

**REPORT OF THE DIRECTORS AND**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST JULY 2013**  
**FOR**  
**DAVID AUSTIN ROSES LIMITED**

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**FOR THE YEAR ENDED 31ST JULY 2013**

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**DAVID AUSTIN ROSES LIMITED**  
**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 31ST JULY 2013**

<b>DIRECTORS</b>	Mr D C H Austin 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 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

**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31ST JULY 2013**

The directors present their report with the financial statements of the company and the group for the year ended 31st July 2013

**PRINCIPAL ACTIVITY**

The principal activity of the group in the year under review was that of rose breeding, wholesaling, retail and plant centre operation

**REVIEW OF BUSINESS**

The group has been able to continue growth in certain areas of the business despite tough economic conditions. The overall group turnover has increased slightly by £308k (2.0%), from £15,025k to £15,333k with a gross margin of 56% (2012 55%). The group's markets continue to be competitive but the directors anticipate that strong branding together with targeted promotional strategies will facilitate growth in 2014 and future years.

The group 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. Total research and development costs were £881k (2012 £834k).

Total labour costs, excluding directors remuneration, including social security, increased to £4,434k in 2013 compared to £4,061k in the previous year.

Total profit before tax was £2,105k, a slight decrease of £123k (5.5%) from prior year of £2,228k, after taking into account foreign exchange losses of £516k (2012 foreign exchange gain of £266k).

**DIVIDENDS**

An interim dividend of £592.1053 per share on the Ordinary 'B' £1 shares was paid on 6th April 2013. The directors recommend that no final dividend be paid on these shares.

No interim dividend was paid on the Ordinary 'A' £1 shares. The directors recommend that no final dividend be paid on these shares.

The total distribution of dividends for the year ended 31st July 2013 will be £1,800,000.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1st August 2012 to the date of this report.

Mr D C H Austin

Mr D J C Austin

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing 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). 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 the group and of the profit or loss of the group 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.

**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31ST JULY 2013**

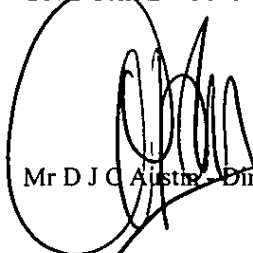
**STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued**

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group'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 group's auditors are aware of that information.

**ON BEHALF OF THE BOARD:**



Mr D J C Austin - Director

27th March 2014

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

We have audited the financial statements of David Austin Roses Limited for the year ended 31st July 2013 on pages five to twenty three. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

**Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on pages two and three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Directors to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

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 31st July 2013 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.

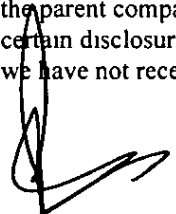
**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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 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 directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



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

27th March 2014

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

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31ST JULY 2013**

31 7 12 £		Notes	31 7 13 £
15,025,024	<b>TURNOVER</b>	2	15,333,408
6,755,768	Cost of sales		6,688,167
<u>8,269,256</u>	<b>GROSS PROFIT</b>		<u>8,645,241</u>
6,076,967	Administrative expenses		6,570,496
<u>2,192,289</u>			<u>2,074,745</u>
6,600	Other operating income		6,600
<u>2,198,889</u>	<b>OPERATING PROFIT</b>	4	<u>2,081,345</u>
29,550	Interest receivable and similar income		28,038
<u>2,228,439</u>			<u>2,109,383</u>
-	Interest payable and similar charges	5	4,552
<u>2,228,439</u>	<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>2,104,831</u>
269,985	Tax on profit on ordinary activities	6	217,869
<u>1,958,454</u>	<b>PROFIT FOR THE FINANCIAL YEAR FOR THE GROUP</b>		<u><u>1,886,962</u></u>

**CONTINUING OPERATIONS**

None of the group's activities were acquired or discontinued during the current year or previous year

**TOTAL RECOGNISED GAINS AND LOSSES**

The group has no recognised gains or losses other than the profits for the current year or previous year

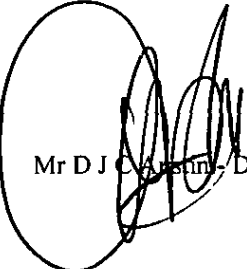
The notes form part of these financial statements

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

**CONSOLIDATED BALANCE SHEET**  
**31ST JULY 2013**

31 7 12				31 7 13
£	£		Notes	£
		<b>FIXED ASSETS</b>		
	4,916,278	Tangible assets	9	5,057,232
	58,824	Investments	10	176,472
	135,953	Investment property	11	135,953
	<u>5,111,055</u>			<u>5,369,657</u>
		<b>CURRENT ASSETS</b>		
1,446,556		Stocks	12	1,861,820
3,211,669		Debtors	13	1,527,225
3,086,825		Cash at bank		4,466,735
<u>7,745,050</u>				<u>7,855,780</u>
		<b>CREDITORS</b>		
2,818,120		Amounts falling due within one year	14	2,425,188
<u>4,926,930</u>		<b>NET CURRENT ASSETS</b>		<u>5,430,592</u>
10,037,985		<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>10,800,249</u>
		<b>CREDITORS</b>		
	-	Amounts falling due after more than one year	15	560,264
<u>10,037,985</u>		<b>NET ASSETS</b>		<u>10,239,985</u>
		<b>CAPITAL AND RESERVES</b>		
	5,320	Called up share capital	20	5,320
	5,576	Share premium	21	5,576
	4,680	Capital redemption reserve	21	4,680
	10,022,409	Profit and loss account	21	10,224,409
	<u>10,037,985</u>	<b>SHAREHOLDERS' FUNDS</b>	24	<u>10,239,985</u>

The financial statements were approved by the Board of Directors on 27th March 2014 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)**

**COMPANY BALANCE SHEET**  
**31ST JULY 2013**

31 7 12				31 7 13
£	£		Notes	£
		<b>FIXED ASSETS</b>		
	3,881,066	Tangible assets	9	4,180,755
	92,407	Investments	10	210,055
	135,953	Investment property	11	135,953
	<u>4,109,426</u>			<u>4,526,763</u>
		<b>CURRENT ASSETS</b>		
640,049		Stocks	12	887,642
3,086,900		Debtors amounts falling due within one year	13	1,564,377
1,860,796		Debtors amounts falling due after more than one year	13	1,137,900
<u>2,318,452</u>		Cash at bank		<u>3,892,129</u>
7,906,197				7,482,048
<u>4,504,157</u>		<b>CREDITORS</b>		
		Amounts falling due within one year	14	<u>2,786,952</u>
	<u>3,402,040</u>	<b>NET CURRENT ASSETS</b>		<u>4,695,096</u>
	7,511,466	<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		9,221,859
		<b>CREDITORS</b>		
	2,000,000	Amounts falling due after more than one year	15	<u>2,060,264</u>
	<u>5,511,466</u>	<b>NET ASSETS</b>		<u>7,161,595</u>
		<b>CAPITAL AND RESERVES</b>		
	5,320	Called up share capital	20	5,320
	5,576	Share premium	21	5,576
	4,680	Capital redemption reserve	21	4,680
	5,495,890	Profit and loss account	21	<u>7,146,019</u>
	<u>5,511,466</u>	<b>SHAREHOLDERS' FUNDS</b>	24	<u>7,161,595</u>

The financial statements were approved by the Board of Directors on 27th March 2014 and were signed on its behalf by

  
Mr D J C Austin - Director

The notes form part of these financial statements

**CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31ST JULY 2013**

31 7 12		Notes	31 7 13
£	£		£
	<b>Net cash inflow</b>		
2,482,970	<b>from operating activities</b>	1	2,473,117
29,550	<b>Returns on investments and servicing of finance</b>	2	23,486
(595,711)	<b>Taxation</b>		(444,502)
(1,700,442)	<b>Capital expenditure and financial investment</b>	2	(808,371)
(130,000)	<b>Equity dividends paid</b>		(1,800,000)
86,367			(556,270)
(310,338)	<b>Financing</b>	2	1,936,180
(223,971)	<b>Increase/(decrease) in cash in the period</b>		1,379,910
<hr/>			
	<b>Reconciliation of net cash flow to movement in net funds</b>	3	
(223,971)	Increase/(decrease) in cash in the period		1,379,910
(282,583)	Cash inflow from increase in debt		(376,510)
	Change in net funds resulting from cash flows		1,003,400
(506,554)			
(506,554)	<b>Movement in net funds in the period</b>		1,003,400
3,137,517	<b>Net funds at 1st August</b>		2,630,963
2,630,963	<b>Net funds at 31st July</b>		3,634,363

The notes form part of these financial statements

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31ST JULY 2013**

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

	31 7 13	31 7 12
	£	£
Operating profit	2,081,345	2,198,889
Depreciation charges	378,314	350,564
Profit on disposal of fixed assets	-	(2,565)
Increase in stocks	(415,264)	(53,886)
Decrease/(increase) in debtors	447,649	(220,512)
(Decrease)/increase in creditors	(18,927)	210,480
<b>Net cash inflow from operating activities</b>	<b>2,473,117</b>	<b>2,482,970</b>

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

	31 7 13	31 7 12
	£	£
<b>Returns on investments and servicing of finance</b>		
Interest received	28,038	29,550
Interest paid	(4,552)	-
<b>Net cash inflow for returns on investments and servicing of finance</b>	<b>23,486</b>	<b>29,550</b>
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(690,723)	(1,644,183)
Purchase of fixed asset investments	(117,648)	(58,824)
Sale of tangible fixed assets	-	2,565
<b>Net cash outflow for capital expenditure and financial investment</b>	<b>(808,371)</b>	<b>(1,700,442)</b>
<b>Financing</b>		
New loans in year	633,831	386,450
Loan repayments in year	(257,321)	(103,867)
Movement on directors loans	1,273,177	(565,914)
Foreign exchange on reserves	115,038	(18,130)
Foreign exchange on bfwd tangible assets	171,455	(8,877)
<b>Net cash inflow/(outflow) from financing</b>	<b>1,936,180</b>	<b>(310,338)</b>

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31ST JULY 2013**

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

	At 1 8 12 £	Cash flow £	At 31 7 13 £
Net cash			
Cash at bank	3,086,825	1,379,910	4,466,735
	<u>3,086,825</u>	<u>1,379,910</u>	<u>4,466,735</u>
Debt			
Debts falling due within one year	(455,862)	183,754	(272,108)
Debts falling due after one year	-	(560,264)	(560,264)
	<u>(455,862)</u>	<u>(376,510)</u>	<u>(832,372)</u>
Total	<u>2,630,963</u>	<u>1,003,400</u>	<u>3,634,363</u>

**4 MAJOR NON-CASH TRANSACTIONS**

During the year an equity dividend of £1,800,000 was paid via credit to the director's loan account of Mr D J C Austin, in his capacity as shareholder

Foreign exchange differences on consolidation amounting to £115,038 and £171,455 for opening reserves and tangible fixed assets respectively relate to the consolidation of a foreign subsidiary undertaking, David Austin Roses KK, a company registered in Japan

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST JULY 2013**

**1. ACCOUNTING POLICIES**

**Accounting convention**

The financial statements have been prepared under the historical cost convention

**Basis of consolidation**

The group financial statements have been prepared under the provision of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and applicable accounting standards

The consolidated financial statements incorporate the financial statements of the company and entities that continue to be controlled by the Group (its subsidiaries). Control exists where the Group has the power to govern the financial and operating policies of the entity, generally conferred by holding a majority of voting rights

All intra-group balances, transactions, income and expenses are eliminated on consolidation. The consolidated accounts are prepared using uniform accounting policies

**Changes in accounting policies**

During the year there was a change in the accounting policy for the treatment of prepaid catalogue costs, mailshots and some advertising. Previously the costs were written off to the profit and loss account when incurred, however the directors consider that prepaying costs so as to match with the related growing season's revenue is a more accurate and appropriate method. The total amount of these costs prepaid as at the year end amounts to £170,719, so that the change in policy has increased reported profits by this amount. The amounts which were not prepaid in the prior year amounted to £54,810 and is considered immaterial for adjustment of the prior years result.

**Turnover**

Turnover represents the net amount invoiced by the group 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 licensee or at the point of propagation.

**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

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

Freehold land is not depreciated.

**Investment property**

In accordance with SSAP 19 investment properties are revalued annually to open market value and no depreciation is provided. The directors consider that this accounting policy results in the financial statements giving a true and fair view. The effect of this departure from the Companies Act 2006, i.e. non depreciation of investment properties, has not been quantified because it is impracticable and, in the opinion of the directors, would be misleading.

The aggregate surplus or deficit on revaluation is transferred to the revaluation reserve except where a deficit is deemed to represent a permanent diminution in value, in which case it is charged to the profit and loss account.

**Stocks**

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31ST JULY 2013**

**1 ACCOUNTING POLICIES - continued**

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date at rates anticipated to be in force at the time of reversal. Deferred tax assets are recognised to the extent that they are more likely than not to be recoverable.

**Research and development**

The group undertakes research and development so as to pursue its fundamental aim of developing rose varieties free of disease. The group'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 the profit and loss account on a straight line basis over the period of the lease.

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

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

**Investments**

Investments are carried at cost less any provision for impairment.

**Foreign currencies**

In accordance with SSAP 20, foreign currency transactions of individual companies are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rate of exchange ruling at the balance sheet date. Any differences are taken to the profit and loss account.

The results of overseas operations are translated at the average rates of exchange during the year and the balance sheet translated into sterling at the rates of exchange ruling on the balance sheet date. Exchange differences which arise from translation of the opening net assets and results of foreign subsidiary undertakings are taken to reserves. All other differences are taken to the profit and loss account.

The company uses foreign currency options and currency swaps in order to hedge its exposure to transactions denominated in certain foreign currencies. Full details of products in place at the year end are given in note 25 to the financial statements.

**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.

**2 TURNOVER**

Turnover arises from a single class of business. The directors consider that it would be prejudicial to the interests of the group if it disclosed its different geographical markets.

**3 STAFF COSTS**

	31 7 13	31 7 12
	£	£
Wages and salaries	4,253,276	3,922,473
Social security costs	530,373	481,115
Other pension costs	129,068	263,369
	<u>4,912,717</u>	<u>4,666,957</u>

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31ST JULY 2013**

**3. STAFF COSTS - continued**

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

	31 7 13	31 7 12
Selling and administration	109	81
Production and breeding	98	108
	<u>207</u>	<u>189</u>

**4 OPERATING PROFIT**

The operating profit is stated after charging/(crediting)

	31 7 13	31 7 12
	£	£
Hire of equipment	18,624	19,384
Other operating leases	34,588	40,085
Depreciation - owned assets	378,314	350,564
Profit on disposal of fixed assets	-	(2,565)
Auditors' remuneration	19,624	15,416
Foreign exchange differences	516,375	(265,824)
Research and development costs	880,817	834,343

Directors' remuneration	308,779	302,791
Directors' pension contributions to money purchase schemes	49,999	220,830

Information regarding the highest paid director is as follows

	31 7 13	31 7 12
	£	£
Emoluments etc	156,290	153,293
Pension contributions to money purchase schemes	49,999	220,830

**5 INTEREST PAYABLE AND SIMILAR CHARGES**

	31 7 13	31 7 12
	£	£
Interest on corporation tax	4,552	-

**6 TAXATION**

**Analysis of the tax charge**

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

	31 7 13	31 7 12
	£	£
Current tax		
UK corporation tax	201,152	367,832
Deferred tax	16,717	(97,847)
Tax on profit on ordinary activities	<u>217,869</u>	<u>269,985</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31ST JULY 2013**

**6. TAXATION - continued**

**Factors affecting the tax charge**

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

	31 7 13 £	31 7 12 £
Profit on ordinary activities before tax	<u>2,104,831</u>	<u>2,228,439</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23% (2012 - 26%)	484,111	579,394
Effects of		
Expenses not deductible for tax purposes	1,137	8,605
Capital allowances in excess of depreciation	(15,284)	(5,463)
Research and development	(253,235)	(235,006)
Effect of marginal relief and tax rates overseas	<u>(15,577)</u>	<u>20,302</u>
Current tax charge	<u>201,152</u>	<u>367,832</u>

**Factors that may affect future tax charges**

The group is continuing to devote substantial resources to its ongoing research and development program, as detailed in the accounting policies. Accordingly future corporation tax charges are anticipated to continue to be lower than the standard rate of corporation tax in the UK.

**7. PROFIT OF PARENT COMPANY**

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £3,450,129 (2012 - £1,030,487).

The parent company's profit for the financial year is stated after receiving dividends from subsidiary undertakings amounting to £2,500,000 (2012 - £nil).

**8. DIVIDENDS**

	31 7 13 £	31 7 12 £
Ordinary shares of £1 each		
Interim	-	130,000
Ordinary 'B' shares of £1 each		
Interim	<u>1,800,000</u>	<u>-</u>
	<u>1,800,000</u>	<u>130,000</u>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31ST JULY 2013**

**9. TANGIBLE FIXED ASSETS**

**Group**

	Totals £	Freehold property £	Plant and machinery £	Motor vehicles £
<b>COST</b>				
At 1st August 2012	8,743,769	3,751,995	4,894,379	97,395
Additions	690,723	417,742	272,981	-
Exchange differences	(171,455)	(132,613)	(36,227)	(2,615)
At 31st July 2013	9,263,037	4,037,124	5,131,133	94,780
<b>DEPRECIATION</b>				
At 1st August 2012	3,827,491	110,184	3,665,262	52,045
Charge for year	378,314	41,731	318,183	18,400
At 31st July 2013	4,205,805	151,915	3,983,445	70,445
<b>NET BOOK VALUE</b>				
At 31st July 2013	5,057,232	3,885,209	1,147,688	24,335
At 31st July 2012	4,916,278	3,641,811	1,229,117	45,350

**Company**

	Totals £	Freehold property £	Plant and machinery £	Motor vehicles £
<b>COST</b>				
At 1st August 2012	7,550,843	3,012,785	4,470,010	68,048
Additions	602,772	380,677	222,095	-
At 31st July 2013	8,153,615	3,393,462	4,692,105	68,048
<b>DEPRECIATION</b>				
At 1st August 2012	3,669,777	110,184	3,516,212	43,381
Charge for year	303,083	35,294	254,415	13,374
At 31st July 2013	3,972,860	145,478	3,770,627	56,755
<b>NET BOOK VALUE</b>				
At 31st July 2013	4,180,755	3,247,984	921,478	11,293
At 31st July 2012	3,881,066	2,902,601	953,798	24,667

Included in cost of land and buildings is freehold land of £432,558 (2012 - £423,558) which is not depreciated

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31ST JULY 2013**

**10. FIXED ASSET INVESTMENTS**

**Group**

	Listed investments £
<b>COST</b>	
At 1st August 2012	58,824
Additions	117,648
	<hr/>
At 31st July 2013	176,472
	<hr/>
<b>NET BOOK VALUE</b>	
At 31st July 2013	176,472
	<hr/>
At 31st July 2012	58,824
	<hr/>

**Company**

	Totals £	Listed investments £	Unlisted investments £
<b>COST</b>			
At 1st August 2012	92,407	58,824	33,583
Additions	117,648	117,648	-
	<hr/>	<hr/>	<hr/>
At 31st July 2013	210,055	176,472	33,583
	<hr/>	<hr/>	<hr/>
<b>NET BOOK VALUE</b>			
At 31st July 2013	210,055	176,472	33,583
	<hr/>	<hr/>	<hr/>
At 31st July 2012	92,407	58,824	33,583
	<hr/>	<hr/>	<hr/>

Market value of listed investments at 31st July 2013 - £194,558 (2012 - £60,252)

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

**Subsidiaries**

**David Austin Rose Nursery Limited**

Nature of business Rose grower and retailer

	%		
Class of shares	holding		
Ordinary	100 00		
		31 7 13	31 7 12
		£	£
Aggregate capital and reserves		3,407,311	5,090,164
Profit for the year		817,147	993,733
		<hr/>	<hr/>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31ST JULY 2013**

**10 FIXED ASSET INVESTMENTS - continued**

**David Austin Roses Japan KK**

Country of incorporation Japan

Nature of business Rose retailer and wholesaler

	%		
Class of shares	holding		
Ordinary	100 00	31 7 13	31 7 12
		£	£
Aggregate capital and reserves		(240,169)	(729,911)
Profit/(loss) for the year		<u>392,323</u>	<u>(227,476)</u>

**11 INVESTMENT PROPERTY**

**Group**

	Total £
<b>COST</b>	
At 1st August 2012 and 31st July 2013	<u>135,953</u>
<b>NET BOOK VALUE</b>	
At 31st July 2013	<u>135,953</u>
At 31st July 2012	<u>135,953</u>

The investment property was purchased during the year to 31st July 2010 and the carrying value has been reviewed by the directors at each balance sheet date since the date of purchase. The directors consider the carrying value in the accounts is in line with the present market value and that the purchase cost continues to represent a reasonable assessment of the opening market value.

**Company**

	Total £
<b>COST</b>	
At 1st August 2012 and 31st July 2013	<u>135,953</u>
<b>NET BOOK VALUE</b>	
At 31st July 2013	<u>135,953</u>
At 31st July 2012	<u>135,953</u>

The investment property was purchased during the year to 31st July 2010 and the carrying value has been reviewed by the directors at each balance sheet date since the date of purchase. The directors consider the carrying value in the accounts is in line with the present market value and that the purchase cost continues to represent a reasonable assessment of the opening market value.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31ST JULY 2013**

**12 STOCKS**

	<b>Group</b>		<b>Company</b>	
	31 7 13	31 7 12	31 7 13	31 7 12
	£	£	£	£
Growing plants	1,058,600	876,978	223,939	292,592
Plants and goods for resale	803,220	569,578	663,703	347,457
	<u>1,861,820</u>	<u>1,446,556</u>	<u>887,642</u>	<u>640,049</u>

**13 DEBTORS**

	<b>Group</b>		<b>Company</b>	
	31 7 13	31 7 12	31 7 13	31 7 12
	£	£	£	£
Amounts falling due within one year				
Trade debtors	1,337,771	1,532,714	1,298,254	1,509,899
Other debtors	-	37,815	-	37,815
Directors' current accounts	-	1,220,078	-	1,220,078
Tax	-	-	176,127	10,566
Prepayments	183,477	398,368	89,996	308,542
	<u>1,521,248</u>	<u>3,188,975</u>	<u>1,564,377</u>	<u>3,086,900</u>

Amounts falling due after more than one year

Group balances	-	-	1,122,738	1,833,108
Deferred tax asset	5,977	22,694	15,162	27,688
	<u>5,977</u>	<u>22,694</u>	<u>1,137,900</u>	<u>1,860,796</u>

Aggregate amounts	<u>1,527,225</u>	<u>3,211,669</u>	<u>2,702,277</u>	<u>4,947,696</u>
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Deferred tax asset

	<b>Group</b>		<b>Company</b>	
	31 7 13	31 7 12	31 7 13	31 7 12
	£	£	£	£
Deferred tax	<u>5,977</u>	<u>22,694</u>	<u>15,162</u>	<u>27,688</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31ST JULY 2013**

**14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	31 7 13	31 7 12	31 7 13	31 7 12
	£	£	£	£
Bank loans and overdrafts (see note 16)	272,108	455,862	272,108	455,862
Trade creditors	1,179,047	1,383,492	694,528	881,871
Amounts owed to group undertakings	-	-	1,267,823	2,804,333
Tax	60,861	304,211	-	-
Social security and other taxes	296,929	234,570	295,844	218,562
Customer deposits	419,282	329,094	80,621	50,101
Directors' current accounts	88,410	35,311	88,410	35,311
Accrued expenses	108,551	75,580	87,618	58,117
	<u>2,425,188</u>	<u>2,818,120</u>	<u>2,786,952</u>	<u>4,504,157</u>

**15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	31 7 13	31 7 12	31 7 13	31 7 12
	£	£	£	£
Bank loans (see note 16)	560,264	-	560,264	-
Amounts owed to group undertakings	-	-	1,500,000	2,000,000
	<u>560,264</u>	<u>-</u>	<u>2,060,264</u>	<u>2,000,000</u>

**16 LOANS**

An analysis of the maturity of loans is given below

	<b>Group</b>		<b>Company</b>	
	31 7 13	31 7 12	31 7 13	31 7 12
	£	£	£	£
Amounts falling due within one year or on demand				
Bank loans	<u>272,108</u>	<u>455,862</u>	<u>272,108</u>	<u>455,862</u>
Amounts falling due between one and two years				
Bank loans - 1-2 years	<u>560,264</u>	<u>-</u>	<u>560,264</u>	<u>-</u>

**17 OPERATING LEASE COMMITMENTS**

The following operating lease payments are committed to be paid within one year

**Company**

	<b>Other operating leases</b>	
	31 7 13	31 7 12
	£	£
Expiring		
Within one year	4,556	13,337
Between one and five years	30,987	43,465
	<u>35,543</u>	<u>56,802</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31ST JULY 2013**

**18 SECURED DEBTS**

The following secured debts are included within creditors

	<b>Group</b>		<b>Company</b>	
	31 7 13	31 7 12	31 7 13	31 7 12
	£	£	£	£
Bank loans	<u>832,372</u>	<u>455,862</u>	<u>832,372</u>	<u>455,862</u>

A unlimited multilateral guarantee dated 1st June 2009 has been given by the parent company and its subsidiary undertaking, David Austin Rose Nursery Limited, in favour of the group's bankers

A cross guarantee exists between group companies where compensating balances are off-set against each other. As at the group's balance sheet date, there are no overdrawn bank balances

**19 DEFERRED TAX**

**Group**

	£
Balance at 1st August 2012	(22,694)
Provided during year	<u>16,717</u>
Balance at 31st July 2013	<u>(5,977)</u>

**Company**

	£
Balance at 1st August 2012	(27,688)
Provided during year	<u>12,526</u>
Balance at 31st July 2013	<u>(15,162)</u>

**20 CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid			31 7 13	31 7 12
Number	Class	Nominal value	£	£
5,320	Ordinary	£1	-	5,320
2,280	Ordinary 'A'	£1	2,280	-
3,040	Ordinary 'B'	£1	3,040	-
			<u>5,320</u>	<u>5,320</u>

On 1st February 2013 the ordinary shares were reclassified so that 2,280 shares are designated as Ordinary A shares and 3,040 shares are designated as Ordinary B shares. The Ordinary A and Ordinary B shares rank parri passu in all respects other than having the potential for differing dividend entitlements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31ST JULY 2013**

**21 RESERVES**

**Group**

	Totals £	Profit and loss account £	Share premium £	Capital redemption reserve £
At 1st August 2012	10,032,665	10,022,409	5,576	4,680
Profit for the year	1,886,962	1,886,962		
Dividends	(1,800,000)	(1,800,000)		
Exchange differences	115,038	115,038	-	-
At 31st July 2013	<u>10,234,665</u>	<u>10,224,409</u>	<u>5,576</u>	<u>4,680</u>

**Company**

	Totals £	Profit and loss account £	Share premium £	Capital redemption reserve £
At 1st August 2012	5,506,146	5,495,890	5,576	4,680
Profit for the year	3,450,129	3,450,129		
Dividends	(1,800,000)	(1,800,000)		
At 31st July 2013	<u>7,156,275</u>	<u>7,146,019</u>	<u>5,576</u>	<u>4,680</u>

**22 RELATED PARTY DISCLOSURES**

**D C H Austin**  
 Director

The group occupies land at Bowling Green Lane, Albrighton, Wolverhampton, of which 30% of the land is owned by Mr D C H Austin. No rental is charged on this land.

Included in other creditors are amounts due to the above director as at the year end amounting to £32,755 (2012 £35,311). The maximum overdrawn loan account throughout the financial year was £44,015.

During the year dividends were paid to the above director, in his capacity as shareholder, amounting to £nil (2012 £130,000).

**D J C Austin**  
 Director

Included in other creditors are amounts due to the above director as at the year end amounting to £55,655 (2012 amounts due from the director of £1,220,078 included in other debtors). The maximum overdrawn loan account throughout the financial year was £1,744,315.

During the year dividends were paid to the above director, in his capacity as shareholder, amounting to £1,800,000 (2012 £nil).

**23 ULTIMATE CONTROLLING PARTY**

The ultimate controlling party is considered to be the directors by virtue of their shareholdings.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31ST JULY 2013**

**24 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

**Group**

	31 7 13 £	31 7 12 £
Profit for the financial year	1,886,962	1,958,454
Dividends	(1,800,000)	(130,000)
	<hr/>	<hr/>
Foreign exchange differences	86,962	1,828,454
	115,038	(18,130)
	<hr/>	<hr/>
<b>Net addition to shareholders' funds</b>	202,000	1,810,324
Opening shareholders' funds	10,037,985	8,227,661
	<hr/>	<hr/>
<b>Closing shareholders' funds</b>	10,239,985	10,037,985
	<hr/>	<hr/>

**Company**

	31 7 13 £	31 7 12 £
Profit for the financial year	3,450,129	1,030,487
Dividends	(1,800,000)	(130,000)
	<hr/>	<hr/>
<b>Net addition to shareholders' funds</b>	1,650,129	900,487
Opening shareholders' funds	5,511,466	4,610,979
	<hr/>	<hr/>
<b>Closing shareholders' funds</b>	7,161,595	5,511,466
	<hr/>	<hr/>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31ST JULY 2013**

**25 CONTINGENT ASSETS AND LIABILITIES**

During the year the group has entered into derivative contracts in order to partially hedge its foreign exchange risks arising from anticipated future trading activities in foreign currencies

The parent company holds two US dollar forward contracts over \$350,000 and \$500,000 expiring on 11th July 2014 and 15th July 2014 respectively. The contracts allow the parent company to benefit from improved lower spot rates of US dollars to sterling at expiry provided that triggers of 1.539 US dollars/£1 and 1.475 US dollars/£1 are not reached before 3pm on the days of expiry. Where a trigger is reached the US dollars must be sold at protected rates of 1.631 US dollars/£1 and 1.577 US dollars/£1 respectively.

The parent company holds two euro forward contracts over 250,000 euro each, the first expiring on 15th July 2014 and the second on 31st March 2014. The contracts allow the parent company to benefit from an improved lower spot conversion rate of euros to sterling at expiry provided that triggers of 1.129 euro/£1 and 1.119 euro/£1 respectively are not reached before the days of expiry. Where a trigger is reached then the euros must be sold at protected rates of 1.2075 euro to £1 and 1.1825 euro to £1 respectively.

The parent company also holds a further three contracts over 350,000 euro, 350,000 euro and 400,000 euro expiring on 15th July 2014, 16th July 2014 and 18th July 2014 respectively. The contracts entitle the parent company to sell euros at 1.2047 euro/£1, 1.1583 euro/£1 and 1.1445 euro/£1 respectively.

The parent company also holds a further option allowing it to sell 500,000 euro on 11th July 2014 at a rate of 1.225 euro/£1.

On 22nd July 2013 the parent company entered into three currency swaps whereby it exchanged 50m yen, 500,000 US dollars and 500,000 euro for £326,563, £326,243 and £429,960 respectively. All of the swaps expired on 24th September 2013.

The impact of revaluing all of the above obligations to market value at the year end would be to crystallise an overall net exchange loss of £33,945. The impact of revaluing foreign exchange derivatives held at 31st July 2012 would have been to crystallise an overall net exchange gain of £43,897.

The parent company has entered into bank cross guarantees with its subsidiary undertaking, David Austin Rose Nursery Limited. There was no obligation under these guarantees at 31st July 2013 (2012 £nil).