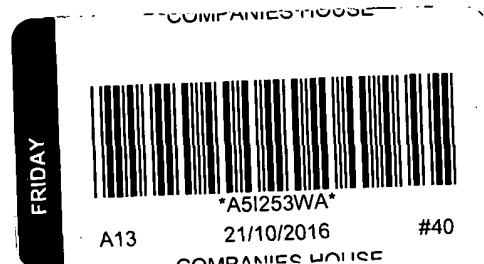


# **Dairy Crest (Services) Limited**

## **Report and Financial Statements**

31 March 2016



Dairy Crest (Services) Limited

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Registered No: 379733

**Directors**

M Allen

R P Miller

T A Atherton

**Company Secretary**

R P Miller

**Auditors**

Ernst & Young LLP

1 More London Place

London

SE1 2AF

**Registered office**

Claygate House

Littleworth Road

Esher

Surrey

KT10 9PN

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## Strategic report

The Directors present their Strategic report for the year ended 31 March 2016.

### Principal activities

The Company is an investment company and a financing company, entering into intra-group loan agreements to manage the Dairy Crest Group financing structure.

### Business Review

The profit after taxation for the financial year ended 31 March 2016 amounted to £3,844,000 (2015: loss £7,998,000).

No dividends were paid in the year ended 31 March 2016 (2015: £nil).

The Company has received interest on amounts receivable from group undertakings and paid interest on amounts due to group undertakings.

### Key performance indicators

Refer to the financial statements of Dairy Crest Group plc for the key performance indicators for the Group.

### Future developments

The Company will continue to provide financing at market rate of interest to fellow subsidiaries within the Dairy Crest Group and retain its investment in Dairy Crest France Holdings 2 Limited.

### Principal risks and uncertainties

**Interest Risk** - The Company is exposed to interest rate risk on its intercompany loan balances as these are at floating rates based on LIBOR. These risks, along with the wider Dairy Crest Group interest rate risks are continuously monitored.

**Foreign Currency Risk** - The Company is exposed to movements in the euro exchange rate which may impact adversely on its euro dominated loan to other group undertakings.

With effect from 27 December 2014 the Company has converted its Euro denominated debt into Sterling thereby eliminating any further exposure to exchange movements.

On behalf of the board



R P Miller  
Company Secretary

17 October 2016

Registered No: 379733

## Directors' report

The Directors present their annual report and audited financial statements for the year ended 31 March 2016.

### Directors

The Directors of the Company were as follows:

M Allen  
R P Miller  
T A Atherton

### Items disclosed in Strategic report

Future developments and exposure to interest rate risk are disclosed in the Strategic report on page 3.

### Directors' and officers' indemnities and insurance

The Company maintains liability insurance for its Directors and Officers. The Directors, Secretary and other Officers of the Company are indemnified by the Company to the extent permitted by company law. That indemnity provision has been in place during the year and remains in force.

### Dividends

No dividends were paid in the year ended 31 March 2016 (2015: £nil).

### Going concern

It should be recognised that any consideration of the foreseeable future involves making a judgement, at a particular point in time, about future events which are inherently uncertain. Nevertheless, at the time of preparation of these accounts and after making appropriate enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the accounts.

### 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. Each Director has taken all the steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

In accordance with section 485 of the Companies Act 2006, a resolution has been passed to dispense with the obligation to appoint auditors annually. Accordingly Ernst & Young LLP shall be deemed to be re-appointed as auditors 28 days after the accounts are sent to members.

### Post balance sheet event

On 23 June 2016 the UK voted to exit from the EU in the EU referendum vote. The impact of this is currently unknown, however it is expected to impact the UK and European economies in both the short and long term. We will continue to monitor the impact of this decision as negotiations progress and determine the impact these are likely to have, if any, on the Company.

On behalf of the board



R P Miller  
Company Secretary

17 October 2016

## **Statement of Directors' responsibilities in respect of the financial statements**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the profit or loss of the Company for that period.

In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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## **Independent auditor's report to the members of Dairy Crest (Services) Limited**

We have audited the financial statements of Dairy Crest (Services) Limited for the year ended 31 March 2016 which comprise the Income statement, the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland').

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.

### **Respective responsibilities of Directors and auditors**

As explained more fully in the Directors' responsibilities statement set out on page 5, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

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

### **Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

*Ernst & Young LLP*  
Anup Sodhi (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London

*20/10/* 2016

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## Income statement

for the year ended 31 March 2016

|   | Notes | 2016<br>£000 | 2015<br>£000   |
|---|-------|--------------|----------------|
| Exchange losses   | 3     | -            | (11,098)       |
| <b>Total operating loss</b>                                 |       | -            | (11,098)       |
| Interest receivable   | 5     | 4,006        | 3,256          |
| Interest payable  | 5     | (162)        | (156)          |
| <b>Profit/(loss) on ordinary activities before taxation</b> |       | <b>3,844</b> | <b>(7,998)</b> |
| Tax on (profit)/loss on ordinary activities                 | 6     | -            | -              |
| <b>Profit/(loss) for the financial year</b>                 |       | <b>3,844</b> | <b>(7,998)</b> |

## Statement of comprehensive income

for the year ended 31 March 2016

There were no gains or losses recognised in the year other than the profit of £3,844,000 attributable to the shareholders for the year ended 31 March 2016. (2015: loss £7,998,000).



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# Statement of financial position

at 31 March 2016

|   |       | 2016<br>£000   | 2015<br>£000   |
|---|-------|----------------|----------------|
|   | Notes |                |                |
| <b>Fixed Assets</b>                                   |       |                |                |
| Investments   | 7     | 5,739          | 5,739          |
|   |       | <u>5,739</u>   | <u>5,739</u>   |
| <b>Current Assets</b>                                 |       |                |                |
| Debtors   | 8     | 254,876        | 250,869        |
|   |       | <u>254,876</u> | <u>250,869</u> |
| <b>Creditors:</b> amounts falling due within one year | 9     | (10,325)       | (10,162)       |
| <b>Net current assets</b>                             |       | <u>244,551</u> | <u>240,707</u> |
| <b>Total assets less current liabilities</b>          |       | <u>250,290</u> | <u>246,446</u> |
| <b>Capital and reserves</b>                           |       |                |                |
| Share capital   | 10    | 255,144        | 255,144        |
| Profit and loss account                               |       | (4,854)        | (8,698)        |
| <b>Equity shareholders' funds</b>                     |       | <u>250,290</u> | <u>246,446</u> |

The financial statements were approved by the Board of Directors and signed on its behalf by:



T A Atherton  
Director

17 October 2016

Registered No: 379733

**Statement of changes in equity**  
at 31 March 2016

|                     | <i>Share capital</i><br>£000 | <i>Profit and<br/>loss account</i><br>£000 | <i>Total<br/>equity</i><br>£000 |
|---------------------|------------------------------|--|---------------------------------|
| <b>2016</b>         |                              |  |                                 |
| At 1 April 2015     | 255,144                      | (8,698)                                    | 246,446                         |
| Profit for the year | -                            | 3,844                                      | 3,844                           |
| At 31 March 2016    | <u>255,144</u>               | <u>(4,854)</u>                             | <u>250,290</u>                  |
| <b>2015</b>         |                              |  |                                 |
| At 1 April 2014     | 255,144                      | (700)                                      | 254,444                         |
| Loss for the year   | -                            | (7,998)                                    | (7,998)                         |
| At 31 March 2015    | <u>255,144</u>               | <u>(8,698)</u>                             | <u>246,446</u>                  |

## Notes to the financial statements

at 31 March 2016

### 1. Accounting policies

#### **Statement of compliance**

Dairy Crest (Services) Limited is a limited liability company incorporated in England. The Registered Office is Claygate House, Littleworth Road, Esher, Surrey, KT10 9PN.

The Company's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the Company for the year ended 31 March 2016.

The Company transitioned from previously extant UK GAAP to FRS 102 as at 1 April 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 13.

#### **Basis of preparation**

The financial statements have been prepared in accordance with applicable accounting standards. The financial statements are prepared in sterling which is the functional currency of the company and rounded to the nearest £000.

#### **Cash flow statement**

The Directors have taken advantage of the exemption in FRS 102.1.12 "Cash flow statements" from including a cash flow statement in the financial statements on the grounds that the Company is wholly owned and its ultimate parent publishes consolidated financial statements.

#### **Interest**

Interest is recognised on an accrual basis.

#### **Investments**

Investments are carried at lower of cost or net realisable value.

#### **Consolidated financial statements**

The financial statements represent those of the Company. Consolidated financial statements have not been prepared as the Company is a subsidiary of a UK parent undertaking which itself prepares consolidated financial statements (Section 400, Companies Act 2006)

### 2. Auditor remuneration

|   | 2016<br>£000 | 2015<br>£000 |
|---|--------------|--------------|
| Remuneration of the auditors is further analysed as follows:  |              |              |
| Audit of the financial statements                             | 3            | 3            |
| Auditor's remuneration is borne by another group undertaking. |              |              |

### 3. Foreign currency translation

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

With effect from 27 December 2014 the Company has converted its Euro denominated receivable into Sterling thereby eliminating any further exposure to exchange movements.

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## Notes to the financial statements

at 31 March 2016

### 4. Staff costs

The Directors are Directors of other undertakings within the Dairy Crest Group. The Directors' remuneration for the year was paid by other undertakings as qualifying services in relation to the Company were minimal. The Directors do not believe that it is practical to apportion this amount between their services as Directors of the Company and their services as Directors of the fellow subsidiary undertakings.

### 5. Net interest receivable

|                    |              | 2016<br>£000 | 2015<br>£000 |
|--------------------|--------------|--------------|--------------|
| Group undertakings | - receivable | 4,006        | 3,256        |
|                    | - payable    | (162)        | (156)        |
|                    |              | <u>3,844</u> | <u>3,100</u> |

### 6. Tax

#### (a) Tax on profit on ordinary activities

The tax charge is made up as follows:

|                               | 2016<br>£000 | 2015<br>£000 |
|-------------------------------|--------------|--------------|
| <i>Current tax:</i>           |              |              |
| UK corporation tax            | -            | -            |
| Total tax expense (note 5(b)) | <u>-</u>     | <u>-</u>     |

#### (b) Factors affecting current tax charge

The differences are reconciled below:

|  | 2016<br>£000 | 2015<br>£000   |
|--|--------------|----------------|
| Profit/(loss) on ordinary activities before taxation   | <u>3,844</u> | <u>(7,998)</u> |
| Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2015: 21%) | 769          | (1,680)        |
| (Profit)/losses surrendered to group companies   | (769)        | 1,680          |
| Total tax expense (note 5(a))  | <u>-</u>     | <u>-</u>       |

Factors that may affect the future tax charges:

UK corporation tax rate reduced to 20% from April 2015. Two further 1% reductions have been enacted, taking the rate to 19% from April 2017 and to 18% from April 2020. Accordingly, deferred tax has been provided on all temporary differences at the rate in force when they are anticipated to reverse. A further 1% reduction in the rate from April 2020 was announced in the 2016 Budget, which is now substantially enacted, taking the rate to 17% but this has not been reflected in the accounts.

## Notes to the financial statements

at 31 March 2016

### 7. Investments

|   | 2016<br>£000 | 2015<br>£000 |
|---|--------------|--------------|
| Investment in Dairy Crest France Holdings 2 Limited<br>(5% of ordinary share capital) | 5,739        | 5,739        |
|   | <u>5,739</u> | <u>5,739</u> |

### 8. Debtors

|                                    | 2016<br>£000   | 2015<br>£000   |
|------------------------------------|----------------|----------------|
| Amounts owed by group undertakings | 254,876        | 250,869        |
|                                    | <u>254,876</u> | <u>250,869</u> |

### 9. Creditors: amounts falling due within one year

|                                    | 2016<br>£000  | 2015<br>£000  |
|------------------------------------|---------------|---------------|
| Amounts owed to group undertakings | 10,325        | 10,162        |
|                                    | <u>10,325</u> | <u>10,162</u> |

### 10. Share capital

|                            | No.         | 2016<br>£000   | No.         | 2015<br>£000                             |
|----------------------------|-------------|----------------|-------------|--|
|                            |             |                |             | <i>Authorised</i>                        |
| Ordinary Shares of £1 each | 300,000,000 | <u>300,000</u> | 300,000,000 | <u>300,000</u>                           |
|                            |             |                |             |  |
|                            |             | 2016<br>£000   |             | 2015<br>£000                             |
|                            |             |                |             | <i>Allotted called up and fully paid</i> |
| Ordinary shares of £1 each | 255,144,601 | <u>255,144</u> | 255,144,601 | <u>255,144</u>                           |

### 11. Related party transactions

#### Groups

As the Company is a wholly owned subsidiary of Dairy Crest Group plc, it is exempt under the terms of FRS 102.33.1A "Related Party Disclosures" from disclosing transactions with other Group undertakings, joint ventures or associated companies. There were no other related party transactions in the period.

#### Key management personnel

The Company has adopted the disclosure exemption (FRS 102.1.11) in respect of key management personnel (FRS 102.33.7).

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## **Notes to the financial statements**

**at 31 March 2016**

### **12. Parent undertakings**

The Company's immediate parent undertaking is Dairy Crest France Holdings 1 Limited. The Company's ultimate parent undertaking is Dairy Crest Group plc, whose financial statements are available from its registered office at Claygate House, Littleworth Road, Esher, Surrey, KT10 9PN.

The largest and smallest group preparing consolidated accounts for the year ended 31 March 2016 which include Dairy Crest (Services) Limited is Dairy Crest Group plc.

### **13. Transition to FRS 102**

The Company transitioned to FRS 102 from previously extant UK GAAP as at 1 April 2014.

There is no change from the transition to FRS 102 on the Income statement or the Statement of financial position.

#### *Investments in subsidiaries*

The Company has elected to treat the carrying amount of investments in subsidiaries under previous UK GAAP at the date of transition as deemed cost on transition to FRS 102.

### **14. Post balance sheet event**

On 23 June 2016 the UK voted to exit from the EU in the EU referendum vote. The impact of this is currently unknown, however it is expected to impact the UK and European economies in both the short and long term. We will continue to monitor the impact of this decision as negotiations progress and determine the impact these are likely to have, if any, on the Company.