

# Dairy Crest Dairy Products Limited

## Report and Financial Statements

31 March 2017



Dairy Crest Dairy Products Limited

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Registered No: 879131

**Directors**

M Allen

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 2017.

### Principal activities

The principal activity of the Company of trading in dairy products ceased on 26 December 2015 when the business was sold to Muller UK & Ireland Group LLP. Since that date, the purpose of the Company is to provide financing to fellow subsidiaries within the Dairy Crest Group on an arm's length basis and earn a market rate of return from its financing activities.

### Business review

The profit after taxation for the year ended 31 March 2017 amounted to £19,000 (2016: £433,000).

An interim dividend of £1,200,000 was paid on 22 March 2017 (2016: £nil).

### Key performance indicators

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

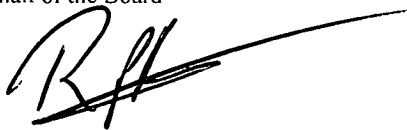
### Future developments

The Company will continue to receive interest on amounts receivable from group undertakings at market rates of interest.

### 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.

On behalf of the Board



R P Miller  
Company Secretary

14 August 2017

## Directors' report

The Directors present their annual report for the year ended 31 March 2017.

### Directors

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

M Allen  
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, Company 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

An interim dividend of £1,200,000 was paid on 22 March 2017 (2016: £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.

Resolutions have been passed by the Company's shareholder that the Company's current auditor, Ernst & Young LLP, is retiring by rotation and is not reappointed for the year commencing 1 April 2017 and instead Deloitte LLP has been appointed as the Company's auditor for the year commencing 1 April 2017.

On behalf of the Board



R P Miller  
Company Secretary

14 August 2017

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## **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 (FRS 102 'The Financial Reporting Standard applicable to 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 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;

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.

## Independent auditor's report

### to the members of Dairy Crest Dairy Products Limited (formerly Philpot Dairy Products Limited)

We have audited the financial statements of Dairy Crest Dairy Products Limited for the year ended 31 March 2017 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 13. 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

#### 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 2017 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, based on the work undertaken in the course of the audit:

- 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.
- the 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 light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report.

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

15/8/ 2017

**Income statement**

for the year ended 31 March 2017

		<i>2017</i>	<i>2017</i>	<i>2017</i>	<i>2016</i>	<i>2016</i>	<i>2016</i>
		<i>Continuing</i>	<i>Discontinued</i>	<i>Total</i>	<i>Continuing</i>	<i>Discontinued</i>	<i>Total</i>
	<i>Notes</i>	<i>operations</i>	<i>operations</i>		<i>operations</i>	<i>operations</i>	
		<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
<b>Turnover</b>	2	-	-	-	-	18,560	18,560
Cost of sales		-	-	-	-	(17,828)	(17,828)
<b>Gross Profit</b>		-	-	-	-	732	732
Distribution costs		-	-	-	-	(89)	(89)
Administrative expenses		-	-	-	-	(216)	(216)
<b>Operating Profit</b>		-	-	-	-	427	427
Interest receivable	5	19	-	19	6	-	6
<b>Profit on ordinary activities before taxation</b>		19	-	19	6	427	433
Tax on profit on ordinary activities	6	-	-	-	-	-	-
<b>Profit for the financial year</b>		19	-	19	6	427	433

**Statement of comprehensive income**

for the year ended 31 March 2017

There are no recognised gains or losses other than the profit of £19,000 attributable to the shareholders for the year ended 31 March 2017 (2016: £433,000).



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# Statement of financial position

at 31 March 2017

	Notes	2017 £000	2016 £000
<b>Current assets</b>			
Debtors	8	130	1,370
		<u>130</u>	<u>1,370</u>
<b>Creditors: amounts falling due within one year</b>			
Other creditors	9	-	(59)
		<u>130</u>	<u>1,311</u>
<b>Net current assets</b>		<u>130</u>	<u>1,311</u>
<b>Total assets less current liabilities</b>		<u>130</u>	<u>1,311</u>
<b>Capital and reserves</b>			
Share capital	11	100	100
Profit and loss account		30	1,211
		<u>130</u>	<u>1,311</u>
<b>Total shareholders' equity</b>		<u>130</u>	<u>1,311</u>

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



T A Atherton  
Director

14 August 2017

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## Statement of changes in equity

at 31 March 2017

	<i>Ordinary Shares £000</i>	<i>Profit and loss account £000</i>	<i>Total Equity £000</i>
<b>2017</b>			
At 1 April 2016	100	1,211	<b>1,311</b>
Profit for the financial year	-	19	<b>19</b>
Dividends	-	(1,200)	<b>(1,200)</b>
At 31 March 2017	<u>100</u>	<u>30</u>	<u><b>130</b></u>
<b>2016</b>			
At 1 April 2015	100	778	<b>878</b>
Profit for the financial year	-	433	<b>433</b>
At 31 March 2016	<u>100</u>	<u>1,211</u>	<u><b>1,311</b></u>

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## Notes to the financial statements

at 31 March 2017

### 1. Accounting policies

#### **Statement of compliance**

Dairy Crest Dairy Products 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 2017.

#### **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.

The Directors have assessed that the Company has only one class of business and turnover is reported on that basis.

#### **Turnover**

Turnover on the sale of goods and services is recognised either on dispatch or delivery according to the terms of the contract. Turnover comprises the invoiced value of the sale of goods net of value added tax, rebates and discounts.

#### **Interest**

Interest is recognised on an accrual basis.

#### **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, which are available from Companies House.

#### **Dividends**

In accordance with FRS 102.23.29.C dividends are recognised when the shareholders right to receive payment is established.

#### **Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

#### **Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

## Notes to the financial statements

at 31 March 2017

### 2. Turnover

Turnover represents the amounts invoiced net of value added tax, rebates and discounts derived from the provision of goods and services supplied to customers during the year.

The business was sold on 26 December 2015 and thus the turnover has been classified as discontinued.

Turnover originates in the United Kingdom. An analysis of turnover is given below:

	2017 <i>Discontinued operations</i> £000	2016 <i>Discontinued operations</i> £000
United Kingdom	-	9,791
Other European Union Countries	-	3,965
North and South America	-	2,200
Rest of World	-	2,604
	<u>-</u>	<u>18,560</u>

### 3. Operating profit

Operating profit is stated after charging:

	2017 £000	2016 £000
Exchange gains	-	43

Auditor remuneration

	2017 £000	2016 £000
Remuneration of the auditors is further analysed as follows:		
Audit of the financial statements	5	5

Auditor's remuneration is borne by another Group undertaking.

### 4. Staff costs

Dairy Crest Dairy Products Limited incurred charges of £nil (2016: £177,062) from Dairy Crest Limited in respect of staff costs. The Company does not employ any staff but is charged the cost of those Dairy Crest Limited employees that undertake work on its behalf. These charges comprise salary costs, social security costs and pension costs. Amounts recharged from Dairy Crest Limited included £nil (2016: £101,124) in respect of directors emoluments. Two Directors of the Company received no remuneration for their services to the Company during the year (2016: £nil), as they are not deemed to have performed their qualifying services for the Company. The Directors received emoluments for their services provided to other group undertakings where they are deemed to have performed qualifying services, as disclosed in the financial statements of those companies.

### 5. Interest receivable

	2017 <i>Continuing operations</i> £000	2016 <i>Continuing operations</i> £000
Loan to immediate parent undertaking	19	6
	<u>19</u>	<u>6</u>

## Notes to the financial statements

at 31 March 2017

### 6. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2017 £000	2016 £000
<i>Current tax:</i>		
UK corporation tax @ 20% (2016: 20%)	-	-
Total tax expense (note 6 (b))	-	-

(b) Factors affecting current tax charge

The differences are reconciled below:

	2017 £000	2016 £000
Profit on ordinary activities before taxation	19	433
Profit on ordinary activities multiplied by the standard rate of Corporation		
Tax in UK of 20% (2016: 20%)	4	87
Profits offset by available tax relief	(4)	(87)
Total tax expense (note 6 (a))	-	-

Factors that may affect the future tax charges:

UK corporation tax rate reduced to 20% from April 2015. Two further reductions in the UK Corporation tax rate have been enacted, taking the rate to 19% from April 2017 and to 17% from April 2020. Accordingly, deferred tax has been provided on all temporary differences at the rate in force when they are anticipated to reverse.

### 7. Dividends

	2017 £000	2016 £000
Interim dividend paid during the year	1,200	-

### 8. Debtors

	2017 £000	2016 £000
Amounts owed by group undertakings	130	1,370
	130	1,370

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## Notes to the financial statements

at 31 March 2017

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

	2017 £000	2016 £000
Trade creditors	-	59
	<u>-</u>	<u>59</u>

### 10. 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

#### Key management personnel

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

### 11. Share capital

	2017 Number	2017 £000	Authorised 2016 Number	Authorised 2016 £000
Ordinary shares of £1 each	100,000	100	100,000	100
	<u>100,000</u>	<u>100</u>	<u>100,000</u>	<u>100</u>
	2017 Number	2017 £000	Allotted, called up and fully paid 2016 Number	Allotted, called up and fully paid 2016 £000
Ordinary shares of £1 each	100,000	100	100,000	100
	<u>100,000</u>	<u>100</u>	<u>100,000</u>	<u>100</u>

### 12. Disposal of business

The business of 'Philpot Dairy Products Limited' was sold to Muller UK & Ireland Group LLP on 26 December 2015 as part of the sale of the Dairies business by Dairy Crest Group plc, the ultimate parent undertaking. No consideration was attributed to Philpot Dairy Products business and no assets were transferred to Muller. The net assets at the date of the sale were subsequently settled by the Company.

### 13. Parent undertakings

The Company's immediate parent undertaking is Dairy Crest 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,

The largest and smallest group preparing consolidated accounts for the year ended 31 March 2017 which include Dairy Crest Dairy Products Limited is Dairy Crest Group plc.