

DOVES FARM FOODS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

DOVES FARM FOODS LIMITED

COMPANY INFORMATION

Directors

M J Marriage
C E Marriage
J J Marriage
R N L Marriage

Company secretary

C E Marriage

Registered number

02301391

Registered office

Salisbury Road
Hungerford
Berkshire
RG17 0RF

Independent auditor

James Cowper Kreston Audit
Chartered Accountants and Statutory Auditor
2 Communications Road
Greenham Business Park
Greenham
Newbury
Berkshire
RG19 6AB

DOVES FARM FOODS LIMITED

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DOVES FARM FOODS LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2022

Introduction

Doves Farm Foods remains an independent, family run, food manufacturing company focusing on the processing of speciality grain and cereal products with a high level of product integrity, that are sold both as ingredients and as consumer foods. Doves Farm Foods holds accreditation from British Retail Consortium, Sedex, Soil Association Organic, Coeliac, and Kosher societies.

Financial security is based upon product profitability to generate surplus cash profits for financing new buildings and production machinery, structural alterations and possible company acquisitions. We have managed to avoid needing any type of loans.

Business review

A large range of organic and speciality, flours continue to be sold under Doves Farm brand which was established in 1978. These are complimented by some baking requisites and biscuits. We have considerable capacity to produce and pack home baking flours. Turnover remained steady during the year.

The company's gluten free products are sold under the FREEE brand name. This enables consumers to easily identify products that are suitable for those who wish to eat gluten free foods, as opposed to other products made by the company which do contain gluten. FREEE home baking flours, cookies, breakfast cereals and oat bars are produced and packed in the companies dedicated purpose-built facility using specialist milling, blending and baking equipment.

The company website is regularly updated and on-line sales, have remained strong for both brands.

The company sells products mainly in the UK, with 9.3% of its sales going for the export trade. The Brexit regulations have proved quite challenging and this has affected our overseas sales.

Doves Farm Foods continues to invest in G-Free Alimentaire, a new gluten free pasta factory near to Milan in Italy. This venture is now approaching completion and we should be starting to sell pasta during the summer of 2023. This factory will supply DFF with the pasta that it currently buys from a third party supplier.

The sourcing and supply chain of all our raw materials and packaging continues to be fundamental to the business activity and profitability. Since the invasion of Ukraine raw material pricing has increased dramatically and this, coupled with increases in transport costs, especially container freight rates which went up as the pandemic gradually finished, has greatly reduced our working margins. Price increases are being introduced to the customers but there is a lag of a few months between the increased costs and increased selling prices, this has impacted profitability.

The company maintains separate and dedicated production areas, machinery, staffing, documentation and procedures for Freee gluten free products and for Doves Farm wheat type products.

Principal risks and uncertainties

The UK flour milling industry is a most competitive environment and pricing control from multiple retail customers ensures that margins are kept under pressure. Some ingredients are sourced from the EU and some sales are to the EU; UK/EU customs changes have affected this trade.

There is a constant risk of allergen challenges to raw material ingredient integrity both upstream and downstream.

Financial key performance indicators

The Company uses KPI's to monitor its own activities including turnover and margin growth. Debtor days are monitored and continue to come in within target.

DOVES FARM FOODS LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022**

Other key performance indicators

Production, technical, environmental, engineering, HR and Health and Safety are all monitored by KPIs. The number of complaints received per thousand units sold has improved by 25%, from an already very low number, and showing the continuing quality of our products.

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

.....
C E Marriage

Director

Date: 27 April 2023

DOVES FARM FOODS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2022

The directors present their report and the financial statements for the year ended 30 June 2022.

Directors

The directors who served during the year were:

M J Marriage
C E Marriage
J J Marriage
R N L Marriage

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements 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 Group 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 the Group and to 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation and minority interests, amounted to £572,054 (2021 - £1,443,706).

Dividends of £499,200 (2021: £925,640) were paid during the year.

Future developments

The company continues to invest in growing the sales of all products through modern marketing techniques and social platforms.

We put a lot of effort into developing our online presence and social media presence. We have split the company website into two separate branded sites and separate online shops.

Despite the Brexit challenges, overseas interest in the company's brands remains strong. We plan to develop the export opportunities for both Doves Farm and Freee branded products.

The company has invested as the major shareholder, in an Italian Pasta company, the costs for building this facility have proved to be considerably greater than originally budgeted, so is requiring more of a cash input. It should start trading in June 2023.

DOVES FARM FOODS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022**

Other potential acquisitions are also under consideration.

Disclosure of information to auditor

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

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Post balance sheet events

In January 2023 DFF bought the brand, Wessex Mill. The company behind Wessex Mill decided to cease trading. They were a traditional country flour mill supplying bakers and making a range of home baking flours. They supply a range of different customers to the Doves Farm brand. We feel that this is a good integration of another brand to our portfolio, and extends our reach into new areas.

Auditor

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

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

.....
C E Marriage

Director

Date: 27 April 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DOVES FARM FOODS LIMITED

Opinion

We have audited the financial statements of Doves Farm Foods Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 30 June 2022, which comprise the Group Statement of Comprehensive Income, the Group and Company Balance Sheets, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes, 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 Group's and of the parent Company's affairs as at 30 June 2022 and of the Group's 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's Report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DOVES FARM FOODS LIMITED (CONTINUED)

Opinion 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 Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are 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 directors determine is 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 directors are responsible for assessing the Group's and the parent 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 directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 an Auditor's Report 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 Group financial statements

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

DOVES FARM FOODS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DOVES FARM FOODS LIMITED (CONTINUED)

The specific procedures for this engagement that we designed and performed to detect material misstatements in respect of irregularities, including fraud, were as follows:

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Enquiry of management and those charged with governance to identify any material instances of non-compliance with laws and regulations;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work to address the risk of irregularities due to management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for evidence of bias.

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. This description forms part of our Auditor's Report.

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 an Auditor's 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.

Robert Holland BSc FCA (Senior Statutory Auditor)

for and on behalf of

James Cowper Kreston Audit

Chartered Accountants and Statutory Auditor

2 Communications Road
Greenham Business Park
Greenham
Newbury
Berkshire
RG19 6AB

27 April 2023

DOVES FARM FOODS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 £	2021 £
Turnover	4	23,904,561	23,935,773
Cost of sales		(18,825,103)	(17,787,718)
Gross profit		5,079,458	6,148,055
Distribution costs		(2,554,440)	(2,157,881)
Administrative expenses		(1,824,160)	(1,975,936)
Operating profit	5	700,858	2,014,238
Interest receivable and similar income		2,320	12,029
Profit before taxation		703,178	2,026,267
Tax on profit	8	(189,213)	(582,561)
Profit for the financial year		513,965	1,443,706
Profit for the year attributable to:			
Non-controlling interests		(58,089)	-
Owners of the parent Company		572,054	1,443,706
		513,965	1,443,706

There was no other comprehensive income for 2022 (2021:£NIL).

The notes on pages 15 to 29 form part of these financial statements.

DOVES FARM FOODS LIMITED
REGISTERED NUMBER: 02301391

CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	10	10,447,492	8,494,164
Current assets			
Stocks	12	2,606,356	2,455,605
Debtors: amounts falling due within one year	13	4,902,977	4,058,237
Cash at bank and in hand	14	4,975,757	6,155,427
		<u>12,485,090</u>	<u>12,669,269</u>
Creditors: amounts falling due within one year	15	(3,941,291)	(2,187,034)
Net current assets		<u>8,543,799</u>	<u>10,482,235</u>
Total assets less current liabilities		<u>18,991,291</u>	<u>18,976,399</u>
Provisions for liabilities			
Deferred taxation	16	(694,057)	(693,930)
Net assets		<u><u>18,297,234</u></u>	<u><u>18,282,469</u></u>
Capital and reserves			
Called up share capital	17	20,000	20,000
Profit and loss account	18	18,153,577	18,080,723
Equity attributable to owners of the parent Company		<u>18,173,577</u>	<u>18,100,723</u>
Non-controlling interests		123,657	181,746
		<u><u>18,297,234</u></u>	<u><u>18,282,469</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: 27 April 2023

The notes on pages 15 to 29 form part of these financial statements.

DOVES FARM FOODS LIMITED
REGISTERED NUMBER: 02301391

COMPANY BALANCE SHEET
AS AT 30 JUNE 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	10	7,944,810	7,705,372
Investments	11	1,027,235	1,027,235
		<u>8,972,045</u>	<u>8,732,607</u>
Current assets			
Stocks	12	2,606,356	2,455,605
Debtors: amounts falling due within one year	13	4,649,401	3,922,227
Cash at bank and in hand	14	4,939,193	5,881,548
		<u>12,194,950</u>	<u>12,259,380</u>
Creditors: amounts falling due within one year	15	(2,193,761)	(2,187,034)
Net current assets		<u>10,001,189</u>	<u>10,072,346</u>
Total assets less current liabilities		<u>18,973,234</u>	<u>18,804,953</u>
Provisions for liabilities			
Deferred taxation	16	(694,057)	(693,930)
Net assets		<u><u>18,279,177</u></u>	<u><u>18,111,023</u></u>
Capital and reserves			
Called up share capital	17	20,000	20,000
Profit and loss account		18,259,177	18,091,023
		<u><u>18,279,177</u></u>	<u><u>18,111,023</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: 27 April 2023

The notes on pages 15 to 29 form part of these financial statements.

DOVES FARM FOODS LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022**

	Called up share capital £	Profit and loss account £	Equity attributable to owners of parent Company £	Non-controlling interests £	Total equity £
At 1 July 2021	20,000	18,080,723	18,100,723	181,746	18,282,469
Profit for the year	-	572,054	572,054	(58,089)	513,965
Dividends: Equity capital	-	(499,200)	(499,200)	-	(499,200)
At 30 June 2022	20,000	18,153,577	18,173,577	123,657	18,297,234

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021**

	Called up share capital £	Profit and loss account £	Equity attributable to owners of parent Company £	Non-controlling interests £	Total equity £
At 1 July 2020	20,000	17,562,657	17,582,657	-	17,582,657
Profit for the year	-	1,443,706	1,443,706	-	1,443,706
Dividends: Equity capital	-	(925,640)	(925,640)	-	(925,640)
Non-controlling interest on incorporation	-	-	-	181,746	181,746
At 30 June 2021	20,000	18,080,723	18,100,723	181,746	18,282,469

The notes on pages 15 to 29 form part of these financial statements.

DOVES FARM FOODS LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 July 2021	20,000	18,091,023	18,111,023
Profit for the year	-	667,354	667,354
Dividends: Equity capital	-	(499,200)	(499,200)
At 30 June 2022	20,000	18,259,177	18,279,177

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 July 2020	20,000	17,562,657	17,582,657
Profit for the year	-	1,454,006	1,454,006
Dividends: Equity capital	-	(925,640)	(925,640)
At 30 June 2021	20,000	18,091,023	18,111,023

The notes on pages 15 to 29 form part of these financial statements.

DOVES FARM FOODS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

	2022 £	2021 £
Cash flows from operating activities		
Profit for the financial year	513,965	1,443,706
Adjustments for:		
Depreciation of tangible assets	838,990	900,136
Loss on disposal of tangible assets	2,133	(11,975)
Interest received	(2,320)	(12,029)
Taxation charge	189,213	582,561
(Increase) in stocks	(150,751)	(487,990)
(Increase)/decrease in debtors	(844,740)	108,841
Increase in creditors	434,252	532,999
Corporation tax (paid)	(162,911)	(639,377)
Net cash generated from operating activities	817,831	2,416,872
Cash flows from investing activities		
Purchase of tangible fixed assets	(2,794,751)	(1,141,465)
Sale of tangible fixed assets	-	24,940
Interest received	2,320	12,029
Net cash from investing activities	(2,792,431)	(1,104,496)
Cash flows from financing activities		
New secured loans	1,294,130	-
Dividends paid	(499,200)	(925,640)
Equity attributable to non-controlling interest	-	181,746
Net cash used in financing activities	794,930	(743,894)
Net (decrease)/increase in cash and cash equivalents	(1,179,670)	568,482
Cash and cash equivalents at beginning of year	6,155,427	5,586,945
Cash and cash equivalents at the end of year	4,975,757	6,155,427
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	4,975,757	6,155,427

The notes on pages 15 to 29 form part of these financial statements.

DOVES FARM FOODS LIMITED

CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 30 JUNE 2022

	At 1 July 2021	At 30 Jun 202
	£	
Cash at bank and in hand	6,155,427	6,155,427
Debt due within 1 year	-	-
	<u>6,155,427</u>	<u>6,155,427</u>

The notes on pages 15 to 29 form part of these financial statements.

DOVES FARM FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

1. General information

Doves Farm Food Limited is a company limited by share capital and incorporated in England and Wales. The address of the registered office and principal place of business is Salisbury Road, Hungerford, Berkshire, RG17 0RF. The nature of the operations and principal activities are described in the business review.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

2.2 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.3 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

DOVES FARM FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

2. Accounting policies (continued)

2.3 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the methods noted below..

Depreciation is provided on the following basis:

Freehold property	- Not depreciated
Long-term leasehold property	- 4% straight line
Plant and machinery	- 10%-20% reducing balance
Motor vehicles	- 25% reducing balance
Computer equipment	- 20% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.4 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.5 Development costs

Research and development expenditure is written off to the profit and loss account.

2.6 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.7 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

2. Accounting policies (continued)

2.9 Financial instruments

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.10 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

2. Accounting policies (continued)

2.11 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.12 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.13 Operating leases: the Group as lessee

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

2.14 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

2. Accounting policies (continued)

2.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.16 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

DOVES FARM FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of the estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on the amounts recognised in the financial statements.

Revenue

The key judgment made by management in respect of revenue is the point at which that revenue should be recognised. Management consider that revenue is to be recognised when delivery is made to customers as this is when the risk and rewards are transferred.

Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors.

Operating lease commitments

The company has entered into commercial lease contracts and as a lessee it obtains use of property, plant and equipment. The classification of such leases as operating or finance lease requires the Company to determine, based on evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Balance Sheet.

4. Turnover

An analysis of turnover by class of business is as follows:

	2022 £	2021 £
Supply of Organic and Free From food	<u>23,904,561</u>	<u>23,935,773</u>

Analysis of turnover by country of destination:

	2022 £	2021 £
United Kingdom	21,679,970	21,435,572
Rest of Europe	2,107,297	2,326,945
Rest of the world	117,294	173,256
	<u>23,904,561</u>	<u>23,935,773</u>

DOVES FARM FOODS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

5. Operating profit

The operating profit is stated after charging:

	2022 £	2021 £
Research & development charged as an expense	13,880	14,634
Depreciation of tangible fixed assets	838,990	900,136
Fees payable to the Group's auditor for the audit of the Group's annual financial statements	14,000	13,000
Exchange differences	(37,194)	2,663
Other operating lease rentals	81,130	83,331
Defined contribution pension cost	<u>293,649</u>	<u>367,992</u>

6. Employees

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

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Wages and salaries	2,773,920	2,744,451	2,698,331	2,737,974
Social security costs	265,890	249,033	265,890	249,033
Cost of defined contribution scheme	293,649	367,992	293,649	367,992
	<u>3,333,459</u>	<u>3,361,476</u>	<u>3,257,870</u>	<u>3,354,999</u>

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

	2022 No.	2021 No.
Office and management	33	30
Production and sales	56	61
	<u>89</u>	<u>91</u>

DOVES FARM FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

7. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	139,235	135,876
Group contributions to defined contribution pension schemes	239,735	312,000
	<u>378,970</u>	<u>447,876</u>

During the year retirement benefits were accruing to 4 directors (2021 - 4) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £102,800 (2021: 183,892).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director is £64,415 (2021: £137,091).

8. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on profits for the year	189,086	430,812
Total current tax	<u>189,086</u>	<u>430,812</u>
Deferred tax		
Origination and reversal of timing differences	127	(19,466)
Effect of tax rate change on opening balance	-	171,215
Total deferred tax	<u>127</u>	<u>151,749</u>
Taxation on profit on ordinary activities	<u>189,213</u>	<u>582,561</u>

DOVES FARM FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

8. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2021 - the same as) the standard rate of corporation tax in the UK of 19% (2021 - 19%) as set out below:

	2022 £	2021 £
Profit on ordinary activities before tax	<u>703,178</u>	<u>2,026,267</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	133,604	386,948
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	285	1,200
Higher rate taxes on overseas earnings	29,173	-
Short-term timing difference leading to an increase (decrease) in taxation	26,151	27,870
Remeasurement of deferred tax for changes in tax rates	-	166,543
Total tax charge for the year	<u>189,213</u>	<u>582,561</u>

Factors that may affect future tax charges

The main rate of corporation tax will rise from 19% to 25% from 1 April 2023. On this basis deferred tax is provided at the future tax rate of 25%.

9. Dividends

	2022 £	2021 £
Dividends paid on equity capital	<u>499,200</u>	<u>925,640</u>

DOVES FARM FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

10. Tangible fixed assets

Group

	Freehold property £	Long-term leasehold property £	Plant and machinery £	Motor vehicles £	Computer equipment £	Total £
Cost or valuation						
At 1 July 2021	636,177	4,249,846	10,880,633	89,734	432,292	16,288,682
Additions	837,795	776,451	1,099,636	56,759	23,810	2,794,451
Disposals	-	-	(52,095)	-	-	(52,095)
At 30 June 2022	<u>1,473,972</u>	<u>5,026,297</u>	<u>11,928,174</u>	<u>146,493</u>	<u>456,102</u>	<u>19,031,038</u>
Depreciation						
At 1 July 2021	-	1,247,919	6,169,711	5,325	371,563	7,794,518
Charge for the year on owned assets	-	169,994	598,019	35,292	35,685	838,990
Disposals	-	-	(49,962)	-	-	(49,962)
At 30 June 2022	<u>-</u>	<u>1,417,913</u>	<u>6,717,768</u>	<u>40,617</u>	<u>407,248</u>	<u>8,583,546</u>
Net book value						
At 30 June 2022	<u>1,473,972</u>	<u>3,608,384</u>	<u>5,210,406</u>	<u>105,876</u>	<u>48,854</u>	<u>10,447,492</u>
At 30 June 2021	<u>636,177</u>	<u>3,001,927</u>	<u>4,710,922</u>	<u>84,409</u>	<u>60,729</u>	<u>8,494,164</u>

DOVES FARM FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

10. Tangible fixed assets (continued)

Company

	Long-term leasehold property £	Plant and machinery £	Motor vehicles £	Computer equipment £	Total £
Cost or valuation					
At 1 July 2021	4,249,846	10,728,018	89,734	432,292	15,499,890
Additions	776,451	223,541	56,759	23,810	1,080,561
Disposals	-	(52,095)	-	-	(52,095)
At 30 June 2022	5,026,297	10,899,464	146,493	456,102	16,528,356
Depreciation					
At 1 July 2021	1,247,919	6,169,711	5,325	371,563	7,794,518
Charge for the year on owned assets	169,994	598,019	35,292	35,685	838,990
Disposals	-	(49,962)	-	-	(49,962)
At 30 June 2022	1,417,913	6,717,768	40,617	407,248	8,583,546
Net book value					
At 30 June 2022	3,608,384	4,181,696	105,876	48,854	7,944,810
At 30 June 2021	3,001,927	4,558,307	84,409	60,729	7,705,372

DOVES FARM FOODS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

11. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 July 2021	1,027,235
	<hr/>
At 30 June 2022	<u><u>1,027,235</u></u>

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Registered office	Class of shares	Holding
G-FREE ALIMENTARE S.R.L.	Italy	Ordinary	85 %

The aggregate of the share capital and reserves as at 30 June 2022 and the profit or loss for the year ended on that date for the subsidiary undertaking were as follows:

Name	Aggregate of share capital and reserves	Profit/(Loss)
G-FREE ALIMENTARE S.R.L.	828,597	(370,084)

12. Stocks

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Raw materials and consumables	1,183,934	1,111,059	1,183,934	1,111,059
Finished goods and goods for resale	1,422,422	1,344,546	1,422,422	1,344,546
	<hr/>	<hr/>	<hr/>	<hr/>
	<u><u>2,606,356</u></u>	<u><u>2,455,605</u></u>	<u><u>2,606,356</u></u>	<u><u>2,455,605</u></u>

DOVES FARM FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

13. Debtors

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Trade debtors	3,577,679	3,396,602	3,577,679	3,396,602
Amounts owed by group undertakings	-	-	333,171	-
Other debtors	920,618	397,742	487,395	261,732
Prepayments and accrued income	404,680	263,893	251,156	263,893
	<u>4,902,977</u>	<u>4,058,237</u>	<u>4,649,401</u>	<u>3,922,227</u>

14. Cash and cash equivalents

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Cash at bank and in hand	<u>4,975,757</u>	<u>6,155,427</u>	<u>4,939,193</u>	<u>5,881,548</u>

15. Creditors: Amounts falling due within one year

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Other loans	1,294,130	-	-	-
Trade creditors	2,495,570	1,899,678	2,063,564	1,899,678
Corporation tax	-	162,752	-	162,752
Other taxation and social security	66,041	63,992	66,041	63,992
Other creditors	38,405	36,463	38,405	36,463
Accruals and deferred income	47,145	24,149	25,751	24,149
	<u>3,941,291</u>	<u>2,187,034</u>	<u>2,193,761</u>	<u>2,187,034</u>

DOVES FARM FOODS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

16. Deferred taxation

Group

	2022		2021	
	£		£	
At beginning of year		(693,930)		(693,930)
Charged to profit or loss		(127)		(127)
At end of year		(694,057)		(694,057)

	Group	Group	Company	Company
	2022	2021	2022	2021
	£	£	£	£
Accelerated capital allowances	(695,153)	(696,571)	(695,153)	(696,571)
Tax losses carried forward	1,096	2,641	1,096	2,641
	<u>(694,057)</u>	<u>(693,930)</u>	<u>(694,057)</u>	<u>(693,930)</u>

17. Share capital

	2022	2021
	£	£
Allotted, called up and fully paid		
5,200 (2021 - 5,200) Ordinary A shares of £1.00 each	5,200	5,200
5,200 (2021 - 5,200) Ordinary B shares of £1.00 each	5,200	5,200
4,000 (2021 - 4,000) Ordinary C shares of £1.00 each	4,000	4,000
4,000 (2021 - 4,000) Ordinary D shares of £1.00 each	4,000	4,000
1,600 (2021 - 1,600) Ordinary E shares of £1.00 each	1,600	1,600
	<u>20,000</u>	<u>20,000</u>

18. Reserves

Profit and loss account

The profit and loss account represents the cumulative profit available for distribution to share holders

19. Pension commitments

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £293,649 (2021: £367,992). Pension contributions amounting to £9,880 were outstanding at 30 June 2022 (2021: £4,675).

DOVES FARM FOODS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

20. Commitments under operating leases

At 30 June 2022 the Group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2022 £	Group 2021 £
Not later than 1 year	<u>55,000</u>	<u>55,000</u>

21. Finance lease commitments

The subsidiary company, G-Free Alimentare S.R.L., has entered into 5 finance leases during the year which do not become effective until post year end. The amount financed totals £586,465 (€679,760).

22. Other financial commitments

Forward contracts at the year end were in respect of grain contracts and totalled £653,110 (2021: £3,045,446). The fair value of the contracts were considered by directors to be the same as the forward contract value.

23. Related party transactions

During the year the company entered into transactions with the directors M J Marriage and C E Marriage, trading as Doves Farm, for the purchase of organic grain to the value of £54,720 (2021: £56,874). Salaries were also recharged amounting to £59,707 (2021: £68,605) to the same party. At the year end the company was owed £Nil (2021: £16,068) by Doves Farm. All transactions were on an arms length basis.

During the year, the company occupied land and buildings owned by the directors to whom £55,000 (2021: £55,000) rent was paid.

M J Marriage was paid a dividend in the year of £92,800 (2021: £37,760), C E Marriage was paid a dividend in the year of £38,400 (2021: £27,880), J J Marriage was paid a dividend in the year of £28,000 (2021: £180,000) and R N L Marriage was paid a dividend in the year of £28,000 (2020: £44,000). One other family shareholder received dividends of £24,000 in total (2021: £500,000), meaning that the total dividends paid to shareholders were £499,200 (2021: £925,640).

At the year end, a trust, controlled by the directors, was due royalty payments of £28,525 (2021: £25,896 due to the directors) from the company for the use of trademarks, included in other creditors.

Key management remuneration related to directors and the senior management team of £411,904 (2021: £408,159) was paid during the year.

24. 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 parties.

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