

DOVES FARM FOODS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

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DOVES FARM FOODS LIMITED

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DOVES FARM FOODS LIMITED

COMPANY INFORMATION

DIRECTORS

M J Marriage
C E Marriage

COMPANY SECRETARY

C E Marriage

COMPANY NUMBER

2301391

REGISTERED OFFICE

Salisbury Road
Hungerford
Berkshire
RG17 0RF

DOVES FARM FOODS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2009

The directors present their report and the financial statements for the year ended 30 June 2009.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 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.

DOVES FARM FOODS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2009

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 flours and foods, of which all bakery products currently meet Fair Trade and organic status.

During the year the company has continued to develop with good sales growth, despite a very tough market, where the poor national economic situation has driven consumers to cheaper food products and organic sales have suffered and even decreased, growth in that situation has been quite an achievement.

The company has developed the new, larger site, so as to produce a wider ranges of products and these will gradually come on stream during 2009-10.

Doves Farm Foods focuses on the growing market for gluten free & 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.

The main risk to the business is the cost and supply of grain. Current world production has increased and commodity prices have fallen but 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. A further constraint is the strength and volatility of the Euro currency, many ingredients and products are purchased in Euros and it is not always possible to pass on extra costs incurred in this way. But 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 effects most competitors adversely.

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 the 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, and we were awarded the highest level of attainment at our main BRC audit.

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 £529,501 (2008 - £656,866).

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.

DOVES FARM FOODS LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2009**

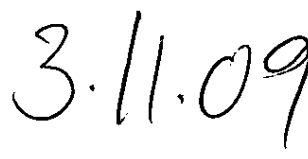
AUDITORS

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

This report was approved by the board on

and signed on its behalf.

C E Marriage
Secretary

A handwritten signature in black ink, appearing to read 'C E Marriage', written in a cursive style.A handwritten date '3.11.09' in black ink, indicating 3rd November 2009.

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 2009, set out on pages 7 to 17. 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 Sections 495 and 496 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 Statement of directors' responsibilities, 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 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

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 2009 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.

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.

DOVES FARM FOODS LIMITED

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

A handwritten signature in black ink that reads "James Cowper LLP". The signature is written in a cursive, flowing style.

JAMES COWPER LLP

Chartered Accountants and Registered Auditor
Phoenix House
Bartholomew Street
Newbury
Berkshire
RG14 5QA

Date: 31.11.09

DOVES FARM FOODS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2009**

	Note	2009 £	2008 £
TURNOVER	1,2	11,033,326	10,623,895
Cost of sales		<u>(8,912,785)</u>	<u>(8,409,391)</u>
GROSS PROFIT		2,120,541	2,214,504
Selling and distribution costs		<u>(735,330)</u>	<u>(697,403)</u>
Administrative expenses		<u>(718,983)</u>	<u>(692,057)</u>
OPERATING PROFIT	3	666,228	825,044
Interest receivable		<u>63,151</u>	<u>86,673</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		729,379	911,717
Tax on profit on ordinary activities	6	<u>(199,878)</u>	<u>(254,851)</u>
PROFIT FOR THE FINANCIAL YEAR	13	<u>529,501</u>	<u>656,866</u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2009 or 2008 other than those included in the Profit and loss account.


The notes on pages 10 to 17 form part of these financial statements.

DOVES FARM FOODS LIMITED
REGISTERED NUMBER: 2301391

BALANCE SHEET
AS AT 30 JUNE 2009

	Note	£	2009 £	2008 £
FIXED ASSETS				
Tangible fixed assets	7		1,664,207	1,782,572
CURRENT ASSETS				
Stocks	8	997,382		891,084
Debtors	9	1,556,945		1,738,542
Cash at bank		2,138,457		1,482,635
		<u>4,692,784</u>		<u>4,112,261</u>
CREDITORS: amounts falling due within one year	10	(1,044,875)		(1,021,239)
NET CURRENT ASSETS			<u>3,647,909</u>	<u>3,091,022</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>5,312,116</u>	<u>4,873,594</u>
PROVISIONS FOR LIABILITIES				
Deferred tax	11		(139,458)	(152,937)
NET ASSETS			<u><u>5,172,658</u></u>	<u><u>4,720,657</u></u>
CAPITAL AND RESERVES				
Called up share capital	12		20,000	20,000
Profit and loss account	13		<u>5,152,658</u>	<u>4,700,657</u>
SHAREHOLDERS' FUNDS	14		<u><u>5,172,658</u></u>	<u><u>4,720,657</u></u>

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


M J Marriage
 Director

3-11-09

The notes on pages 10 to 17 form part of these financial statements.

DOVES FARM FOODS LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009**

	Note	2009 £	2008 £
Net cash flow from operating activities	16	1,050,031	365,734
Returns on investments and servicing of finance	17	63,151	86,673
Taxation		(245,604)	(249,064)
Capital expenditure and financial investment	17	(134,256)	(379,687)
Equity dividends paid		(77,500)	-
INCREASE/(DECREASE) IN CASH IN THE YEAR		<u><u>655,822</u></u>	<u><u>(176,344)</u></u>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 30 JUNE 2009**

	2009 £	2008 £
Increase/(Decrease) in cash in the year	<u>655,822</u>	<u>(176,344)</u>
MOVEMENT IN NET DEBT IN THE YEAR	<u>655,822</u>	<u>(176,344)</u>
Net funds at 1 July 2008	<u>1,482,635</u>	<u>1,658,979</u>
NET FUNDS AT 30 JUNE 2009	<u><u>2,138,457</u></u>	<u><u>1,482,635</u></u>

The notes on pages 10 to 17 form part of these financial statements.

DOVES FARM FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

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, 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	-	3-5 years	straight line

1.4 Operating leases

Rentals under operating leases are charged 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 2009

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 organic flours and foods.

All turnover arose within the United Kingdom.

3. OPERATING PROFIT

The operating profit is stated after charging:

	2009 £	2008 £
Depreciation of tangible fixed assets:		
- owned by the company	243,838	210,309
Auditors' remuneration	10,606	9,316
Operating lease rentals:		
- other operating leases	55,000	55,000
	<u>299,444</u>	<u>274,625</u>

4. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	2009 £	2008 £
Wages and salaries	1,220,928	1,218,015
Social security costs	115,923	117,632
	<u>1,336,851</u>	<u>1,335,647</u>

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

	2009 No.	2008 No.
Office and management	12	12
Production and sales	47	47
	<u>59</u>	<u>59</u>

DOVES FARM FOODS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

5. DIRECTORS' REMUNERATION

	2009 £	2008 £
Emoluments	<u>78,777</u>	<u>76,206</u>

6. TAXATION

	2009 £	2008 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	213,357	245,604
Deferred tax (see note 11)		
Origination and reversal of timing differences	<u>(13,479)</u>	<u>9,247</u>
Tax on profit on ordinary activities	<u>199,878</u>	<u>254,851</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2008 - lower than) the standard rate of corporation tax in the UK (28%). The differences are explained below:

	2009 £	2008 £
Profit on ordinary activities before tax	<u>729,379</u>	<u>911,717</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008 - 29.5%)	204,226	268,957
Effects of:		
Expenses not deductible for tax purposes	17,377	721
Capital allowances for year in excess of depreciation	3,909	(9,754)
Marginal relief	<u>(12,155)</u>	<u>(14,320)</u>
Current tax charge for the year (see note above)	<u>213,357</u>	<u>245,604</u>

DOVES FARM FOODS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

7. TANGIBLE FIXED ASSETS

	Land and buildings £	Plant and machinery £	Motor vehicles £	Computer equipment £	Total £
Cost					
At 1 July 2008	895,124	2,185,294	67,820	97,523	3,245,761
Additions	6,588	120,875	-	7,343	134,806
Disposals	-	(52,175)	-	(1,556)	(53,731)
At 30 June 2009	<u>901,712</u>	<u>2,253,994</u>	<u>67,820</u>	<u>103,310</u>	<u>3,326,836</u>
Depreciation					
At 1 July 2008	124,675	1,269,091	25,123	44,300	1,463,189
Charge for the year	35,851	181,907	10,674	15,406	243,838
On disposals	-	(43,120)	-	(1,278)	(44,398)
At 30 June 2009	<u>160,526</u>	<u>1,407,878</u>	<u>35,797</u>	<u>58,428</u>	<u>1,662,629</u>
Net book value					
At 30 June 2009	<u>741,186</u>	<u>846,116</u>	<u>32,023</u>	<u>44,882</u>	<u>1,664,207</u>
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>

8. STOCKS

	2009 £	2008 £
Raw materials	622,229	590,558
Finished goods and goods for resale	375,153	300,526
	<u>997,382</u>	<u>891,084</u>

9. DEBTORS

	2009 £	2008 £
Trade debtors	1,444,832	1,623,075
Other debtors	76,417	75,045
Prepayments and accrued income	35,696	40,422
	<u>1,556,945</u>	<u>1,738,542</u>

DOVES FARM FOODS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

10. CREDITORS:

Amounts falling due within one year

	2009 £	2008 £
Trade creditors	514,317	481,864
Corporation tax	213,357	245,604
Social security and other taxes	31,534	33,231
Other creditors	109,893	102,820
Accruals and deferred income	175,774	157,720
	<u>1,044,875</u>	<u>1,021,239</u>

11. DEFERRED TAXATION

	2009 £	2008 £
At beginning and end of year	<u>139,458</u>	<u>152,937</u>

The provision for deferred taxation is made up as follows:

	2009 £	2008 £
Accelerated capital allowances	<u>139,458</u>	<u>152,937</u>

12. SHARE CAPITAL

	2009 £	2008 £
Allotted, called up and fully paid		
10,000 Ordinary A Share shares of £1 each	10,000	10,000
10,000 Ordinary B Share 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 2008	4,700,657
Profit for the year	529,501
Dividends: Equity capital	(77,500)
At 30 June 2009	<u>5,152,658</u>

DOVES FARM FOODS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2009 £	2008 £
Opening shareholders' funds	4,720,657	4,063,791
Profit for the year	529,501	656,866
Dividends (Note 15)	(77,500)	-
	<u>5,172,658</u>	<u>4,720,657</u>
Closing shareholders' funds		

15. DIVIDENDS

	2009 £	2008 £
Dividends paid on equity capital	<u>77,500</u>	<u>-</u>

16. NET CASH FLOW FROM OPERATING ACTIVITIES

	2009 £	2008 £
Operating profit	666,228	825,044
Depreciation of tangible fixed assets	243,838	210,309
Loss on disposal of tangible fixed assets	8,783	889
Increase in stocks	(106,298)	(322,340)
Decrease/(increase) in debtors	181,596	(276,722)
Increase/(decrease) in creditors	55,884	(71,446)
	<u>1,050,031</u>	<u>365,734</u>
Net cash inflow from operations		

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

	2009 £	2008 £
Returns on investments and servicing of finance		
Interest received	<u>63,151</u>	<u>86,673</u>
	<u>2009 £</u>	<u>2008 £</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(134,806)	(379,617)
Sale of tangible fixed assets	550	(70)
	<u>(134,256)</u>	<u>(379,687)</u>
Net cash outflow from capital expenditure		

DOVES FARM FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

18. ANALYSIS OF CHANGES IN NET DEBT

	1 July 2008 £	Cash flow £	Other non-cash changes £	30 June 2009 £
Cash at bank and in hand:	1,482,635	655,822	-	2,138,457
Net funds	1,482,635	655,822	-	2,138,457

19. CAPITAL COMMITMENTS

At 30 June 2009 the company had capital commitments as follows:

	2009 £	2008 £
Contracted for but not provided in these financial statements	-	68,471

20. 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.

21. OPERATING LEASE COMMITMENTS

At 30 June 2009 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2009 £	2008 £
Expiry date:		
After more than 5 years	55,000	55,000

22. 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 £29,216 (2008: £28,524). The company also sold goods amounting to £105 (2008: £1,252) and recharged salaries amounting to £21,606 (2008: £26,359) to the same party. All transactions were on an arms length basis. At the year end the company was owed £3,954 (2008: £nil) by Mr M J Marriage.

During the year the company occupied land and buildings owned by the directors to whom £55,000 (2008: £55,000) rent was paid.

At the year end, the directors were due royalty payments of £52,000 (2008: £49,603) from the company for the use of the trademarks owned by the directors.

Both directors were paid £23,750(2008: £nil) by way of dividends during the year.

DOVES FARM FOODS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

23. 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.