

DOVES FARM FOODS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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

DOVES FARM FOODS LIMITED

CONTENTS

	Page
Group Strategic Report	1 - 2
Directors' Report	3 - 4
Independent Auditor's Report	5 - 8
Consolidated Statement of Comprehensive Income	9
Consolidated Balance Sheet	10
Company Balance Sheet	11
Consolidated Statement of Changes in Equity	12
Company Statement of Changes in Equity	13
Consolidated Statement of Cash Flows	14
Analysis of Net Debt	15
Notes to the Financial Statements	16 - 30

DOVES FARM FOODS LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2021

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.

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 which was a boon during the Covid lockdown when there was a large upsurge in sales of home baking flour. During the year several speciality flours were re-launched in more colourful packaging and gained good retailer listings. Turnover increased by 4.3% to £23.9m.

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 company's dedicated purpose-built facility using specialist milling, blending and baking equipment. During the year a couple of new breakfast cereals were added to the product portfolio.

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 12% of its sales going for the export trade. The new Brexit regulations have proved quite challenging and expensive but we have now got over the initial difficulties.

The sourcing and supply chain of all our raw materials and packaging continues to be fundamental to the business activity and profitability. Raw material pricing is increasing at an unprecedented rate and this, coupled with dramatic increases in transport costs, especially container freight rates has greatly reduced our working margins. Price increases will have to be introduced to the customers but there is often a lag of a few months between the increased costs and increased selling prices, this could impact profitability. Gross profit for the year was £6.1m (2020 - £6.9m).

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 within the flour milling industry is a competitive environment and pricing pressure from multiple retail customers ensures that margins are under pressure. Some ingredients are sourced from the EU and some sales are to the EU; UK/EU customs changes could affect 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 KPIs including revenue growth, 4.3% for 2021 (2020 - 22.2%); debtor days, 52 days in 2021 (2020 - 58 days); as well as gross and net profit targets to monitor its own activities.

Other key performance indicators

Production, technical, environmental, engineering, HR and Health and Safety are all monitored by KPIs.

DOVES FARM FOODS LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021**

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

.....
C E Marriage
Director

Date: 9 May 2022

DOVES FARM FOODS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2021

The directors present their report and the financial statements for the year ended 30 June 2021.

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, amounted to £1,443,706 (2020 - £2,599,696).

Dividends of £925,640 (2020: £951,952) were paid during the year.

Future developments

The company continues to invest in growing the sales of all products. The Covid restrictions and the trend to more home baking has assisted with the sales growth. This has given the ongoing and future retail flour sales a good boost.

We put a lot of effort into developing our online presence and social media presence. Plans are in place to split the company website into two separate sites and separate online shops.

Despite many covid and 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 in an Italian Pasta company which should start trading in 2022.

Other potential acquisitions are also under consideration.

DOVES FARM FOODS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021**

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

There have been no significant events affecting the Group since the year end.

Auditor

The auditor, James Cowper Kreston, 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: 9 May 2022

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 2021, 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 2021 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.

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

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.

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.

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

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.

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.

DOVES FARM FOODS LIMITED

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

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

Chartered Accountants and Statutory Auditor

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

Date: 9 May 2022

DOVES FARM FOODS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 £	2020 £
Turnover	4	23,935,773	22,940,952
Cost of sales		(17,787,718)	(16,045,288)
Gross profit		6,148,055	6,895,664
Distribution costs		(2,157,881)	(1,951,432)
Administrative expenses		(1,975,936)	(1,648,643)
Operating profit	5	2,014,238	3,295,589
Interest receivable and similar income		12,029	18,146
Profit before taxation		2,026,267	3,313,735
Tax on profit	9	(582,561)	(714,039)
Profit for the financial year		1,443,706	2,599,696
Profit for the year attributable to:			
Owners of the parent Company		1,443,706	2,599,696

There was no other comprehensive income for 2021 (2020:£NIL).

The notes on pages 16 to 30 form part of these financial statements.

DOVES FARM FOODS LIMITED
REGISTERED NUMBER: 02301391

CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	11	8,494,164	8,265,800
Current assets			
Stocks	13	2,455,605	1,967,615
Debtors: amounts falling due within one year	14	4,058,237	4,167,078
Cash at bank and in hand	15	6,155,427	5,586,945
		<u>12,669,269</u>	<u>11,721,638</u>
Creditors: amounts falling due within one year	16	<u>(2,187,034)</u>	<u>(1,862,600)</u>
Net current assets		<u>10,482,235</u>	<u>9,859,038</u>
Total assets less current liabilities		<u>18,976,399</u>	<u>18,124,838</u>
Provisions for liabilities			
Deferred taxation	17	(693,930)	(542,181)
Net assets		<u><u>18,282,469</u></u>	<u><u>17,582,657</u></u>
Capital and reserves			
Called up share capital	18	20,000	20,000
Profit and loss account	19	18,080,723	17,562,657
Equity attributable to owners of the parent Company		<u>18,100,723</u>	<u>17,582,657</u>
Non-controlling interests		181,746	-
		<u><u>18,282,469</u></u>	<u><u>17,582,657</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 9 May 2022.

.....
M J Marriage
Director

The notes on pages 16 to 30 form part of these financial statements.

DOVES FARM FOODS LIMITED
REGISTERED NUMBER: 02301391

COMPANY BALANCE SHEET
AS AT 30 JUNE 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	11	7,705,372	8,265,800
Investments	12	1,027,235	-
		<u>8,732,607</u>	<u>8,265,800</u>
Current assets			
Stocks	13	2,455,605	1,967,615
Debtors: amounts falling due within one year	14	3,922,227	4,167,078
Cash at bank and in hand	15	5,881,548	5,586,945
		<u>12,259,380</u>	<u>11,721,638</u>
Creditors: amounts falling due within one year	16	(2,187,034)	(1,862,600)
Net current assets		<u>10,072,346</u>	<u>9,859,038</u>
Total assets less current liabilities		<u>18,804,953</u>	<u>18,124,838</u>
Provisions for liabilities			
Deferred taxation	17	(693,930)	(542,181)
Net assets		<u><u>18,111,023</u></u>	<u><u>17,582,657</u></u>
Capital and reserves			
Called up share capital	18	20,000	20,000
Profit and loss account		<u>18,091,023</u>	<u>17,562,657</u>
		<u><u>18,111,023</u></u>	<u><u>17,582,657</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 9 May 2022.

.....
M J Marriage
Director

The notes on pages 16 to 30 form part of these financial statements.

DOVES FARM FOODS LIMITED

**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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020**

	Called up share capital £	Profit and loss account £	Equity attributable to owners of parent Company £	Total equity £
At 1 July 2019	20,000	15,914,913	15,934,913	15,934,913
Profit for the year	-	2,599,696	2,599,696	2,599,696
Dividends: Equity capital	-	(951,952)	(951,952)	(951,952)
At 30 June 2020	20,000	17,562,657	17,582,657	17,582,657

The notes on pages 16 to 30 form part of these financial statements.

DOVES FARM FOODS LIMITED

**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

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 July 2019	20,000	15,914,913	15,934,913
Profit for the year	-	2,599,696	2,599,696
Dividends: Equity capital	-	(951,952)	(951,952)
At 30 June 2020	20,000	17,562,657	17,582,657

The notes on pages 16 to 30 form part of these financial statements.

DOVES FARM FOODS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	2021 £	2020 £
Cash flows from operating activities		
Profit for the financial year	1,443,706	2,599,696
Adjustments for:		
Depreciation of tangible assets	900,136	980,329
Loss on disposal of tangible assets	(11,975)	2,446
Interest received	(12,029)	(18,146)
Taxation charge	582,561	714,039
(Increase)/decrease in stocks	(487,990)	309,034
Decrease/(increase) in debtors	108,841	(883,518)
Increase in creditors	532,999	45,184
Corporation tax (paid)	(639,377)	(339,675)
Net cash generated from operating activities	2,416,872	3,409,389
Cash flows from investing activities		
Purchase of tangible fixed assets	(1,141,465)	(612,536)
Sale of tangible fixed assets	24,940	-
Interest received	12,029	18,146
Net cash from investing activities	(1,104,496)	(594,390)
Cash flows from financing activities		
Dividends paid	(925,640)	(951,952)
Equity attributable to non-controlling interest	181,746	-
Net cash used in financing activities	(743,894)	(951,952)
Net increase in cash and cash equivalents	568,482	1,863,047
Cash and cash equivalents at beginning of year	5,586,945	3,723,898
Cash and cash equivalents at the end of year	6,155,427	5,586,945
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	6,155,427	5,586,945

The notes on pages 16 to 30 form part of these financial statements.

DOVES FARM FOODS LIMITED

**CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 30 JUNE 2021**

	At 1 July 2020	Cash flows	At 30 June
	£	£	2021
			£
Cash at bank and in hand	<u>5,586,945</u>	<u>568,482</u>	<u>6,155,427</u>

The notes on pages 16 to 30 form part of these financial statements.

DOVES FARM FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

2.3 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.

2.4 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 2021

2. Accounting policies (continued)

2.4 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance or straight line basis.

Depreciation is provided on the following basis:

Freehold property	-
Long term leasehold property	- 4% straight line
Plant & 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.

2.5 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.6 Research and development costs

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

2.7 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.

2.8 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.

2.9 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 2021

2. Accounting policies (continued)

2.10 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.

2.11 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.

2.12 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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

2. Accounting policies (continued)

2.12 Foreign currency translation (continued)

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.

2.13 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.

2.14 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.

2.15 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.

2.16 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

2. Accounting policies (continued)

2.17 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 2021

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:

	2021 £	2020 £
Supply of Organic and Free From food	<u>23,935,773</u>	<u>22,940,952</u>

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	21,435,572	20,810,237
Rest of Europe	2,326,945	2,053,621
Rest of the World	173,256	77,094
	<u>23,935,773</u>	<u>22,940,952</u>

DOVES FARM FOODS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

5. Operating profit

The operating profit is stated after charging:

	2021 £	2020 £
Research & development charged as an expense	14,634	42,750
Depreciation of tangible fixed assets	900,136	980,329
Fees payable to the Group's auditor for the audit of the Group's annual financial statements	13,000	11,500
Exchange differences	2,663	(2,265)
Other operating lease rentals	83,331	88,770
Defined contribution pension cost	<u>367,992</u>	<u>92,016</u>

6. Auditor's remuneration

	2021 £	2020 £
Fees payable to the Group's auditor and its associates in respect of:		
The auditing of accounts of associates of the Group pursuant to legislation	13,000	11,500
Other services relating to taxation	2,000	1,900
All other services	-	1,660
	<u>15,000</u>	<u>15,060</u>

7. Employees

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

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Wages and salaries	2,744,451	2,574,056	2,737,974	2,574,056
Social security costs	249,033	240,181	249,033	240,181
Cost of defined contribution scheme	367,992	92,016	367,992	92,016
	<u>3,361,476</u>	<u>2,906,253</u>	<u>3,354,999</u>	<u>2,906,253</u>

DOVES FARM FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

7. Employees (continued)

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

	2021 No.	2020 No.
Office and management	30	30
Production and sales	61	59
	<u>91</u>	<u>89</u>

8. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	135,876	138,300
Company contributions to defined contribution pension schemes	312,000	42,870
	<u>447,876</u>	<u>181,170</u>

During the year retirement benefits were accruing to 4 directors (2020 - 4) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £183,892 (2020: 47,395).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director is £137,091 (2020: £1,068).

9. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	430,812	606,835
Total current tax	<u>430,812</u>	<u>606,835</u>
Deferred tax		
Origination and reversal of timing differences	(19,466)	107,204
Effect of tax rate change on opening balance	171,215	-
Total deferred tax	<u>151,749</u>	<u>107,204</u>

DOVES FARM FOODS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020 - higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	<u>2,026,267</u>	<u>3,313,735</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	386,948	629,610
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,200	376
Short term timing difference leading to an increase (decrease) in taxation	27,870	32,879
Remeasurement of deferred tax for changes in tax rates	166,543	51,174
Total tax charge for the year	<u>582,561</u>	<u>714,039</u>

Factors that may affect future tax charges

In the Spring Budget 2021, the Government announced that from 1 April 2023 the main corporation tax rate will increase to 25%. As a result of the rate change the corporation tax expense for the period has increased and the deferred tax liability has increased. The impact of these changes is not expected to be material.

10. Dividends

	2021 £	2020 £
Dividends paid on equity capital	<u>925,640</u>	<u>951,952</u>

DOVES FARM FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

11. Tangible fixed assets

Group

	Freehold property £	L/Term Leasehold Property £	Plant & machinery £	Motor vehicles £	Computer equipment £	Total £
Cost or valuation						
At 1 July 2020	-	4,139,447	10,588,222	95,400	414,224	15,237,293
Additions	636,177	110,399	292,412	84,409	18,068	1,141,465
Disposals	-	-	-	(90,075)	-	(90,075)
At 30 June 2021	<u>636,177</u>	<u>4,249,846</u>	<u>10,880,634</u>	<u>89,734</u>	<u>432,292</u>	<u>16,288,683</u>
Depreciation						
At 1 July 2020	-	1,077,925	5,484,137	79,369	330,062	6,971,493
Charge for the year on owned assets	-	169,994	685,575	3,066	41,501	900,136
Disposals	-	-	-	(77,110)	-	(77,110)
At 30 June 2021	<u>-</u>	<u>1,247,919</u>	<u>6,169,712</u>	<u>5,325</u>	<u>371,563</u>	<u>7,794,519</u>
Net book value						
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>
At 30 June 2020	<u>-</u>	<u>3,061,522</u>	<u>5,104,085</u>	<u>16,031</u>	<u>84,162</u>	<u>8,265,800</u>

DOVES FARM FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

11. Tangible fixed assets (continued)

Company

	L/Term Leasehold Property £	Plant & machinery £	Motor vehicles £	Computer equipment £	Total £
Cost or valuation					
At 1 July 2020	4,139,447	10,588,222	95,400	414,224	15,237,293
Additions	110,399	139,797	84,409	18,068	352,673
Disposals	-	-	(90,075)	-	(90,075)
At 30 June 2021	4,249,846	10,728,019	89,734	432,292	15,499,891
Depreciation					
At 1 July 2020	1,077,925	5,484,137	79,369	330,062	6,971,493
Charge for the year on owned assets	169,994	685,575	3,066	41,501	900,136
Disposals	-	-	(77,110)	-	(77,110)
At 30 June 2021	1,247,919	6,169,712	5,325	371,563	7,794,519
Net book value					
At 30 June 2021	3,001,927	4,558,307	84,409	60,729	7,705,372
At 30 June 2020	3,061,522	5,104,085	16,031	84,162	8,265,800

DOVES FARM FOODS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

12. Fixed asset investments

Company

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

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Country of incorporation	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 2021 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.	1,208,511	(10,300)

13. Stocks

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Raw materials and consumables	1,111,059	1,161,310	1,111,059	1,161,310
Finished goods and goods for resale	1,344,546	806,305	1,344,546	806,305
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>2,455,605</u>	<u>1,967,615</u>	<u>2,455,605</u>	<u>1,967,615</u>

Stocks recognised as an expense during the year was £12,091,562 (2020: £10,941,047).

DOVES FARM FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

14. Debtors

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Trade debtors	3,396,602	3,619,401	3,396,602	3,619,401
Other debtors	-	-	-	-
Prepayments and accrued income	263,893	249,415	263,893	249,415
	<u>4,058,237</u>	<u>4,167,078</u>	<u>3,922,227</u>	<u>4,167,078</u>

15. Cash and cash equivalents

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Cash at bank and in hand	<u>6,155,427</u>	<u>5,586,945</u>	<u>5,881,548</u>	<u>5,586,945</u>

16. Creditors: Amounts falling due within one year

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Trade creditors	1,899,678	1,327,725	1,899,678	1,327,725
Corporation tax	162,752	371,317	162,752	371,317
Other taxation and social security	63,992	63,826	63,992	63,826
Other creditors	36,463	41,796	36,463	41,796
Accruals and deferred income	24,149	57,936	24,149	57,936
	<u>2,187,034</u>	<u>1,862,600</u>	<u>2,187,034</u>	<u>1,862,600</u>

17. Deferred taxation

Group

	2021 £
At beginning of year	(542,181)
Charged to profit or loss	(151,749)
At end of year	<u>(693,930)</u>

DOVES FARM FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

17. Deferred taxation (continued)

Company

	2021 £
At beginning of year	(542,181)
Charged to profit or loss	(151,749)
At end of year	(693,930)

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Accelerated capital allowances	(696,571)	(543,051)	(696,571)	(543,051)
Tax losses carried forward	2,641	870	2,641	870
	<u>(693,930)</u>	<u>(542,181)</u>	<u>(693,930)</u>	<u>(542,181)</u>

18. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
5,200 (2020 - 7,600) Ordinary A shares of £1.00 each	5,200	7,600
5,200 (2020 - 7,600) Ordinary B shares of £1.00 each	5,200	7,600
4,000 (2020 - 1,600) Ordinary C shares of £1.00 each	4,000	1,600
4,000 (2020 - 1,600) Ordinary D shares of £1.00 each	4,000	1,600
1,600 (2020 - 1,600) Ordinary E shares of £1.00 each	1,600	1,600
	<u>20,000</u>	<u>20,000</u>

19. Reserves

Profit & loss account

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

20. 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 £367,992 (2020: £92,016). Pension contributions amounting to £4,675 were outstanding at 30 June 2021 (2020: £10,663).

DOVES FARM FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

21. Commitments under operating leases

At 30 June 2021 the Group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

Group	2021 £	2020 £
Not later than 1 year	<u>55,000</u>	<u>55,000</u>

22. Other financial commitments

Forward contracts at the year end were in respect of grain contracts and totalled £3,045,446 (2020: £3,019,211). 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 £56,874 (2020: £56,856). Salaries were also recharged amounting to £68,605 (2020: £60,940) to the same party. At the year end the company was owed £16,068 (2020: £4,712) 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 (2020: £55,000) rent was paid.

M J Marriage was paid a dividend in the year of £37,760 (2020: £1,976). C E Marriage was paid a dividend in the year of £27,880 (2020: £1,976), J J Marriage was paid a dividend in the year of £180,000 (2020: £44,000) and R N L Marriage was paid a dividend in the year of £180,000 (2020: £44,000). One other family shareholder received dividends of £500,000 in total (2020: £860,000), meaning that the total dividends paid to shareholders were £925,640 (2020: £951,952).

At the year end, a trust, controlled by the directors, was due royalty payments of £25,896 (2020: £31,133 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 £408,159 (2020: £378,524) 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.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.