

**DOVES FARM FOODS LIMITED**  
**REPORT OF THE DIRECTORS AND**  
**AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2008**

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COMPANIES HOUSE

**DOVES FARM FOODS LIMITED**

**COMPANY INFORMATION**  
**For The Year Ended 30 June 2008**

**DIRECTORS:**

M J Marriage  
C E Marriage

**SECRETARY:**

C E Marriage

**REGISTERED OFFICE:**

Salisbury Road  
Hungerford  
Berkshire  
RG17 0RF

**REGISTERED NUMBER:**

2301391

## **DOVES FARM FOODS LIMITED**

### **REPORT OF THE DIRECTORS For The Year Ended 30 June 2008**

The directors present their report with the financial statements of the company for the year ended 30 June 2008

#### **PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of millers and marketers of flours and foods

#### **REVIEW OF BUSINESS**

The results for the year and financial position of the company are as shown in the annexed financial statements

The directors aim to present a balanced and comprehensive review of the development and performance of the business during the year and its position at the year end. Our review is consistent with the size and nature of the business and is written in the context of the risks and uncertainties which the company faces

The company has had another successful year in milling, baking and selling organic flours and foods, of which all now meet Fair Trade status

During the year the company has continued to develop with strong sales growth, supported by an increase in productive hours and employee numbers within the firm. The company has developed a new, larger site, allowing for this increase in capacity

Development to the new site was continued during the year and the company has future plans for another possible investment in to a new mill to increase production further

Furthermore, Doves Farm Foods focus on a niche market of gluten free, Fair-Trade and organic products which are becoming more and more popular within today's society. This is reflected in an increase in demand from the larger retailers

The main risk the business is susceptible to is the cost and supply of grain. Current world issues such as failures in harvest and the emergence of developing economies (with which meat production absorbs a lot of grain for food) and also the switch from grain to bio fuel production in the US, has substantially increased the cost of grain. Due to this margins have tightened, although it is expected that this increase in costs will eventually be reflected by increased sales prices to retailers. Many of these factors are outside of the control of the directors

Further to this, food safety and contamination are always a risk to a company of this nature. Although these are minimised, by tight controls and continuous review of these controls and procedures within the day to day activity of the company. This includes the use of external audits, the response of these audits throughout the year have all been positive

Given the nature of the business, the company's directors are of the opinion that analysis using financial Key Performance Indicators is not necessary for an understanding of the development, performance or position of the entity

#### **DIVIDENDS**

No dividends will be distributed for the year ended 30 June 2008

#### **DIRECTORS**

The directors shown below have held office during the whole of the period from 1 July 2007 to the date of this report

M J Marriage  
C E Marriage

**DOVES FARM FOODS LIMITED**

**REPORT OF THE DIRECTORS  
For The Year Ended 30 June 2008**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

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

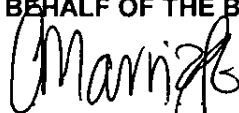
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**

**ON BEHALF OF THE BOARD.**

  
C E Marriage - Secretary

Date

11<sup>th</sup> November 2008

## **REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF DOVES FARM FOODS LIMITED**

We have audited the financial statements of Doves Farm Foods Limited for the year ended 30 June 2008 on pages six to fourteen. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out on page three.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition, we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

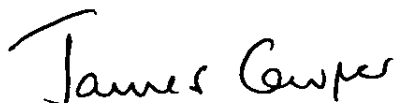
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF  
DOVES FARM FOODS LIMITED**

**Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2008 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Report of the Directors is consistent with the financial statements



James Cowper  
Phoenix House  
Bartholomew Street  
Newbury  
Berkshire  
RG14 5QA

Date 12/11/08

**DOVES FARM FOODS LIMITED**

**PROFIT AND LOSS ACCOUNT  
For The Year Ended 30 June 2008**

	Notes	2008 £	£	2007 £	£
<b>TURNOVER</b>			<b>10,623,895</b>		8,438,289
Cost of sales			<b>8,409,391</b>		6,326,754
<b>GROSS PROFIT</b>			<b>2,214,504</b>		2,111,535
Distribution costs		<b>697,403</b>		603,569	
Administrative expenses		<b>692,057</b>		576,051	
			<b>1,389,460</b>		1,179,620
<b>OPERATING PROFIT</b>	3		<b>825,044</b>		931,915
Interest receivable and similar income			<b>86,673</b>		87,146
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>			<b>911,717</b>		1,019,061
Tax on profit on ordinary activities	4		<b>254,851</b>		289,406
<b>PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION</b>			<b>656,866</b>		729,655

**CONTINUING OPERATIONS**

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

**TOTAL RECOGNISED GAINS AND LOSSES**

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

The notes form part of these financial statements

## DOVES FARM FOODS LIMITED

BALANCE SHEET  
30 June 2008

	Notes	2008 £	2007 £
<b>FIXED ASSETS</b>			
Tangible assets	6	1,782,572	1,614,083
<b>CURRENT ASSETS</b>			
Stocks	7	891,084	568,744
Debtors	8	1,738,542	1,461,820
Cash at bank		1,482,635	1,658,979
		<u>4,112,261</u>	<u>3,689,543</u>
<b>CREDITORS</b>			
Amounts falling due within one year	9	<u>1,021,239</u>	<u>1,096,145</u>
<b>NET CURRENT ASSETS</b>		<u>3,091,022</u>	<u>2,593,398</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>4,873,594</u>	<u>4,207,481</u>
<b>PROVISIONS FOR LIABILITIES</b>	11	<u>152,937</u>	<u>143,690</u>
<b>NET ASSETS</b>		<u><u>4,720,657</u></u>	<u><u>4,063,791</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	20,000	20,000
Profit and loss account	13	<u>4,700,657</u>	<u>4,043,791</u>
<b>SHAREHOLDERS' FUNDS</b>	18	<u><u>4,720,657</u></u>	<u><u>4,063,791</u></u>

The financial statements were approved by the Board of Directors on  
signed on its behalf by

11-11-08 and were

Director

 M J Manning

The notes form part of these financial statements



## DOVES FARM FOODS LIMITED

**CASH FLOW STATEMENT**  
**For The Year Ended 30 June 2008**

	Notes	2008 £	2007 £
<b>Net cash inflow from operating activities</b>	1	<b>365,734</b>	574,383
<b>Returns on investments and servicing of finance</b>	2	<b>86,673</b>	87,146
<b>Taxation</b>		<b>(249,064)</b>	(236,869)
<b>Capital expenditure</b>	2	<b>(379,687)</b>	(869,624)
<b>Equity dividends paid</b>		-	(60,000)
<b>Decrease in cash in the period</b>		<b><u>(176,344)</u></b>	<b><u>(504,964)</u></b>

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**Reconciliation of net cash flow  
to movement in net funds**

	3		
Decrease in cash in the period		<b><u>(176,344)</u></b>	<b><u>(504,964)</u></b>
Change in net funds resulting from cash flows		<b><u>(176,344)</u></b>	<b><u>(504,964)</u></b>
<b>Movement in net funds in the period</b>		<b><u>(176,344)</u></b>	<b><u>(504,964)</u></b>
<b>Net funds at 1 July</b>		<b><u>1,658,979</u></b>	<b><u>2,163,943</u></b>
<b>Net funds at 30 June</b>		<b><u>1,482,635</u></b>	<b><u>1,658,979</u></b>

The notes form part of these financial statements

**NOTES TO THE CASH FLOW STATEMENT**  
**For The Year Ended 30 June 2008**

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

	2008 £	2007 £
Operating profit	825,044	931,915
Depreciation charges	210,309	125,067
Loss/(Profit) on disposal of fixed assets	889	(2,132)
Increase in stocks	(322,340)	(131,020)
Increase in debtors	(276,722)	(436,139)
(Decrease)/Increase in creditors	(71,446)	86,692
<b>Net cash inflow from operating activities</b>	<b><u>365,734</u></b>	<b><u>574,383</u></b>

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

	2008 £	2007 £
<b>Returns on investments and servicing of finance</b>		
Interest received	86,673	87,146
<b>Net cash inflow for returns on investments and servicing of finance</b>	<b><u>86,673</u></b>	<b><u>87,146</u></b>
 <b>Capital expenditure</b>		
Purchase of tangible fixed assets	(379,617)	(889,338)
Sale of tangible fixed assets	(70)	19,714
<b>Net cash outflow for capital expenditure</b>	<b><u>(379,687)</u></b>	<b><u>(869,624)</u></b>

**3 ANALYSIS OF CHANGES IN NET FUNDS**

	At 1 7.07 £	Cash flow £	At 30.6 08 £
Net cash			
Cash at bank	1,658,979	(176,344)	1,482,635
	<u>1,658,979</u>	<u>(176,344)</u>	<u>1,482,635</u>
 Total	 <u>1,658,979</u>	 <u>(176,344)</u>	 <u>1,482,635</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Year Ended 30 June 2008**

**1 ACCOUNTING POLICIES****Accounting convention**

The financial statements have been prepared under the historical cost convention

**Turnover**

Turnover represents net invoiced sales of goods, excluding value added tax

**Tangible fixed assets**

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

Long leasehold	- 4% straight line
Plant and machinery	- 10 - 20% on reducing balance
Motor vehicles	- 25% on reducing balance
Computer equipment	- 3 - 5 years straight line

**Stocks**

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

**Deferred tax**

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

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result

**2 STAFF COSTS**

	<b>2008</b>	2007
	<b>£</b>	<b>£</b>
Wages and salaries	<b>1,218,014</b>	1,058,988
Social security costs	<b>117,632</b>	101,063
	<b><u>1,335,646</u></b>	<u>1,160,051</u>

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

	<b>2008</b>	2007
Office and management	<b>12</b>	10
Production and sales	<b>47</b>	43
	<b><u>59</u></b>	<u>53</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**For The Year Ended 30 June 2008**

**3 OPERATING PROFIT**

The operating profit is stated after charging/(crediting)

	2008 £	2007 £
Depreciation - owned assets	210,309	125,067
Loss/(Profit) on disposal of fixed assets	889	(2,132)
Auditors remuneration	9,316	10,206
	<u>68,192</u>	<u>62,616</u>
Directors' emoluments	<u>68,192</u>	<u>62,616</u>

**4 TAXATION****Analysis of the tax charge**

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

	2008 £	2007 £
Current tax		
UK corporation tax	245,604	249,064
Deferred tax	9,247	40,342
Tax on profit on ordinary activities	<u>254,851</u>	<u>289,406</u>

**Factors affecting the tax charge**

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

	2008 £	2007 £
Profit on ordinary activities before tax	<u>911,717</u>	<u>1,019,061</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 29.500% (2007 - 30%)	268,957	305,718
Effects of		
Capital allowances in excess of depreciation period	(9,033)	(40,342)
Small companies relief	-	(16,521)
Ineligible capital items expensed	-	209
Marginal relief	<u>(14,320)</u>	<u>-</u>
Current tax charge	<u>245,604</u>	<u>249,064</u>

## DOVES FARM FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued  
For The Year Ended 30 June 2008

## 5 DIVIDENDS

	2008 £	2007 £
Ordinary A Share shares of £1 each Final	-	30,000
Ordinary B Share shares of £1 each Final	-	30,000
	<u>-</u>	<u>60,000</u>

## 6 TANGIBLE FIXED ASSETS

	Long leasehold £	Plant and machinery £	Motor vehicles £	Computer equipment £	Totals £
<b>COST</b>					
At 1 July 2007	830,254	1,889,377	67,820	93,776	2,881,227
Additions	64,870	310,680	-	4,067	379,617
Disposals	-	(14,763)	-	(320)	(15,083)
At 30 June 2008	<u>895,124</u>	<u>2,185,294</u>	<u>67,820</u>	<u>97,523</u>	<u>3,245,761</u>
<b>DEPRECIATION</b>					
At 1 July 2007	88,990	1,141,272	10,891	25,991	1,267,144
Charge for year	35,685	141,763	14,232	18,629	210,309
Eliminated on disposal	-	(13,944)	-	(320)	(14,264)
At 30 June 2008	<u>124,675</u>	<u>1,269,091</u>	<u>25,123</u>	<u>44,300</u>	<u>1,463,189</u>
<b>NET BOOK VALUE</b>					
At 30 June 2008	<u>770,449</u>	<u>916,203</u>	<u>42,697</u>	<u>53,223</u>	<u>1,782,572</u>
At 30 June 2007	<u>741,264</u>	<u>748,105</u>	<u>56,929</u>	<u>67,785</u>	<u>1,614,083</u>

## 7 STOCKS

	2008 £	2007 £
Raw materials	590,558	368,370
Finished goods	300,526	200,374
	<u>891,084</u>	<u>568,744</u>

## 8 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £	2007 £
Trade debtors	1,623,075	1,326,980
Other debtors	75,045	98,841
Prepayments and accrued income	40,422	35,999
	<u>1,738,542</u>	<u>1,461,820</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**For The Year Ended 30 June 2008**

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

	2008	2007
	£	£
Trade creditors	481,864	576,640
Tax	245,604	249,064
Social security and other taxes	33,231	24,542
Other creditors	100,865	83,894
Directors' current accounts	1,955	1,955
Accruals and deferred income	157,720	160,050
	<u>1,021,239</u>	<u>1,096,145</u>

**10 OPERATING LEASE COMMITMENTS**

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

		Land and buildings
	2008	2007
	£	£
Expiring		
Between one and five years	<u>55,000</u>	<u>55,000</u>

**11 PROVISIONS FOR LIABILITIES**

	2008	2007
	£	£
Deferred tax	<u>152,937</u>	<u>143,690</u>
		<b>Deferred tax</b>
		£
Balance at 1 July 2007		143,690
Fixed asset timing differences		<u>9,247</u>
Balance at 30 June 2008		<u>152,937</u>

**12 CALLED UP SHARE CAPITAL**

Authorised, allotted, issued and fully paid				
Number	Class	Nominal value	2008	2007
			£	£
10,000	Ordinary A Share	£1	10,000	10,000
10,000	Ordinary B Share	£1	10,000	10,000
			<u>20,000</u>	<u>20,000</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**For The Year Ended 30 June 2008**

**13 RESERVES**

	Profit and loss account £
At 1 July 2007	4,043,791
Profit for the year	656,866
At 30 June 2008	<u>4,700,657</u>

**14 PENSION COMMITMENTS**

The company operates a defined contribution stakeholder pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The company does not make any payments to the scheme on behalf of the employees.

**15 CAPITAL COMMITMENTS**

	2008 £	2007 £
Contracted but not provided for in the financial statements	<u>68,471</u>	<u>-</u>

**16 RELATED PARTY DISCLOSURES**

During the year, the company entered into transactions with the director, Mr M J Marriage trading as Doves Farm, for the purchase of organic grain to the value of £28,524 (2007 £26,222). The company also sold goods amounting to £1,252 (2007 £10) and recharged salaries amounting to £26,359 (2007 £27,185) to the same party. All transactions were on an arms length basis. At the year end the company was owed £nil (2007 £nil) by Mr M J Marriage.

During the year the company occupied land and buildings owned by the directors to whom £55,000 (2007 £55,000) rent was paid.

At the year end, the directors were due royalty payments of £49,603 (2007 £40,225) from the company for the use of the trademarks owned by the directors.

**17 ULTIMATE CONTROLLING PARTY**

The company is controlled by Mr and Mrs M J Marriage, the directors of the company, who are also the company's ultimate controlling party.

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

	2008 £	2007 £
Profit for the financial year	656,866	729,655
Dividends	-	(60,000)
<b>Net addition to shareholders' funds</b>	<u>656,866</u>	<u>669,655</u>
Opening shareholders' funds	4,063,791	3,394,136
<b>Closing shareholders' funds</b>	<u>4,720,657</u>	<u>4,063,791</u>