

Dairy Crest (Services) Limited

Report and Financial Statements

31 March 2014

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COMPANIES HOUSE

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

Strategic report

The Directors present their Strategic report for the year ended 31 March 2014.

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 loss for the financial year ending 31 March 2014 amounted to £1,876,000 (2013: profit £11,912,000).

No dividends were paid in the year ending 31 March 2014 (2013: £nil).

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

Any foreign exchange gains or losses in the Company are offset by exchange gains or losses in the wider Dairy Crest Group.

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.

On behalf of the Board



R P Miller
Company Secretary

16 December

2014

Directors' report

The Directors present their annual report and audited financial statements for the year ended 31 March 2014.

Directors

The Directors who served the Company during the year were as follows:

M Allen

R P Miller

T A Atherton (appointed on 26 June 2013)

A S N Murray (resigned on 23 May 2013)

Items disclosed in Strategic report

Future developments and exposure to interest rate risk and foreign currency 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 ending 31 March 2014 (2013: £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.

On behalf of the Board



R P Miller
Company Secretary

16 December

2014

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.

Registered No: 379733

Independent auditors' 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 2014 which comprise the Profit and loss account, the Statement of total recognised gains and losses, the Balance sheet 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 (United Kingdom Generally Accepted Accounting Practice).

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 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the 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

Alison Duncan (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

16/12/2014

Registered No: 379733

Profit and loss account

for the year ended 31 March 2014

	Notes	2014 £000	2013 £000
Dividends received from group undertaking		-	6,000
Exchange (losses)/gains	3	(4,957)	2,478
Total operating (loss)/profit		(4,957)	8,478
Net interest receivable	5	3,081	3,722
(Loss)/profit on ordinary activities before taxation		(1,876)	12,200
Tax on profit on ordinary activities	6	-	(288)
(Loss)/profit for the year		(1,876)	11,912

The profit and loss account relates to continuing operations

Statement of total recognised gains and losses

for the year ended 31 March 2014

There were no gains or losses recognised in the year other than the loss of £1,876,000 attributable to the shareholders for the year ended 31 March 2014. (2013: profit £11,912,000).

Registered No: 379733

Balance sheet
 at 31 March 2014

	<i>Notes</i>	<i>2014</i> <i>£000</i>	<i>2013</i> <i>£000</i> <i>Restated</i>
Fixed assets			
Investments	7	5,739	5,739
Deferred tax asset	8	-	-
		<u>5,739</u>	<u>5,739</u>
Current assets			
Debtors	9	258,711	260,481
Creditors: amounts falling due within one year	10	(10,006)	(9,900)
Net current assets		<u>248,705</u>	<u>250,581</u>
Total assets less current liabilities		<u>254,444</u>	<u>256,320</u>
Capital and reserves			
Share capital	11	255,144	255,144
Retained (loss)/profit	12	(700)	1,176
Equity shareholders' funds	12	<u>254,444</u>	<u>256,320</u>

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


T A Atherton
Director

16 December 2014

Registered No: 379733

Notes to the financial statements

at 31 March 2014

1. Accounting policies**Basis of preparation**

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards (United Kingdom Generally Accepted Accounting Practice).

Interest

Interest is recognised on an accrual basis.

Cash flow statement

The Directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) "Cash flow statements" from including a cash flow statement in the financial statements on the grounds that the Company is wholly owned and its parent publishes consolidated financial statements.

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)

Deferred taxation

Deferred taxation is recognised using the incremental liability approach in respect of all timing differences that have originated but have not been reversed by the balance sheet date. Deferred tax assets are recognised to the extent to which they are recoverable.

2. Profit and loss account

Auditor remuneration

	2014 £000	2013 £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.

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

	2014 £000	2013 £000
Group undertakings - receivable	3,232	3,884
- payable	(151)	(162)
	<u>3,081</u>	<u>3,722</u>

Notes to the financial statements

at 31 March 2014

6. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2014 £000	2013 £000
<i>Current tax:</i>		
UK corporation tax @ 23% (2013: 24%)	-	-
Total current tax (note 6 (b))	-	-
<i>Deferred tax:</i>		
UK deferred tax	-	(288)
Total tax on profit	-	(288)

(b) Factors affecting current tax charge

The differences are reconciled below:

	2014 £000	2013 £000
(Loss)/profit on ordinary activities before taxation	(1,876)	12,200
Profit on ordinary activities multiplied by the standard rate of Corporation		
Tax in UK of 23% (2013: 24%)	431	(2,928)
Deferred tax timing differences	-	288
Non taxable credits	-	2,081
Profits offset by available group relief	(431)	559
Total tax on profit (note 6 (a))	-	-

Factors that may affect the future tax changes:

The UK corporation tax rate reduced to 23% from April 2013. A further 2% reduction has been enacted, taking the rate to 21% from April 2014, as has an additional 1% reduction, taking the rate to 20% from April 2015.

7. Investments

	2014 £000	2013 £000
Investment in Dairy Crest France Holdings 2 Limited (5% of ordinary share capital)	5,739	5,739

8. Deferred tax asset

The movement in the deferred taxation provision during the period was:

	2014 £000	2013 £000
Provision brought forward	-	288
Profit and loss account movement arising during the period	-	(288)
Provision carried forward	-	-

9. Debtors

	2014 £000	2013 £000
Amounts owed by group undertakings	258,711	260,481
	258,711	260,481

Notes to the financial statements

at 31 March 2014

10. Creditors

	2014 £000	2013 £000 <i>Restated</i>
VAT	-	45
Amounts owed to group undertakings	10,006	9,855
	<u>10,006</u>	<u>9,900</u>

11. Share capital

	No.	2014 £000	No.	Authorised 2013 £000
Ordinary shares of £1 each	300,000,000	300,000	300,000,000	300,000
		<u>300,000</u>		<u>300,000</u>
				<i>Allotted, called up and fully paid</i>
	No.	2014 £000	No.	2013 £000
Ordinary shares of £1 each	255,144,601	255,144	255,144,601	255,144
		<u>255,144</u>		<u>255,144</u>

12. Reconciliation of shareholders' funds and movement on reserves

	Share capital £000	Retained Loss £000	Total shareholders' funds £000
At 1 April 2012	255,144	(10,736)	244,408
Profit for the year	-	11,912	11,912
At 1 April 2013	<u>255,144</u>	<u>1,176</u>	<u>256,320</u>
Loss for the year	-	(1,876)	(1,876)
At 31 March 2014	<u>255,144</u>	<u>(700)</u>	<u>254,444</u>

13. Related party transactions

As the Company is a wholly owned subsidiary of Dairy Crest Group plc, it is exempt under the terms of FRS 8 "Related Party Disclosures" from disclosing transactions with other Group undertakings, joint ventures or associated companies. All entities party to such transactions are wholly owned by Dairy Crest Group plc.

14. 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 2014 which include Dairy Crest (Services) Limited is Dairy Crest Group plc.