

English Butter Marketing Company Limited

Report and Financial Statements

31 March 2004



English Butter Marketing Company Limited

Registered No: 963152

Directors

C Green
M Higgins
R Tolley
P Thornton

Secretary

R J Newton

Auditors

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

Bankers

Royal Bank of Scotland PLC
10 Victoria Road
Surbiton
Surrey
KT6 4JY

Solicitors

Field Fisher Waterhouse
41 Vine Street
London
EC3N 2AA

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 2004

Results and dividends

The loss for the year amounted to £1,587. The directors do not recommend the payment of any dividends.

Principal activities and review of the business

The company's business is to promote the sale of English butter under the "Country Life" brand name and it is intended that this remains the principal activity of the company.

Directors

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

I Frost	(Resigned 20 December 2003)
C Green	(Appointed 12 January 2004; resigned 24 June 2004)
M Higgins	
R Tolley	
P Thornton	

There are no directors' interests requiring disclosure under the Companies Act 1985.

The directors of the company remain in office until removed or on ceasing to be a director as provided by the Articles of Association. 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>
Owned personally	2,369
Savings related options accrued under the Dairy Crest Sharesave Scheme	1,324

The options are exercisable at prices between 282p and 368p from 1 March 2005 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:

From 1 April 2004	5,982
From 1 April 2005	5,017
From 1 April 2006	5,028

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.


Mr I Frost, Mr C Green and Mr M Higgins have no interest requiring disclosure under the Companies Act 1985.

Directors' report

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the board

A handwritten signature in black ink, appearing to read 'R J Newton', is written over a circular stamp or seal.

R J Newton
Secretary

6 September 2004

Statement of directors' responsibilities in respect of the financial statements

Company law requires the directors to prepare for each financial year financial statements 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 year. 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
- 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 auditors' report

to the members of English Butter Marketing Company Limited

We have audited the company's financial statements for the year ended 31 March 2004 which comprise the Profit & Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet, Statement of Cash Flows and the related notes 1 to 12. These financial statements have been prepared on the basis of 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

As described in the Statement of Directors' Responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the company 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 United Kingdom Auditing Standards 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 judgements 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 of the state of affairs of the company as at 31 March 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

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

6 September 2004

Profit & loss account

for the year ended 31 March 2004

	Notes	2004 £	2003 £
Turnover	2	846,938	693,168
Administrative expenses		(848,185)	(693,214)
Operating loss	3	(1,247)	(46)
Loss on disposal of fixed assets		(2,258)	–
Bank interest receivable		1,918	388
(Loss)/profit on ordinary activities before taxation		(1,587)	342
Tax on profit on ordinary activities	5	–	–
(Loss)/profit retained for the financial year		(1,587)	342

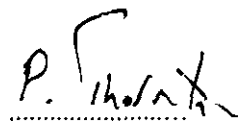
Statement of total recognised gains and losses

There are no recognised gains or losses other than the loss of £1,587 attributable to the shareholders for the year ended 31 March 2004 (2003 - profit of £342).

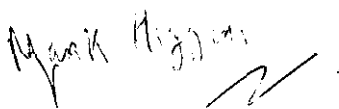
Balance sheet

at 31 March 2004

	Notes	2004 £	2003 £
Fixed assets			
Tangible assets	6	—	2,258
Current assets			
Debtors	7	97,206	117,782
Cash at bank		120,587	132,452
		217,793	250,234
Creditors: amounts falling due within one year	8	(214,478)	(247,590)
Net current assets		3,315	2,644
Total assets less current liabilities		3,315	4,902
Capital and reserves			
Called up share capital	9	50	50
Profit & loss Account	10	3,265	4,852
Equity shareholders' funds	10	3,315	4,902



Director



6 September 2004

Statement of cash flows

for the year ended 31 March 2004

	<i>Notes</i>	<i>2004</i> £	<i>2003</i> £
Net cash inflow/(outflow) from operating activities	11(a)	(13,783)	70,412
Returns on investment and servicing of finance			
Interest received		1,918	388
Taxation			
Corporation tax paid		—	(44)
Capital expenditure			
Payments to acquire tangible fixed assets		—	(1,437)
Increase/(decrease) in cash		<u>(11,865)</u>	<u>69,319</u>

Reconciliation of net cash flows to movement in cash

	<i>Notes</i>	<i>2004</i> £	<i>2003</i> £
Increase/(decrease) in cash	11(b)	<u>(11,865)</u>	<u>69,319</u>
Movement in cash		<u>(11,865)</u>	<u>69,319</u>
Cash at 1 April 2003		132,452	63,133
Cash at 31 March 2004		<u>120,587</u>	<u>132,452</u>

Notes to the financial statements

at 31 March 2004

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention.

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.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition, evenly over its expected useful life, as follows:

Furniture & equipment - 15%

Deferred taxation

Deferred tax 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. 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:

	2004 £	2003 £
Auditors' remuneration - audit services	3,160	2,780

4. Staff costs

	2004 £	2003 £
Wages and salaries	31,325	32,538
Social security costs	2,354	2,471
Other pension costs	3,171	3,094
	<u>36,850</u>	<u>38,103</u>

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

	2004 No.	2003 No.
Administrative staff	<u>1</u>	<u>1</u>

Notes to the financial statements

at 31 March 2004

5. Tax

The tax rate for the year is lower (2003 – lower) than the standard rate of corporation tax in the UK (30%). The difference is explained below:

	2004 £	2003 £
(Loss)/profit on ordinary activities before taxation	(1,587)	342
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax of 30%(2003 - 30%)	(476)	103
Reduction in tax due to profits taxed at starting rate of 0% (2003 – 0%)	–	(103)
Expenses not deductible for tax purposes	476	–
Total current tax	–	–

6. Tangible fixed assets

	<i>Furniture and equipment</i> £
Cost:	
At 1 April 2003	6,562
Disposals	(6,562)
At 31 March 2004	–
Depreciation:	
At 1 April 2003	4,304
Disposals	(4,304)
At 31 March 2004	–
Net book value:	
At 31 March 2004	–
At 1 April 2003	2,258

7. Debtors

	2004 £	2003 £
Contributions due from members	73,880	117,720
VAT	23,263	–
Other debtors	63	62
	97,206	117,782

8. Creditors: amounts falling due within one year

	2004 £	2003 £
Contributions received in advance from members	177,683	166,245
Accruals and deferred income	36,795	72,130
VAT	–	9,215
	214,478	247,590

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

Notes to the financial statements

at 31 March 2004

9. Share capital

		<i>Authorised</i>	
		<i>2004</i>	<i>2003</i>
		<i>£</i>	<i>£</i>
Ordinary shares of £0.01 each		<u>100</u>	<u>100</u>
		<i>Allotted, called up and fully paid</i>	
	<i>2004</i>	<i>2003</i>	
	<i>No.</i>	<i>£</i>	<i>No.</i>
			<i>£</i>
Ordinary shares of £0.01 each	5,000	50	5,000
			50

10. Reconciliation of shareholders' funds and movement on reserves

	Share capital	Profit and loss account	Total share- holders' funds
	£	£	£
At 1 April 2002	50	4,510	4,560
Profit for the year	—	342	342
At 31 March 2003	<u>50</u>	<u>4,852</u>	<u>4,902</u>
Loss for the year	—	(1,587)	(1,587)
At 31 March 2004	<u>50</u>	<u>3,265</u>	<u>3,315</u>

11. Notes to the statement of cash flows

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

	2004	2003
	£	£
Operating loss	(3,505)	(46)
Depreciation	—	767
Loss on disposal of fixed assets	2,258	—
(Increase)/decrease in debtors	20,576	(53,498)
Increase/(decrease) in creditors	(33,112)	123,189
Net cash inflow/(outflow) from operating activities	<u>(13,783)</u>	<u>70,412</u>

(b) Analysis of change in cash

	At 1 April 2003	Cash flow	At 31 March 2004
	£	£	£
Cash at bank and in hand	132,452	(11,865)	120,587
	<u>132,452</u>	<u>(11,865)</u>	<u>120,587</u>

12. 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.