

Registered number: 02301391

DOVES FARM FOODS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

TUESDAY



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COMPANIES HOUSE

DOVES FARM FOODS LIMITED

COMPANY INFORMATION

DIRECTORS	M J Marriage C E Marriage
COMPANY SECRETARY	C E Marriage
COMPANY NUMBER	02301391
REGISTERED OFFICE	Salisbury Road Hungerford Berkshire RG17 0RF
AUDITORS	James Cowper LLP Mill House Overbridge Square Hambridge Lane Newbury Berkshire RG14 5UX

DOVES FARM FOODS LIMITED

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DOVES FARM FOODS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2012

The directors present their report and the financial statements for the year ended 30 June 2012

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 judgments and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

PRINCIPAL ACTIVITIES

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

BUSINESS REVIEW

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 and gluten free flours and foods, of which all bakery products currently meet Fair Trade and Organic status.

Doves Farm Foods focuses on the growing market for gluten free and Fair Trade products which are becoming more and more popular within today's society. This is reflected in an increase in demand from the larger retailers. During the year the company has continued to develop, with sales growth of 8.7% despite a very tough market, where the poor national economic situation has encouraged the large retailers to stock cheaper food products and the overall organic sales have suffered and even decreased, our growth in this situation has been quite an achievement.

The company has developed the new, larger site, so as to produce a wider range of products and the company has bought a further 2 hectares of land alongside the current site, this will give sufficient space for expansion for some years to come.

This year there has also been a considerable investment for the long term in an array of photo-voltaic solar panels, this will provide a proportion of our electrical requirements for the company in a green and carbon neutral fashion. With the added benefit of the government feed-in tariff.

DOVES FARM FOODS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2012

A risk to the business is the cost and supply of grain. Current world production is under strain and grain prices are increasing considerably but over capacity in the milling industry means that competition in the market place is such that finished product and shelf prices are under extreme downward pressure, due to this, margins have tightened, these factors are outside of the control of the directors. There is always the risk of successful Doves Farm products being copied by supermarket own label versions, so continuous innovation is critical.

The current weakness of the Euro currency means the many ingredients and products we purchase in Euros have cost us less in Sterling, this has had a beneficial effect on the margin of some products. The company has great strength in that it is very well financed, has no borrowings and invests out of retained cash, so the credit squeeze is a positive, as it affects most competitors adversely. Any cash being held by the company is destined to fund planned business expansion; this circumvents the need to borrow money in an atmosphere which can be unfriendly to borrowers, it is definitely not seen as a useful investment in itself.

Further to this, due to our prominent position in the supply of gluten free and special diet products, food safety and contamination are always a risk to the company. Although these are minimised by tight controls and the continuous review of these controls and procedures within the day to day activity of the company. This includes the use of internal testing and audits, also external audits,

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

RESULTS

The profit for the year, after taxation, amounted to £1,004,939 (2011 - £1,063,426)

DIRECTORS

The directors who served during the year were

M J Marriage
C E Marriage

PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

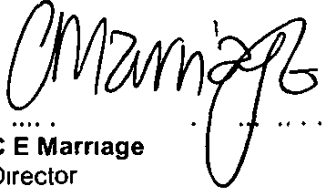
AUDITORS

The auditors, James Cowper LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

DOVES FARM FOODS LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2012**

This report was approved by the board and signed on its behalf

A handwritten signature in black ink, appearing to read 'C E Marriage', with a large, stylized flourish at the end.

C E Marriage
Director

Date 25/9/12

DOVES FARM FOODS LIMITED

INDEPENDENT AUDITORS' REPORT 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 2012, set out on pages 6 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in 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

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the Auditing Practices Board's website at www.frc.org.uk/apb/scope/private.cfm.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2012 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.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

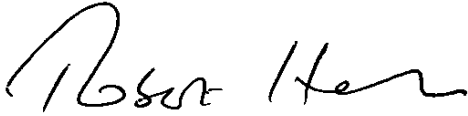
DOVES FARM FOODS LIMITED

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- adequate accounting records have not been kept, 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 directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Mr Robert Holland (Senior Statutory Auditor)

for and on behalf of
James Cowper LLP

Mill House
Overbridge Square
Hambridge Lane
Newbury
Berkshire
RG14 5UX
Date

25/5/12

DOVES FARM FOODS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 £	2011 £
TURNOVER	1,2	13,495,563	12,410,325
Cost of sales		(10,370,184)	(9,339,729)
GROSS PROFIT		3,125,379	3,070,596
Distribution costs		(733,715)	(758,609)
Administrative expenses		(1,080,367)	(895,533)
OPERATING PROFIT	3	1,311,297	1,416,454
Interest receivable and similar income		9,494	42,126
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,320,791	1,458,580
Tax on profit on ordinary activities	6	(315,852)	(395,154)
PROFIT FOR THE FINANCIAL YEAR	13	1,004,939	1,063,426

All amounts relate to continuing operations

There were no recognised gains and losses for 2012 or 2011 other than those included in the Profit and loss account

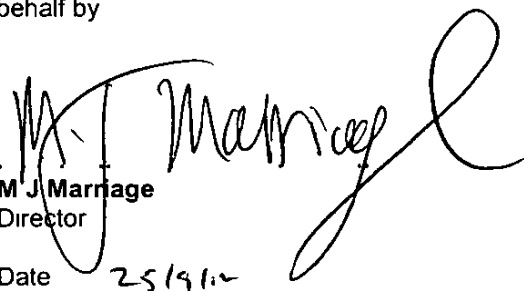
The notes on pages 9 to 16 form part of these financial statements

DOVES FARM FOODS LIMITED
REGISTERED NUMBER. 02301391

BALANCE SHEET
AS AT 30 JUNE 2012

	Note	£	2012 £	2011 £
FIXED ASSETS				
Tangible assets	7		4,260,880	3,419,332
CURRENT ASSETS				
Stocks	8	1,443,287		1,384,934
Debtors	9	2,712,602		2,366,199
Cash at bank and in hand		1,023,677		1,901,297
		<u>5,179,566</u>		<u>5,652,430</u>
CREDITORS amounts falling due within one year	10	(1,532,303)		(2,150,480)
NET CURRENT ASSETS			<u>3,647,263</u>	<u>3,501,950</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>7,908,143</u>	<u>6,921,282</u>
PROVISIONS FOR LIABILITIES				
Deferred tax	11		(224,737)	(212,815)
NET ASSETS			<u><u>7,683,406</u></u>	<u><u>6,708,467</u></u>
CAPITAL AND RESERVES				
Called up share capital	12		20,000	20,000
Profit and loss account	13		<u>7,663,406</u>	<u>6,688,467</u>
SHAREHOLDERS' FUNDS	14		<u><u>7,683,406</u></u>	<u><u>6,708,467</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by


M. J. Marriage
 Director
 Date 25/9/12

The notes on pages 9 to 16 form part of these financial statements

DOVES FARM FOODS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 £	2011 £
Net cash flow from operating activities	16	784,981	1,281,135
Returns on investments and servicing of finance	17	9,494	42,126
Taxation		(334,898)	(352,951)
Capital expenditure and financial investment	17	(1,307,197)	(1,496,543)
Equity dividends paid		(30,000)	-
DECREASE IN CASH IN THE YEAR		(877,620)	(526,233)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT FOR THE YEAR ENDED 30 JUNE 2012

	2012 £	2011 £
Decrease in cash in the year	(877,620)	(526,233)
MOVEMENT IN NET DEBT IN THE YEAR	(877,620)	(526,233)
Net funds at 1 July 2011	1,901,297	2,427,530
NET FUNDS AT 30 JUNE 2012	1,023,677	1,901,297

The notes on pages 9 to 16 form part of these financial statements

DOVES FARM FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

1 ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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

1.2 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

L/Term Leasehold Property	-	4% straight line
Plant & machinery	-	10-20% reducing balance
Motor vehicles	-	25% reducing balance
Computer equipment	-	20-33% straight line

1.4 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate

1.5 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads

1.6 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are discounted

DOVES FARM FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

1 ACCOUNTING POLICIES (continued)

1.7 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the Profit and loss account

2 TURNOVER

The whole of the turnover is attributable to the sale of flours and foods

94% of turnover arose within the United Kingdom, and 6% related to European sales

3 OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	2012 £	2011 £
Depreciation of tangible fixed assets		
- owned by the company	463,958	201,114
Auditors' remuneration	16,714	10,866
Operating lease rentals		
- other operating leases	63,944	55,500
Difference on foreign exchange	(13,667)	(584)
	<u> </u>	<u> </u>

DOVES FARM FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

4 STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	2012 £	2011 £
Wages and salaries	1,620,739	1,409,658
Social security costs	128,955	120,069
	<u>1,749,694</u>	<u>1,529,727</u>

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

	2012 No	2011 No
Office and management	13	10
Production and sales	47	51
	<u>60</u>	<u>61</u>

5 DIRECTORS' REMUNERATION

	2012 £	2011 £
Emoluments	<u>137,332</u>	<u>83,911</u>

6 TAXATION

	2012 £	2011 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	316,841	334,898
Adjustments in respect of prior periods	(12,911)	-
Total current tax	<u>303,930</u>	<u>334,898</u>
Deferred tax		
Origination and reversal of timing differences	11,922	71,153
Effect of tax rate change on opening balance	-	(10,897)
Total deferred tax (see note 11)	<u>11,922</u>	<u>60,256</u>
Tax on profit on ordinary activities	<u>315,852</u>	<u>395,154</u>

DOVES FARM FOODS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

6 TAXATION (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2011 - lower than) the standard rate of corporation tax in the UK of 27.5% (2011 - 27.5%). The differences are explained below

	2012 £	2011 £
Profit on ordinary activities before tax	<u>1,320,791</u>	<u>1,458,580</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 25.5% (2011 - 27.5%)	336,838	401,110
Effects of		
Expenses not deductible for tax purposes	136	13,519
Capital allowances for year in excess of depreciation	(30,064)	(75,262)
Marginal relief	(3,363)	(4,469)
Income not taxable for tax purposes	(830)	-
Fixed asset differences	14,124	-
Adjustments to tax charge in respect of prior periods	(12,911)	-
Current tax charge for the year (see note above)	<u><u>303,930</u></u>	<u><u>334,898</u></u>

7 TANGIBLE FIXED ASSETS

	L/Term Leasehold Property £	Plant & machinery £	Motor vehicles £	Computer equipment £	Total £
Cost					
At 1 July 2011	1,494,065	3,813,336	67,820	114,504	5,489,725
Additions	11,178	1,191,042	-	106,511	1,308,731
Disposals	-	(20,619)	-	(4,369)	(24,988)
At 30 June 2012	<u>1,505,243</u>	<u>4,983,759</u>	<u>67,820</u>	<u>216,646</u>	<u>6,773,468</u>
Depreciation					
At 1 July 2011	233,522	1,694,342	49,807	92,722	2,070,393
Charge for the year	60,210	377,945	4,504	21,299	463,958
On disposals	-	(18,922)	-	(2,841)	(21,763)
At 30 June 2012	<u>293,732</u>	<u>2,053,365</u>	<u>54,311</u>	<u>111,180</u>	<u>2,512,588</u>
Net book value					
At 30 June 2012	<u><u>1,211,511</u></u>	<u><u>2,930,394</u></u>	<u><u>13,509</u></u>	<u><u>105,466</u></u>	<u><u>4,260,880</u></u>
At 30 June 2011	<u><u>1,260,543</u></u>	<u><u>2,118,994</u></u>	<u><u>18,013</u></u>	<u><u>21,782</u></u>	<u><u>3,419,332</u></u>

DOVES FARM FOODS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

8 STOCKS

	2012 £	2011 £
Raw materials	672,987	726,100
Finished goods and goods for resale	770,300	658,834
	<u>1,443,287</u>	<u>1,384,934</u>

9 DEBTORS

	2012 £	2011 £
Trade debtors	2,152,768	1,967,235
Other debtors	152,291	360,560
Prepayments and accrued income	394,632	38,404
Tax recoverable	12,911	-
	<u>2,712,602</u>	<u>2,366,199</u>

10 CREDITORS

Amounts falling due within one year

	2012 £	2011 £
Trade creditors	898,306	1,492,505
Corporation tax	316,925	334,982
Social security and other taxes	31,901	31,560
Other creditors	148,600	188,771
Accruals and deferred income	136,571	102,662
	<u>1,532,303</u>	<u>2,150,480</u>

11. DEFERRED TAXATION

	2012 £	2011 £
At beginning of year	212,815	152,559
Charge for year	11,922	60,256
	<u>224,737</u>	<u>212,815</u>

DOVES FARM FOODS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

11 DEFERRED TAXATION (continued)

The provision for deferred taxation is made up as follows

	2012 £	2011 £
Accelerated capital allowances	<u>224,737</u>	<u>212,815</u>

12 SHARE CAPITAL

	2012 £	2011 £
Allotted, called up and fully paid		
10,000 Ordinary A shares of £1 each	10,000	10,000
10,000 Ordinary B shares of £1 each	10,000	10,000
	<u>20,000</u>	<u>20,000</u>

13 RESERVES

	Profit and loss account £
At 1 July 2011	6,688,467
Profit for the year	1,004,939
Dividends Equity capital	(30,000)
At 30 June 2012	<u>7,663,406</u>

14 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2012 £	2011 £
Opening shareholders' funds	6,708,467	5,645,041
Profit for the year	1,004,939	1,063,426
Dividends (Note 15)	(30,000)	-
Closing shareholders' funds	<u>7,683,406</u>	<u>6,708,467</u>

15 DIVIDENDS

	2012 £	2011 £
Dividends paid on equity capital	<u>30,000</u>	<u>-</u>

DOVES FARM FOODS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

16 NET CASH FLOW FROM OPERATING ACTIVITIES

	2012 £	2011 £
Operating profit	1,311,297	1,416,454
Depreciation of tangible fixed assets	463,958	201,114
Loss on disposal of tangible fixed assets	1,691	-
Increase in stocks	(58,353)	(477,514)
Increase in debtors	(333,492)	(444,956)
(Decrease)/increase in creditors	(600,120)	586,037
Net cash inflow from operating activities	784,981	1,281,135

17. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2012 £	2011 £
Returns on investments and servicing of finance		
Interest received	9,494	42,126
	2012 £	2011 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(1,308,731)	(1,496,543)
Sale of tangible fixed assets	1,534	-
Net cash outflow from capital expenditure	(1,307,197)	(1,496,543)

18 ANALYSIS OF CHANGES IN NET DEBT

	1 July 2011 £	Cash flow £	Other non-cash changes £	30 June 2012 £
Cash at bank and in hand	1,901,297	(877,620)	-	1,023,677
Net funds	1,901,297	(877,620)	-	1,023,677

19 CAPITAL COMMITMENTS

At 30 June 2012 the company had capital commitments as follows

	2012 £	2011 £
Contracted for but not provided in these financial statements	-	488,279

DOVES FARM FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

20 OPERATING LEASE COMMITMENTS

At 30 June 2012 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings	
	2012	2011
	£	£
Expiry date		
After more than 5 years	55,000	55,000

21. RELATED PARTY TRANSACTIONS

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 £63,997 (2011 £59,090) Salaries were also recharged amounting to £39,941 (2011 £31,258) to the same party All transactions were on an arms length basis As at the year end the company was owed £5,759 (2011 £10,268) by Mr M J Marriage

During the year, the company occupied land and buildings owned by the directors to whom £55,000 (2011 £55,000) rent was paid

At the year end, the directors were due royalty payments of £62,317 (2011 £111,976) from the company for the use of the trademarks owned by the directors

Both directors were paid £nil (2011 £nil) by way of dividends during the year

22 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