,989,603	562,565
Overdraft	(716,579)	(2,479,203)	(716,579)	(2,479,203)
	<u>1,650,497</u>	<u>(1,689,559)</u>	<u>1,273,024</u>	<u>(1,916,638)</u>

**16 Creditors: amounts falling due within one year**

	<b>Group 2020 (£)</b>	<b>Group 2019 (£)</b>	<b>Company 2020 (£)</b>	<b>Company 2019 (£)</b>
Bank overdraft	716,579	2,479,203	716,579	2,479,203
Trade creditors	3,443,546	2,875,782	3,248,436	2,779,921
Amounts owed to group undertakings	-	-	352,441	352,441
Amounts owed to related undertakings	8,147,772	3,750,461	8,147,772	3,672,974
Corporation tax	195,082	298,218	166,369	258,551
Other taxes and social security	3,093,090	1,771,298	3,091,608	1,769,805
Other creditors	41,866	-	79,858	-
Accruals and deferred income	3,132,054	1,727,246	2,976,218	1,638,468
	<u>18,769,989</u>	<u>12,902,208</u>	<u>18,779,281</u>	<u>12,951,363</u>

Amounts owed to group and related undertakings are unsecured, interest free are repayable on demand.

**JZ Flowers International Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 31 December 2020**

**17 Financial instruments**

A significant proportion of purchases relates to transactions conducted in Euros and US Dollars. As a consequence, the group uses foreign currency forward contracts to manage the foreign change risk of future transactions and cash flows.

The contracts are valued based on available market data. The group does not adopt hedge accounting for forward exchange contracts and, consequently, fair value gains and losses are recognised in profit or loss.

At the year end, the total carrying amount of outstanding foreign exchange forward contracts that the group has committed to are as follows:

	<b>Group 2020</b>	<b>Group 2019</b>	<b>Company 2020</b>	<b>Company 2019</b>
	<b>(£)</b>	<b>(£)</b>	<b>(£)</b>	<b>(£)</b>
US Dollars	20,730	2,340	20,730	2,340
Euros	(9,235)	11,820	(9,235)	11,820
<b>Total</b>	<b>11,495</b>	<b>14,160</b>	<b>11,495</b>	<b>14,160</b>

An amount of €900k and \$1,05m (2019: €690k and \$150k) is expected to be received from counterparties in respect of the obligations under forward foreign exchange contracts.

The above contracts expire within Seven months of the year end. Given the fixed nature of these contracts any future cash flows will be settled at the contracted rates and as such any movements in the market exchange rates will impact upon future profit or loss performance.

The fair value of derivative financial instruments is equal to the carrying amount. The fair value of forward foreign currency contracts represents the gain or loss resulting from translation of the contracts using forward rates at the year-end date compared to actual contract rates.

**Forward foreign currency contracts**

The loss on forward foreign currency contract of (£2,665) (2019: £11,908) has been recognised in the profit or loss.

The carrying amount of the group's financial instruments at 31 December were:

	<b>Group 2020</b>	<b>Group 2019</b>	<b>Company 2020</b>	<b>Company 2019</b>
	<b>(£)</b>	<b>(£)</b>	<b>(£)</b>	<b>(£)</b>
<b>Financial assets:</b>				
Measured at amortised cost	15,880,280	12,128,495	15,438,372	11,866,083
Measured at fair value through profit or loss	11,495	14,160	11,495	14,160
<b>Total</b>	<b>15,891,775</b>	<b>12,142,655</b>	<b>15,449,867</b>	<b>11,880,243</b>
<b>Financial liabilities:</b>				
Measured at amortised cost	15,481,817	10,832,692	15,521,304	10,923,006
<b>Total</b>	<b>15,481,817</b>	<b>10,832,692</b>	<b>15,521,304</b>	<b>10,923,006</b>

**JZ Flowers International Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 31 December 2020**

**18 Provisions for liabilities**

**Deferred taxation**

	<b>Group 2020</b>	<b>Group 2019</b>	<b>Company 2020</b>	<b>Company 2019</b>
	<b>(£)</b>	<b>(£)</b>	<b>(£)</b>	<b>(£)</b>
At 1 January	175,000	1,157	175,000	1,157
Movement in year	65,128	173,843	65,128	173,843
At 31 December	<u>240,128</u>	<u>175,000</u>	<u>240,128</u>	<u>175,000</u>

**Provision for deferred taxation has been made as follows:**

	<b>Group 2020</b>	<b>Group 2019</b>	<b>Company 2020</b>	<b>Company 2019</b>
	<b>(£)</b>	<b>(£)</b>	<b>(£)</b>	<b>(£)</b>
Accelerated capital allowances	66,285	1,157	66,285	1,157
Assets/(liabilities) measured at fair value	<u>173,843</u>	<u>173,843</u>	<u>173,843</u>	<u>173,843</u>
Provision for deferred tax	<u>240,128</u>	<u>175,000</u>	<u>240,128</u>	<u>175,000</u>

**19 Share capital and reserves**

<b>Group and company</b>	<b>Group 2020</b>	<b>Group 2019</b>	<b>Company 2020</b>	<b>Company 2019</b>
	<b>(£)</b>	<b>(£)</b>	<b>(£)</b>	<b>(£)</b>
Share capital				
Allotted, issued and fully paid:				
A Ordinary shares of £1 each	990	990	990	990
B Ordinary shares of £1 each	990	990	990	990
C Ordinary shares of £1 each	<u>20</u>	<u>20</u>	<u>20</u>	<u>20</u>
	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>

These shares are divided into 990 Ordinary A, 990 Ordinary B and 20 Ordinary C shares held equally by TAJJ Limited, Flower Retail Europe B.V. The shares have no rights to dividends except those recommended by the directors, no redemption rights and unlimited rights to share in the surplus in winding up. Ordinary A and Ordinary B shares have one vote per share, Ordinary C shares have no entitlement to vote.

**Retained earnings**

Cumulative profit and loss net of distributions to owners.



**JZ Flowers International Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 31 December 2020**

**20 Reconciliation of profit after tax to net cash generated from operations**

	<b>2020</b>	<b>2019</b>
	<b>(£)</b>	<b>(£)</b>
Profit after tax	3,582,575	3,295,171
Adjustments for:		
Depreciation of tangible fixed assets	980,498	955,388
Loss on sale of fixed asset		
Profit from joint venture	20,106	(40,421)
Fair value gains on financial instruments	2,665	(11,908)
Interest payable	27,078	75,867
Interest receivable	(7,267)	(8,737)
Taxation	754,652	939,065
Operating cash flows before movements in working capital	5,360,307	5,204,424
(Increase) / decrease in stocks	(509,095)	(324,564)
(Increase) / decrease in debtors	(4,577,954)	(1,584,357)
(Decrease) / increase in creditors	7,816,828	(1,577,718)
Cash (used in) / generated from operations	8,090,086	1,717,785

**21 Commitments under operating leases**

The total future minimum lease payments under non-cancellable operating leases as follows:

	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>(£)</b>	<b>(£)</b>	<b>(£)</b>	<b>(£)</b>
Amounts due:				
Within one year	1,833,602	1,769,919	1,833,602	1,769,919
Between one and five years	4,286,986	4,832,664	4,286,986	4,832,664
Over five years	449,650	640,446	449,650	640,446
	<u>6,570,238</u>	<u>7,243,029</u>	<u>6,570,238</u>	<u>7,243,029</u>

**22 Capital commitments**

Capital expenditure contracted but not provided for in the financial statements amounted to £Nil (2019: £86,051). All capital expenditure contracted but not provided for relates to the company.

**JZ Flowers International Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 31 December 2020**

**23 Related party and transactions with directors**

The company is not controlled by any one party.

The following were deemed to be related parties during the year:-

- a) TAJJ Limited, with a shareholding of 50% in the company, ultimately controlled equally by Mr. J. Zwemstra and Mrs. A. Zwemstra, registered in the UK.
- b) Flower Retail Europe B.V. and its subsidiaries, with a shareholding of 50% in the company, ultimately controlled by Dutch Flower Group B.V., both of which are Dutch registered companies.
- c) Dianthus Enterprises Limited, a wholly owned subsidiary of the company, registered in the UK.
- d) JZ Flowers USA Incorporation, an indirect subsidiary ultimately owned by Dianthus Enterprises Limited, registered in the United States of America.
- e) JZ Flash, an indirect joint venture owned 50% by Dianthus Enterprises Limited, registered in Turkey.
- f) Newport Buildings LLP, ultimately controlled by the shareholders of TAJJ Limited and Dutch Flower Group B.V.
- g) UK Daffodils Limited, a joint venture owned 50% by JZ Flowers International Limited and 50% by Rowe Farming Limited, registered in the UK.

**JZ Flowers International Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 31 December 2020**

**23 Related party and transactions with directors (continued)**

The related parties above had arm's length transactions, in the normal course of business, with the company as follows:-

	<b>Group 2020 (£)</b>	<b>Group 2019 (£)</b>	<b>Company 2020 (£)</b>	<b>Company 2019 (£)</b>
<b>Sale of goods and services to related undertakings</b>				
Supply of flowers and labour	<u>7,108,432</u>	<u>3,000,120</u>	<u>7,108,432</u>	<u>3,000,120</u>
<b>Total sales to related parties</b>	<u>7,108,432</u>	<u>3,000,120</u>	<u>7,108,432</u>	<u>3,000,120</u>
	<b>Group 2020 (£)</b>	<b>Group 2019 (£)</b>	<b>Company 2020 (£)</b>	<b>Company 2019 (£)</b>
<b>Purchases of goods and services from related undertakings</b>				
Flowers and materials	48,754,935	33,350,468	48,754,935	33,350,468
Property rent	1,305,849	1,272,011	1,305,849	1,272,011
Administration charges	440,538	447,249	440,538	447,249
Interest payable	<u>4,307</u>	<u>1,030</u>	<u>4,307</u>	<u>1,030</u>
<b>Total purchases from related parties</b>	<u>50,505,629</u>	<u>35,070,758</u>	<u>50,505,629</u>	<u>35,070,758</u>
	<b>Group 2020 (£)</b>	<b>Group 2019 (£)</b>	<b>Company 2020 (£)</b>	<b>Company 2019 (£)</b>
<b>Debtors:</b>				
Group undertakings				
Related undertakings	<u>1,851,854</u>	<u>157,120</u>	<u>1,899,285</u>	<u>157,120</u>
<b>Total amounts owed by related parties</b>	<u>1,851,854</u>	<u>157,120</u>	<u>1,899,285</u>	<u>157,120</u>
	<b>Group 2020 (£)</b>	<b>Group 2019 (£)</b>	<b>Company 2020 (£)</b>	<b>Company 2019 (£)</b>
<b>Creditors:</b>				
Group undertakings			352,441	352,441
Related undertakings	<u>8,147,772</u>	<u>3,750,461</u>	<u>8,147,772</u>	<u>3,672,974</u>
<b>Total amounts owed to related parties</b>	<u>8,147,772</u>	<u>3,750,461</u>	<u>8,500,213</u>	<u>4,025,415</u>

There is a Management Service agreement between the company and TAJJ Limited.

At the year-end a balance of £Nil was owed from Newport Buildings LLP (2019: £Nil).

**Transactions with Directors**

During the year, the company made payments on behalf of Mr J. Zwemstra and Mrs A. Zwemstra totalling £3,469 (2019: £9,545). The maximum amount outstanding was £1,399 (2019: £1,273). These items were not subject to any interest charges being levied and the amount owed from the directors at the end of the year was £Nil (2019: £472 owed from the directors).