

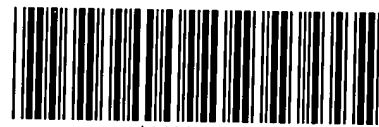
Registered No: 03162897

# **Dairy Crest Group Limited**

## **Annual report and Financial Statements**

For the year ended 31 March 2021

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Dairy Crest Group Limited

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Registered No: 03162897

**Directors**

T A Atherton  
A Braithwaite  
M Therrien

**Company Secretary**

R J Robotham

**Auditor**

Deloitte LLP  
Statutory Auditor  
London  
United Kingdom

**Registered office**

5 The Heights  
Brooklands  
Weybridge  
Surrey  
KT13 0NY  
United Kingdom

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## Strategic report

The Directors present their Strategic Report for the year ended 31 March 2021.

### Principal activities

Dairy Crest Group Limited (the 'Company') is a private company limited by shares. It acts as a holding company of Dairy Crest UK Limited.

### Business review

The profit for the year after taxation amounted to £25.3 million (2020: £20.8 million) which is mostly a result of dividends received. Dividends of £19.3 million were paid in the year ended 31 March 2021 (2020: £21.6 million). The Company paid post year end dividends of £4.6 million on 30 June 2021.

To date the Company has not suffered any disruption from Covid 19 pandemic or Brexit.

### Key performance indicators

The key performance indicator is Profit before tax. Dividends of £19.3 million were paid in the year ended 31 March 2021 (2020: £21.6 million). The Company paid post year end dividends of £4.6 million on 30 June 2021.

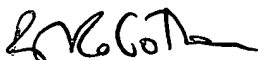
### Future developments

The Company will retain its investment in Dairy Crest UK 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.

Approved by the Board and signed on its behalf by



R J Robotham  
Company Secretary

28 *Jan* 2021

## Directors' report

The Directors present their annual report and audited financial statements for the year ended 31 March 2021.

### Directors

The Directors who served the company were as follows:

T A Atherton  
A Braithwaite  
M Therrien

### Items disclosed in Strategic Report

Future developments and exposure to interest rate risk are disclosed in the Strategic Report on page 4.

### 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.

### Cancellation of Share Premium Account

On 25 March 2021, by way of a special resolution and solvency statement, the share premium account of the Company was cancelled and £412.1 million was transferred to distributable reserves.

### Dividends

Dividends of £19.3 million were paid in the year ended 31 March 2021 (2020: £21.6 million). The Company paid post year end dividends of £4.6 million on 30 June 2021.

### Going concern

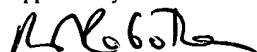
It should be recognised that any consideration of the foreseeable future involves making a judgement, at a particular point in time, about future events which are inherently uncertain. Nevertheless, at the time of preparation of these financial statements and after making appropriate enquiries, including consideration of the impact of the Covid 19 pandemic, the Directors have a reasonable expectation that the Company has adequate resources to continue operating for a period of at least 12 months from the date of signing the financial statements. For this reason they continue to adopt the going concern basis in preparing the financial statements.

### 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.

Following the completion of the 31 March 2021 audit, the Company's current auditor Deloitte LLP will resign and KPMG LLP will be appointed as the Company's auditor for the year commencing 1 April 2021. The change in auditor is as a result of the appointment of KPMG LLP by the Company's ultimate parent, Saputo Inc.

Approved by the Board and signed on its behalf by



R J Robotham  
Company Secretary

28 September 2021

## **Directors' responsibilities statement**

The Directors are responsible for preparing the Annual 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), including FRS 102 "The Financial Reporting Standard applicable in 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 of the profit or loss of the company for that period.

In preparing these 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.

## **Independent auditor's report to the members of Dairy Crest Group Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Dairy Crest Group Limited (the 'company') which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 11.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that

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We have nothing to report in this regard.

## **Independent auditor's report (continued)**

to the members of Dairy Crest Group Limited

### **Responsibilities of Directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, internal audit about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as tax, pensions and IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit, in-house and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.



## **Independent auditor's report (continued)**

**to the members of Dairy Crest Group Limited**

### **Report on other legal and regulatory requirements**

#### **Opinions on other matters 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; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

#### **Matters on which we are required to report by exception**


Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

#### **Use of our report**

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.



William Smith MA FCA (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom

28 September 2021

## Statement of comprehensive income

for the year ended 31 March 2021

	<i>Notes</i>	<b>2021 £m</b>	<b>2020 £m</b>
Administrative expenses		0.1	(1.5)
Other income - dividends received		19.4	21.8
<b>Operating profit</b>		<b>19.5</b>	<b>20.3</b>
Other interest receivable and similar income	4	5.8	9.7
Other interest payable and similar expenses	4	-	(7.7)
<b>Profit before tax</b>		<b>25.3</b>	<b>22.3</b>
Tax charge	5	-	(1.5)
<b>Profit for the year</b>		<b>25.3</b>	<b>20.8</b>
Tax on components of other comprehensive expense		-	(0.5)
<b>Total other comprehensive expense</b>		<b>-</b>	<b>(0.5)</b>
<b>Total comprehensive income</b>		<b>25.3</b>	<b>20.3</b>

## Statement of financial position

as at 31 March 2021

	Notes	2021 £m	2020 £m
<b>Fixed Assets</b>			
Investments	6	771.4	232.1
		<u>771.4</u>	<u>232.1</u>
<b>Current Assets</b>			
Trade and other receivables	7	1.1	534.4
		<u>1.1</u>	<u>534.4</u>
<b>Net assets</b>		<u>772.5</u>	<u>766.5</u>
<b>Capital and reserves</b>			
Called up share capital	8	50.2	50.2
Share premium	9	-	412.1
Profit and loss account		<u>722.3</u>	<u>304.2</u>
<b>Total shareholders' equity</b>		<u>772.5</u>	<u>766.5</u>

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



T A Atherton  
Director

28 September 2021

## Statement of changes in equity

for the year ended 31 March 2021

	<i>Share capital £m</i>	<i>Share premium £m</i>	<i>Profit/(loss) account £m</i>	<i>Total equity funds £m</i>
<b>2021</b>				
At 1 April 2020	50.2	412.1	304.2	766.5
Total comprehensive income	-	-	25.3	25.3
Equity dividends	-	-	(19.3)	(19.3)
Cancellation of share premium account	-	(412.1)	412.1	-
<b>At 31 March 2021</b>	<b>50.2</b>	<b>-</b>	<b>722.3</b>	<b>772.5</b>
<b>2020</b>				
At 1 April 2019	38.9	151.7	303.8	494.4
Total comprehensive income	-	-	20.3	20.3
Issue of share capital	11.3	260.4	-	271.7
Share-based payments	-	-	1.7	1.7
Equity dividends	-	-	(21.6)	(21.6)
<b>At 31 March 2020</b>	<b>50.2</b>	<b>412.1</b>	<b>304.2</b>	<b>766.5</b>

## Notes to the financial statements

for the year ended 31 March 2021

### 1. Accounting policies

#### **General information and basis of accounting**

Dairy Crest Group Limited (the Company) is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is 5 The Heights, Brooklands, Weybridge, Surrey, KT13 0NY.

The principal activities of the Company are set out in the strategic report on page 4.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The Company has applied the amendments to FRS 102 issued by the FRC in December 2017 prior to their mandatory effective date of accounting periods beginning on or after 1 January 2019.

Dairy Crest Group Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemptions have been taken in relation to share-based payments, financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

#### **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 £ million.

#### **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 financial statements and after making appropriate enquiries, including consideration of the impact of the Covid 19 pandemic, the Directors have a reasonable expectation that the Company has adequate resources to continue operating for a period of at least 12 months from the date of signing the financial statements. For this reason they continue to adopt the going concern basis in preparing the financial statements.

#### **Key sources of estimation uncertainty**

There are no key sources of estimation uncertainty that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year.

#### **Areas of judgment**

There are no items that are considered by Management to be key areas of judgment.

#### **Consolidated financial statements**

The Directors have taken advantage of the exemption in CA 2006 Section 401 from preparing consolidated financial statements on the grounds that the Company's ultimate parent undertaking as at the balance sheet date publishes consolidated financial statements.

#### **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's ultimate parent undertaking as at the balance sheet date publishes consolidated financial statements.

#### **Interest**

Interest received and payable is recognised on an accruals basis.

#### **Dividends**

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

#### **Financial Instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are classified according to the substance of the contractual arrangements entered into.

## Notes to the financial statements (continued)

for the year ended 31 March 2021

### 1. Accounting policies (continued)

#### *Financial Instruments (continued)*

##### *(i) Financial assets and liabilities*

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

##### *(i) Investments*

Investments in subsidiaries and associates are measured at cost less impairment.

### 2. Auditor's remuneration

	2021 £k	2020 £k
Remuneration of the auditor is further analysed as follows:		
Audit of the financial statements	5.0	5.0
Auditor's remuneration is borne by another group undertaking.		

There were no non-audit services in either year.

### 3. Emoluments of Directors and Employees

#### *Directors*

	2021 £k	2020 £k
Aggregate emoluments in respect of qualifying services	1,922	2,787
Included in the above:		
Annual bonus	787	491
Aggregate of company contributions in respect of money purchase schemes	14	20
Compensation for loss of office	-	1,004

The services of the Directors were charged to Dairy Crest Ltd as a management recharge on a cost plus mark-up basis.

## Notes to the financial statements (continued)

for the year ended 31 March 2021

### 3. Emoluments of Directors and Employees (continued)

Remuneration for the year of one Director was paid by other undertakings as qualifying service in relation to the Company was minimal. The Directors do not believe that it is practical to apportion this amount between their services as a Director of the Company and their services as a Director of the fellow subsidiary undertakings.

	2021 Number	2020 Number
Number of directors who exercised share options	-	3
Number of directors accruing benefits under money purchase schemes (at 31 March)	2	2
Number of directors participating in long term incentive plans (at 31 March)	-	-

The emoluments of directors cover the period from the beginning of the year or the date of appointment as a director to the end of the year or the date of resignation as a director.

The current directors are set out in the Directors' Report on page 5.

#### In respect of the highest paid director:

	2021 £k	2020 £k
Aggregate emoluments in respect of qualifying services	1,232	1,310
<i>Of which annual bonus</i>	493	224
Gain on exercise of share options	-	5,990

The Dairy Crest Group defined benefit pension scheme closed to future service accrual on 1 April 2010. At 31 March 2020, T A Atherton and A Braithwaite were members of the Company's Stakeholder Pension Scheme, a defined contribution arrangement.

#### Employees

There are no employees in the current year or prior year.

### 4. Interest

	£m	£m
Interest payable:		
Bank borrowings	-	(7.7)
	-	(7.7)
Interest receivable:		
Loans to group undertakings	5.8	9.7

## Notes to the financial statements (continued)

for the year ended 31 March 2021

### 5. Tax

	2021 £m	2020 £m
Deferred taxation		
Origination and reversal of timing differences	-	1.5
Tax charge on profit	-	1.5
	2021 £m	2020 £m
Profit before tax	25.2	22.3
Profit multiplied by the standard rate of Corporation tax in the UK of 19% (2020: 19%)	4.8	4.3
Effects of:		
Share schemes	-	-
Group relief not paid for	(1.1)	1.4
Income not taxable	(3.7)	(4.2)
Total tax charge	-	1.5
Deferred tax asset		
	2021 £m	2020 £m
At 1 April	-	2.0
Charge to profit	-	(1.5)
Charge to equity	-	(0.5)
At 31 March	-	-

### 6. Investments

	Subsidiary undertakings £k
Cost:	
At 1 April 2020	232,098
Addition	539,260
At 31 March 2021	771,358

The Company owns 100% of the issued share capital of Dairy Crest UK Limited. On 21 March 2021 the Company subscribed for 539,259,618,270 shares of £0.001 in Dairy Crest UK Limited in exchange for intercompany receivables.

The principal place of operation and country of incorporation of the subsidiary undertaking is England and Wales.

The registered office of the subsidiary undertaking is 5 The Heights, Brooklands, Weybridge, Surrey, KT13 0NY.



## Notes to the financial statements (continued)

for the year ended 31 March 2021

### 7. Debtors

Amounts falling due within one year:

	2021 £m	2020 £m
Accruals	1.1	-
Amounts owed by group undertakings*	-	534.4
	<u>1.1</u>	<u>534.4</u>

\*the amounts shown above are unsecured loans and repayable on demand with interest rates between 1% and 1.5% plus LIBOR.

### 8. Share capital

	No.	2021 £m	No.	2020 £m
Ordinary shares of £0.25 each	200,610,029	<u>50.2</u>	200,610,029	<u>50.2</u>

### 9. Share premium account

On 25 March 2021, by way of a special resolution and solvency statement, the share premium account of the Company was cancelled and £412.1 million was transferred to distributable reserves.

### 10. Related party transactions

#### Group

As the Company is a wholly-owned subsidiary of Saputo Inc, it is exempt under the terms of FRS 102.33.1A "Related Party Disclosures" from disclosing transactions with other wholly-owned Group undertakings, joint ventures or associated companies. There were no other related party transactions in the period.

#### Key management personnel

Details relating to key management personnel are set out in Note 3.

### 11. Parent undertakings

The Company's immediate parent undertaking is Saputo Dairy UK Limited whose financial statements are available from its registered office at 5 The Heights, Brooklands, Weybridge, Surrey, KT13 0NY.

The Company's ultimate parent undertaking and controlling party from 15 April 2019 is Saputo Inc., a company incorporated in Canada. Saputo Inc's registered office is 6869, Métropolitain Est, Montréal, Québec H1P 1X8, Canada.

The largest and smallest group preparing consolidated accounts which includes Dairy Crest Group Limited is Saputo Inc.