

Doves Farm Foods Limited

Abbreviated Financial Statements

Year Ended

30 June 2005

BDO

BDO Stoy Hayward

Chartered Accountants



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Doves Farm Foods Limited

Abbreviated financial statements for the year ended 30 June 2005

Contents

Page:

1	Report of the directors
3	Report of the independent auditors
4	Profit and loss account
5	Balance sheet
6	Cash flow statement
7	Notes forming part of the financial statements

Directors

M J Marriage
C E Marriage

Secretary and registered office

C E Marriage, Salisbury Road, Hungerford, Berkshire RG17 0RF

Company number

2301391

Auditors

BDO Stoy Hayward LLP, Park House, 102-108 Above Bar, Southampton, SO14 7NH

Doves Farm Foods Limited

Report of the directors for the year ended 30 June 2005

The directors present their report together with the audited financial statements for the year ended 30 June 2005.

Results and dividends

The profit and loss account is set out on page 4 and shows the profit for the year.

The directors do not recommend the payment of a dividend.

Principal activities, review of business and future developments

The principal activity of the company continued to be that of millers and marketers of flours and foods.

The directors consider that the results for the year are satisfactory and anticipate that this improvement will continue in the coming year.

Directors

The directors of the company during the year and their interests in the ordinary share capital of the company were:

	Ordinary shares of £1 each	
	30 June 2005	1 July 2004
M J Marriage	7,600	7,600
C E Marriage	7,600	7,600

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which 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 year. In preparing those 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; and
- 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.

Doves Farm Foods Limited

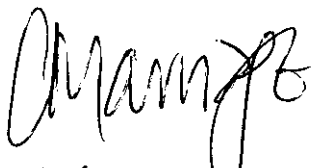
Report of the directors for the year ended 30 June 2005 (*Continued*)

Auditors

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the board

Secretary



Date:

18-11-05

Independent auditors' report to Doves Farm Foods Limited under section 247B of the Companies Act 1985

We have examined the abbreviated financial statements on pages 4 to 14 together with the financial statements of the company for the year ended 30 June 2005 prepared under section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated financial statements in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated financial statements prepared in accordance with section 246A(3) of the Act to the registrar of companies and whether the financial statements to be delivered are properly prepared in accordance with that provision and to report our opinion to you.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of opinion

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full financial statements.

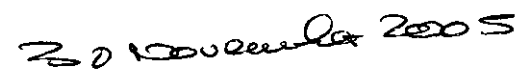
Opinion

In our opinion the company is entitled to deliver abbreviated financial statements prepared in accordance with section 246A(3) of the Companies Act 1985 and the abbreviated financial statements on pages 4 to 14 are properly prepared in accordance with that provision.



BDO STOY HAYWARD LLP

*Chartered Accountants
and Registered Auditors
Southampton*

Date: 

Doves Farm Foods Limited**Profit and loss account for the year ended 30 June 2005**

	Note	2005 £	2004 £
Gross profit		1,482,102	1,295,526
Distribution costs		385,085	416,571
Administrative expenses		451,429	440,103
		<hr/>	<hr/>
Operating profit	2	645,588	438,852
Other interest receivable and similar income		43,694	16,014
		<hr/>	<hr/>
Profit on ordinary activities before taxation		689,282	454,866
Taxation on profit on ordinary activities	6	185,124	108,380
		<hr/>	<hr/>
Profit on ordinary activities after taxation		504,158	346,486
Dividends	5	-	40,000
		<hr/>	<hr/>
Retained profit		504,158	306,486
Retained profit brought forward		2,298,675	1,992,189
		<hr/>	<hr/>
Retained profit carried forward		2,802,833	2,298,675
		<hr/>	<hr/>

All amounts relate to continuing activities.

All recognised gains and losses in the current and prior year are included in the profit and loss account.

There are no movements in shareholders' funds in the current and prior year apart from the profit for the year.

The notes on pages 7 to 14 form part of these financial statements.

Doves Farm Foods Limited

Balance sheet at 30 June 2005

	Note	2005 £	2005 £	2004 £	2004 £
Fixed assets					
Tangible assets	7		796,037		845,553
Current assets					
Stocks	8	666,163		472,117	
Debtors	9	1,039,159		832,680	
Cash at bank and in hand		1,241,717		812,917	
		<u>2,947,039</u>		<u>2,117,714</u>	
Creditors: amounts falling due within one year	10	<u>824,955</u>		<u>543,997</u>	
Net current assets			<u>2,122,084</u>		<u>1,573,717</u>
Total assets less current liabilities			<u>2,918,121</u>		<u>2,419,270</u>
Provision for liabilities and charges	11		<u>95,288</u>		<u>100,595</u>
			<u>2,822,833</u>		<u>2,318,675</u>
Capital and reserves					
Called up share capital	12		20,000		20,000
Profit and loss account			2,802,833		2,298,675
Equity shareholders' funds			<u>2,822,833</u>		<u>2,318,675</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

The financial statements were approved by the Board on

Director

WJ Mahiegl
18-11-05

The notes on pages 7 to 14 form part of these financial statements.

Doves Farm Foods Limited

Cash flow statement for the year ended 30 June 2005

	Note	2005 £	2005 £	2004 £	2004 £
Net cash inflow from operating activities	17		588,019		419,359
Returns on investments and servicing of finance					
Interest received		46,058		19,616	
Interest paid: other		-		(3,510)	
Net cash inflow from returns on investments and servicing of finance			46,058		16,106
Taxation					
Corporation tax paid			(115,785)		(106,381)
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(89,620)		(73,518)	
Receipts from sale of tangible fixed assets		128		976	
Net cash outflow from capital expenditure and financial investment			(89,492)		(72,542)
Equity dividend paid			-		(60,000)
Increase in cash	18		428,800		196,542

The notes on pages 7 to 14 form part of these financial statements.

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

The following principal accounting policies have been applied:

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, except freehold land and certain buildings, over their expected useful lives. It is calculated at the following rates:

Leasehold land and buildings	- 4% straight line
Plant and machinery etc	- 10 - 20% reducing balance
Motor vehicles	- 25% reducing balance
Other fixed assets	- 3 - 5 years straight line

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Foreign currency

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the profit and loss account.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief; and
- the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances arising from underlying timing differences in respect of tax allowances on industrial buildings are reversed if and when all conditions for retaining those allowances have been met.

Deferred tax balances are not discounted.

Doves Farm Foods Limited

Notes forming part of the financial statements for the year ended 30 June 2005 (Continued)

1 Accounting policies (continued)

Leased assets

Operating lease annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Pension costs

Contributions to the company's defined contribution stakeholder pension scheme are charged to the profit and loss account in the period in which they become payable.

2 Operating profit

	2005 £	2004 £
This is arrived at after charging:		
Depreciation of tangible fixed assets	129,053	134,979
Hire of plant and machinery - operating leases	6,200	3,767
Hire of other assets - operating leases	55,000	45,000
Audit services	9,200	9,146
Non-audit services	3,085	119
	<u> </u>	<u> </u>

3 Employees

Staff costs (including directors) consist of:

	2005 £	2004 £
Wages and salaries	757,949	670,089
Social security costs	70,303	63,088
	<u> </u>	<u> </u>
	828,252	733,177
	<u> </u>	<u> </u>

The average number of employees (including directors) during the year was as follows:

	2005 Number	2004 Number
Office and management	9	9
Production and sales	33	31
	<u> </u>	<u> </u>
	42	40
	<u> </u>	<u> </u>

Doves Farm Foods Limited

Notes forming part of the financial statements for the year ended 30 June 2005 (*Continued*)

4 Directors' remuneration

	2005 £	2004 £
Directors' emoluments	40,414	40,548
	<u> </u>	<u> </u>

5 Dividends

	2005 £	2004 £
<i>Equity shares</i>		
Ordinary shares		
Interim paid of Nil pence (2004 - 200 pence) per share	-	40,000
	<u> </u>	<u> </u>

Doves Farm Foods Limited

Notes forming part of the financial statements for the year ended 30 June 2005 (*Continued*)

6 Taxation on profit on ordinary activities

	2005 £	2005 £	2004 £	2004 £
<i>UK Corporation tax</i>				
Current tax on profits of the year	190,431		115,785	
Adjustment in respect of previous periods	-		(214)	
	<u> </u>		<u> </u>	
Total current tax		190,431		115,571
<i>Deferred tax</i>				
Origination and reversal of timing differences	(5,307)		(7,389)	
Adjustment in respect of previous periods	-		198	
	<u> </u>		<u> </u>	
Movement in deferred tax provision		(5,307)		(7,191)
		<u> </u>		<u> </u>
Taxation on profit on ordinary activities		185,124		108,380
		<u> </u>		<u> </u>

The tax assessed for the period is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	2005 £	2004 £
Profit on ordinary activities before tax	689,282	454,866
	<u> </u>	<u> </u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2004 - 30%)	206,785	136,460
Effect of:		
Capital allowances for period in excess of depreciation	5,307	7,389
Adjustment to tax charge in respect of previous periods	-	(214)
Small companies relief	(21,661)	(28,064)
	<u> </u>	<u> </u>
Current tax charge for period	190,431	115,571
	<u> </u>	<u> </u>

Doves Farm Foods Limited

Notes forming part of the financial statements for the year ended 30 June 2005 (*Continued*)

7 Tangible fixed assets

	Leasehold land and buildings £	Plant and machinery £	Motor vehicles £	Other fixed assets £	Total £
<i>Cost</i>					
At 1 July 2004	230,668	1,497,710	53,500	47,569	1,829,447
Additions	-	80,855	5,325	3,440	89,620
Disposals	(1,928)	(24,410)	-	(11,725)	(38,063)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2005	228,740	1,554,155	58,825	39,284	1,881,004
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>					
At 1 July 2004	61,634	856,122	43,978	22,160	983,894
Provided for the year	9,150	108,311	3,712	7,880	129,053
Disposals	(1,080)	(15,175)	-	(11,725)	(27,980)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2005	69,704	949,258	47,690	18,315	1,084,967
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>					
At 30 June 2005	159,036	604,897	11,135	20,969	796,037
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2004	169,034	641,588	9,522	25,409	845,553
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

8 Stocks

	2005 £	2004 £
Raw materials and consumables	463,047	324,470
Finished goods and goods for resale	203,116	147,647
	<hr/>	<hr/>
	666,163	472,117
	<hr/>	<hr/>

There is no material difference between the replacement cost of stocks and the amounts stated above.

9 Debtors

	2005 £	2004 £
Trade debtors	962,211	779,521
Other debtors	52,621	27,320
Prepayments and accrued income	24,327	25,839
	<u>1,039,159</u>	<u>832,680</u>

All amounts shown under debtors fall due for payment within one year.

10 Creditors: amounts falling due within one year

	2005 £	2004 £
Trade creditors	358,411	218,908
Corporation tax	190,431	115,785
Other taxation and social security	23,628	21,924
Directors' loan	1,955	37,898
Other creditors	52,872	45,418
Accruals and deferred income	197,658	104,064
	<u>824,955</u>	<u>543,997</u>

11 Provision for liabilities and charges

		Deferred taxation £
At 1 July 2004		100,595
Credited to profit and loss account		(5,307)
		<hr/>
At 30 June 2005		95,288
		<hr/>
<i>Deferred taxation</i>		
	2005 £	2004 £
Accelerated capital allowances	95,288	100,595

12 Share capital

	2005	Authorised	Allotted, called up	
	2005	2004	and fully paid	
	£	£	2005	2004
			£	£
<i>Equity share capital</i>				
20,000 ordinary shares of £1 each	20,000	20,000	20,000	20,000

13 Contingent liabilities

The company has contingent liabilities of £30,000 in respect of performance bonds with H M Customs and Excise and the Intervention Board.

14 Other commitments

At the year end the company was contracted to purchase organic grain for £158,288 (2004: £263,792) due for delivery after 30 June 2005.

15 Pensions

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.

16 Related party disclosures

Controlling parties

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

Loans and transactions concerning directors and officers of the company

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 £25,890 (2004: £27,849). The company also sold goods amounting to £1,620 (2004: £1,560) and recharged salaries amounting to £22,732 (2004: £17,811) to the same party. All transactions were on an arms length basis. At the year end the company was owed £6,471 (2004: £5,330) by Mr M J Marriage.

During the year the company occupied land and buildings owned by the directors to which £55,000 rent was paid (2004: £50,000).

At the year end, the directors were due royalty payments of £28,008 (2004: £23,864) from the company for the use of trademarks owned by the directors.

17 Reconciliation of operating profit to net cash inflow from operating activities

	2005 £	2004 £
Operating profit	653,515	442,488
Depreciation of tangible fixed assets	129,053	134,979
Loss on sale of tangible fixed assets	9,955	27,733
Increase in stocks	(202,427)	(55,307)
Increase in debtors	(208,843)	(66,614)
Increase/(decrease) in creditors	206,766	(63,920)
	<hr/>	<hr/>
Net cash inflow from operating activities	588,019	419,359
	<hr/>	<hr/>

18 Reconciliation of net cash flow to movement in net funds

	2005 £	2004 £
Increase in cash	428,800	196,542
	<hr/>	<hr/>
Movement in net funds	428,800	196,542
Opening net funds	812,917	616,375
	<hr/>	<hr/>
Closing net funds	1,241,717	812,917
	<hr/>	<hr/>

19 Analysis of net funds

	At 1 July 2004 £	Cash flow £	At 30 June 2005 £
Cash at bank and in hand	812,917	428,800	1,241,717
	<hr/>	<hr/>	<hr/>