

Duchy Originals Foods Limited

**Directors' report and financial statements
for the year ended 31 March 2008**

Registered number 5423305

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Directors' report

The directors present their directors' report and financial statements for the year ended 31 March 2008.

Principal activities

The company develops and manufactures a unique range of bakery products under the "Duchy Originals" name. All profits are donated to The Prince's Charities Foundation.

Results and dividend

The operating loss for the period amounted to £282,389 (2007 £452,127). The loss for the financial year amounted to £369,095 (2007 £447,158). The directors do not recommend payment of a dividend for the year.

Directors

The directors who held office and new appointees during the period were as follows:

Andrew Cosslett
Belinda Gooding (resigned 7 September 2007)
Richard Hogg
Alan Bradley (resigned 31 January 2008)
Sir Michael Peat, KCVO
Leslie Ferrar
Jennifer Moses
Andrew Baker (appointed 20 September 2007)

Jennifer Moses resigned from the board after the year end on 9 May 2008.

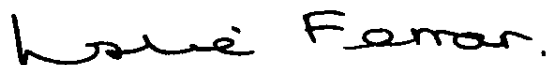
Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he/ she ought to have taken as a director to make himself/ herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



Leslie Ferrar
Director
The Old Ryde House
393 Richmond Road,
East Twickenham, TW1 2EF

4 December 2008

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditors' report to the members of Duchy Originals Foods Limited

We have audited the financial statements of Duchy Originals Limited for the year ended 31 March 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG LLP
KPMG LLP
Chartered Accountants

Registered Auditor

16 December 2008

8 Salisbury Square
London EC4Y 8BB

Profit and loss account
for the year ended 31 March 2008

	<i>Note</i>	2008 £	2007 £
Turnover	2	1,781,808	1,217,870
Cost of sales		(1,414,605)	(1,109,854)
Gross profit		367,203	108,016
Administrative expenses		(307,673)	(206,900)
Selling and distributions expenses		(341,919)	(353,243)
Operating loss	4	(282,389)	(452,127)
Interest receivable and similar income		3,345	4,969
Interest expense		(90,051)	-
Loss on ordinary activities before taxation		(369,095)	(447,158)
Tax on loss on ordinary activities	5	-	-
Loss for the financial year	11	(369,095)	(447,158)

There is no difference between the loss for the financial year and the loss on a historical cost basis.

The result for the year is derived entirely from continuing activities.

There were no other recognised gains or losses other than the loss set out above.

Duchy Originals Foods Limited
Directors' report and financial statements
for the year ended 31 March 2008

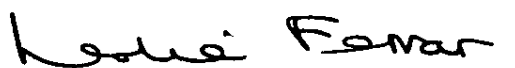
Balance sheet
as at 31 March 2008

	<i>Note</i>	2008 £	2008 £	2007 £	2007 £
Fixed assets					
Tangible assets	6		571,645		599,859
Current assets					
Stock	7	79,035		75,380	
Debtors	8	285,201		269,170	
Cash at bank and in hand		33,304		104,284	
		<u>397,540</u>		<u>448,834</u>	
Creditors: amounts falling due within one year	9	(1,957,227)		(1,667,642)	
		<u></u>		<u></u>	
Net current liabilities			(1,559,687)		(1,218,808)
Net liabilities			(988,042)		(618,949)
			<u></u>		<u></u>
Capital and reserves					
Called up share capital	10		2		2
Profit and loss account			(988,044)		(618,951)
			<u></u>		<u></u>
Shareholders' deficit	11		(988,042)		(618,949)
			<u></u>		<u></u>

These financial statements were approved by the board of directors on 4 December 2008 and were signed on its behalf by:



Andrew Baker
Director



Leslie Ferrar
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below.

Basis of preparation

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

These financial statements have been prepared on the going concern basis notwithstanding the net liabilities at 31 March 2008 as the parent undertaking, Duchy Originals Limited, has confirmed that it will continue to provide financial and other support to the Company, at least for the next twelve months and thereafter for the foreseeable future to enable it to continue to trade.

Under Financial Reporting Standard 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

As the Company is a wholly owned subsidiary of The Prince's Charities Foundation, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of The Prince's Charities Foundation, within which this Company is included, can be obtained from the address given in note 12.

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments from the date the assets are brought in to use over their estimated useful economic lives as follows:

Leasehold improvements	-	Over the duration of the lease
Plant and equipment	-	10% per annum
Fixtures and fittings	-	25% per annum
Computers	-	25% per annum

Government grants

Capital based government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the estimated useful economic lives of the assets to which they relate. Other grants are recognised in the profit and loss account in the period to which they relate.

Post-retirement benefits

The Company makes contributions on behalf of employees under Group Personal Pension Plan arrangements. Costs associated with these arrangements are charged to the profit and loss account to the extent that contributions are payable in respect of the accounting period.

Stocks

Stocks are stated at the lower of cost or net realisable value. Cost is based on the cost of purchase on a first in, first out basis.

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax.

Notes (continued)

2 Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely in the United Kingdom.

3 Directors' emoluments

The directors of the company did not receive any remuneration from the company during the period.

4 Loss on ordinary activities

	2008 £	2007 £
Loss on ordinary activities is stated after charging/(crediting);		
Depreciation	70,585	61,631
Government grants	(1,758)	(19,226)
Fees payable to the Company's auditors for the audit of the Company's annual accounts	3,530	5,000
	<hr/>	<hr/>

5 Taxation

	2008 £	2007 £
UK corporation tax		
Current tax on income for the period	-	-
Adjustments in respect of prior periods	-	-
	<hr/>	<hr/>
Total current tax	-	-
	<hr/>	<hr/>

Factors affecting the tax charge for the current period

The current tax charge for the year is different to the standard rate of corporation tax in the UK. The differences are explained below.

	2008 £	2007 £
Current tax reconciliation		
Loss on ordinary activities before tax	(369,095)	(447,158)
	<hr/>	<hr/>
Current tax at 30% (2006 : 30%)	(110,729)	(134,147)
	<hr/>	<hr/>
Effects of:		
Losses surrendered to group company for no consideration	52,019	215,143
Surplus losses carried forward	86,844	(88,567)
Short term timing differences	(28,134)	7,571
	<hr/>	<hr/>
Total current tax charge (see above)	-	-
	<hr/>	<hr/>

Notes (continued)

6 Tangible fixed assets

	Leasehold Improvements £	Plant and equipment £	Fixtures and fittings £	Computers £	Total £
Cost					
At 1 April 2007	246,309	343,324	48,360	23,971	661,964
Additions	-	35,717	929	5,725	42,371
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2008	246,309	379,041	49,289	29,696	704,335
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation					
At 1 April 2007	16,284	29,382	10,352	6,087	62,105
Charge for year	16,312	35,752	12,288	6,233	70,585
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2008	32,596	65,134	22,640	12,320	132,690
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value					
At 31 March 2008	213,713	313,907	22,649	17,376	571,645
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2007	230,025	313,942	38,008	17,884	599,859
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

7 Stocks

	2008 £	2007 £
Raw materials and consumables	79,035	75,380
	<hr/>	<hr/>

8 Debtors

	2008 £	2007 £
Trade debtors	257,002	223,702
Owed by parent undertaking	23,961	21,652
Other debtors	-	22,475
Prepayments and accrued income	4,238	1,341
	<hr/>	<hr/>
	285,201	269,170
	<hr/>	<hr/>

Notes (continued)

9 Creditors: amounts falling due within one year

	2008 £	2007 £
Trade creditors	213,466	204,259
Amounts owed to group undertakings	1,639,636	1,390,425
Accruals and deferred income	104,125	72,958
	<u>1,957,227</u>	<u>1,667,642</u>

10 Called up share capital

	2008 £	2007 £
Authorised		
100 ordinary shares of £1 each	100	100
	<u> </u>	<u> </u>
Allotted, called up and fully paid		
2 ordinary shares of £1 each	2	2
	<u> </u>	<u> </u>

11 Reconciliation of movements in shareholders' deficit

	2008 £	2007 £
Opening shareholders' deficit	(618,949)	(171,791)
Issue of share capital	-	-
Loss for the period	(369,095)	(447,158)
	<u> </u>	<u> </u>
Closing shareholders' deficit	(988,044)	(618,949)

12 Parent undertakings

The company is wholly owned by Duchy Originals Limited.

The company's ultimate parent undertaking is The Prince's Charities Foundation (Registered Charity Number 277540), which prepares consolidated financial statements which are available from The Charity Commission, PO Box 1227, Liverpool, L69 3UG.