

REGISTERED NUMBER: 02701780 (England and Wales)

GROUP STRATEGIC REPORT,
REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST JULY 2015
FOR
DAVID AUSTIN ROSES LIMITED

TUESDAY



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FOR THE YEAR ENDED 31ST JULY 2015

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DAVID AUSTIN ROSES LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 31ST JULY 2015

DIRECTORS:

Mr D C H Austin
Mr D J 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

GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31ST JULY 2015

The directors present their strategic report of the company and the group for the year ended 31st July 2015.

REVIEW OF BUSINESS

The group has been able to continue growth in certain areas of the business despite tough economic conditions. Overall group turnover has increased by £292k (1.9%), from £15,354k to £15,646k with a gross margin improving to 61.6% (2014: 58.4%). The group's markets remain competitive but the directors continue to anticipate that strong branding together with targeted promotional strategies will facilitate growth in 2016 and subsequent 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 £758k (2014: £814k).

Total group labour costs, excluding directors remuneration, including social security, marginally decreased to £4,083k in 2015 from £4,090k in the previous year.

Total group profit before tax was £3,988k, an increase of £1,202k (43%) from the prior year profit of £2,786k, after taking into account foreign exchange gains of £42k (2014: £433k loss).

PRINCIPAL RISKS AND UNCERTAINTIES

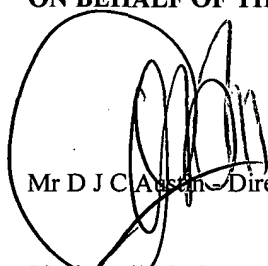
The group operates in competitive markets and would be adversely impacted by potential further tough economic conditions in the future. It has significant overseas sales, particularly in the USA and Japan, rendering it susceptible to adverse foreign currency movements. The directors continue to strengthen the group'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 group's supply chain. The group 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 of £3,988k has facilitated an increase in net assets to £13,163k at the year end. 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 phased implementation of the patent box regime.

ON BEHALF OF THE BOARD:



Mr D J C Austin Director

22nd April 2016

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST JULY 2015

The directors present their report with the financial statements of the company and the group for the year ended 31st July 2015.

PRINCIPAL ACTIVITY

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

DIVIDENDS

Interim dividends per share on the Ordinary 'B' £1 shares were paid as follows:

£417.76315	- 6th April 2015
£531.25000	- 30th April 2015
<hr/>	
£949.01315	
<hr/>	

The directors recommend that no final dividends are to be paid on these shares.

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

The total distribution of dividends for the year ended 31st July 2015 will be £2,885,000.

DIRECTORS

The directors shown below have held office during the whole of the period from 1st August 2014 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.

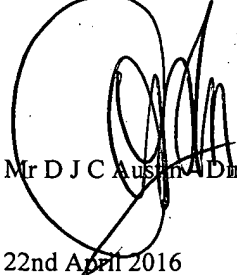
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements 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.

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST JULY 2015

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:

A handwritten signature in black ink, appearing to be 'D J C Austin', written over a circular stamp or seal.

Mr D J C Austin Director

22nd April 2016

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 2015 on pages seven to twenty five. 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 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. 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 Group Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2015 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 Group 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.

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

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 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

22nd April 2016

DAVID AUSTIN ROSES LIMITED (REGISTERED NUMBER: 02701780)

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST JULY 2015

31.7.14				31.7.15
£	£	Notes	£	£
	15,354,373	TURNOVER	2	15,646,239
	6,386,273	Cost of sales		6,003,344
	<u>8,968,100</u>	GROSS PROFIT		<u>9,642,895</u>
	6,193,927	Administrative expenses		<u>5,720,943</u>
	<u>2,774,173</u>			<u>3,921,952</u>
	6,600	Other operating income		<u>7,140</u>
	<u>2,780,773</u>	OPERATING PROFIT	4	<u>3,929,092</u>
279		Income from fixed asset investments		14,972
<u>24,457</u>		Interest receivable and similar income		<u>57,685</u>
	<u>24,736</u>			<u>72,657</u>
	<u>2,805,509</u>			<u>4,001,749</u>
	19,579	Interest payable and similar charges	5	<u>14,160</u>
	<u>2,785,930</u>	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>3,987,589</u>
	354,622	Tax on profit on ordinary activities	6	<u>633,057</u>
	<u>2,431,308</u>	PROFIT FOR THE FINANCIAL YEAR FOR THE GROUP		<u><u>3,354,532</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

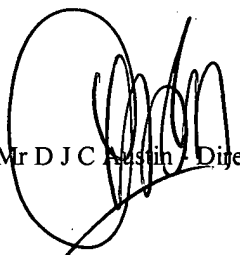
DAVID AUSTIN ROSES LIMITED (REGISTERED NUMBER: 02701780)

CONSOLIDATED BALANCE SHEET

31ST JULY 2015

31.7.14			Notes	31.7.15
£	£			£
		FIXED ASSETS		
	4,797,693	Tangible assets	9	5,215,204
	961,345	Investments	10	2,371,379
	135,953	Investment property	11	135,953
	<u>5,894,991</u>			<u>7,722,536</u>
		CURRENT ASSETS		
1,692,840		Stocks	12	1,560,966
2,120,594		Debtors	13	1,515,657
5,402,386		Cash at bank		4,733,911
<u>9,215,820</u>				<u>7,810,534</u>
		CREDITORS		
2,087,569		Amounts falling due within one year	14	2,182,649
<u>7,128,251</u>		NET CURRENT ASSETS		<u>5,627,885</u>
13,023,242		TOTAL ASSETS LESS CURRENT LIABILITIES		<u>13,350,421</u>
		CREDITORS		
(322,397)		Amounts falling due after more than one year	15	(116,903)
(2,246)		PROVISIONS FOR LIABILITIES	19	(70,527)
<u>12,698,599</u>		NET ASSETS		<u>13,162,991</u>
		CAPITAL AND RESERVES		
	5,320	Called up share capital	20	5,320
	5,576	Share premium	21	5,576
	4,680	Capital redemption reserve	21	4,680
	12,683,023	Profit and loss account	21	13,147,415
	<u>12,698,599</u>	SHAREHOLDERS' FUNDS	26	<u>13,162,991</u>

The financial statements were approved and authorised for issue by the Board of Directors on 22nd April 2016 and were signed on its behalf by:


Mr D J C Austin, Director

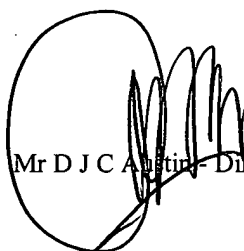
The notes form part of these financial statements

DAVID AUSTIN ROSES LIMITED (REGISTERED NUMBER: 02701780)

COMPANY BALANCE SHEET
31ST JULY 2015

31.7.14			Notes	31.7.15
£	£			£
		FIXED ASSETS		
	4,050,968	Tangible assets	9	4,565,835
	994,928	Investments	10	2,404,962
	135,953	Investment property	11	135,953
	<u>5,181,849</u>			<u>7,106,750</u>
		CURRENT ASSETS		
793,933		Stocks	12	615,107
2,077,513		Debtors: amounts falling due within one year	13	1,489,022
677,228		Debtors: amounts falling due after more than one year	13	485,084
<u>5,070,283</u>		Cash at bank		<u>3,701,297</u>
8,618,957				6,290,510
		CREDITORS		
<u>3,983,871</u>		Amounts falling due within one year	14	<u>2,586,182</u>
	4,635,086	NET CURRENT ASSETS		<u>3,704,328</u>
	9,816,935	TOTAL ASSETS LESS CURRENT LIABILITIES		10,811,078
		CREDITORS		
	(322,397)	Amounts falling due after more than one year	15	(1,616,903)
	-	PROVISIONS FOR LIABILITIES	19	(62,985)
	<u>9,494,538</u>	NET ASSETS		<u>9,131,190</u>
		CAPITAL AND RESERVES		
	5,320	Called up share capital	20	5,320
	5,576	Share premium	21	5,576
	4,680	Capital redemption reserve	21	4,680
	<u>9,478,962</u>	Profit and loss account	21	<u>9,115,614</u>
	9,494,538	SHAREHOLDERS' FUNDS	26	<u>9,131,190</u>

The financial statements were approved and authorised for issue by the Board of Directors on 22nd April 2016 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 2015

31.7.14			31.7.15
£	£	Notes	£
	3,118,229	Net cash inflow from operating activities 1	4,186,229
	5,157	Returns on investments and servicing of finance 2	58,497
	(386,116)	Taxation	(174,595)
	(973,656)	Capital expenditure and financial investment 2	(2,306,693)
	-	Equity dividends paid	(2,885,000)
	1,763,614		(1,121,562)
	(827,963)	Financing 2	453,087
	935,651	(Decrease)/increase in cash in the period	(668,475)
<hr/>			
		Reconciliation of net cash flow to movement in net funds 3	
935,651		(Decrease)/increase in cash in the period	(668,475)
305,713		Cash outflow from decrease in debt	209,392
			<hr/>
	1,241,364	Change in net funds resulting from cash flows	(459,083)
	1,241,364	Movement in net funds in the period	(459,083)
	3,634,363	Net funds at 1st August	4,875,727
	4,875,727	Net funds at 31st July	4,416,644

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST JULY 2015

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

	31.7.15	31.7.14
	£	£
Operating profit	3,929,092	2,780,773
Depreciation charges	440,638	363,007
Profit on disposal of fixed assets	(36,013)	(31,670)
Decrease in stocks	131,874	40,304
Decrease in debtors	1,119	133,148
Decrease in creditors	(280,481)	(167,333)
Net cash inflow from operating activities	4,186,229	3,118,229

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

	31.7.15	31.7.14
	£	£
Returns on investments and servicing of finance		
Interest received	57,685	24,457
Interest paid	(14,160)	(19,579)
Dividends received	14,972	279
Net cash inflow for returns on investments and servicing of finance	58,497	5,157
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(944,897)	(224,907)
Purchase of fixed asset investments	(1,558,142)	(1,049,580)
Sale of tangible fixed assets	49,616	10,345
Sale of fixed asset investments	146,730	290,486
Net cash outflow for capital expenditure and financial investment	(2,306,693)	(973,656)
Financing		
Loan repayments in year	(209,392)	(305,713)
Movement on directors loans	593,096	(666,541)
Foreign exchange on reserves	(5,140)	27,306
Foreign exchange on bfwd tangible assets	74,523	116,985
Net cash inflow/(outflow) from financing	453,087	(827,963)

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST JULY 2015

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.8.14 £	Cash flow £	At 31.7.15 £
Net cash:			
Cash at bank	5,402,386	(668,475)	4,733,911
	<u>5,402,386</u>	<u>(668,475)</u>	<u>4,733,911</u>
Debt:			
Debts falling due within one year	(204,262)	3,898	(200,364)
Debts falling due after one year	(322,397)	205,494	(116,903)
	<u>(526,659)</u>	<u>209,392</u>	<u>(317,267)</u>
Total	<u>4,875,727</u>	<u>(459,083)</u>	<u>4,416,644</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST JULY 2015

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment property.

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.

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST JULY 2015

1. ACCOUNTING POLICIES - continued

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 group 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 27 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

	31.7.15	31.7.14
	£	£
Wages and salaries	4,012,741	3,992,828
Social security costs	426,760	453,424
Other pension costs	99,894	143,735
	<u>4,539,395</u>	<u>4,589,987</u>

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

	31.7.15	31.7.14
Selling and administration	119	103
Production and breeding	88	78
	<u>207</u>	<u>181</u>

DAVID AUSTIN ROSES LIMITED (REGISTERED NUMBER: 02701780)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST JULY 2015

4. OPERATING PROFIT

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

	31.7.15	31.7.14
	£	£
Hire of equipment	28,973	18,535
Other operating leases	1,835	9,137
Depreciation - owned assets	440,638	363,007
Profit on disposal of fixed assets	(36,013)	(31,670)
Auditors' remuneration	19,000	30,939
Foreign exchange differences	(42,366)	432,862
Research and development costs	757,934	813,608
	<u> </u>	<u> </u>
Directors' remuneration	352,208	328,288
Directors' pension contributions to money purchase schemes	40,000	73,334
	<u> </u>	<u> </u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>1</u>	<u>1</u>
------------------------	----------	----------

Information regarding the highest paid director is as follows:

	31.7.15	31.7.14
	£	£
Emoluments etc	196,160	172,751
Pension contributions to money purchase schemes	40,000	73,334
	<u> </u>	<u> </u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	31.7.15	31.7.14
	£	£
Bank loan interest	12,046	19,543
Interest on corporation tax	2,114	36
	<u> </u>	<u> </u>
	<u>14,160</u>	<u>19,579</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST JULY 2015

6. TAXATION

Analysis of the tax charge

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

	31.7.15 £	31.7.14 £
Current tax:		
UK corporation tax	539,261	304,698
Japan corporation tax	24,618	31,179
Overseas withholding tax irrecoverable	897	10,522
	<u>564,776</u>	<u>346,399</u>
Deferred tax	68,281	8,223
	<u>633,057</u>	<u>354,622</u>

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:

	31.7.15 £	31.7.14 £
Profit on ordinary activities before tax	<u>3,987,589</u>	<u>2,785,930</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2014 - 21%)	797,518	585,045
Effects of:		
Expenses not deductible for tax purposes	5,596	3,547
Income not taxable for tax purposes	(2,994)	(2,389)
Capital allowances in excess of depreciation	(74,911)	(18,139)
Research and development	(192,010)	(213,572)
Chargeable gains	5,757	(18,854)
Marginal relief and tax rates overseas	24,923	239
Overseas withholding tax irrecoverable	897	10,522
	<u>564,776</u>	<u>346,399</u>

Factors that may affect future tax charges

The company is continuing to devote substantial resources to its ongoing research and development program, as detailed in the accounting policies and should benefit from the phased implementation of the patent box regime. 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 £2,521,652 (2014 - £2,332,943).

The parent company's profit for the financial year is stated after receiving dividends from subsidiary undertakings amounting to £900,000 (2014 - £900,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST JULY 2015

8. DIVIDENDS

	31.7.15	31.7.14
	£	£
Ordinary 'B' shares of £1 each		
Interim	<u>2,885,000</u>	<u>-</u>

9. TANGIBLE FIXED ASSETS

Group

	Totals, £	Freehold property £	Plant and machinery £	Motor vehicles £
COST				
At 1st August 2014	9,331,022	3,960,385	5,273,690	96,947
Additions	944,897	36,536	869,276	39,085
Disposals	(33,136)	(14,492)	(4,859)	(13,785)
Exchange differences	(74,523)	(36,930)	(36,537)	(1,056)
At 31st July 2015	<u>10,168,260</u>	<u>3,945,499</u>	<u>6,101,570</u>	<u>121,191</u>
DEPRECIATION				
At 1st August 2014	4,533,329	187,782	4,267,882	77,665
Charge for year	440,638	35,364	385,324	19,950
Eliminated on disposal	(20,911)	(2,267)	(4,859)	(13,785)
At 31st July 2015	<u>4,953,056</u>	<u>220,879</u>	<u>4,648,347</u>	<u>83,830</u>
NET BOOK VALUE				
At 31st July 2015	<u>5,215,204</u>	<u>3,724,620</u>	<u>1,453,223</u>	<u>37,361</u>
At 31st July 2014	<u>4,797,693</u>	<u>3,772,603</u>	<u>1,005,808</u>	<u>19,282</u>

Company

	Totals £	Freehold property £	Plant and machinery £	Motor vehicles £
COST				
At 1st August 2014	8,284,194	3,393,963	4,818,150	72,081
Additions	907,854	18,508	850,261	39,085
Disposals	(33,136)	(14,492)	(4,859)	(13,785)
At 31st July 2015	<u>9,158,912</u>	<u>3,397,979</u>	<u>5,663,552</u>	<u>97,381</u>
DEPRECIATION				
At 1st August 2014	4,233,226	175,681	3,998,129	59,416
Charge for year	380,762	29,889	335,219	15,654
Eliminated on disposal	(20,911)	(2,267)	(4,859)	(13,785)
At 31st July 2015	<u>4,593,077</u>	<u>203,303</u>	<u>4,328,489</u>	<u>61,285</u>
NET BOOK VALUE				
At 31st July 2015	<u>4,565,835</u>	<u>3,194,676</u>	<u>1,335,063</u>	<u>36,096</u>
At 31st July 2014	<u>4,050,968</u>	<u>3,218,282</u>	<u>820,021</u>	<u>12,665</u>

Included in cost of land and buildings is freehold land of £432,558 (2014 - £432,558) which is not depreciated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST JULY 2015

10. FIXED ASSET INVESTMENTS

Group

	Listed investments £
COST	
At 1st August 2014	961,345
Additions	1,558,142
Disposals	(148,108)
	<hr/>
At 31st July 2015	2,371,379
	<hr/>
NET BOOK VALUE	
At 31st July 2015	2,371,379
	<hr/>
At 31st July 2014	961,345
	<hr/>

Company

	Totals £	Listed investments £	Unlisted investments £
COST			
At 1st August 2014	994,928	961,345	33,583
Additions	1,558,142	1,558,142	-
Disposals	(148,108)	(148,108)	-
	<hr/>	<hr/>	<hr/>
At 31st July 2015	2,404,962	2,371,379	33,583
	<hr/>	<hr/>	<hr/>
NET BOOK VALUE			
At 31st July 2015	2,404,962	2,371,379	33,583
	<hr/>	<hr/>	<hr/>
At 31st July 2014	994,928	961,345	33,583
	<hr/>	<hr/>	<hr/>

Market value of listed investments at 31st July 2015 - £2,429,717 (2014 - £957,775).

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

	%		
	holding		
Class of shares:	100.00		
Ordinary		31.7.15	31.7.14
		£	£
Aggregate capital and reserves		3,973,657	3,201,500
Profit for the year		1,672,157	694,189
		<hr/>	<hr/>

DAVID AUSTIN ROSES LIMITED (REGISTERED NUMBER: 02701780)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST JULY 2015

10. FIXED ASSET INVESTMENTS - continued

David Austin Roses Japan KK

Country of incorporation: Japan

Nature of business: Rose retailer and wholesaler

	% holding		
Class of shares:			
Ordinary	100.00	31.7.15	31.7.14
		£	£
Aggregate capital and reserves		102,636	47,465
Profit for the year		<u>63,971</u>	<u>265,003</u>

11. INVESTMENT PROPERTY

Group

COST

At 1st August 2014
and 31st July 2015

Total
£

135,953

NET BOOK VALUE

At 31st July 2015

135,953

At 31st July 2014

135,953

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

COST

At 1st August 2014
and 31st July 2015

Total
£

135,953

NET BOOK VALUE

At 31st July 2015

135,953

At 31st July 2014

135,953

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 continues to be in line with the present market value and that the purchase cost continues to represent a reasonable assessment of the closing market value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST JULY 2015

12. STOCKS

	Group		Company	
	31.7.15	31.7.14	31.7.15	31.7.14
	£	£	£	£
Growing plants	992,440	1,006,570	108,507	186,916
Plants and goods for resale	568,526	686,270	506,600	607,017
	<u>1,560,966</u>	<u>1,692,840</u>	<u>615,107</u>	<u>793,933</u>

13. DEBTORS

	Group		Company	
	31.7.15	31.7.14	31.7.15	31.7.14
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	1,413,439	1,318,992	1,398,284	1,274,264
Directors' current accounts	-	603,818	-	603,818
Tax	-	-	-	121,961
Prepayments	102,218	197,784	90,738	77,470
	<u>1,515,657</u>	<u>2,120,594</u>	<u>1,489,022</u>	<u>2,077,513</u>
Amounts falling due after more than one year:				
Group balances	-	-	485,084	672,750
Deferred tax asset	-	-	-	4,478
	<u>-</u>	<u>-</u>	<u>485,084</u>	<u>677,228</u>
Aggregate amounts	<u>1,515,657</u>	<u>2,120,594</u>	<u>1,974,106</u>	<u>2,754,741</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31.7.15	31.7.14	31.7.15	31.7.14
	£	£	£	£
Bank loans and overdrafts (see note 16)	200,364	204,262	200,364	204,262
Trade creditors	749,097	920,716	452,302	483,777
Amounts owed to group undertakings	-	-	1,426,162	2,792,515
Tax	411,325	21,144	53,054	-
Social security and other taxes	273,163	292,773	272,232	292,102
Customer deposits	391,726	467,138	58,331	66,293
Directors' current accounts	14,965	25,687	14,965	25,687
Accrued expenses	142,009	155,849	108,772	119,235
	<u>2,182,649</u>	<u>2,087,569</u>	<u>2,586,182</u>	<u>3,983,871</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST JULY 2015

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

	Group		Company	
	31.7.15	31.7.14	31.7.15	31.7.14
	£	£	£	£
Bank loans (see note 16)	116,903	322,397	116,903	322,397
Amounts owed to group undertakings	-	-	1,500,000	-
	<u>116,903</u>	<u>322,397</u>	<u>1,616,903</u>	<u>322,397</u>

16. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	31.7.15	31.7.14	31.7.15	31.7.14
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank loans	<u>200,364</u>	<u>204,262</u>	<u>200,364</u>	<u>204,262</u>
Amounts falling due between one and two years:				
Bank loans - 1-2 years	<u>116,903</u>	<u>322,397</u>	<u>116,903</u>	<u>322,397</u>

17. OPERATING LEASE COMMITMENTS

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

Company

	Other operating leases	
	31.7.15	31.7.14
	£	£
Expiring:		
Within one year	<u>-</u>	<u>17,315</u>

18. SECURED DEBTS

The following secured debts are included within creditors:

	Group		Company	
	31.7.15	31.7.14	31.7.15	31.7.14
	£	£	£	£
Bank loans	<u>317,267</u>	<u>526,659</u>	<u>317,267</u>	<u>526,659</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 certain compensating bank balances are offset against each other. As at the group's balance sheet date, there are no overdrawn bank balances subject to this offset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST JULY 2015

19. PROVISIONS FOR LIABILITIES

	Group		Company	
	31.7.15	31.7.14	31.7.15	31.7.14
	£	£	£	£
Deferred tax	<u>70,527</u>	<u>2,246</u>	<u>62,985</u>	<u>-</u>
Group				
				Deferred tax
				£
Balance at 1st August 2014				2,246
Credit to Profit and Loss Account during year				<u>68,281</u>
Balance at 31st July 2015				<u>70,527</u>
Company				
				Deferred tax
				£
Balance at 1st August 2014				(4,478)
Credit to Profit and Loss Account during year				<u>67,463</u>
Balance at 31st July 2015				<u>62,985</u>

20. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	31.7.15	31.7.14
			£	£
2,280	Ordinary 'A'	£1	2,280	2,280
3,040	Ordinary 'B'	£1	3,040	3,040
			<u>5,320</u>	<u>5,320</u>

The Ordinary A and Ordinary B shares rank parri passu in all respects other than having the potential for differing dividend entitlements.

21. RESERVES

Group				
	Totals	Profit and loss account	Share premium	Capital redemption reserve
	£	£	£	£
At 1st August 2014	12,693,279	12,683,023	5,576	4,680
Profit for the year	3,354,532	3,354,532		
Dividends	(2,885,000)	(2,885,000)		
Exchange differences	(5,140)	(5,140)	-	-
At 31st July 2015	<u>13,157,671</u>	<u>13,147,415</u>	<u>5,576</u>	<u>4,680</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST JULY 2015

21. RESERVES - continued

Company

	Totals £	Profit and loss account £	Share premium £	Capital redemption reserve £
At 1st August 2014	9,489,218	9,478,962	5,576	4,680
Profit for the year	2,521,652	2,521,652		
Dividends	(2,885,000)	(2,885,000)		
At 31st July 2015	<u>9,125,870</u>	<u>9,115,614</u>	<u>5,576</u>	<u>4,680</u>

22. CAPITAL COMMITMENTS

	31.7.15 £	31.7.14 £
Contracted but not provided for in the financial statements	-	209,583

23. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to a director subsisted during the years ended 31st July 2015 and 31st July 2014:

	31.7.15 £	31.7.14 £
D J C Austin		
Balance outstanding at start of year	603,818	(55,655)
Amounts advanced	2,284,133	703,613
Amounts repaid	(2,889,029)	(44,140)
Balance outstanding at end of year	<u>(1,078)</u>	<u>603,818</u>

24. RELATED PARTY DISCLOSURES

D C H Austin
 Director

The company 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.

No interest is charged on director loan accounts.

	31.7.15 £	31.7.14 £
Amount due to related party at the balance sheet date	<u>13,887</u>	<u>25,687</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST JULY 2015

24. RELATED PARTY DISCLOSURES - continued

D J C Austin
Director

During the year dividends were paid to the above director, in his capacity as shareholder, amounting to £2,885,000 (2014: £nil).

The maximum overdrawn loan account throughout the financial year was £1,876,611 (2014: £603,818).

No interest is charged on director loan accounts.

	31.7.15	31.7.14
	£	£
Amount due (to)/from related party at the balance sheet date	(1,078)	603,818

25. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is considered to be the directors by virtue of their shareholdings: There is no single controlling director by virtue of director's shareholdings and the shareholders agreement in place governing day to day operations.

26. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	31.7.15	31.7.14
	£	£
Profit for the financial year	3,354,532	2,431,308
Dividends	(2,885,000)	-
	469,532	2,431,308
Foreign exchange differences	(5,140)	27,306
	464,392	2,458,614
Net addition to shareholders' funds	12,698,599	10,239,985
Opening shareholders' funds		
Closing shareholders' funds	13,162,991	12,698,599

Company

	31.7.15	31.7.14
	£	£
Profit for the financial year	2,521,652	2,332,943
Dividends	(2,885,000)	-
	(363,348)	2,332,943
Net (reduction)/addition to shareholders' funds	9,494,538	7,161,595
Opening shareholders' funds		
Closing shareholders' funds	9,131,190	9,494,538

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST JULY 2015

27. 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 group holds an option allowing it to sell 500,000 Euros on 12th July 2016 at a rate of 1.3985 Euro : £1.

The group holds a further two options allowing it to sell 500,000 US Dollars each on 13th July 2016 and 13th July 2017 at a rate of 1.5915 US Dollars : £1.

The group also holds two options allowing it to sell 50,000,000 Yen on 15th July 2016 and 12th July 2017 at a rate of 189.50 Yen : £1.

The group holds two US Dollar forward contracts over \$500,000 and \$1,050,000 expiring on 15th July 2016 and 30th September 2015 respectively. The contracts entitle the group to sell US Dollar's at 1.478 US Dollar : £1 and 1.5742 US Dollar : £1 respectively.

The group also holds a Yen forward contract over ¥50,000,000 expiring on 15th July 2016. The contract entitles the group to sell Yen at 174.85 Yen : £1.

The impact of revaluing all of the above obligations to market value at the year end would be to crystallise an overall net exchange gain of £83,943 (2014: £85,286).

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 2015 (2014: £nil).