

1229214

Report and Accounts

Basildon Dairy Foods Limited

31 December 1998



Basildon Dairy Foods Limited

Registered No. 1229214

DIRECTORS

W J Houlston
I C Laurie
J A Lloyd
P de Pompignan
P Julien

SECRETARY

R J Newton

AUDITORS

Ernst & Young
Becket House
1 Lambeth Palace Road
London SE1 7EU

REGISTERED OFFICE

Raine House
Crown Road
Enfield
Middlesex EN1 1TX

Basildon Dairy Foods Limited

DIRECTORS' REPORT

The directors submit their report and accounts for the 15 month period ended 31 December 1998.

RESULTS AND DIVIDENDS

The profit for the period after taxation was £3,008,200 (1997 – £4,296,201).

The directors recommend the payment of a final dividend of £3,700,000 (1997 – £nil), making the total of ordinary dividends for the period £6,200,000 (1997 – £2,000,000).

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the company during the period was the manufacture of dairy produce. On 30 December 1998 the business of the company was transferred to Yoplait Dairy Crest Limited at its net asset value.

DIRECTORS AND THEIR INTERESTS

The directors of the company during the period, and their interests in the share capital of the company were as follows:

		<i>Ordinary shares of £1 each</i>	
		<i>31 December</i>	<i>27 September</i>
		<i>1998</i>	<i>1997</i>
N A Raine	(resigned 4 February 1998)	–	4,999
L Y Jacobs	(resigned 4 February 1998)	–	4,997
W J Houliston	(appointed 4 February 1998)	–	–
I C Laurie	(appointed 4 February 1998)	–	–
J A Lloyd	(appointed 4 February 1998)	–	–
P de Pompignan	(appointed 4 February 1998)	–	–
P Julien	(appointed 4 February 1998)	–	–

At the period end none of the directors has any interest in the shares of any other group undertaking.

DISABLED EMPLOYEES

The company gives every consideration to applications for employment from disabled persons where the requirements of the job may be adequately covered by a handicapped or disabled person.

With regard to existing disabled employees and those who have become disabled during the period, the company has continued to examine ways and means of providing continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate.

EMPLOYEE INVOLVEMENT

The flow of information to staff has been maintained by our staff newspaper. Members of the management team regularly visit branches and discuss matters of current interests and concern to the business with members of staff.

Basildon Dairy Foods Limited

DIRECTORS' REPORT


YEAR 2000 COMPLIANCE

In common with most companies the company's computerised financial systems require modifications or replacement to accommodate the Year 2000 date change and thus avoid malfunction and commercial disruption. Furthermore the operation of the company's business depends not only on the ability of its own computer systems to cope with the date change but to some degree on those of its suppliers and customers to handle the change. The company has put in place a series of projects to ensure that all of its essential systems are Year 2000 compliant before the millennium. The company has also initiated formal communications with its customers and suppliers on their plans to address the Year 2000 issues. It is not possible for any organisation to guarantee that all problems will be resolved because a level of failure may still occur. However the company believes that it has proper procedures in place to address this matter and deal promptly with any failures or issues that arise.

AUDITORS

BDO Stoy Hayward resigned as auditors on 4 February 1998 and Ernst & Young were appointed in their place. A resolution to reappoint Ernst & Young will be put to the members at the Annual General Meeting.

By order of the board



R J Newton

28 JUL 1999

Secretary

Basildon Dairy Foods Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial period 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 accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 accounts 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.

REPORT OF THE AUDITORS
to the members of Basildon Dairy Foods Limited

We have audited the accounts on pages 6 to 14, which have been prepared under the historical cost convention as modified by the revaluation of freehold land and buildings and on the basis of the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 1998 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Registered Auditor
London

28 JUL 1999

Basildon Dairy Foods Limited

PROFIT AND LOSS ACCOUNT

for the 15 month period ended 31 December 1998

		<i>15 month period ended 31 December 1998</i>	<i>Year ended 27 September 1997</i>
	<i>Notes</i>	<i>£</i>	<i>£</i>
TURNOVER	2	41,767,048	34,852,152
Cost of sales		(33,081,104)	(25,916,824)
GROSS PROFIT		8,685,944	8,935,328
Administrative expenses		(4,270,003)	(3,484,144)
OPERATING PROFIT	3	4,415,941	5,451,184
Income from shares in group undertakings		–	106,693
Interest receivable and similar income		74,161	796,172
Interest payable		(7,116)	(886,931)
		67,045	15,934
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		4,482,986	5,467,118
Tax on profit on ordinary activities	6	(1,474,786)	(1,170,917)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		3,008,200	4,296,201
Dividends	7	(6,200,000)	(2,000,000)
RETAINED (LOSS)/PROFIT FOR THE FINANCIAL PERIOD		(3,191,800)	2,296,201

A reconciliation of movement on reserves can be found in note 20.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There were no recognised gains or losses other than the profit for the financial period.

NOTE OF HISTORICAL COST PROFITS AND LOSSES

for the 15 month period ended 31 December 1998

	<i>15 month period ended 31 December 1998</i>	<i>Year ended 27 September 1997</i>
	<i>£</i>	<i>£</i>
Reported profit on ordinary activities before taxation	4,482,986	5,467,118
Realisation of property revaluation gains	2,313,547	–
Historical cost profit on ordinary activities before taxation	6,796,533	5,467,118

Basildon Dairy Foods Limited

BALANCE SHEET at 31 December 1998

		31 December 1998	27 September 1997
	Notes	£	£
FIXED ASSETS			
Tangible assets	8	–	20,223,060
Investment in subsidiary	9	–	10,000
		–	20,233,060
CURRENT ASSETS			
Stocks	10	–	54,636
Debtors	11	18,982,329	3,692,261
Cash at bank and in hand		–	13,001,088
		18,982,329	16,747,985
CREDITORS: amounts falling due within one year	12	(3,700,000)	(17,198,673)
NET CURRENT ASSETS/(LIABILITIES)		15,282,329	(450,688)
TOTAL ASSETS LESS CURRENT LIABILITIES		15,282,329	19,782,372
CREDITORS: amounts falling due after more than one year	13	–	(73,506)
PROVISION FOR LIABILITIES AND CHARGES			
Deferred taxation	14	–	(1,234,737)
		–	(1,308,243)
		15,282,329	18,474,129
CAPITAL AND RESERVES			
Called up share capital	15	130,000	10,000
Revaluation reserve	20	–	2,313,547
Profit and loss account	20	15,152,329	16,150,582
		15,282,329	18,474,129

I E Laurie

Director

28 JUL 1999

Basildon Dairy Foods Limited

NOTES TO THE ACCOUNTS at 31 December 1998

1. ACCOUNTING POLICIES

Accounting convention

The accounts have been prepared under the historical cost convention modified to include the revaluation of freehold land and buildings and are in accordance with applicable accounting standards.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value of each asset evenly over its expected useful life, as follows:

Freehold buildings	-	over 30 years
Plant and machinery	-	10% to 25% per annum
Fixtures and fittings	-	over 5 years
Motor vehicles	-	over 5 years
Computers	-	over 3 years

Stocks

Stocks are valued at the lower of cost and net realisable value.

Research and development

Research and development expenditure is written off as incurred.

Deferred taxation

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes to the extent that it is probable that a liability or asset will crystallise.

Operating leases

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Pension costs

The company runs defined contribution and defined benefit pension schemes.

Contributions to the schemes are charged to the profit and loss account so as to spread the cost of pensions over the employees' working lives within the company.

Grants

Grants received for capital expenditure are taken to the balance sheet and released to the profit and loss account at the same rate as the relevant asset is depreciated.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

2. TURNOVER

Turnover is derived from a manufacturing charge levied on Raines Dairy Foods Limited.

Basildon Dairy Foods Limited

NOTES TO THE ACCOUNTS at 31 December 1998

3. OPERATING PROFIT

This is stated after charging/(crediting):

	<i>15 month period ended 31 December 1998 £</i>	<i>Year ended 27 September 1997 £</i>
Auditors' remuneration – audit services	14,000	18,005
Depreciation	3,003,143	2,307,974
Operating lease rentals – plant and machinery	549,991	379,706
Profit on disposal of tangible fixed assets	(50,206)	(1,400)
	<u> </u>	<u> </u>

4. DIRECTORS' EMOLUMENTS

	<i>15 month period ended 31 December 1998 £</i>	<i>Year ended 27 September 1997 £</i>
Emoluments	16,979	475,097
	<u> </u>	<u> </u>

The amounts in respect of the highest paid director are as follows:

Emoluments	11,431	306,175
	<u> </u>	<u> </u>

No pension contributions were paid by the company in relation to the directors.

5. STAFF COSTS

	<i>15 month period ended 31 December 1998 £</i>	<i>Year ended 27 September 1997 £</i>
Wages and salaries	20,571,829	16,402,910
Social security costs	1,922,217	1,482,347
Pension costs	376,580	232,720
	<u> </u>	<u> </u>
	22,870,626	18,117,977
	<u> </u>	<u> </u>

The average number of employees during the period was as follows:

	<i>No.</i>	<i>No.</i>
Office and management	130	117
Manufacturing	815	852
	<u> </u>	<u> </u>
	945	969
	<u> </u>	<u> </u>

Basildon Dairy Foods Limited

NOTES TO THE ACCOUNTS at 31 December 1998

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<i>15 month period ended 31 December 1998 £</i>	<i>Year ended 27 September 1997 £</i>
UK corporation tax at 31% (1997 – 32%) based on the profit for the period	1,470,184	1,802,226
Deferred taxation credit	(17,108)	(626,182)
Adjustment in respect of prior years	21,710	(5,127)
	<u>1,474,786</u>	<u>1,170,917</u>

7. DIVIDENDS

	<i>15 month period ended 31 December 1998 £</i>	<i>Year ended 27 September 1997 £</i>
Interim ordinary dividend paid	2,500,000	2,000,000
Final ordinary dividend proposed	3,700,000	–
	<u>6,200,000</u>	<u>2,000,000</u>

8. TANGIBLE FIXED ASSETS

	<i>Freehold land and buildings £</i>	<i>Plant and machinery £</i>	<i>Fixtures, fittings and office equipment £</i>	<i>Motor vehicles £</i>	<i>Total £</i>
Cost or valuation:					
At 27 September 1997	13,920,526	27,760,875	414,148	88,913	42,184,462
Additions	243,951	4,358,594	34,674	7,914	4,645,133
Disposals	(14,164,477)	(32,119,469)	(448,822)	(96,827)	(46,829,595)
At 31 December 1998	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Depreciation:					
At 27 September 1997	2,877,247	18,783,953	269,819	30,383	21,961,402
Provided for the period	401,690	2,512,306	75,812	13,335	3,003,143
Disposals	(3,278,937)	(21,296,259)	(345,631)	(43,718)	(24,964,545)
At 31 December 1998	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Net book value:					
At 31 December 1998	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
At 27 September 1997	<u>11,043,279</u>	<u>8,976,922</u>	<u>144,329</u>	<u>58,530</u>	<u>20,223,060</u>

Basildon Dairy Foods Limited

NOTES TO THE ACCOUNTS at 31 December 1998

9. INVESTMENT IN SUBSIDIARY

The company owned 10,000 £1 shares, representing 100% of the issued share capital, of Basildon Milk Products, a non-trading unlimited company registered in England.

Group accounts have not been prepared as the company is a subsidiary of Groupe Sodiaal S.A., a company incorporated in France, in whose consolidated accounts the company is included.

	£
Cost at 27 September 1997	10,000
Disposals	(10,000)
Cost at 31 December 1998	—

10. STOCKS

	31 December 1998	27 September 1997
	£	£
Consumables	—	54,636

11. DEBTORS

	31 December 1998	27 September 1997
	£	£
Trade debtors	—	4,472
Amount due from Yoplait Dairy Crest Limited	18,982,329	—
Amount due from Raines Dairy Foods Limited	—	898,930
Amounts due from L & N Developments (Basildon) Limited	—	138,201
Other debtors	—	303,822
Prepayments	—	548,577
Corporation tax recoverable	—	1,798,259
	18,982,329	3,692,261

12. CREDITORS: amounts falling due within one year

	31 December 1998	27 September 1997
	£	£
Trade creditors	—	1,805,694
Amount due to subsidiary undertaking	—	10,000
Corporation tax and ACT payable	—	1,802,226
Other creditors	—	11,480,927
Accruals	—	2,088,501
Deferred income	—	11,325
Dividends payable to parent undertaking	3,700,000	—
	3,700,000	17,198,673

Basildon Dairy Foods Limited

NOTES TO THE ACCOUNTS at 31 December 1998

13. CREDITORS: amounts falling due after more than one year

	31 December 1998	27 September 1997
	£	£
Deferred income	—	73,506

14. DEFERRED TAXATION

	£
At 27 September 1997	1,234,737
Profit and loss account credit	(17,108)
Transfer to Yoplait Dairy Crest Limited	(1,217,629)
At 31 December 1998	—

All deferred taxation related to accelerated capital allowances.

15. SHARE CAPITAL

	31 December 1998	27 September 1997	31 December 1998	27 September 1997
	No.	No.	£	£
Authorised, allotted, called up and fully paid:				
Ordinary shares of £1 each	130,000	10,000	130,000	10,000

During the period the authorised share capital was increased from £10,000 to £130,000 by the creation of 120,000 ordinary shares of £1 each arising from a scrip dividend election. The shares were allotted, called up and fully paid.

16. COMMITMENTS UNDER OPERATING LEASES

	31 December 1998	27 September 1997
	£	£
Operating leases which expire:		
Within one year	—	6,658
In two to five years	—	53,208
	—	59,866

17. DIRECTORS' INTERESTS IN TRANSACTIONS

N A Raine and L Y Jacobs had a material interest in the shares of Raines Dairy Foods Limited until acquisition by Yoplait Dairy Crest Limited in February 1998. All of the company's turnover is with this company. Management fees of £1,642,500 (1997 – £1,114,000) were also paid to this company during the period. In addition both directors had a material interest in the shares of L & N Developments (Basildon) Limited until acquisition by Yoplait Dairy Crest Limited in February 1998. The company paid a rental of £125,000 (1997 – £100,000) to this company during the period.

There were no other transactions of significance during the period in which a director of the company had a material interest.

Basildon Dairy Foods Limited

NOTES TO THE ACCOUNTS

at 31 December 1998

18. PENSIONS

The company pays contributions to a defined benefit pension scheme established under an irrevocable Deed of Trust by Raines Dairy Foods Limited for its employees and those companies under common ownership which include Basildon Dairy Foods Limited. The scheme is managed by trustees accountable to the pension scheme members, and is not contracted out of the state scheme.

The scheme is valued every three years by independent consulting actuaries. The most recent valuation, at 1 April 1996, indicated that, on the basis of service to date and current salaries, the scheme's assets were sufficient to meet its liabilities.

The assumptions which have the most significant effect on the results of the valuation are as follows:

- investment returns would average 9% per annum
- salary increases would average 7½% per annum
- pensions would increase at the rate of 5% per annum on the pension accrued after 31 March 1991

The actuarial value of the assets was sufficient to cover 109% of the value of the share benefits that had accrued to members.

At 31 March 1998 the scheme had assets of approximately £8.3m (1997 – £6.6m) at market value.

Contributions to the scheme by employees and the company have been maintained in accordance with the recommendations of the actuaries in their previous valuation.

There are two defined contribution pension schemes for the directors and employees. Total premiums payable to these schemes amounted to £231,722 (1997 – £147,541). The assets of these schemes are held separately from those of the company in independently administered funds.

19. CAPITAL COMMITMENTS

	<i>31 December 1998</i>	<i>27 September 1997</i>
	<i>£</i>	<i>£</i>
Contracted for	–	1,288,000

Basildon Dairy Foods Limited

NOTES TO THE ACCOUNTS at 31 December 1998

20. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	<i>Share capital £</i>	<i>Re- valuation reserve £</i>	<i>Profit and loss account £</i>	<i>Total share- holders' funds £</i>
At 28 September 1996	10,000	2,313,547	13,854,381	16,177,928
Profit for the year	-	-	4,296,201	4,296,201
Dividends	-	-	(2,000,000)	(2,000,000)
At 27 September 1997	10,000	2,313,547	16,150,582	18,474,129
Realised revaluation surplus on sale of freehold land and buildings	-	(2,313,547)	2,313,547	-
Issue of ordinary shares arising from scrip dividend election	120,000	-	(120,000)	-
Profit for the period	-	-	3,008,200	3,008,200
Dividends	-	-	(6,200,000)	(6,200,000)
At 31 December 1998	130,000	-	15,152,329	15,282,329

21. CASH FLOW STATEMENT

As all the voting rights in the company are controlled within the group and the company is included within the consolidated accounts of Groupe Sodiaal S.A., it is exempt under the terms of FRS 1 (Revised) from publishing a cash flow statement.

22. RELATED PARTY TRANSACTIONS

As all the voting rights in the company are controlled within the group and the company is included within the consolidated accounts of Groupe Sodiaal S.A., it is exempt under the terms of FRS 8 from disclosing transactions with other group undertakings, joint ventures or associated companies.

23. ULTIMATE PARENT UNDERTAKING

The company's ultimate parent undertaking is Groupe Sodiaal S.A., which is incorporated in France. Copies of its group accounts, which include the company, are available from 170 bis, Bd Montparnasse, 75014 Paris, France.