

REGISTERED NUMBER: 02701780 (England and Wales)

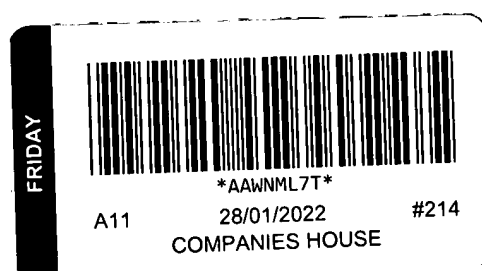
STRATEGIC REPORT, REPORT OF THE DIRECTORS AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JULY 2021

FOR

DAVID AUSTIN ROSES LIMITED



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FOR THE YEAR ENDED 31ST JULY 2021

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DAVID AUSTIN ROSES LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31ST JULY 2021

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

DAVID AUSTIN ROSES LIMITED (REGISTERED NUMBER: 02701780)

STRATEGIC REPORT
FOR THE YEAR ENDED 31ST JULY 2021

The directors present their strategic report for the year ended 31st July 2021.

COMPANY RESTRUCTURE

To streamline company operations a business transfer agreement was effective from 1 January 2021 from which date David Austin Roses Ltd (Company Number: 04881400) purchased the assets and trading activities of David Austin Rose Nursery Ltd (Company Number: 02701780).

This makes comparative figures for the year difficult to analyse. Anyone with an interest in the financial figures of David Austin Roses Ltd (Company Number: 04881400) is recommended to look at the Holding company accounts, David Austin Roses Holdings (Company Number: 11456736), which includes the trading data for both companies' combined.

REVIEW OF BUSINESS

The company has remained profitable despite tough economic conditions, as a consequence of Covid-19. Turnover is not comparable year on year due to acquisition of the trade of David Austin Rose Nursery Limited, however significant growth was experienced in online retail sales during the pandemic. Gross margin has increased to 53.2% from 46.4%. The company's markets remain competitive but the directors continue to believe that strong branding together with targeted promotional strategies will keep the company in a strong competitive position in 2022 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 directors as a foundation for future success.

The company monitors staff costs and profit before tax as key performance indicators for the company, as a result of the acquisition of the trade of David Austin Rose Nursery Limited figures are not comparable year year. The directors have therefore considered operating profit margin and profit before tax margin in assessing the performance of the company. Operating profit margin and profit before tax margin increased from 16.2% to 21.4% and profit before tax margin increased from 16.3% to 21.4%.

The operating profits of the company facilitated an increase in the net assets, after dividends of £650,000, of £3,616,147.

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, , 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.

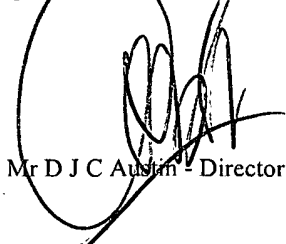
Adverse weather conditions could impact upon growing crop quality and yields within the company's supply chain. The company mitigates this risk via the use of multiple growers in various geographical locations.

COVID RESPONSE

At the onset of the COVID-19 outbreak the business established a cross departmental Covid Committee to review and assess the impact on the business. Workgroups and activities were headed up by senior management with the primary focus on the health and wellbeing of the company's workforce.

The company continues to take strong approach to covid in order to minimise risk to employees and operations. Social distancing, symptom tracking, lateral flow testing and paid isolation periods in excess of government requirements and guidelines are still taking place.

ON BEHALF OF THE BOARD:



Mr D J C Austin - Director

25th January 2022

DAVID AUSTIN ROSES LIMITED (REGISTERED NUMBER: 02701780)

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST JULY 2021

The directors present their report with the financial statements of the company for the year ended 31st July 2021.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of rose breeding, wholesaling, licensing and plant centre operation. On 1 January 2021, the trade, cash and fixed assets of David Austin Rose Nursery Limited were transferred to the company, subsequent to this the remaining net assets of David Austin Rose Nursery Limited were also transferred. All assets were transferred at carrying value.

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

DIVIDENDS

Dividends of £Nil (2020: £350,000) 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 £714k (2020 : 740k).

FUTURE DEVELOPMENTS

The company anticipates continued profitability for the year to 31st July 2022 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 2020 to the date of this report.

Other changes in directors holding office are as follows :

Mr R D C Austin - appointed 1st June 2021.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

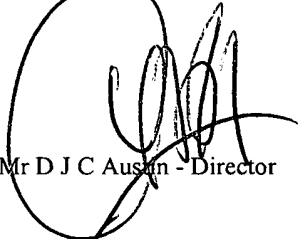
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST JULY 2021

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

ON BEHALF OF THE BOARD:

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

Mr D J C Austin - Director

25th January 2022

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 2021 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 2021 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

In auditing the financial statements, we have concluded that the directors' 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 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 directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, 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 this gives rise to a material misstatement in the financial statements themselves. 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 Directors 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 Directors 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 Directors.

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 directors' 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 Statement of Directors' Responsibilities set out on page three, the directors are 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 directors determine 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 directors are 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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures include the following:

- Enquiring of the directors and senior management
- Discussing among the engagement team, including the tax team, how and where fraud might occur in the financial statements
- Obtaining an understanding of the legal and statutory framework that the company operates in. The key laws and regulations we considered in this context include the Companies Act 2006, Tax Legislation and Environmental and Health and Safety legislation.

Audit response to risks identified

As a result of performing the above we identified the occurrence of revenue, existence of inventory and completeness of trade creditors as key audit matters.

In addition to the above, our procedures to respond to risks identified included the following:

- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations as detailed above
- Enquiring of management and the directors and external legal advisors concerning actual and potential litigation and claims
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud
- Completing focused testing on all revenue streams, inventory and trade creditors via a detailed review of a sample of documents supporting revenue recorded during the year, physical observation of year end inventory and agreement of trade creditors to third party documents.
- In addressing the risk of fraud through management override of controls, reviewing the appropriateness of journal entries and other adjustments, assessing whether the judgements made in making accounting estimates are indicative of a potential bias and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business

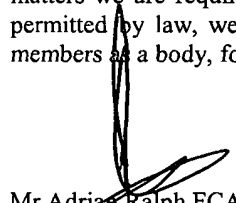
We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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. This description forms part of our Report of the Auditors.

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

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

25th January 2022

DAVID AUSTIN ROSES LIMITED (REGISTERED NUMBER: 02701780)

**STATEMENT OF COMPREHENSIVE
INCOME
FOR THE YEAR ENDED 31ST JULY 2021**

31.7.20				31.7.21
£	£		Notes	£
	11,830,683	TURNOVER	3	21,824,686
	6,344,704	Cost of sales		10,216,765
	5,485,979	GROSS PROFIT		11,607,921
	3,800,249	Administrative expenses		7,109,987
	1,685,730			4,497,934
	235,257	Other operating income and expenses	4	165,490
	1,920,987	OPERATING PROFIT	7	4,663,424
33,007		Income from group loans		-
9,898		Interest receivable and similar income	8	544
	42,905			544
	1,963,892			4,663,968
	33,007	Interest payable and similar expenses	9	-
	1,930,885	PROFIT BEFORE TAXATION		4,663,968
	477,941	Tax on profit	10	1,047,821
	1,452,944	PROFIT FOR THE FINANCIAL YEAR		3,616,147
	-	OTHER COMPREHENSIVE INCOME		-
	1,452,944	TOTAL COMPREHENSIVE INCOME FOR THE YEAR		3,616,147

The notes form part of these financial statements

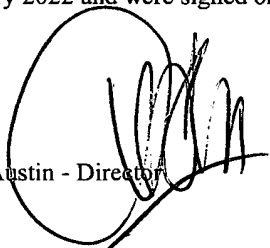
DAVID AUSTIN ROSES LIMITED (REGISTERED NUMBER: 02701780)

BALANCE SHEET
31ST JULY 2021

31.7.20				31.7.21
£	£		Notes	£
		FIXED ASSETS		
	8,320,888	Tangible assets	13	10,813,371
	33,582	Investments	14	33,582
	<u>8,354,470</u>			<u>10,846,953</u>
		CURRENT ASSETS		
1,094,872		Stocks	15	2,437,487
2,581,871		Debtors	16	1,812,987
4,544,819		Cash at bank		21,417,783
<u>8,221,562</u>				<u>25,668,257</u>
		CREDITORS		
2,950,524		Amounts falling due within one year	17	18,894,799
<u>5,271,038</u>				<u>6,773,458</u>
		NET CURRENT ASSETS		
	13,625,508	TOTAL ASSETS LESS CURRENT LIABILITIES		17,620,411
	13,226	PROVISIONS FOR LIABILITIES	20	391,982
	<u>13,612,282</u>	NET ASSETS		<u>17,228,429</u>
		CAPITAL AND RESERVES		
	5,320	Called up share capital	21	5,320
	5,576	Share premium	22	5,576
	4,680	Capital redemption reserve	22	4,680
	13,596,706	Retained earnings	22	17,212,853
	<u>13,612,282</u>	SHAREHOLDERS' FUNDS		<u>17,228,429</u>

The financial statements were approved and authorised for issue by the Board of Directors and authorised for issue on 25th January 2022 and were signed on its behalf by:

Mr D J C Austin - Director



The notes form part of these financial statements

DAVID AUSTIN ROSES LIMITED (REGISTERED NUMBER: 02701780)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST JULY 2021

	Called up share capital £	Retained earnings £	Share premium £	Capital redemption reserve £	Total equity £
Balance at 1st August 2019	5,320	12,493,762	5,576	4,680	12,509,338
Changes in equity					
Dividends	-	(350,000)	-	-	(350,000)
Total comprehensive income	-	1,452,944	-	-	1,452,944
Balance at 31st July 2020	<u>5,320</u>	<u>13,596,706</u>	<u>5,576</u>	<u>4,680</u>	<u>13,612,282</u>
Changes in equity					
Total comprehensive income	-	3,616,147	-	-	3,616,147
Balance at 31st July 2021	<u>5,320</u>	<u>17,212,853</u>	<u>5,576</u>	<u>4,680</u>	<u>17,228,429</u>

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST JULY 2021

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 2021 of £Nil 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 paragraph 3.17(d);
- the requirements of paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A.

Significant judgements and estimates

Management do not consider there to be any significant areas of estimation uncertainty in the financial statements.

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 2021

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.

Government grants

Government grants are included within other operating income and are recognised on the accruals basis and released to the statement of profit and loss in line with the associated expenditure.

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.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST JULY 2021

2. ACCOUNTING POLICIES - continued

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.

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:

	31.7.21	31.7.20
	£	£
Sales of goods	19,383,800	9,261,320
Licensing and royalties	2,274,632	2,181,813
Management charges	166,254	387,550
	<u>21,824,686</u>	<u>11,830,683</u>

DAVID AUSTIN ROSES LIMITED (REGISTERED NUMBER: 02701780)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST JULY 2021

3. **TURNOVER - continued**

An analysis of turnover by geographical market is given below:

	31.7.21	31.7.20
	£	£
United Kingdom	13,853,788	3,987,263
Europe	869,751	1,008,839
Rest of the world	7,101,147	6,834,581
	<u>21,824,686</u>	<u>11,830,683</u>

4. **OTHER OPERATING INCOME AND EXPENSES**

	31.7.21	31.7.20
	£	£
Government grants	<u>165,490</u>	<u>235,257</u>

5. **EMPLOYEES AND DIRECTORS**

	31.7.21	31.7.20
	£	£
Wages and salaries	4,680,473	2,861,954
Social security costs	361,497	226,387
Other pension costs	375,482	327,828
	<u>5,417,452</u>	<u>3,416,169</u>

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

	31.7.21	31.7.20
Selling and administration	89	97
Production and breeding	86	56
	<u>175</u>	<u>153</u>

DAVID AUSTIN ROSES LIMITED (REGISTERED NUMBER: 02701780)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST JULY 2021

6. DIRECTORS' EMOLUMENTS

	31.7.21 £	31.7.20 £
Directors' remuneration	<u>207,738</u>	<u>155,054</u>
Directors' pension contributions to money purchase schemes	<u>9,750</u>	<u>10,000</u>
The number of directors to whom retirement benefits were accruing was as follows:		
Money purchase schemes	<u>2</u>	<u>1</u>
Information regarding the highest paid director is as follows:		
Emoluments etc	31.7.21 £ 183,738	31.7.20 £ 155,054
Pension contributions to money purchase schemes	<u>8,000</u>	<u>10,000</u>

7. OPERATING PROFIT

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

	31.7.21 £	31.7.20 £
Hire of equipment	128,123	27,129
Depreciation - owned assets	554,974	398,762
Profit on disposal of fixed assets	-	(5,489)
Auditors' remuneration	19,160	20,126
Foreign exchange differences	418,524	(49,051)
Research and development costs	<u>928,074</u>	<u>739,615</u>

8. INTEREST RECEIVABLE AND SIMILAR INCOME

	31.7.21 £	31.7.20 £
Interest income	<u>544</u>	<u>9,898</u>

9. INTEREST PAYABLE AND SIMILAR EXPENSES

	31.7.21 £	31.7.20 £
Interest payable on group loans	<u>-</u>	<u>33,007</u>

DAVID AUSTIN ROSES LIMITED (REGISTERED NUMBER: 02701780)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST JULY 2021

10. TAXATION

Analysis of the tax charge

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

	31.7.21 £	31.7.20 £
Current tax:		
UK corporation tax	516,030	174,665
Under/(over) provision in prior year	5,429	(18,840)
Patent box	(120,258)	(51,285)
Double taxation relief	(298,037)	(123,380)
Overseas tax	565,901	463,098
Total current tax	669,065	444,258
Deferred tax	378,756	33,683
Tax on profit	1,047,821	477,941

UK corporation tax has been charged at 19% (2020 - 19%).

Reconciliation of total tax charge included in profit and loss

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

	31.7.21 £	31.7.20 £
Profit before tax	4,663,968	1,930,885
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	886,154	366,868
Effects of:		
Expenses not deductible for tax purposes	9,836	12,251
Capital allowances in excess of depreciation	(203,626)	(21,769)
Research and development	(176,334)	(182,685)
Deferred taxation movement	378,756	33,683
(Over)/under provision in previous years	5,429	(18,840)
Other overseas taxes	267,864	339,718
Patent box claim	(120,258)	(51,285)
Total tax charge	1,047,821	477,941

The company expects the UK tax charge to continue to be lower than the standard rate in the UK due to substantial ongoing research and development activities and claims under the patent box regime.

11. DIVIDENDS

	31.7.21 £	31.7.20 £
Ordinary 'B' shares of £1 each		
Interim	-	350,000

DAVID AUSTIN ROSES LIMITED (REGISTERED NUMBER: 02701780)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST JULY 2021

12. GOVERNMENT GRANTS

During the year, the company received government grants in respect of the Job Retention Scheme. These grants amounted to £165,490 (2020 - £235,257).

13. TANGIBLE FIXED ASSETS

	Totals £	Freehold property £	Plant and machinery £	Motor vehicles £
COST				
At 1st August 2020	11,511,942	7,541,390	3,785,288	185,264
Additions	2,451,981	1,325,211	1,074,602	52,168
Reclassification/transfer	1,137,270	-	1,104,894	32,376
At 31st July 2021	15,101,193	8,866,601	5,964,784	269,808
DEPRECIATION				
At 1st August 2020	3,191,054	436,462	2,632,631	121,961
Charge for year	554,974	68,888	449,674	36,412
Reclassification/transfer	541,794	-	518,587	23,207
At 31st July 2021	4,287,822	505,350	3,600,892	181,580
NET BOOK VALUE				
At 31st July 2021	10,813,371	8,361,251	2,363,892	88,228
At 31st July 2020	8,320,888	7,104,928	1,152,657	63,303

Included in cost of land and buildings is freehold land of £1,655,806 (2020 - £693,885) which is not depreciated.

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

On 1 January 2021 the trade and assets of David Austin Rose Nursery Limited were transferred to the company. Amounts included within reclassification/transfer reflect the net book value of fixed assets transferred as part of this transaction.

14. FIXED ASSET INVESTMENTS

	Unlisted investments £
COST OR VALUATION	
At 1st August 2020 and 31st July 2021	33,582
NET BOOK VALUE	
At 31st July 2021	33,582
At 31st July 2020	33,582

Cost or valuation at 31st July 2021 is represented by:

	Unlisted investments £
Cost	33,582

DAVID AUSTIN ROSES LIMITED (REGISTERED NUMBER: 02701780)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST JULY 2021

14. 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	31.7.21 £	31.7.20 £
Aggregate capital and reserves		791,879	741,860
Profit for the year		<u>121,889</u>	<u>143,805</u>

15. STOCKS

	31.7.21 £	31.7.20 £
Growing plants	1,146,464	673,597
Plants and goods for resale	<u>1,291,023</u>	<u>421,275</u>
	<u>2,437,487</u>	<u>1,094,872</u>

16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.7.21 £	31.7.20 £
Trade debtors	1,207,703	1,655,857
Other debtors	-	71,855
Amounts owed by group undertakings	31,763	216,586
Directors' current accounts	2,123	102,442
Taxation	326,114	459,793
Prepayments and accrued income	<u>245,284</u>	<u>75,338</u>
	<u>1,812,987</u>	<u>2,581,871</u>

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.7.21 £	31.7.20 £
Hire purchase contracts (see note 18)	15,670	-
Trade creditors	1,279,481	485,437
Other creditors	34,007	31,950
Amounts owed to group undertakings	13,942,746	701,586
Tax	230,848	288,512
Social security and other taxes	659,558	250,392
Customer deposits	2,237,804	881,927
Accrued expenses	<u>494,685</u>	<u>310,720</u>
	<u>18,894,799</u>	<u>2,950,524</u>

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NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST JULY 2021

18. LEASING AGREEMENTS

Minimum lease payments under hire purchase fall due as follows:

	31.7.21	31.7.20
	£	£
Net obligations repayable:		
Within one year	<u>15,670</u>	<u>-</u>

19. 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.

20. PROVISIONS FOR LIABILITIES

	31.7.21	31.7.20
	£	£
Deferred tax	<u>391,982</u>	<u>13,226</u>
		Deferred tax
		£
Balance at 1st August 2020		13,226
Accelerated capital allowances		<u>378,756</u>
Balance at 31st July 2021		<u>391,982</u>

21. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			31.7.21	31.7.20
Number:	Class:	Nominal value:	£	£
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>

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

DAVID AUSTIN ROSES LIMITED (REGISTERED NUMBER: 02701780)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST JULY 2021

22. RESERVES

	Totals £	Retained earnings £	Share premium £	Capital redemption reserve £
At 1st August 2020	13,606,962	13,596,706	5,576	4,680
Profit for the year	3,616,147	3,616,147		
At 31st July 2021	<u>17,223,109</u>	<u>17,212,853</u>	<u>5,576</u>	<u>4,680</u>

23. CAPITAL COMMITMENTS

	31.7.21 £	31.7.20 £
Contracted but not provided for in the financial statements	-	63,817

24. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to directors subsisted during the years ended 31st July 2021 and 31st July 2020:

	31.7.21 £	31.7.20 £
Mr D J C Austin		
Balance outstanding at start of year	102,442	(20,087)
Amounts advanced	162,499	325,850
Amounts repaid	(264,941)	(203,321)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>-</u>	<u>102,442</u>
Mr R D C Austin		
Balance outstanding at start of year	-	-
Amounts advanced	6,196	-
Amounts repaid	(4,073)	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>2,123</u>	<u>-</u>

No interest has been charged on the loan to D J C Austin during the year. The loan to R D C Austin attracts interest at a rate of 2.25%. The maximum overdrawn balance was £155,446 on the loan to D J C Austin and £6,196 on the loan to R D C Austin.

DAVID AUSTIN ROSES LIMITED (REGISTERED NUMBER: 02701780)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST JULY 2021

25. RELATED PARTY DISCLOSURES

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

	31.07.21	31.07.20
	£	£
Dividends paid	-	350,000
Loan to J Austin, brother of Mr D J C Austin	-	447,317
Loan to R Austin, son of Mr D J C Austin	2,123	31,020

Interest was charged at 2.25% per annum on the loans to R Austin and J Austin.

The company occupies land at Bowling Green Lane, Albrighton, Wolverhampton, of which 30% of the land is owned by the estate of the late Mr D C H Austin. Total rent of £6,825 (2020: £6,825) per annum is charged to the company.

Key management personnel of the entity (in the aggregate)

	31.07.21	31.07.20
	£	£
Remuneration	431,875	432,511

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.

26. POST BALANCE SHEET EVENTS

Subsequent to the balance sheet date, the amount owed to David Austin Rose Nursery Limited of £13,936,403 was formally waived. The result of the transaction was an overall increase in the net assets of the company of £13,936,403.

27. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is Mr D J C Austin by virtue of his ownership of the parent undertaking and his ultimate responsibility for all group operating decisions.

28. 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 £375,482 (2020: £327,828).

Amounts owing to the funds at 31st July 2021 were £26,790 (2020: £188).

29. 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.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST JULY 2021

30. 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 and the previous year end.

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 2021 of £Nil (2020: £Nil). In October 2019, the parent undertaking David Austin Roses (Holdings) Limited became party to the cross guarantees.

31. ULTIMATE PARENT UNDERTAKING

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