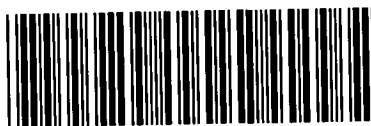


REGISTERED NUMBER: 02701780 (England and Wales)

GROUP STRATEGIC REPORT,
REPORT OF THE DIRECTOR AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST JULY 2018
FOR
DAVID AUSTIN ROSES LIMITED

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FOR THE YEAR ENDED 31ST JULY 2018

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DAVID AUSTIN ROSES LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31ST JULY 2018

DIRECTOR:	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

DAVID AUSTIN ROSES LIMITED (REGISTERED NUMBER: 02701780)

GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31ST JULY 2018

The director presents his strategic report of the company and the group for the year ended 31st July 2018.

REVIEW OF BUSINESS AND KEY PERFORMANCE INDICATORS

The group has been able to continue growth in certain areas of the business despite tough economic conditions. Overall group turnover has increased by £1,449k (7.04%), from £20,586k to £22,035k with gross margin decreasing very slightly to 57.7% (2017: 57.9%). The group's markets remain competitive but the director continues to anticipate that strong branding together with targeted promotional strategies will facilitate growth in 2019 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 director as a foundation for future success. Total research and development costs were £783k (2017: £720k).

Total group labour costs, excluding directors remuneration, including social security, increased to £4,775k in 2018 from £4,521k in the previous year.

Total group profit before tax was £5,390k, a decrease of £571k (9.6%) from the prior year profit of £5,961k, after taking into account foreign exchange losses of £77k (2017: £212k).

PRINCIPAL RISKS AND UNCERTAINTIES

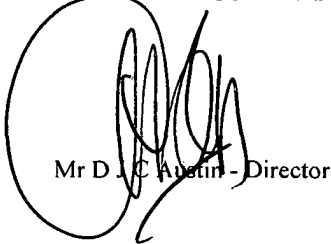
The group operates in competitive markets and would be adversely impacted by potential further tough economic conditions in the future. It has significant overseas sales, particularly in the USA and Japan, rendering it susceptible to adverse foreign currency movements. The director continues to strengthen 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 £4,725k has facilitated an increase in net assets of £4,442k to be £25,019k at the year end. The director expects the 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.

ON BEHALF OF THE BOARD:



Mr D. J. C. Austin - Director

30th January 2019

DAVID AUSTIN ROSES LIMITED (REGISTERED NUMBER: 02701780)

REPORT OF THE DIRECTOR
FOR THE YEAR ENDED 31ST JULY 2018

The director presents his report with the financial statements of the company and the group for the year ended 31st July 2018.

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

A dividend of £300,000 was paid during the year.

RESEARCH AND DEVELOPMENT

The group 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 £783k (2017: £720k).

FUTURE DEVELOPMENTS

The company anticipates continued profitability for the year to 31st July 2019 and subsequently.

As disclosed in note 28 to the accounts, on 1 August 2018 the company's share capital was acquired by David Austin Roses (Holdings) Limited.

DIRECTORS

The directors shown below have held office during the whole of the period from 1st August 2017 to the date of this report:

Mr D J C Austin

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

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

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

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

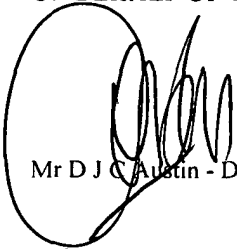
DAVID AUSTIN ROSES LIMITED (REGISTERED NUMBER: 02701780)

REPORT OF THE DIRECTOR
FOR THE YEAR ENDED 31ST JULY 2018

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

Mr D J C Austin - Director

30th January 2019

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 'parent company') and its subsidiaries (the 'group') for the year ended 31st July 2018 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, 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 group's and of the parent company affairs as at 31st July 2018 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

Our opinion on the financial statements does not cover the other information and 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, 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.

Opinion on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of director

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

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

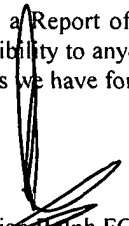
Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



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

30th January 2019

DAVID AUSTIN ROSES LIMITED (REGISTERED NUMBER: 02701780)

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31ST JULY 2018

31.7.17			Notes	31.7.18	
£	£			£	£
	20,586,033	TURNOVER	3		22,035,233
	8,669,883	Cost of sales			9,326,115
	<u>11,916,150</u>	GROSS PROFIT			<u>12,709,118</u>
	6,409,163	Administrative expenses			7,440,325
	<u>5,506,987</u>				<u>5,268,793</u>
	347,803	Other operating income and expenses	4		32,184
	<u>5,854,790</u>	OPERATING PROFIT	7		<u>5,300,977</u>
25,088		Income from fixed asset investments		27,758	
81,200		Interest receivable and similar income		61,238	
	<u>106,288</u>				<u>88,996</u>
	5,961,078				5,389,973
	-	Interest payable and similar expenses	8		206
	<u>5,961,078</u>	PROFIT BEFORE TAXATION			<u>5,389,767</u>
	804,574	Tax on profit	9		689,454
	<u>5,156,504</u>	PROFIT FOR THE FINANCIAL YEAR			<u>4,700,313</u>
		Profit attributable to:			
		Owners of the parent			<u>4,700,313</u>
<u>5,156,504</u>					

The notes form part of these financial statements

DAVID AUSTIN ROSES LIMITED (REGISTERED NUMBER: 02701780)

CONSOLIDATED OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST JULY 2018

31.7.17 £	Notes	31.7.18 £
5,156,504	PROFIT FOR THE YEAR	4,700,313
	OTHER COMPREHENSIVE INCOME	
(37,364)	Exchange differences on consolidation	16,919
-	Income tax relating to other comprehensive income	-
<hr/> (37,364)	OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX	<hr/> 16,919
<hr/> 5,119,140	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<hr/> 4,717,232
<hr/> <hr/> 5,119,140	Total comprehensive income attributable to: Owners of the parent	<hr/> <hr/> 4,717,232

The notes form part of these financial statements

CONSOLIDATED BALANCE SHEET
31ST JULY 2018

The financial statements were approved and authorised for issue by the director on 30th January 2019 and were signed by:

Mr D J C Austin - Director

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DAVID AUSTIN ROSES LIMITED (REGISTERED NUMBER: 02701780)

COMPANY BALANCE SHEET

31ST JULY 2018

31.7.17				31.7.18
£	£		Notes	£
		FIXED ASSETS		
	6,896,414	Tangible assets	12	7,159,367
	6,501,397	Investments	13	9,501,397
	-	Investment property	14	-
	<u>13,397,811</u>			<u>16,660,764</u>
		CURRENT ASSETS		
589,286		Stocks	15	736,497
2,038,836		Debtors	16	2,488,169
4,264,471		Cash at bank		3,613,557
	<u>6,892,593</u>			<u>6,838,223</u>
		CREDITORS		
3,184,296		Amounts falling due within one year	17	2,601,268
	<u>3,708,297</u>	NET CURRENT ASSETS		<u>4,236,955</u>
	17,106,108	TOTAL ASSETS LESS CURRENT LIABILITIES		20,897,719
		CREDITORS		
(1,500,000)		Amounts falling due after more than one year	18	(1,500,000)
(48,499)		PROVISIONS FOR LIABILITIES	21	-
	<u>15,557,609</u>	NET ASSETS		<u>19,397,719</u>
		CAPITAL AND RESERVES		
	5,320	Called up share capital	22	5,320
	5,576	Share premium	23	5,576
	4,680	Capital redemption reserve	23	4,680
	15,542,033	Retained earnings	23	19,382,143
	<u>15,557,609</u>	SHAREHOLDERS' FUNDS		<u>19,397,719</u>
	4,356,602	Company's profit for the financial year		4,140,110

The financial statements were approved and authorised for issue by the director on 30th January 2019 and were signed by:


Mr D J C Austin - Director

The notes form part of these financial statements

DAVID AUSTIN ROSES LIMITED (REGISTERED NUMBER: 02701780)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST JULY 2018

	Called up share capital £	Retained earnings £	Share premium £	Capital redemption reserve £	Total equity £
Balance at 1st August 2016	5,320	15,442,469	5,576	4,680	15,458,045
Changes in equity					
Total comprehensive income	-	5,119,140	-	-	5,119,140
Balance at 31st July 2017	5,320	20,561,609	5,576	4,680	20,577,185
Changes in equity					
Dividends	-	(300,000)	-	-	(300,000)
Total comprehensive income	-	4,717,232	-	-	4,717,232
Balance at 31st July 2018	5,320	24,978,841	5,576	4,680	24,994,417

The notes form part of these financial statements

DAVID AUSTIN ROSES LIMITED (REGISTERED NUMBER: 02701780)

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST JULY 2018

	Called up share capital £	Retained earnings £	Share premium £	Capital redemption reserve £	Total equity £
Balance at 1st August 2016	5,320	11,196,418	5,576	4,680	11,211,994
Changes in equity					
Total comprehensive income	-	4,356,602	-	-	4,356,602
Capital distribution	-	(10,987)	-	-	(10,987)
Balance at 31st July 2017	<u>5,320</u>	<u>15,542,033</u>	<u>5,576</u>	<u>4,680</u>	<u>15,557,609</u>
Changes in equity					
Dividends	-	(300,000)	-	-	(300,000)
Total comprehensive income	-	4,140,110	-	-	4,140,110
Balance at 31st July 2018	<u>5,320</u>	<u>19,382,143</u>	<u>5,576</u>	<u>4,680</u>	<u>19,397,719</u>

The notes form part of these financial statements

DAVID AUSTIN ROSES LIMITED (REGISTERED NUMBER: 02701780)

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST JULY 2018

31.7.17 £		Notes	31.7.18 £
	Cash flows from operating activities		
5,962,561	Cash generated from operations	1	5,126,182
-	Interest paid		(206)
(542,406)	Tax paid		(1,240,572)
<u>5,420,155</u>	Net cash from operating activities		<u>3,885,404</u>
	Cash flows from investing activities		
(2,679,590)	Purchase of tangible fixed assets		(1,157,102)
(1,060,902)	Purchase of fixed asset investments		(585,383)
14,170	Sale of tangible fixed assets		202,889
768,891	Sale of fixed asset investments		348,272
(154,842)	Revaluation of listed investments		(73,365)
81,200	Interest received		61,238
25,088	Dividends received		27,758
<u>(3,005,985)</u>	Net cash from investing activities		<u>(1,175,693)</u>
	Cash flows from financing activities		
6,795	Movement on directors loans		14,796
(37,364)	Foreign exchange on reserves		16,919
45,430	Foreign exchange on bfwd tangible assets		6,226
-	Equity dividends paid		(300,000)
<u>14,861</u>	Net cash from financing activities		<u>(262,059)</u>
	Increase in cash and cash equivalents		
2,429,031	Cash and cash equivalents at beginning of year	2	2,447,652
6,051,338			8,480,369
<u>8,480,369</u>	Cash and cash equivalents at end of year	2	<u>10,928,021</u>

The notes form part of these financial statements

DAVID AUSTIN ROSES LIMITED (REGISTERED NUMBER: 02701780)

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST JULY 2018

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	31.7.18	31.7.17
	£	£
Profit before taxation	5,389,767	5,961,078
Depreciation charges	465,391	430,281
Loss/(profit) on disposal of fixed assets	67,883	(43,456)
Finance costs	206	-
Finance income	(88,996)	(106,288)
	<u>5,834,251</u>	<u>6,241,615</u>
Increase in stocks	(284,075)	(30,339)
Increase in trade and other debtors	(503,469)	(271,757)
Increase in trade and other creditors	79,475	23,042
	<u>5,126,182</u>	<u>5,962,561</u>
Cash generated from operations	<u>5,126,182</u>	<u>5,962,561</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31st July 2018

	31.7.18	1.8.17
	£	£
Cash and cash equivalents	<u>10,928,021</u>	<u>8,480,369</u>

Year ended 31st July 2017

	31.7.17	1.8.16
	£	£
Cash and cash equivalents	<u>8,480,369</u>	<u>6,051,338</u>

The notes form part of these financial statements

DAVID AUSTIN ROSES LIMITED (REGISTERED NUMBER: 02701780)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST JULY 2018

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 General 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.

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.

Financial reporting standard 102 - reduced disclosure exemption

The individual company accounts have taken advantage of the following disclosure exemptions in preparing their financial statements as permitted by FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

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.

Revenue recognition

Interest income is recognised using the effective interest method.

Fixed asset investments are recognised when the right to receive payment is established.

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 they are brought into use.

Freehold land is not depreciated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST JULY 2018

2. ACCOUNTING POLICIES - continued

Investment property

In accordance with FRS102 investment property is valued at fair value, only if the property can be measured reliably without undue cost or effort. Revaluation surpluses are recognised in the income statement. Deferred taxation is provided on these gains at the rate expected to apply when the property is sold.

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 with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the income statement.

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

Stocks

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

Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

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

Deferred tax

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

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

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

Research and development

The 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 profit or loss 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 profit or loss in the period to which they relate.

DAVID AUSTIN ROSES LIMITED (REGISTERED NUMBER: 02701780)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST JULY 2018

2. ACCOUNTING POLICIES - continued

Investments

Investments in listed shares and equity shares have been valued at fair value where publicly traded and the gains and losses have been adjusted in the profit and loss account in line with FRS102.

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

Loan 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 of individual companies 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.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operation are translated from their functional currency to sterling using the closing exchange rate. Income and expenses are translated using the average rate for the period. Exchange differences arising on the translation of group companies are recognised in other comprehensive income.

The group uses foreign currency options and currency swaps in order to hedge its exposure to transactions denominated in certain foreign currencies.

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 group.

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

	31.7.18	31.7.17
	£	£
Sales of goods	19,263,631	17,841,808
Licensing and royalties	2,771,602	2,744,225
	<u>22,035,233</u>	<u>20,586,033</u>

DAVID AUSTIN ROSES LIMITED (REGISTERED NUMBER: 02701780)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST JULY 2018

3. TURNOVER - continued

An analysis of turnover by geographical market is given below:

	31.7.18	31.7.17
	£	£
United Kingdom	12,649,173	12,479,757
Europe	2,992,832	3,180,754
Rest of world	6,393,228	4,925,522
	<u>22,035,233</u>	<u>20,586,033</u>

4. OTHER OPERATING INCOME AND EXPENSES

	31.7.18	31.7.17
	£	£
Rents received	6,488	7,283
Forward exchange contracts	(47,669)	185,678
Profit on listed investments	73,365	154,842
	<u>32,184</u>	<u>347,803</u>

5. EMPLOYEES AND DIRECTORS

	31.7.18	31.7.17
	£	£
Wages and salaries	4,644,471	4,417,736
Social security costs	502,929	465,642
Other pension costs	133,289	47,945
	<u>5,280,689</u>	<u>4,931,323</u>

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

	31.7.18	31.7.17
Selling and administration	131	133
Production and breeding	94	85
	<u>225</u>	<u>218</u>

6. DIRECTORS' EMOLUMENTS

	31.7.18	31.7.17
	£	£
Directors' remuneration	330,059	321,076
Directors' pension contributions to money purchase schemes	10,000	10,000
	<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>
------------------------	----------	----------

DAVID AUSTIN ROSES LIMITED (REGISTERED NUMBER: 02701780)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST JULY 2018

6. DIRECTORS' EMOLUMENTS - continued

Information regarding the highest paid director is as follows:

	31.7.18	31.7.17
	£	£
Emoluments etc	166,911	162,428
Pension contributions to money purchase schemes	10,000	10,000

7. OPERATING PROFIT

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

	31.7.18	31.7.17
	£	£
Hire of equipment	56,409	34,048
Depreciation - owned assets	465,391	430,281
Loss/(profit) on disposal of fixed assets	67,883	(43,456)
Auditors' remuneration	28,488	27,763
Foreign exchange differences	76,782	211,982
Research and development costs	783,674	720,540
Changes in fair value of listed investments	(73,365)	(18,960)
Changes in fair value of forward exchange contracts	47,669	(185,678)
Cost of stock	9,602,532	8,714,925

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	31.7.18	31.7.17
	£	£
Interest on corporation tax	206	-

9. TAXATION

Analysis of the tax charge

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

	31.7.18	31.7.17
	£	£
Current tax:		
UK corporation tax	796,868	918,102
Under/over provision in prior year	39,007	3,679
Patent box	(167,232)	(211,232)
Overseas tax	111,194	53,741
Total current tax	779,837	764,290
Deferred tax	(90,383)	40,284
Tax on profit	689,454	804,574

UK corporation tax has been charged at 19.35% (2017 - 20.19%).

DAVID AUSTIN ROSES LIMITED (REGISTERED NUMBER: 02701780)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST JULY 2018

9. TAXATION - continued

Reconciliation of total tax charge included in profit and loss

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

	31.7.18 £	31.7.17 £
Profit before tax	<u>5,389,767</u>	<u>5,961,078</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19.352% (2017 - 20.201%)	1,043,028	1,204,197
Effects of:		
Expenses not deductible for tax purposes	21,874	22,674
Income not taxable for tax purposes	(5,372)	(5,068)
Capital allowances in excess of depreciation	(4,935)	(58,202)
Research and development	(197,154)	(189,223)
Chargeable gains	-	5,233
Effect of marginal relief and tax rates overseas	(2,597)	(5,922)
Deferred taxation movement	(90,383)	40,284
FRS102 adjustment	(14,198)	(3,830)
Patent box claims	(167,232)	(211,232)
Under provision in prior years	39,007	3,679
Other overseas taxes	<u>67,416</u>	<u>1,984</u>
Total tax charge	<u><u>689,454</u></u>	<u><u>804,574</u></u>

Tax effects relating to effects of other comprehensive income

	31.7.18 Gross £	Tax £	Net £
Exchange differences on consolidation	<u>16,919</u>	<u>-</u>	<u>16,919</u>
	31.7.17 Gross £	Tax £	Net £
Exchange differences on consolidation	<u>(37,364)</u>	<u>-</u>	<u>(37,364)</u>

The group expects the 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.

10. INDIVIDUAL INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the statement of Comprehensive Income of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £4,109,271 (2017: £4,356,602)

The parent company's profit for the financial year is stated after receiving dividends from subsidiary undertakings amounting to £1,000,000 (2017 - £900,000).

DAVID AUSTIN ROSES LIMITED (REGISTERED NUMBER: 02701780)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST JULY 2018**

11. DIVIDENDS

	31.7.18	31.7.17
	£	£
Preference shares of £1 each		
Interim	300,000	-
	<u>300,000</u>	<u>-</u>

12. TANGIBLE FIXED ASSETS

Group

	Totals £	Freehold property £	Plant and machinery £	Motor vehicles £
COST				
At 1st August 2017	13,487,163	6,656,094	6,698,387	132,682
Additions	1,157,102	566,672	535,394	55,036
Disposals	(355,019)	(227,857)	(127,162)	-
Exchange differences	(6,327)	1,148	(7,373)	(102)
At 31st July 2018	<u>14,282,919</u>	<u>6,996,057</u>	<u>7,099,246</u>	<u>187,616</u>
DEPRECIATION				
At 1st August 2017	5,766,440	305,804	5,372,651	87,985
Charge for year	465,391	62,487	380,989	21,915
Eliminated on disposal	(110,958)	(11,393)	(99,565)	-
Exchange differences	(101)	-	-	(101)
At 31st July 2018	<u>6,120,772</u>	<u>356,898</u>	<u>5,654,075</u>	<u>109,799</u>
NET BOOK VALUE				
At 31st July 2018	<u>8,162,147</u>	<u>6,639,159</u>	<u>1,445,171</u>	<u>77,817</u>
At 31st July 2017	<u>7,720,723</u>	<u>6,350,290</u>	<u>1,325,736</u>	<u>44,697</u>

DAVID AUSTIN ROSES LIMITED (REGISTERED NUMBER: 02701780)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST JULY 2018

12. TANGIBLE FIXED ASSETS - continued

Company

	Totals £	Freehold property £	Plant and machinery £	Motor vehicles £
COST				
At 1st August 2017	12,156,855	5,927,492	6,123,481	105,882
Additions	895,117	566,672	296,347	32,098
Disposals	(355,019)	(227,857)	(127,162)	-
At 31st July 2018	12,696,953	6,266,307	6,292,666	137,980
DEPRECIATION				
At 1st August 2017	5,260,441	273,097	4,926,160	61,184
Charge for year	388,103	55,262	311,404	21,437
Eliminated on disposal	(110,958)	(11,393)	(99,565)	-
At 31st July 2018	5,537,586	316,966	5,137,999	82,621
NET BOOK VALUE				
At 31st July 2018	7,159,367	5,949,341	1,154,667	55,359
At 31st July 2017	6,896,414	5,654,395	1,197,321	44,698

Included in cost of land and buildings is freehold land of £693,885 (2017 - £423,558) which is not depreciated.

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

13. FIXED ASSET INVESTMENTS

Group

	Listed investments £
COST OR VALUATION	
At 1st August 2017	3,262,072
Additions	585,383
Disposals	(374,983)
Revaluations	73,365
At 31st July 2018	3,545,837
NET BOOK VALUE	
At 31st July 2018	3,545,837
At 31st July 2017	3,262,072

DAVID AUSTIN ROSES LIMITED (REGISTERED NUMBER: 02701780)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST JULY 2018

13. FIXED ASSET INVESTMENTS - continued

Group

Cost or valuation at 31st July 2018 is represented by:

	Listed investments £
Valuation in 2015	58,338
Valuation in 2016	59,691
Valuation in 2017	154,842
Valuation in 2018	73,365
Cost	3,199,601
	<hr/>
	3,545,837
	<hr/>

Company

	Unlisted investments £
COST OR VALUATION	
At 1st August 2017	6,501,397
Additions	3,000,000
	<hr/>
At 31st July 2018	9,501,397
	<hr/>
NET BOOK VALUE	
At 31st July 2018	9,501,397
	<hr/>
At 31st July 2017	6,501,397
	<hr/>

Cost or valuation at 31st July 2018 is represented by:

	Unlisted investments £
Cost	9,501,397
	<hr/>

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

Registered office: Bowling Green Lane, Albrighton, Shropshire, WV7 3HB

Nature of business: Rose grower and retailer

	%		
Class of shares:	holding		
Ordinary	100.00		
		31.7.18	31.7.17
		£	£
Aggregate capital and reserves		5,189,391	4,745,399
Profit for the year		1,748,907	1,972,888
		<hr/>	<hr/>

DAVID AUSTIN ROSES LIMITED (REGISTERED NUMBER: 02701780)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST JULY 2018

13. **FIXED ASSET INVESTMENTS - continued**

David Austin Roses Japan KK

Registered office: Japan

Nature of business: Rose retailer and wholesaler

	%		
Class of shares:	holding		
Ordinary	100.00		
		31.7.18	31.7.17
		£	£
Aggregate capital and reserves		415,899	324,921
Profit for the year		<u>116,351</u>	<u>160,852</u>

DA English Roses Limited

Registered office: Bowling Green Lane, Albrighton, Shropshire, WV7 3HB

Nature of business: Investment company

	%		
Class of shares:	holding		
Ordinary	100.00		
		31.7.18	31.7.17
		£	£
Aggregate capital and reserves		9,493,444	6,449,807
Profit for the year		<u>56,875</u>	<u>24,907</u>

David Austin Roses Limited's unlisted investment addition of £9,467,814 relates to the company's acquisition of its subsidiary undertaking, DA English Roses Limited, as follows:

	£
On incorporation, 27 January 2017, one ordinary share	1
Acquisition of 6,467,813 preference shares on 15 May 2017	6,467,813
Acquisition of 3,000,000 preference shares on 7 December 2017	<u>3,000,000</u>
	<u>9,467,814</u>
Consideration for the acquisition of the preference shares in the year by way of cash	<u>3,000,000</u>
	<u>3,000,000</u>

Listed fixed asset investments held by the group at the balance sheet date were valued, on an active market basis, as at 31st July 2018 by Rathbones.

DAVID AUSTIN ROSES LIMITED (REGISTERED NUMBER: 02701780)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST JULY 2018

14. INVESTMENT PROPERTY

Group

	Total £
FAIR VALUE	
At 1st August 2017	
and 31st July 2018	135,953
NET BOOK VALUE	
At 31st July 2018	135,953
At 31st July 2017	135,953

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

15. STOCKS

	Group		Company	
	31.7.18	31.7.17	31.7.18	31.7.17
	£	£	£	£
Growing plants	1,546,179	1,264,454	228,617	92,654
Plants and goods for resale	568,854	566,504	507,880	496,632
	<u>2,115,033</u>	<u>1,830,958</u>	<u>736,497</u>	<u>589,286</u>

16. DEBTORS

	Group		Company	
	31.7.18	31.7.17	31.7.18	31.7.17
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	1,963,161	1,413,629	1,936,631	1,400,803
Group balances	-	-	395,074	-
Foreign currency forward exchange contracts	-	45,655	-	45,655
Taxation	147,169	-	-	-
Deferred tax asset	-	-	57,981	-
Prepayments	126,558	126,966	98,483	93,071
	<u>2,236,888</u>	<u>1,586,250</u>	<u>2,488,169</u>	<u>1,539,529</u>
Amounts falling due after more than one year:				
Group balances	-	-	-	499,307
	<u>-</u>	<u>-</u>	<u>-</u>	<u>499,307</u>
Aggregate amounts	<u>2,236,888</u>	<u>1,586,250</u>	<u>2,488,169</u>	<u>2,038,836</u>

DAVID AUSTIN ROSES LIMITED (REGISTERED NUMBER: 02701780)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST JULY 2018

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31.7.18	31.7.17	31.7.18	31.7.17
	£	£	£	£
Trade creditors	826,843	916,366	422,600	643,820
Other creditors	37,096	32,826	37,096	32,826
Amounts owed to group undertakings	-	-	1,331,062	1,640,561
Tax	57,280	370,846	30,943	305,651
Social security and other taxes	434,638	329,625	434,456	328,807
Customer deposits	549,713	502,832	195,935	100,780
Foreign currency forward exchange contracts	2,014	-	2,014	-
Directors' current accounts	31,350	16,554	31,350	16,554
Accrued expenses	170,073	159,253	115,812	115,297
	<u>2,109,007</u>	<u>2,328,302</u>	<u>2,601,268</u>	<u>3,184,296</u>

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

	Company	
	31.7.18	31.7.17
	£	£
Amounts owed to group undertakings	<u>1,500,000</u>	<u>1,500,000</u>

The company has entered into a legal agreement with its subsidiary undertaking which confirms that £1,500,000 of the total amount payable as at 31st July 2018 is repayable more than 12 months from the balance sheet date.

19. SECURED DEBTS

A unlimited multilateral guarantee dated 11th October 2017 has been given by the then parent company, David Austin Roses Limited and its subsidiary undertakings, David Austin Rose Nursery Limited, and DA English Roses Limited in favour of the group's bankers.

A cross guarantee exists between certain 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.

20. FOREIGN CURRENCY FORWARD EXCHANGE CONTRACTS

The carrying amount of the group's foreign currency forward exchange contracts held at fair value through profit or loss as 31st July 2018 are:

	31.07.18	31.07.17
	£	£
Fair value of forward exchange contracts	(2,014)	45,655
	=====	=====

The movement in the fair value has been recognised in the profit and loss account. This resulted in £47,669 being charged to the profit and loss account this year (2017: credit of £185,678).

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

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

DAVID AUSTIN ROSES LIMITED (REGISTERED NUMBER: 02701780)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST JULY 2018

21. PROVISIONS FOR LIABILITIES

	Group		Company	
	31.7.18	31.7.17	31.7.18	31.7.17
	£	£	£	£
Deferred tax	<u>20,455</u>	<u>110,838</u>	<u>-</u>	<u>48,499</u>
Group				
				Deferred tax
				£
Balance at 1st August 2017				110,838
Accelerated capital allowances				(103,621)
Revaluation of investments				<u>13,238</u>
Balance at 31st July 2018				<u>20,455</u>
Company				
				Deferred tax
				£
Balance at 1st August 2017				48,499
Accelerated capital allowances				<u>(106,480)</u>
Balance at 31st July 2018				<u>(57,981)</u>

22. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	31.7.18	31.7.17
			£	£
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 parri passu in all respects other than having the potential for differing dividend entitlements.

DAVID AUSTIN ROSES LIMITED (REGISTERED NUMBER: 02701780)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST JULY 2018

23. RESERVES

a) Share premium account

The share premium account represents the premium arising on the issue of shares net of issue costs.

b) Capital redemption reserves

This reserve represents the repurchase of the company's own shares in April 2001 and February 2009.

c) Profit and loss account

The profit and loss account represents cumulative profits and losses net of dividends and other adjustments. It also included an amount of £346,236 (2017: £272,871), which represents the gain on the fair value of listed investments. In accordance with FRS102, this amount is considered non-distributable.

24. RELATED PARTY DISCLOSURES

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

	31.7.18	31.7.17
	£	£
Dividends paid	300,000	-
Loan to J Austin, son of D C H Austin and brother of D J C Austin	250,682	128,693
Loan to J C Austin, daughter of D C H Austin and sister of D J C Austin	70,085	-
	<u> </u>	<u> </u>

Interest is being charged on the loan to J Austin at a rate of 3.25% per annum and to C Austin at 2.50% per annum. The loan to C Austin was repaid in full after the year end.

The company occupies land at Bowling Green Lane, Albrighton, Wolverhampton, of which 30% of the land is owned by a director. Total rent of £6,825 per annum is charged to the company.

Key management personnel of the entity or its parent (in the aggregate)

	31.7.18	31.7.17
	£	£
Remuneration	565,452	519,213
	<u> </u>	<u> </u>

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

25. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is considered to be D J C Austin by virtue of his shareholding and his ultimate responsibility for all group operating decisions.

26. PENSION COMMITMENTS

The group 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 group in independently administered funds. The pension cost charge represents contributions payable by the group to the funds and amounted to £133,289 (2017: £47,945). Amounts owing to the funds at 31st July 2018 were £15,212 (2017: £7,097).

27. FINANCIAL INSTRUMENTS

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

DAVID AUSTIN ROSES LIMITED (REGISTERED NUMBER: 02701780)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST JULY 2018

28. SUBSEQUENT EVENTS

On 1 August 2018, as part of a group reorganisation, the entire share capital of the company was acquired by David Austin Roses (Holdings) Limited.