

REGISTERED NUMBER: 02701780 (England and Wales)

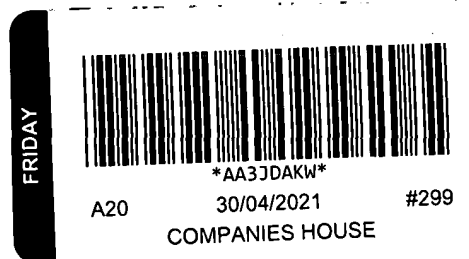
**STRATEGIC REPORT, REPORT OF THE DIRECTOR AND**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST JULY 2020**

**FOR**

**DAVID AUSTIN ROSES LIMITED**



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**FOR THE YEAR ENDED 31ST JULY 2020**

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**DAVID AUSTIN ROSES LIMITED**

**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 31ST JULY 2020**

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

**STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31ST JULY 2020**

The director presents his strategic report for the year ended 31st July 2020.

**REVIEW OF BUSINESS**

The company has remained profitable despite tough economic conditions, as a consequence of Covid-19. Overall turnover has reduced by £1,975k (14.3%) from £13,806k to £11,831k. Gross margin has reduced to 46.4% from 54.1%. The company's markets remain competitive but the director continues to believe that strong branding together with targeted promotional strategies will facilitate growth in 2021 and subsequent years.

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

Total labour costs, excluding directors remuneration, including social security, increased to £2,933k in 2020 from £3,108k in the previous year.

Total profit before tax was £1,931k, a decrease of £1,636k (45.9%) from the prior year profit of £3,567k, after taking into account foreign exchange gains of £49k (2019: £235k gain).

**PRINCIPAL RISKS AND UNCERTAINTIES**

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

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

**COVID RESPONSE**

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

In March 2020 production temporarily ceased whilst we assessed the risk COVID-19 presented to our workforce. Working processes were adapted and new safety equipment was brought in.

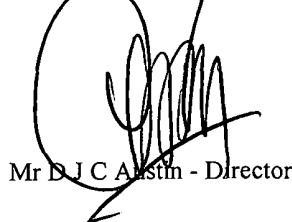
When production commenced strict social distancing rules were implemented along with the wearing of masks. Additionally temperature checks, symptom tracking, internal track & trace and lateral flow testing have also been brought in.

Business risk assessments were carried out across all operations of the business and these formed the basis for decision making.

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

Total profit after tax of £1,453k facilitated an increase in net assets to £13,962k prior to dividends paid of £350k. The directors expect the tax charge in the UK to continue to be lower than the standard rate in the UK due to substantial ongoing research and development activities and availability of the patent box regime.

**ON BEHALF OF THE BOARD:**



Mr D J C Austin - Director

29th April 2021

**REPORT OF THE DIRECTOR**  
**FOR THE YEAR ENDED 31ST JULY 2020**

The director presents his report with the financial statements of the company for the year ended 31st July 2020.

**PRINCIPAL ACTIVITY**

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

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

**DIVIDENDS**

Dividends of £350,000 (2019: £9,967,815) were paid during the year.

**RESEARCH AND DEVELOPMENT**

The company continues to commit substantial funds into research and development activities where its extensive breeding programme continues to facilitate the development of new varieties and is viewed by the director as a foundation for future success. Total research and development costs were £740k (2019 : 823k).

**FUTURE DEVELOPMENTS**

The company anticipates continued profitability for the year to 31st July 2021 and subsequently. With effect from 1st January 2021, the trade and net assets of David Austin Rose Nursery Limited were transferred to the company at net book value.

**EVENTS SINCE THE END OF THE YEAR**

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

**DIRECTOR**

Mr D J C Austin has held office during the whole of the period from 1st August 2019 to the date of this report.

**STATEMENT OF DIRECTOR'S RESPONSIBILITIES**

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

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to:

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

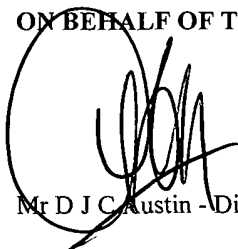
The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies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

**REPORT OF THE DIRECTOR**  
**FOR THE YEAR ENDED 31ST JULY 2020**

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

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

**ON BEHALF OF THE BOARD:**

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

Mr D J C Austin - Director

29th April 2021

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

**Opinion**

We have audited the financial statements of David Austin Roses Limited (the 'company') for the year ended 31st July 2020 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st July 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

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

**Conclusions relating to going concern**

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

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

**Other information**

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

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

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

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

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

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

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

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

**Responsibilities of director**

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

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

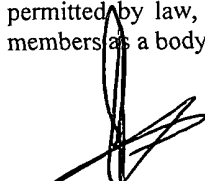
**Auditors' responsibilities for the audit of the financial statements**

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

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

**Use of our report**

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



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

29th April 2021



**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31ST JULY 2020**

31.7.19				31.7.20
£	£		Notes	£
	13,805,658	<b>TURNOVER</b>	3	11,830,683
	6,343,246	Cost of sales		6,344,704
	<u>7,462,412</u>	<b>GROSS PROFIT</b>		<u>5,485,979</u>
	3,907,123	Administrative expenses		<u>3,800,249</u>
	3,555,289			1,685,730
	2,014	Other operating income and expenses	4	<u>235,257</u>
	3,557,303	<b>OPERATING PROFIT</b>	7	1,920,987
36,585		Income from group loans		33,007
<u>10,003</u>		Interest receivable and similar income	8	<u>9,898</u>
	46,588			<u>42,905</u>
	3,603,891			1,963,892
	36,585	Interest payable and similar expenses	9	<u>33,007</u>
	3,567,306	<b>PROFIT BEFORE TAXATION</b>		1,930,885
	487,872	Tax on profit	10	<u>477,941</u>
	3,079,434	<b>PROFIT FOR THE FINANCIAL YEAR</b>		1,452,944
	-	<b>OTHER COMPREHENSIVE INCOME</b>		-
	3,079,434	<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u><u>1,452,944</u></u>

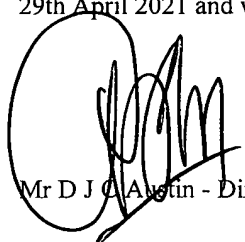
The notes form part of these financial statements

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

**BALANCE SHEET**  
**31ST JULY 2020**

31.7.19			Notes	31.7.20
£	£			£
		<b>FIXED ASSETS</b>		
	7,324,369	Tangible assets	13	8,320,888
	33,582	Investments	14	33,582
	<u>7,357,951</u>			<u>8,354,470</u>
		<b>CURRENT ASSETS</b>		
991,073		Stocks	15	1,094,872
2,271,395		Debtors	16	2,581,871
8,933,772		Cash at bank		4,544,819
				<u>8,221,562</u>
12,196,240				
		<b>CREDITORS</b>		
5,544,853		Amounts falling due within one year	17	2,950,524
				<u>5,271,038</u>
	6,651,387	<b>NET CURRENT ASSETS</b>		
	<u>14,009,338</u>	<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>13,625,508</u>
		<b>CREDITORS</b>		
(1,500,000)		Amounts falling due after more than one year	18	-
-		<b>PROVISIONS FOR LIABILITIES</b>	21	(13,226)
				<u>13,612,282</u>
	12,509,338	<b>NET ASSETS</b>		<u>13,612,282</u>
		<b>CAPITAL AND RESERVES</b>		
	5,320	Called up share capital	22	5,320
	5,576	Share premium	23	5,576
	4,680	Capital redemption reserve	23	4,680
	12,493,762	Retained earnings	23	13,596,706
				<u>13,612,282</u>
	12,509,338	<b>SHAREHOLDERS' FUNDS</b>		<u>13,612,282</u>

The financial statements were approved and authorised for issue, by the director and authorised for issue on 29th April 2021 and were signed by:

  
Mr D J C Austin - Director

The notes form part of these financial statements

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31ST JULY 2020**

	Called up share capital £	Retained earnings £	Share premium £	Capital redemption reserve £	Total equity £
<b>Balance at 1st August 2018</b>	5,320	19,382,143	5,576	4,680	19,397,719
<b>Changes in equity</b>					
Dividends	-	(9,967,815)	-	-	(9,967,815)
Total comprehensive income	-	3,079,434	-	-	3,079,434
<b>Balance at 31st July 2019</b>	<u>5,320</u>	<u>12,493,762</u>	<u>5,576</u>	<u>4,680</u>	<u>12,509,338</u>
<b>Changes in equity</b>					
Dividends	-	(350,000)	-	-	(350,000)
Total comprehensive income	-	1,452,944	-	-	1,452,944
<b>Balance at 31st July 2020</b>	<u>5,320</u>	<u>13,596,706</u>	<u>5,576</u>	<u>4,680</u>	<u>13,612,282</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST JULY 2020**

**1. STATUTORY INFORMATION**

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

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

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

The financial statements are prepared in Sterling.

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

**Financing transactions**

Basic financial instruments are initially measured at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Under FRS102, intercompany loans are recorded at present value using a market rate for a similar instrument. This has resulted in an adjustment at 31st July 2020 of £33,007 for both income from a group company and interest payable.

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

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

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

**Turnover**

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

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

**Revenue recognition**

Interest income is recognised using the effective interest method.

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

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31ST JULY 2020**

**2. ACCOUNTING POLICIES - continued**

**Tangible fixed assets**

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

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

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

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

Freehold land is not depreciated.

**Impairment of assets**

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

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

**Government grants**

Grants are accounted under the accruals model as permitted by FRS102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of income and retained earnings in the same period as the related expenditure.

**Stocks**

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

**Taxation**

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

Current or deferred taxation assets and liabilities are not discounted.

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

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31ST JULY 2020**

**2. 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.

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

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

**Research and development**

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

**Operating leases**

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

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

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

**Investments**

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

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

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

**Loans and borrowings**

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

**Foreign currencies**

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

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

**Group relief**

The benefit of group relief is accounted for within the tax charge of the profit making undertaking. No payment is made for group relief between group undertakings.

**Forward contracts**

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

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31ST JULY 2020**

**3. TURNOVER**

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

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

	31.7.20	31.7.19
	£	£
Sales of goods	9,261,320	10,855,037
Licensing and royalties	2,181,813	2,660,723
Management charges	387,550	289,898
	<u>11,830,683</u>	<u>13,805,658</u>

An analysis of turnover by geographical market is given below:

	31.7.20	31.7.19
	£	£
United Kingdom	3,987,263	7,022,456
Europe	1,008,839	991,182
Rest of the world	6,834,581	5,792,020
	<u>11,830,683</u>	<u>13,805,658</u>

**4. OTHER OPERATING INCOME AND EXPENSES**

	31.7.20	31.7.19
	£	£
Profit/(loss) on fair value of foreign exchange forward contracts	-	2,014
Government grants	235,257	-
	<u>235,257</u>	<u>2,014</u>

**5. EMPLOYEES AND DIRECTORS**

	31.7.20	31.7.19
	£	£
Wages and salaries	2,861,954	3,077,808
Social security costs	226,387	252,074
Other pension costs	327,828	210,093
	<u>3,416,169</u>	<u>3,539,975</u>

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

	31.7.20	31.7.19
Selling and administration	97	116
Production and breeding	56	74
	<u>153</u>	<u>190</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31ST JULY 2020**

**6. DIRECTORS' EMOLUMENTS**

	31.7.20	31.7.19
	£	£
Directors' remuneration	<u>155,054</u>	<u>222,834</u>
Directors' pension contributions to money purchase schemes	<u>10,000</u>	<u>10,000</u>
The number of directors to whom retirement benefits were accruing was as follows:		
Money purchase schemes	<u>1</u>	<u>1</u>

Information regarding the highest paid director is as follows:

	31.7.20	31.7.19
	£	£
Emoluments etc	155,054	156,771
Pension contributions to money purchase schemes	<u>10,000</u>	<u>10,000</u>

**7. OPERATING PROFIT**

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

	31.7.20	31.7.19
	£	£
Hire of equipment	27,129	27,720
Depreciation - owned assets	398,762	406,774
Profit on disposal of fixed assets	(5,489)	(502)
Auditors' remuneration	20,126	30,828
Foreign exchange differences	(49,051)	(234,827)
Research and development costs	739,615	823,436
Changes in fair value of forward exchange contracts	-	(2,014)

**8. INTEREST RECEIVABLE AND SIMILAR INCOME**

	31.7.20	31.7.19
	£	£
Interest income	<u>9,898</u>	<u>10,003</u>

**9. INTEREST PAYABLE AND SIMILAR EXPENSES**

	31.7.20	31.7.19
	£	£
Interest payable on group loans	<u>33,007</u>	<u>36,585</u>



**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31ST JULY 2020**

**10. TAXATION**

**Analysis of the tax charge**

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

	31.7.20 £	31.7.19 £
Current tax:		
UK corporation tax	174,665	451,276
(Over)/under provision in prior year	(18,840)	(30,222)
Patent box	(51,285)	(106,251)
Double taxation relief	(123,380)	-
Overseas tax	463,098	135,545
Total current tax	444,258	450,348
Deferred tax	33,683	37,524
Tax on profit	477,941	487,872

UK corporation tax has been charged at 19% (2019 - 19%).

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

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

	31.7.20 £	31.7.19 £
Profit before tax	1,930,885	3,567,306
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	366,868	677,788
Effects of:		
Expenses not deductible for tax purposes	12,251	23,589
Capital allowances in excess of depreciation	(21,769)	(42,716)
Research and development	(182,685)	(203,389)
Deferred taxation movement	33,683	37,524
(Over)/under provision in previous years	(18,840)	(30,222)
Other overseas taxes	339,718	135,545
Group relief	-	(3,996)
Patent box claim	(51,285)	(106,251)
Total tax charge	477,941	487,872

**11. DIVIDENDS**

	31.7.20 £	31.7.19 £
Ordinary 'B' shares of £1 each		
Interim	350,000	9,967,815

**12. GOVERNMENT GRANTS**

During the year, the company received government grants in respect of the Job Retention Scheme. These grants amounted to £235,257.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31ST JULY 2020**

**13. TANGIBLE FIXED ASSETS**

	Totals £	Freehold property £	Plant and machinery £	Motor vehicles £
<b>COST</b>				
At 1st August 2019	10,124,500	6,434,964	3,506,521	183,015
Additions	1,398,192	1,106,426	278,767	12,999
Disposals	(10,750)	-	-	(10,750)
At 31st July 2020	11,511,942	7,541,390	3,785,288	185,264
<b>DEPRECIATION</b>				
At 1st August 2019	2,800,131	373,276	2,331,429	95,426
Charge for year	398,762	63,186	301,202	34,374
Eliminated on disposal	(7,839)	-	-	(7,839)
At 31st July 2020	3,191,054	436,462	2,632,631	121,961
<b>NET BOOK VALUE</b>				
At 31st July 2020	8,320,888	7,104,928	1,152,657	63,303
At 31st July 2019	7,324,369	6,061,688	1,175,092	87,589

Included in cost of land and buildings is freehold land of £693,885 (2019 - £693,885) which is not depreciated.

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

**14. FIXED ASSET INVESTMENTS**

	Unlisted investments £
<b>COST OR VALUATION</b>	
At 1st August 2019 and 31st July 2020	33,582
<b>NET BOOK VALUE</b>	
At 31st July 2020	33,582
At 31st July 2019	33,582

Cost or valuation at 31st July 2020 is represented by:

	Unlisted investments £
Cost	33,582

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31ST JULY 2020**

**14. FIXED ASSET INVESTMENTS - continued**

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

**David Austin Roses Japan KK**

Registered office: Japan

Nature of business: Rose retailer and wholesaler

Class of shares:	% holding		
Ordinary	100.00	31.7.20	31.7.19
		£	£
Aggregate capital and reserves		741,860	631,622
Profit for the year		143,805	165,444

**15. STOCKS**

	31.7.20	31.7.19
	£	£
Growing plants	673,597	436,331
Plants and goods for resale	421,275	554,742
	<u>1,094,872</u>	<u>991,073</u>

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

	31.7.20	31.7.19
	£	£
Trade debtors	1,655,857	1,922,905
Other debtors	71,855	6,200
Amounts owed by group undertakings	216,586	127,051
Directors' current accounts	102,442	-
Taxation	459,793	123,076
Deferred tax asset	-	20,457
Prepayments	75,338	71,706
	<u>2,581,871</u>	<u>2,271,395</u>

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

	31.7.20	31.7.19
	£	£
Trade creditors	485,437	608,673
Other creditors	31,950	35,494
Amounts owed to group undertakings	701,586	3,905,541
Tax	288,512	91,602
Social security and other taxes	250,392	406,831
Customer deposits	881,927	289,988
Directors' current accounts	-	20,087
Accrued expenses	310,720	186,637
	<u>2,950,524</u>	<u>5,544,853</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31ST JULY 2020**

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

	31.7.20	31.7.19
	£	£
Amounts owed to group undertakings	-	1,500,000

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

**19. SECURED DEBTS**

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

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

**20. FOREIGN CURRENCY FORWARD EXCHANGE CONTRACTS**

The carrying amount of the company's foreign currency forward exchange contracts held at fair value through profit or loss at 31st July 2020 are:

	31.07.20	31.07.19
	£	£
Fair value of forward exchange contracts	-	-

No movement in the fair value has been recognised in the income statement. (2019 - £2,014 credit).

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

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

**21. PROVISIONS FOR LIABILITIES**

	31.7.20	
	£	
Deferred tax	13,226	
		Deferred tax
		£
Balance at 1st August 2019		(20,457)
Accelerated capital allowances		33,683
Balance at 31st July 2020		13,226

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31ST JULY 2020**

**22. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:		Nominal value:	31.7.20	31.7.19
Number:	Class:		£	£
2,280	Preference	£1	2,280	2,280
3,040	Ordinary 'B'	£1	3,040	3,040
			<u>5,320</u>	<u>5,320</u>

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

**23. RESERVES**

	Totals £	Retained earnings £	Share premium £	Capital redemption reserve £
At 1st August 2019	12,504,018	12,493,762	5,576	4,680
Profit for the year	1,452,944	1,452,944		
Dividends	(350,000)	(350,000)		
At 31st July 2020	<u>13,606,962</u>	<u>13,596,706</u>	<u>5,576</u>	<u>4,680</u>

**24. CAPITAL COMMITMENTS**

	31.7.20 £	31.7.19 £
Contracted but not provided for in the financial statements	<u>63,817</u>	<u>-</u>

**25. DIRECTOR'S ADVANCES, CREDITS AND GUARANTEES**

The following advances and credits to a director subsisted during the years ended 31st July 2020 and 31st July 2019:

	31.7.20 £	31.7.19 £
<b>Mr D J C Austin</b>		
Balance outstanding at start of year	(20,087)	(24,351)
Amounts advanced	325,850	29,053
Amounts repaid	(203,321)	(24,789)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>102,442</u>	<u>(20,087)</u>

No interest has been charged on the loan during the year. The maximum overdrawn balance was £103,940.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31ST JULY 2020**

**26. RELATED PARTY DISCLOSURES**

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

	31.07.20	31.07.19
	£	£
Dividends paid	350,000	9,967,815
Loan to J Austin, brother of D J C Austin	447,317	384,418
Assets purchased from J Austin		55,000
Loan to R Austin, son of D J C Austin	31,020	

Interest is being charged on the loan to J Austin at a rate of 2.25% per annum and is charged to R Austin at 2.25% per annum.

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

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

	31.07.20	31.07.19
	£	£
Remuneration	432,511	464,097

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

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

**27. POST BALANCE SHEET EVENTS**

With effect from 1 January 2021, the trade and net assets of David Austin Rose Nursery Limited were transferred to David Austin Roses Limited at net book value.

**28. ULTIMATE CONTROLLING PARTY**

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

**29. PENSION COMMITMENTS**

The company operates and contributes to defined contribution pension schemes in respect of employees and directors. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds and amounted to £327,828 (2019: £210,093).

Amounts owing to the funds at 31st July 2020 were £188 (2019: £21,500).

**30. FINANCIAL INSTRUMENTS**

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

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31ST JULY 2020**

**31. CONTINGENT ASSETS AND LIABILITIES**

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

The company has entered into bank cross guarantees with its now fellow subsidiary undertakings David Austin Rose Nursery Limited and D A English Roses Limited. There were obligations under these guarantees at 31st July 2020 of £Nil (2019: £Nil). In October 2019, the parent undertaking David Austin Roses (Holdings) Limited became party to the cross guarantees.

**32. ULTIMATE PARENT UNDERTAKING**

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