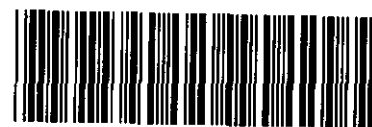


# **English Butter Marketing Company Limited**

## **Report and Financial Statements**

31 March 2006

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COMPANIES HOUSE

# English Butter Marketing Company Limited

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Registered No: 963152

## **Directors**

R Tolley  
P Thornton

## **Secretary**

R J Newton

## **Auditors**

Ernst & Young LLP  
1 More London Place  
London  
SE1 2AF

## **Solicitors**

Clifford Chance  
200 Aldersgate Street  
London  
EC1A 4JJ

## **Registered office**

Claygate House  
Littleworth Road  
Esher  
Surrey  
KT10 9PN

## Directors' report

The directors present their report and financial statements for the year ended 31 March 2006.

### Results and dividends

The Company has not traded during the year, (2005: loss £3,265). The directors do not recommend the payment of any dividends (2005: £nil)

### Principal activities and review of the business

In the prior year the company's business was to promote the sale of English butter under the "Country Life" brand name. In 2005 Dairy Crest Limited acquired the remaining 44% interest in the company from the Associated Co-operative Society and Glanbia Foods Limited for £4.6m. The company ceased to trade as at 31 March 2005.

### Directors

The directors who served the company during the year were as follows:

R Tolley  
P Thornton

No director has a beneficial interest in the company's shares and there are no contracts with the company in which a director of the company has an interest nor arrangements between the company and its directors whereby the directors are able to obtain benefits by the acquisition of shares or debentures of the company or any other body corporate.

The interests of Mr R Tolley in the shares of Dairy Crest Group plc are set out below:

	<i>Ordinary Shares</i>	<i>Ordinary Shares</i>
	<i>31 March 06</i>	<i>31 March 05</i>
	<b>1846</b>	-
	<i>Options</i>	<i>Options</i>
	<i>31 March 06</i>	<i>31 March 05</i>
Savings related options accrued under the Dairy Crest Sharesave Scheme	<b>868</b>	429

The options at 31 March 2006 are exercisable at 368p from 1 March 2007 to 31 August 2007.

Mr R Tolley also has the right to acquire ordinary shares in Dairy Crest Group plc under the Long Term Incentive Share Plan award, subject to being employed by Dairy Crest and certain share performance conditions being satisfied. The awards are first exercisable at various dates as follows:

	<b>At 1 April 2005</b>	<b>Awarded</b>	<b>Lapsed</b>	<b>At 31 March 2006</b>
From 1 April 2004	6,349	345	-	6,694
From 1 April 2006	5,536	-	(5,536)	-
From 1 April 2007	5,886	319	-	6,205
From 1 April 2008	-	11,521	-	11,251

Mr P Thornton is a director of Dairy Crest Group plc and his shareholding and options in the shares of Dairy Crest Group plc are disclosed in the accounts of that company, which are available from Claygate House, Littleworth Road, Esher, Surrey KT10 9PN.

## Directors' report

### Auditors

So far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware. The directors have taken all the steps that they ought to have taken as directors in order 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 386 of the Companies Act 1985, 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.

By order of the board



R J Newton  
Secretary

30 November 2006

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

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Practice.

Company law requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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 English Butter Marketing Company Limited**

We have audited the company's financial statements for the year ended 31 March 2006 which comprise the Profit and loss account, the Statement of total recognised gains and losses, the Balance sheet, the Statement of cash flows and the related notes 1 to 12. 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 auditors' 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 the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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

In addition 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.

We also 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**

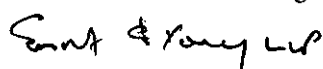
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2006 and of its result 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.



Ernst & Young LLP  
Registered auditor  
London  
30 November 2006

## Profit & loss account

for the year ended 31 March 2006

	Notes	2006 £	2005 £
<b>Turnover</b>	2	-	662,335
Administrative expenses		-	(667,493)
<b>Operating loss</b>	3	-	(5,158)
Bank interest receivable		-	1,893
<b>Loss on ordinary activities before taxation</b>		-	(3,265)
Tax on profit on ordinary activities	5	-	-
<b>Loss retained for the financial year</b>		-	(3,265)

There is no difference between the loss on ordinary activities before taxation and the retained loss for the year stated above and their historical cost equivalents.

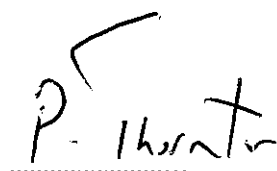
## Statement of total recognised gains and losses

There are no recognised gains or losses other than the profit of nil attributable to the shareholders for the year ended 31 March 2006 (2005: £3,265 loss).

# Balance sheet

at 31 March 2006

	Notes	2006 £	2005 £
<b>Current assets</b>			
Debtors	6	50	-
Cash at bank		-	6,837
		<u>50</u>	<u>6,837</u>
<b>Creditors:</b> amounts falling due within one year	7	-	(6,787)
		<u>50</u>	<u>50</u>
<b>Total assets less current liabilities</b>			
<b>Capital and reserves</b>			
Called up share capital	8	50	50
Profit and loss account	9	-	-
		<u>50</u>	<u>50</u>
<b>Equity shareholders' funds</b>	9	<u>50</u>	<u>50</u>



P Thornton  
Director

30 November 2006



## Statement of cash flows

for the year ended 31 March 2006

	<i>Notes</i>	<b>2006</b> £	<b>2005</b> £
<b>Net cash outflow from operating activities</b>	10(a)	(6,837)	(115,643)
<b>Returns on investment and servicing of finance</b>			
Interest received		-	1,893
<b>Decrease in cash</b>		<u>(6,837)</u>	<u>(113,750)</u>

### Reconciliation of net cash flows to movement in cash

	<i>Notes</i>	<b>2006</b> £	<b>2005</b> £
Decrease in cash	10(b)	(6,837)	(113,750)
Cash at 1 April		6,837	120,587
Cash at 31 March		<u>-</u>	<u>6,837</u>

## Notes to the financial statements

at 31 March 2006

### 1. Accounting policies

#### *Basis of preparation*

The financial statements are prepared under the historical cost convention in accordance with applicable accounting standards.

#### *Related parties transactions*

Related party transactions during the year are represented by contributions receivable from members during the year and contributions due and received in advance from members as at the year end.

### 2. Turnover

Turnover represents contributions receivable from members exclusive of value added tax, and is recognised on the basis of the marketing activities of the company.

### 3. Operating loss

This is stated after charging:

	2006 £	2005 £
Auditors' remuneration - audit services	-	2,500

Auditors remuneration is borne by other Group companies.

### 4. Staff costs

	2006 £	2005 £
Wages and salaries	-	26,327
Social security costs	-	2,460
Other pension costs	-	2,702
	-	31,489

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

	2006 No.	2005 No.
Administrative staff	-	1

## Notes to the financial statements

at 31 March 2006

### 5. Tax

The tax rate for the year is lower (2005 – lower) than the standard rate of corporation tax in the UK (30%). The difference is explained below:

	2006 £	2005 £
Loss on ordinary activities before taxation	-	(3,265)
Loss on ordinary activities multiplied by the standard rate of corporation tax of 30% (2005 - 30%)	-	(980)
Losses surrendered as Group relief for no payment	-	980
Total current tax	-	-

### 6. Debtors

	2006 £	2005 £
Amounts due from related company - Dairy Crest Limited	50	-

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

	2006 £	2005 £
Contributions received in advance from members	-	4,281
Accruals and deferred income	-	2,506
	-	6,787

Contributions received in advance from members relate primarily to marketing support activities which are expected to take place within the next twelve months

### 8. Share capital

	2006 £	Authorised 2005 £
10,000 Ordinary shares of 1p each	100	100

	No.	2006 £	No.	2005 £
Ordinary shares of 1p each	5,000	50	5,000	50

## Notes to the financial statements

at 31 March 2006

### 9. Reconciliation of shareholders' funds and movement on reserves

	<i>Share capital</i> £	<i>Profit and loss account</i> £	<i>Total share- holders' funds</i> £
At 1 April 2004	50	3,265	3,315
Loss for the year	-	(3,265)	(3,265)
At 31 March 2005 and 2006	<u>50</u>	<u>-</u>	<u>50</u>

### 10. Notes to the statement of cash flows

#### (a) Reconciliation of operating loss to net cash outflow from operating activities

	<i>2006</i> £	<i>2005</i> £
Operating loss	-	(5,158)
(Increase)/decrease in debtors	(50)	97,206
Decrease in creditors	(6,787)	(207,691)
<i>Net cash outflow from operating activities</i>	<u>(6,837)</u>	<u>(115,643)</u>

#### (b) Analysis of change in cash

	<i>At 1 April 2005</i> £	<i>Cash flow</i> £	<i>At 31 March 2006</i> £
Cash at bank and in hand	6,837	(6,837)	-
	<u>6,837</u>	<u>(6,837)</u>	<u>-</u>

### 11. Ultimate parent company

The ultimate parent undertaking of the company is Dairy Crest Group plc, a company registered in England. Copies of Dairy Crest Group plc's accounts can be obtained from Claygate House, Littleworth Road, Esher, Surrey KT10 9PN.

### 12. 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.