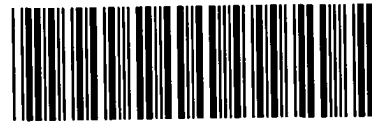


**STRATEGIC REPORT, REPORT OF THE DIRECTOR AND**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST JULY 2019**  
**FOR**  
**DAVID AUSTIN ROSES LIMITED**

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**FOR THE YEAR ENDED 31ST JULY 2019**

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**DAVID AUSTIN ROSES LIMITED**  
**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 31ST JULY 2019**

<b>DIRECTOR:</b>	Mr D J C Austin
<b>SECRETARY:</b>	Mr T Smith
<b>REGISTERED OFFICE:</b>	Bowling Green Lane Albrighton Wolverhampton WV7 3HB
<b>REGISTERED NUMBER:</b>	02701780 (England and Wales)
<b>AUDITORS:</b>	Stanton Ralph & Co Limited Chartered Accountants Statutory Auditor The Old Police Station Whitburn Street Bridgnorth Shropshire WV16 4QP
<b>BANKERS:</b>	HSBC Bank plc Lichfield Street PO Box 33 9 Queen Square Wolverhampton West Midlands WV1 1TE

**STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31ST JULY 2019**

The director presents his strategic report for the year ended 31st July 2019.

**REVIEW OF BUSINESS**

The company has been able to continue growth in certain areas of the business despite tough economic conditions. Overall turnover has increased by £1,019k (8.0%), from £12,786k to £13,806k. Gross margin has reduced slightly to 54.1% from 56.8%. The company's markets remain competitive but the director continues to believe that strong branding together with targeted promotional strategies will facilitate growth in 2020 and subsequent years.

The company again committed substantial funds to research and development activities where its extensive breeding programme continues to facilitate the development of new varieties and is viewed by the director as a foundation for future success.

Total labour costs, excluding directors remuneration, including social security, increased to £3,078k in 2019 from £2,898k in the previous year.

Total profit before tax was £3,567k, a decrease of £937k (20.8%) from the prior year profit of £4,504k, after taking into account foreign exchange gains of £235k (2018: £79k gain) and the prior year profit including a dividend received from a subsidiary undertaking of £1 million (2019: £Nil).

**PRINCIPAL RISKS AND UNCERTAINTIES**

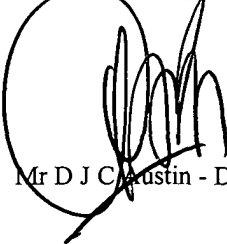
The company operates in competitive markets and would be adversely impacted by potential further tough economic conditions in the future. It has significant overseas sales, particularly in the USA and Japan, rendering it susceptible to adverse foreign currency movements. The directors continue to strengthen the company's branding so as to make it as resistant as possible to tough economic conditions and mitigate foreign exchange risks via the use of currency options and derivatives.

Adverse weather conditions could impact upon growing crop quality and yields within the company's supply chain. The company mitigates this risk via the use of multiple growers in various geographical locations.

**ANALYSIS OF DEVELOPMENT AND PERFORMANCE FOR THE PERIOD AND AT THE PERIOD END**

Total profit after tax of £3,079k facilitated an increase in net assets to £22,477k prior to dividends paid of £9,968k. The directors expect the tax charge to continue to be lower than the standard rate in the UK due to substantial ongoing research and development activities and availability of the patent box regime.

**ON BEHALF OF THE BOARD:**



Mr D J C Austin - Director

2nd March 2020

**REPORT OF THE DIRECTOR**  
**FOR THE YEAR ENDED 31ST JULY 2019**

The director presents his report with the financial statements of the company for the year ended 31st July 2019.

**PRINCIPAL ACTIVITY**

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

The principal activity of the subsidiary undertaking is separately disclosed within the notes of these financial statements.

**DIVIDENDS**

Dividends of £9,967,815 (2018: £300,000) were paid during the year.

**RESEARCH AND DEVELOPMENT**

The company continues to commit substantial funds into research and development activities where its extensive breeding programme continues to facilitate the development of new varieties and is viewed by the director as a foundation for future success. Total research and development costs were £823k (2018 : 783k).

**FUTURE DEVELOPMENTS**

The company anticipates continued profitability for the year to 31st July 2020 and subsequently.

**EVENTS SINCE THE END OF THE YEAR**

Information relating to events since the end of the year is given in the notes to the financial statements.

**DIRECTORS**

Mr D J C Austin has held office during the whole of the period from 1st august 2018 to the date of this report.

Other changes in directors holding office are as follows:

Mr D C H Austin served as a director during the financial year but sadly passed away on 18th December 2018.

**STATEMENT OF DIRECTOR'S RESPONSIBILITIES**

The director is responsible for preparing the Strategic Report, the Report of the Director and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the director must not approve the financial statements unless he is satisfied that they 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 director is required to:

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

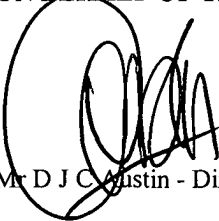
The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

**REPORT OF THE DIRECTOR**  
**FOR THE YEAR ENDED 31ST JULY 2019**

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

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

**ON BEHALF OF THE BOARD:**

A handwritten signature in black ink, appearing to be 'DJA', written over a large, faint circular stamp or watermark.

Mr D J C Austin - Director

2nd March 2020

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF**  
**DAVID AUSTIN ROSES LIMITED**

**Opinion**

We have audited the financial statements of David Austin Roses Limited (the 'company') for the year ended 31st July 2019 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, 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 company's affairs as at 31st July 2019 and of its 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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

The director is responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Director, but does not include the financial statements and our Report of the Auditors 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.

**Opinions 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 Strategic Report and the Report of the Director for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Director have been prepared in accordance with applicable legal requirements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF**  
**DAVID AUSTIN ROSES LIMITED**

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Director.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 director**

As explained more fully in the Statement of Director's Responsibilities set out on page three, 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 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 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 company or to cease operations, or has no realistic alternative but to do so.

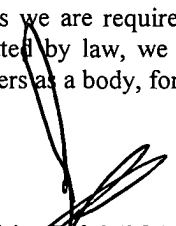
**Auditors' responsibilities for the audit of the financial statements**

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 a Report of the Auditors 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 financial statements.

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 Report of the Auditors.

**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 a Report of the Auditors 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.



Mr Adrian Ralph FCA CTA (Senior Statutory Auditor)  
for and on behalf of Stanton Ralph & Co Limited  
Chartered Accountants  
Statutory Auditor  
The Old Police Station  
Whitburn Street  
Bridgnorth  
Shropshire  
WV16 4QP

2nd March 2020



**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31ST JULY 2019**

31.7.18			Notes	31.7.19	
£	£			£	£
	12,786,256	<b>TURNOVER</b>	3		13,805,658
	5,518,670	Cost of sales			6,343,246
	<u>7,267,586</u>	<b>GROSS PROFIT</b>			<u>7,462,412</u>
	3,723,166	Administrative expenses			3,907,123
	<u>3,544,420</u>				<u>3,555,289</u>
	(47,669)	Other operating income and expenses	4		2,014
	<u>3,496,751</u>	<b>OPERATING PROFIT</b>	7		<u>3,557,303</u>
1,000,000		Income from shares in group undertakings		-	
36,585		Income from group loans		36,585	
7,674		Interest receivable and similar income	8	10,003	
<u>1,044,259</u>				<u>46,588</u>	
	<u>4,541,010</u>				<u>3,603,891</u>
	36,791	Interest payable and similar expenses	9		36,585
	<u>4,504,219</u>	<b>PROFIT BEFORE TAXATION</b>			<u>3,567,306</u>
	364,109	Tax on profit	10		487,872
	<u>4,140,110</u>	<b>PROFIT FOR THE FINANCIAL YEAR</b>			<u>3,079,434</u>
	-	<b>OTHER COMPREHENSIVE INCOME</b>			-
	<u>4,140,110</u>	<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>			<u>3,079,434</u>

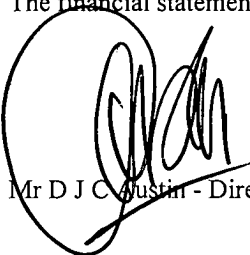
The notes form part of these financial statements

**DAVID AUSTIN ROSES LIMITED (REGISTERED NUMBER: 02701780)**

**BALANCE SHEET**  
**31ST JULY 2019**

31.7.18				31.7.19
£	£		Notes	£
		<b>FIXED ASSETS</b>		
	7,159,367	Tangible assets	12	7,324,369
	9,501,397	Investments	13	33,582
				<hr/>
	16,660,764			7,357,951
		<b>CURRENT ASSETS</b>		
736,497		Stocks	14	991,073
2,488,169		Debtors	15	2,271,395
3,613,557		Cash at bank		8,933,772
				<hr/>
6,838,223				12,196,240
		<b>CREDITORS</b>		
2,601,268		Amounts falling due within one year	16	5,544,853
				<hr/>
	4,236,955	<b>NET CURRENT ASSETS</b>		6,651,387
				<hr/>
	20,897,719	<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		14,009,338
		<b>CREDITORS</b>		
1,500,000		Amounts falling due after more than one year	17	1,500,000
				<hr/>
	19,397,719	<b>NET ASSETS</b>		12,509,338
				<hr/>
		<b>CAPITAL AND RESERVES</b>		
	5,320	Called up share capital	21	5,320
	5,576	Share premium	22	5,576
	4,680	Capital redemption reserve	22	4,680
	19,382,143	Retained earnings	22	12,493,762
				<hr/>
	19,397,719	<b>SHAREHOLDERS' FUNDS</b>		12,509,338
				<hr/>

The financial statements were approved and authorised for issue by the director on 2nd March 2020 and were signed by:

  
Mr D J C Austin - Director

The notes form part of these financial statements

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31ST JULY 2019**

	Called up share capital £	Retained earnings £	Share premium £	Capital redemption reserve £	Total equity £
<b>Balance at 1st August 2017</b>	5,320	15,542,033	5,576	4,680	15,557,609
<b>Changes in equity</b>					
Dividends	-	(300,000)	-	-	(300,000)
Total comprehensive income	-	4,140,110	-	-	4,140,110
<b>Balance at 31st July 2018</b>	<u>5,320</u>	<u>19,382,143</u>	<u>5,576</u>	<u>4,680</u>	<u>19,397,719</u>
<b>Changes in equity</b>					
Dividends	-	(9,967,815)	-	-	(9,967,815)
Total comprehensive income	-	3,079,434	-	-	3,079,434
<b>Balance at 31st July 2019</b>	<u>5,320</u>	<u>12,493,762</u>	<u>5,576</u>	<u>4,680</u>	<u>12,509,338</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST JULY 2019**

**1. STATUTORY INFORMATION**

David Austin Roses Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

The financial statements are prepared in Sterling.

The financial statements contain information about David Austin Roses Limited as an individual company and do not contain consolidated financial information as the parent of a group. David Austin Roses (Holdings) Limited prepares consolidated financial statements separately in which the results of David Austin Roses Limited and its subsidiary undertaking are included, and the consolidated financial statements of David Austin Roses (Holdings) Limited are separately available.

**Financing transactions**

Basic financial instruments are initially measured at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Under FRS102, intercompany loans are recorded at present value using a market rate for a similar instrument. This has resulted in an adjustment at 31st July 2019 of £36,585 for both income from a group company and interest payable.

**Financial Reporting Standard 102 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A.

**Turnover**

Turnover represents the net amount invoiced by the company to external customers for goods and services excluding value added tax. Turnover is recognised when the risks and rewards of owning the goods has been passed to the customer which is generally on delivery.

Licensing income is included in turnover and is recognised in line with agreements with licensees, either based upon the sales to external customers of the license or at the point of propagation.

**Revenue recognition**

Interest income is recognised using the effective interest method.

Fixed asset investment income is recognised when the right to receive payment is established.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31ST JULY 2019**

**2. ACCOUNTING POLICIES - continued**

**Tangible fixed assets**

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

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

Tangible fixed assets are stated at cost (or deemed cost) or valuation less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

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

Freehold land is not depreciated.

**Impairment of assets**

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amounts of any affected asset is estimated and compared to the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the income statement.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in the prior years. A reversal of an impairment loss is recognised immediately in the income statement.

**Stocks**

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

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Deferred tax**

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

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Research and development**

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

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31ST JULY 2019**

**2. ACCOUNTING POLICIES - continued**

**Operating leases**

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

**Pension costs and other post-retirement benefits**

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

**Investments**

Investments in subsidiaries have been included at cost less impairment, in line with FRS102.

**Debtors and creditors receivable/payable within one year**

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses from impairment are recognised in the income statement in other administration expenses.

**Loans and borrowings**

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective rate of interest method, less impairment. If an arrangement constitutes a financial transaction it is measured at present value.

**Foreign currencies**

In accordance with FRS102, foreign currency transactions are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated using the spot rate of exchange. Any differences are taken to the income statement.

The company uses foreign currency options and currency swaps in order to hedge its exposure to transactions denominated in certain foreign currencies. The company does not adopt hedge accounting for forward exchange contracts and, consequently, fair value gains and losses are recognised in the income statement.

**Group relief**

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.

**Forward contracts**

Forward currency contracts are recognised at fair value at the balance sheet date. Any changes in the fair value are recognised in the income statement.

**3. TURNOVER**

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

An analysis of turnover by class of business is given below:

	31.7.19	31.7.18
	£	£
Sales of goods	10,855,037	9,696,876
Licensing and royalties	2,660,723	2,771,602
Management charges	289,898	317,778
	<hr/>	<hr/>
	13,805,658	12,786,256
	<hr/>	<hr/>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31ST JULY 2019**

**3. TURNOVER - continued**

An analysis of turnover by geographical market is given below:

	31.7.19	31.7.18
	£	£
United Kingdom	7,022,456	6,572,066
Europe	991,182	960,192
Rest of the world	5,792,020	5,253,998
	<u>13,805,658</u>	<u>12,786,256</u>

**4. OTHER OPERATING INCOME AND EXPENSES**

	31.7.19	31.7.18
	£	£
Profit/(loss) on fair value of foreign exchange forward contracts	2,014	(47,669)
	<u>2,014</u>	<u>(47,669)</u>

**5. EMPLOYEES AND DIRECTORS**

	31.7.19	31.7.18
	£	£
Wages and salaries	3,077,808	2,931,166
Social security costs	252,074	313,928
Other pension costs	210,093	133,289
	<u>3,539,975</u>	<u>3,378,383</u>

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

	31.7.19	31.7.18
Selling and administration	116	106
Production and breeding	74	65
	<u>190</u>	<u>171</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31ST JULY 2019**

**6. DIRECTORS' EMOLUMENTS**

	31.7.19 £	31.7.18 £
Directors' remuneration	<u>222,834</u>	<u>307,500</u>
Directors' pension contributions to money purchase schemes	<u>10,000</u>	<u>10,000</u>
The number of directors to whom retirement benefits were accruing was as follows:		
Money purchase schemes	<u>31.7.19 1</u>	<u>31.7.18 1</u>
Information regarding the highest paid director is as follows:		
	31.7.19 £	31.7.18 £
Emoluments etc	156,771	152,509
Pension contributions to money purchase schemes	<u>10,000</u>	<u>10,000</u>

**7. OPERATING PROFIT**

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

	31.7.19 £	31.7.18 £
Hire of equipment	27,720	33,992
Depreciation - owned assets	406,774	388,103
(Profit)/loss on disposal of fixed assets	(502)	41,172
Auditors' remuneration	30,828	19,388
Foreign exchange differences	(234,827)	(78,563)
Research and development costs	823,436	783,674
Changes in fair value of forward exchange contracts	(2,014)	47,669
Cost of Stock	<u>5,456,762</u>	<u>5,665,873</u>

**8. INTEREST RECEIVABLE AND SIMILAR INCOME**

	31.7.19 £	31.7.18 £
Interest income	10,003	7,396
Interest on corporation tax	-	278
	<u>10,003</u>	<u>7,674</u>

**9. INTEREST PAYABLE AND SIMILAR EXPENSES**

	31.7.19 £	31.7.18 £
Interest on corporation tax	-	206
Interest payable on group loans	<u>36,585</u>	<u>36,585</u>
	<u>36,585</u>	<u>36,791</u>



**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31ST JULY 2019**

**10. TAXATION**

**Analysis of the tax charge**

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

	31.7.19 £	31.7.18 £
Current tax:		
UK corporation tax	451,276	467,754
(Over)/under provision in prior year	(30,222)	51,924
Patent box	(106,251)	(116,505)
Overseas tax	135,545	67,416
Total current tax	450,348	470,589
Deferred tax	37,524	(106,480)
Tax on profit	487,872	364,109

UK corporation tax has been charged at 19% (2018 - 19%).

**Reconciliation of total tax charge included in profit and loss**

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

	31.7.19 £	31.7.18 £
Profit before tax	3,567,306	4,504,219
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	677,788	855,802
Effects of:		
Expenses not deductible for tax purposes	23,589	10,164
Income not taxable for tax purposes	-	(190,000)
Capital allowances in excess of depreciation	(42,716)	(14,645)
Research and development	(203,389)	(193,567)
Deferred taxation movement	37,524	(106,480)
(Over)/under provision in previous years	(30,222)	51,924
Other overseas taxes	135,545	67,416
Group relief	(3,996)	-
Patent box claim	(106,251)	(116,505)
Total tax charge	487,872	364,109

**11. DIVIDENDS**

	31.7.19 £	31.7.18 £
Ordinary 'B' shares of £1 each		
Interim	9,967,815	300,000

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31ST JULY 2019**

**12. TANGIBLE FIXED ASSETS**

	Totals £	Freehold property £	Plant and machinery £	Motor vehicles £
<b>COST</b>				
At 1st August 2018	12,696,953	6,266,307	6,292,666	137,980
Additions	574,608	171,735	347,873	55,000
Disposals	(3,147,061)	(3,078)	(3,134,018)	(9,965)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st July 2019	10,124,500	6,434,964	3,506,521	183,015
	<hr/>	<hr/>	<hr/>	<hr/>
<b>DEPRECIATION</b>				
At 1st August 2018	5,537,586	316,966	5,137,999	82,621
Charge for year	406,774	56,556	327,448	22,770
Eliminated on disposal	(3,144,229)	(246)	(3,134,018)	(9,965)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st July 2019	2,800,131	373,276	2,331,429	95,426
	<hr/>	<hr/>	<hr/>	<hr/>
<b>NET BOOK VALUE</b>				
At 31st July 2019	7,324,369	6,061,688	1,175,092	87,589
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st July 2018	7,159,367	5,949,341	1,154,667	55,359
	<hr/>	<hr/>	<hr/>	<hr/>

Included in cost of land and buildings is freehold land of £693,885 (2018 - £693,885) which is not depreciated.

Cost includes costs directly attributable to making the asset capable of operating as intended.

**13. FIXED ASSET INVESTMENTS**

	Unlisted investments £
<b>COST OR VALUATION</b>	
At 1st August 2018	9,501,397
Disposals	(9,467,815)
	<hr/>
At 31st July 2019	33,582
	<hr/>
<b>NET BOOK VALUE</b>	
At 31st July 2019	33,582
	<hr/>
At 31st July 2018	9,501,397
	<hr/>

Cost or valuation at 31st July 2019 is represented by:

	Unlisted investments £
Cost	33,582
	<hr/>

On 1st August 2018 David Austin Roses (Holdings) acquired from the company the share capital of David Austin Rose Nursery Limited and D A English Roses Limited.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31ST JULY 2019**

**13. FIXED ASSET INVESTMENTS - continued**

The company's investments at the Balance Sheet date in the share capital of companies include the following:

**David Austin Roses Japan KK**

Registered office: Japan

Nature of business: Rose retailer and wholesaler

Class of shares:	% holding		
Ordinary	100.00	31.7.19 £	31.7.18 £
Aggregate capital and reserves		631,622	415,899
Profit for the year		165,444	116,351

**14. STOCKS**

	31.7.19 £	31.7.18 £
Growing plants	436,331	228,617
Plants and goods for resale	554,742	507,880
	991,073	736,497

**15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.7.19 £	31.7.18 £
Trade debtors	1,922,905	1,936,631
Other debtors	6,200	-
Amounts owed by group undertakings	127,051	395,074
Taxation	123,076	-
Deferred tax asset	20,457	57,981
Prepayments	71,706	98,483
	2,271,395	2,488,169

**16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.7.19 £	31.7.18 £
Trade creditors	608,673	422,600
Other creditors	35,494	37,096
Amounts owed to group undertakings	3,905,541	1,331,062
Tax	91,602	30,943
Social security and other taxes	406,831	434,456
Customer deposits	289,988	195,935
Foreign currency forward exchange contracts (see note 19)	-	2,014
Directors' current accounts	20,087	31,350
Accrued expenses	186,637	115,812
	5,544,853	2,601,268

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31ST JULY 2019**

**17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	31.7.19	31.7.18
	£	£
Amounts owed to group undertakings	<u>1,500,000</u>	<u>1,500,000</u>

The company has entered into a legal agreement with its subsidiary undertaking which confirms that £1,500,000 of the total amount payable as at 31st July 2019 is repayable more than 12 months from the balance sheet date.

**18. SECURED DEBTS**

An unlimited multilateral guarantee dated 11th October 2017 has been given by the company and its fellow subsidiary undertakings, David Austin Rose Nursery Limited and DA English Roses Limited, in favour of the company's bankers. In October 2019 a new guarantee has been given by the above companies together with the parent undertaking, David Austin Roses (Holdings) Limited.

A cross guarantee exists between certain group companies whereby certain compensating bank balances are offset against each other. As at the company's balance sheet date, there are no overdrawn bank balances subject to this offset.

**19. FOREIGN CURRENCY FORWARD EXCHANGE CONTRACTS**

The carrying amount of the company's foreign currency forward exchange contracts held at fair value through profit or loss at 31st July 2019 are:

	31.07.19	31.07.18
	£	£
Fair value of forward exchange contracts	<u>-</u>	<u>(2,014)</u>

The movement in the fair value has been recognised in the income statement. This resulted in £2,014 being credited to the income statement this year (2018: charge of £47,669).

The company uses foreign currency forward contracts to manage the foreign exchange risk of future transactions and cashflows.

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

**20. DEFERRED TAX**

	£
Balance at 1st August 2018	(57,981)
Accelerated capital allowances	<u>37,524</u>
Balance at 31st July 2019	<u>(20,457)</u>

**21. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.7.19	31.7.18
			£	£
2,280	Preference	£1	2,280	2,280
3,040	Ordinary 'B'	£1	<u>3,040</u>	<u>3,040</u>
			<u>5,320</u>	<u>5,320</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31ST JULY 2019**

**21. CALLED UP SHARE CAPITAL - continued**

The Preference and Ordinary B shares ranked pari passu in all respects other than having the potential for differing dividend entitlements.

**22. RESERVES**

	Totals £	Retained earnings £	Share premium £	Capital redemption reserve £
At 1st August 2018	19,392,399	19,382,143	5,576	4,680
Profit for the year	3,079,434	3,079,434		
Dividends	(9,967,815)	(9,967,815)		
At 31st July 2019	<u>12,504,018</u>	<u>12,493,762</u>	<u>5,576</u>	<u>4,680</u>

**23. RELATED PARTY DISCLOSURES**

**Entities with control, joint control or significant influence over the entity**

	31.07.19 £	31.07.18 £
Dividends paid	9,967,815	300,000
Loan to J Austin, son of the late D C H Austin and brother of D J C Austin	384,418	250,682
Assets purchased from J Austin	55,000	-
Loan to C Austin, daughter of the late D C H Austin and sister of D J C Austin	-	70,085

Interest is being charged on the loan to J Austin at a rate of 3.25% per annum and was charged to C Austin at 2.50% per annum.

The company occupies land at Bowling Green Lane, Albrighton, Wolverhampton, of which 30% of the land is owned by the estate of the late D C H Austin. Total rent of £6,825 per annum is charged to the company.

**Key management personnel of the entity (in the aggregate)**

	31.07.19 £	31.07.18 £
Remuneration	464,097	542,893

All directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the company are considered to be key management personnel.

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions or balances with its parent undertaking or fellow subsidiary undertakings within the group.

**24. POST BALANCE SHEET EVENTS**

During February 2020 the company purchased the former residence of the late Mr D C H Austin for £850,000 plus stamp duty and legal fees.

**25. ULTIMATE CONTROLLING PARTY**

The ultimate controlling party is the director by virtue of his ownership of the parent undertaking and his ultimate responsibility for all group operating decisions.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31ST JULY 2019**

**26. PENSION COMMITMENTS**

The company operates and contributes to defined contribution pension schemes in respect of employees and directors. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds and amounted to £210,093 (2018: £133,289).

Amounts owing to the funds at 31st July 2019 were £21,500 (2018: £15,212).

**27. FINANCIAL INSTRUMENTS**

The carrying amount of the company's financial instruments are at amortised costs with the exception of fixed asset investments which are at market value and foreign currency forward exchange contracts which are at fair value.

**28. CONTINGENT ASSETS AND LIABILITIES**

During the year the company has entered into derivative contracts in order to partially hedge its foreign exchange risks arising from anticipated future trading activities in foreign currencies. No contracts were held at the year end.

At 31st July 2018, the contracts held were measured at fair value and adjusted in the profit and loss account.

The company has entered into bank cross guarantees with its now fellow subsidiary undertakings David Austin Rose Nursery Limited and D A English Roses Limited. There were obligations under these guarantees at 31st July 2019 of £Nil (2018: £Nil). In October 2019, the parent undertaking David Austin Roses (Holdings) Limited became party to the cross guarantees.

**29. ULTIMATE PARENT UNDERTAKING**

On 1 August 2018, David Austin Roses (Holdings) Limited became the company's parent undertaking and now prepares group accounts. The registered office of David Austin Roses (Holdings) Limited is Bowling Green Lane, Albrighton, Shropshire, WV7 3HB.