

# COMPANIES HOUSE COPY

## Delamere Dairy Limited

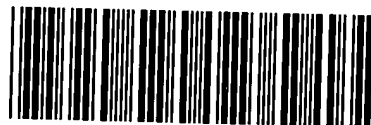
Report and Financial Statements

Year Ended

31 December 2015

Company Number 03761294

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COMPANIES HOUSE

# Delamere Dairy Limited

## Company Information

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<b>Directors</b>	E A Sutton R C D Sutton E J Salt P D J Brunt
<b>Company secretary</b>	E A Sutton
<b>Registered number</b>	03761294
<b>Registered office</b>	Yew Tree Farm Bexton Lane Knutsford Cheshire WA16 9BH
<b>Independent auditors</b>	BDO LLP Two Snowhill Birmingham B4 6GA

# Delamere Dairy Limited

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# Delamere Dairy Limited

## Strategic Report For the Year Ended 31 December 2015

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The directors present their strategic report together with the audited financial statements for the year ended 31 December 2015.

### Principal activities, review of business and future developments

The principal activity of the company in the year under review was that of dairy product traders, specialising in goat's and cow's milk products and a range of plant based milk alternatives.

Turnover decreased by just over 17% in 2015 due in the main to a decrease in export sales from £4.57m in 2014 to £1.8m in 2015. However, in spite of a squeeze on gross margins in the previous two financial years, the company was able to implement efficiency savings which, together with foreign exchange movements, led to an operating profit increase of £973k.

Having invested into SE Asia, and following the near cessation of cows' milk imports in China mid way through 2014 (noted in the 2014 Business Review), the business made a strategic decision to re-focus its attention on speciality dairy products. Whilst this resulted in significantly lower sales to Asia in 2015, it means the Delamere Dairy brand and business is now differentiated in what has become a highly competitive, commodity driven market.

Well publicised changes to the dynamics of the UK retail market in 2015, notably the growth of the discounters, created a challenging environment for trading with the company's main UK retail customers. However, the company achieved significant growth in its expanding range of dairy alternatives and within its goat dairy portfolio whilst the value of cows' milk sales continues to decline. Export continues to be a strategic focus, notably to SE Asia, but with investments in continental Europe and the USA also beginning to deliver some solid returns in 2015.

The company continue to make timely interest and capital repayments throughout 2015 on the £2m term loan taken from Santander in 2013.

In summary, the company made strategic moves to focus on its core business which created a clear focus and stability which resulted in an increased profitability. As the growth trend for health and dairy alternatives continues both in the UK and worldwide, we look forward to 2016 with confidence.

### Key performance indicators

We consider that our key financial performance indicators are the operating profit and control of cashflow. Operating profit for the year was £1,138k (2014: £165k) and the company has closely monitored cashflow throughout the year.

### Principal risks and uncertainties

The company's revenues are principally derived from retail markets. These markets, and therefore company revenues can be subject to variations in patterns of demand and are largely influenced by economic growth and consumer confidence. In response to this risk the directors keep up to date with local and wider economic conditions and are able to adapt the pricing strategy and cost base of the company accordingly.

The company is seeking new markets to facilitate growth. In addition to the close management of credit risk and contractual arrangements, this risk is managed by ensuring the core UK business remains profitable and vibrant.

It is too early to assess whether the uncertainty following the UK referendum will significantly impact our markets. We will continue to monitor the situation and react accordingly.

# Delamere Dairy Limited

## Strategic report (continued)

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### Financial risk management

The company's operations expose it also to a variety of financial risks that include the effects of price risk, credit risk, liquidity risk, interest rate risk and foreign exchange rate risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring the factors that affect each of these risks.

#### Price risk

The company is exposed to changes in the market prices of its products, both from an input and sales perspective. In order to protect against adverse price movements, the company is frequently reviewing its agreements with suppliers to ensure these are on commercially favourable terms.

#### Credit risk

Credit risk is managed by running credit checks on new customers and by monitoring payments against the contractual arrangements.

#### Liquidity risk

The company's bank loan bears interest at a rate which changes in respect to changes in LIBOR, thereby exposing the group to measured risk on adverse movements in that rate.

#### Interest rate risk

The company's bank loan and invoice discounting facility bears interest at a rate which changes in respect to changes in LIBOR, thereby exposing the company to measured risk on adverse movements in that rate.

#### Foreign exchange risk

The company maintains a natural hedge through the use of foreign currency bank accounts with sales and purchases made in foreign currencies. The Board monitors the net exposure and uses appropriate bank facilities, such as forward contracts, to limit the effects on the financial performance of the company to such exposure.

The company buys a significant proportion of its products in euros. FX exposure is managed both by implementing a minimum 3 month Euro forward contracts policy and a focus on increasing sales in Euros to export markets.

This report was approved by the board on

22/9/16

and signed on its behalf.

**E J Salt**  
Director



# Delamere Dairy Limited

## Directors' Report For the Year Ended 31 December 2015

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The directors present their report together with the audited financial statements for the year ended 31 December 2015.

The principal activities, review of business and risks are considered in the strategic report on page 1.

### Results and dividends

The profit for the year, after taxation, amounted to £893,728 (2014 - £112,069).

The directors do not recommend the payment of a dividend (2014: £Nil).

A review of business and principal risks and uncertainties are set out within the strategic report.

### Directors

The directors who served during the year and up to the date of approval were:

E A Sutton  
R C D Sutton  
E J Salt  
P D J Brunt

### Financial instruments

The company holds financial instruments to finance its operations, being trade debtors and trade creditors arising directly from the company's operations. These are monitored as part of the day to day controls procedures of the company. Operations and working capital are funded from retained profits and bank loans.

### Post balance sheet events

There have been no events since the balance sheet date which materially affect the position of the company.

### Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### Auditors

The auditors, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on

22/9/16

and signed on its behalf.

E J Salt  
Director



# **Delamere Dairy Limited**

## **Directors' Responsibilities Statement For the Year Ended 31 December 2015**

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The directors are responsible for preparing the Strategic Report, the 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Under company law the directors must not approve the financial statements unless 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; 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.

# **Delamere Dairy Limited**

## **Independent Auditor's report to the members of Delamere Dairy Limited**

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We have audited the financial statements of Delamere Dairy Limited for the year ended 31 December 2015 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in 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 formed.

### **Respective responsibilities of directors and auditors**

As explained more fully in the statement of director's responsibilities, the director is 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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **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 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.



# Delamere Dairy Limited

## Independent Auditor's report to the members of Delamere Dairy Limited

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

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.



**Teresa Darby** (Senior statutory auditor)  
for and on behalf of BDO LLP, Statutory auditor  
Birmingham  
United Kingdom



BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Delamere Dairy Limited

## Statement of Comprehensive Income For the Year Ended 31 December 2015

	Note	2015 £	2014 £
Turnover		20,751,509	25,070,958
Cost of sales		(17,797,787)	(22,936,179)
<b>Gross profit</b>		<b>2,953,722</b>	<b>2,134,779</b>
Administrative expenses		(1,991,483)	(1,822,195)
Fair value movements on derivative financial instruments		176,164	(147,258)
<b>Operating profit</b>		<b>1,138,403</b>	<b>165,326</b>
Interest payable and expenses	7	(35,650)	(43,390)
<b>Profit on ordinary activities before taxation</b>		<b>1,102,753</b>	<b>121,936</b>
Taxation on profit on ordinary activities	8	(209,025)	(9,867)
<b>Profit for the year</b>		<b>893,728</b>	<b>112,069</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>893,728</b>	<b>112,069</b>

The notes on pages 10 to 27 form part of these financial statements.

**Delamere Dairy Limited**  
Registered number:03761294

**Statement of Financial Position**  
**As at 31 December 2015**

	Note	2015 £	2014 £
<b>Fixed assets</b>			
Intangible assets	9	27,169	20,936
Tangible assets	10	56,005	72,573
		<u>83,174</u>	<u>93,509</u>
<b>Current assets</b>			
Stocks	11	908,185	835,873
Debtors	12	6,876,380	7,519,501
Cash at bank and in hand	13	30,512	321,036
		<u>7,815,077</u>	<u>8,676,410</u>
Creditors: amounts falling due within one year	14	(2,803,852)	(4,172,320)
<b>Net current assets</b>		<u>5,011,225</u>	<u>4,504,090</u>
<b>Total assets less current liabilities</b>		<u>5,094,399</u>	<u>4,597,599</u>
Creditors: amounts falling due after more than one year	15	(800,000)	(1,200,000)
<b>Provisions for liabilities</b>			
Deferred tax		(8,466)	(5,394)
<b>Net assets</b>		<u><u>4,285,933</u></u>	<u><u>3,392,205</u></u>
<b>Capital and reserves</b>			
Called up share capital	17	400	400
Share premium account	18	49,950	49,950
Profit and loss account	18	4,235,583	3,341,855
<b>Equity attributable to owners of the parent company</b>		<u><u>4,285,933</u></u>	<u><u>3,392,205</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

22/9/16

**E J Salt**  
Director



The notes on pages 10 to 27 form part of these financial statements.

# Delamere Dairy Limited

## Statement of Changes in Equity As at 31 December 2015

	Share capital £	Share premium £	Retained earnings £	Total equity £
At 1 January 2015	400	49,950	3,341,855	3,392,205
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	893,728	893,728
<b>Total comprehensive income for the year</b>	-	-	893,728	893,728
<b>At 31 December 2015</b>	<b>400</b>	<b>49,950</b>	<b>4,235,583</b>	<b>4,285,933</b>

## Statement of Changes in Equity As at 31 December 2014

	Share capital £	Share premium £	Retained earnings £	Total equity £
At 1 January 2014	400	49,950	3,229,786	3,280,136
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	112,069	112,069
<b>Total comprehensive income for the year</b>	-	-	112,069	112,069
<b>At 31 December 2014</b>	<b>400</b>	<b>49,950</b>	<b>3,341,855</b>	<b>3,392,205</b>

The notes on pages 10 to 27 form part of these financial statements.

# Delamere Dairy Limited

## Notes to the Financial Statements For the Year Ended 31 December 2015

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### 1. Accounting policies

#### 1.1 Company Information

Delamere Dairy Limited is a company incorporated in England & Wales under the Companies Act. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activities are dairy product traders, specialising in goat's and cow's milk products and a range of plant based milk alternatives.

#### 1.2 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 22.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 2).

The following principal accounting policies have been applied consistently:

#### 1.3 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Delamere Dairy Holdings Limited as at 31 December 2015 and these financial statements may be obtained from Companies House.

# Delamere Dairy Limited

## Notes to the Financial Statements For the Year Ended 31 December 2015

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### 1. Accounting policies (continued)

#### 1.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

##### Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer which is on despatch of the goods within the United Kingdom or Free on Board for export goods;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### 1.5 Intangible assets

##### Goodwill

Goodwill represents the excess of the cost of a business combination over the fair value of the group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill is carried at cost less accumulated amortisation and accumulated impairment losses. Goodwill amortisation is calculated by applying the straight-line method to its estimated useful life. Goodwill is being amortised to 'administrative expenses' over the period of 20 years which the directors deem to be its estimated useful life.

##### Other intangible assets

Intangible assets other than goodwill are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life of 10 years. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed five years.

#### 1.6 Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

# Delamere Dairy Limited

## Notes to the Financial Statements For the Year Ended 31 December 2015

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### 1. Accounting policies (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Plant and machinery	-	15% reducing balance
Fixtures and fittings and vehicles	-	25% reducing balance
Improvements to property	-	10% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'administrative expenses' in the Statement of Comprehensive Income.

#### 1.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

#### 1.8 Debtors

Short term debtors are measured at transaction price, less any impairment.

#### 1.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

# Delamere Dairy Limited

## Notes to the Financial Statements For the Year Ended 31 December 2015

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### 1. Accounting policies (continued)

#### 1.10 Financial instruments

##### Financial assets

Financial assets comprise cash at bank and in hand, trade debtors and other debtors; these are initially recorded at cost on the date they originate and are subsequently recorded at amortised cost under the effective interest method. The company considers evidence of impairment for all individual trade and other debtors and any subsequent impairment is recognised in profit or loss.

##### Impairment of financial assets carries at amortised cost

Impairment provisions are recognised when there is objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulties of the counterparty, default or significant delays in payment. Impairment provisions represent the difference between the net carrying amount of a financial asset and the present value of the expected future cash receipts from that asset.

##### Financial liabilities

Financial liabilities comprise bank loans and overdrafts, trade creditors, other creditors and accruals; these are initially recorded at cost on the date they originate, and are subsequently carried at amortised cost under the effective interest rate method.

Derivatives including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

#### 1.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.



# **Delamere Dairy Limited**

## **Notes to the Financial Statements For the Year Ended 31 December 2015**

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### **1. Accounting policies (continued)**

#### **1.12 Foreign currency translation**

##### **Functional and presentation currency**

The company's functional and presentational currency is GBP.

##### **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are retranslated into Sterling using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

#### **1.13 Finance costs**

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

#### **1.14 Leased assets: Lessee**

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

# **Delamere Dairy Limited**

## **Notes to the Financial Statements For the Year Ended 31 December 2015**

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### **1. Accounting policies (continued)**

#### **1.15 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

# Delamere Dairy Limited

## Notes to the Financial Statements For the Year Ended 31 December 2015

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### 2. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements the directors have had to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historic experience and various other factors that are believed to be reasonable under the circumstances. The results of which form the basis of making the judgements about carrying values of assets and liabilities and are not readily apparent from other sources. Actual results may differ from these estimates. The significant judgements, estimates and assumptions are:

#### Trade Debtors

At each reporting date, trade debtors are assessed for recoverability. If there is any evidence of impairment, the carrying amount of the debtor is reduced to its recoverable amount. The impairment loss is recognised immediately in the income statement.

#### Stock

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete. The impairment loss is recognised immediately in the income statement.

#### Rebate Provisions

The company has recognised provisions in respect of customer rebates. The judgements, estimates and associated assumptions necessary to calculate these provisions are based on historical experience and other reasonable factors.

#### Tangible fixed assets

Tangible fixed assets, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

#### Derivative financial instruments

The company recognises foreign exchange derivatives in the statement of financial position at their fair value. Changes in the fair value of derivatives are included in the statement of comprehensive income.

When not directly observable in active markets, the fair value of derivative contracts must be computed based on internal assumptions as well as directly observable market information, including forward and yield curves for currencies. Changes in internal assumptions and forward curves could materially impact the fair value of foreign exchange derivative contracts, particularly long-term contracts, resulting in a corresponding impact on amounts recognised in the income statement.

# Delamere Dairy Limited

## Notes to the Financial Statements For the Year Ended 31 December 2015

### 3. Turnover

	2015 £	2014 £
Analysis by geographical market:		
United Kingdom	18,970,903	20,497,173
Europe	310,509	249,082
Rest of the world	1,470,097	4,324,703
	<u>20,751,509</u>	<u>25,070,958</u>

Turnover is wholly attributable to the principal activity of the company.

### 4. Operating profit

The operating profit is stated after charging/(crediting):

	2015 £	2014 £
Inventory recognised as an expense	14,322,104	17,173,947
Depreciation of tangible fixed assets	19,786	15,839
Amortisation of intangible assets, including goodwill	4,717	5,946
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	11,750	11,200
- Taxation compliance services	3,500	3,500
Exchange differences - trading	(321,518)	(151,370)
Fair value movements	176,164	(147,258)
Hire of plant and machinery - operating leases	33,549	29,789
	<u>14,322,104</u>	<u>17,173,947</u>

### 5. Employees

Staff costs, including directors' remuneration, were as follows:

	2015 £	2014 £
Wages and salaries	854,822	878,087
Social security costs	91,989	77,545
	<u>946,811</u>	<u>955,632</u>

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

	2015 No.	2014 No.
Administration	21	23

# Delamere Dairy Limited

## Notes to the Financial Statements For the Year Ended 31 December 2015

### 6. Directors' remuneration

	2015 £	2014 £
Directors' emoluments	<b>301,224</b>	260,965

The total amount payable to the highest paid director in respect of emoluments was £89,528 (2014 - £76,993).

### 7. Interest payable and similar charges

	2015 £	2014 £
Bank loans and overdrafts	<b>35,650</b>	43,390
	<b>35,650</b>	43,390

### 8. Taxation

	2015 £	2014 £
<b>Corporation tax</b>		
Current tax on profits for the year	<b>227,609</b>	26,948
Adjustments in respect of previous periods	<b>(21,656)</b>	(14,684)
<b>Total current tax</b>	<b>205,953</b>	12,264
<b>Deferred tax</b>		
Origination and reversal of timing differences	<b>2,082</b>	612
Adjustment in respect of previous periods	<b>990</b>	(3,009)
<b>Total deferred tax</b>	<b>3,072</b>	(2,397)
<b>Taxation on profit on ordinary activities</b>	<b>209,025</b>	9,867

# Delamere Dairy Limited

## Notes to the Financial Statements For the Year Ended 31 December 2015

### 8. Taxation (continued)

#### Factors affecting tax charge for the year

The tax assessed for the year is different to the standard rate of corporation tax in the UK of 20.25% (2014 - 21%). The differences are explained below:

	2015 £	2014 £
Profit on ordinary activities before tax	<u>1,102,753</u>	<u>121,936</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 - 21%)	223,307	25,607
<b>Effects of:</b>		
Expenses not deductible for tax purposes	7,395	3,763
Adjustments to tax charge in respect of previous periods	(20,666)	(17,693)
Marginal relief	-	(1,764)
Difference in tax rates	(1,011)	(46)
<b>Total tax charge for the year</b>	<u>209,025</u>	<u>9,867</u>

#### Factors that may affect future tax charges

A number of changes to the UK corporation tax system were announced in the March 2016 Budget, including that the main rate of corporation tax would reduce to 17% with effect from 1 April 2020. These tax rate reductions have not been substantively enacted to date and therefore have not been reflected in the financial statements.

# Delamere Dairy Limited

## Notes to the Financial Statements For the Year Ended 31 December 2015

### 9. Intangible assets

	Patents and licences £	Goodwill £	Total £
<b>Cost</b>			
At 1 January 2015	33,840	27,001	60,841
Additions	10,950	-	10,950
<b>At 31 December 2015</b>	<b>44,790</b>	<b>27,001</b>	<b>71,791</b>
<b>Amortisation</b>			
At 1 January 2015	12,904	27,001	39,905
Provided for the year	4,717	-	4,717
<b>At 31 December 2015</b>	<b>17,621</b>	<b>27,001</b>	<b>44,622</b>
<b>Net book value</b>			
<b>At 31 December 2015</b>	<b>27,169</b>	<b>-</b>	<b>27,169</b>
At 31 December 2014	20,936	-	20,936

# Delamere Dairy Limited

## Notes to the Financial Statements For the Year Ended 31 December 2015

### 10. Tangible fixed assets

	Plant and machinery £	Fixtures and fittings £	Improvements to property £	Total £
<b>Cost</b>				
At 1 January 2015	50,004	115,574	59,206	224,784
Additions	-	3,218	-	3,218
<b>At 31 December 2015</b>	<b>50,004</b>	<b>118,792</b>	<b>59,206</b>	<b>228,002</b>
<b>Depreciation</b>				
At 1 January 2015	41,221	82,507	28,483	152,211
Charge for the year	3,128	7,862	8,796	19,786
<b>At 31 December 2015</b>	<b>44,349</b>	<b>90,369</b>	<b>37,279</b>	<b>171,997</b>
<b>Net book value</b>				
<b>At 31 December 2015</b>	<b>5,655</b>	<b>28,423</b>	<b>21,927</b>	<b>56,005</b>
At 31 December 2014	8,783	33,067	30,723	72,573

### 11. Stocks

	2015 £	2014 £
Raw materials and consumables	<b>908,185</b>	835,873

There is no material difference between the replacement cost of stocks and the amounts stated above.

There were no impairment losses incurred in the current or prior year in respect of slow moving or obsolete stock.



# Delamere Dairy Limited

## Notes to the Financial Statements For the Year Ended 31 December 2015

### 12. Debtors

	2015 £	2014 £
Trade debtors	2,269,159	2,882,644
Amounts owed by group undertakings	4,397,318	4,397,318
Other debtors	104,441	178,288
Prepayments and accrued income	76,556	61,251
Derivative financial instruments at fair value	28,906	-
	<u>6,876,380</u>	<u>7,519,501</u>

All amounts shown under debtors fall due for payment within one year.

The amounts due from group undertakings are unsecured and do not bear interest.

There was no impairment loss recognised in the current or prior year in respect of bad and doubtful trade debtors.

### 13. Cash and cash equivalents

	2015 £	2014 £
Cash at bank and in hand	<u>30,512</u>	<u>321,036</u>

# Delamere Dairy Limited

## Notes to the Financial Statements For the Year Ended 31 December 2015

### 14. Creditors: Amounts falling due within one year

	2015 £	2014 £
Bank loans and overdrafts (secured)	400,000	400,000
Trade creditors	1,618,019	1,866,018
Corporation tax	197,789	26,948
Other taxation and social security	-	18,465
Invoice discounting creditor	267,883	1,404,874
Accruals and deferred income	320,161	308,757
Derivative financial instruments at fair value	-	147,258
	<u>2,803,852</u>	<u>4,172,320</u>

#### Secured loans

The bank loans and invoice discounting creditor are secured as stated in note 15.

### 15. Creditors: Amounts falling due after more than one year

	2015 £	2014 £
Bank loans (secured)	<u>800,000</u>	<u>1,200,000</u>

Analysis of the maturity of loans is given below:

	2015 £	2014 £
<b>Amounts falling due within one year</b>		
Loans	<u>400,000</u>	<u>400,000</u>
<b>Amounts falling due 1-2 years</b>		
Loans	<u>400,000</u>	<u>400,000</u>
<b>Amounts falling due 2-5 years</b>		
Loans	<u>400,000</u>	<u>800,000</u>

The bank loans and invoice discounting creditor with Santander UK PLC are secured over all of the group's assets. The bank loans are repayable in quarterly instalments of £100,000. Interest on the bank loans is charged at 2.05% plus LIBOR per annum.

# Delamere Dairy Limited

## Notes to the Financial Statements For the Year Ended 31 December 2015

### 16. Deferred taxation

	Deferred tax £
At 1 January 2015	5,394
Charged to the profit or loss	(3,072)
<b>At 31 December 2015</b>	<b>8,466</b>

The provision for deferred taxation is made up as follows:

	2015 £	2014 £
Accelerated capital allowances	8,466	5,394

### 17. Share capital

	2015 £	2014 £
<b>Allotted, called up and fully paid</b>		
400 ordinary shares of £1 each	400	400

### 18. Reserves

The company's capital and reserves are as follows:

#### Share capital

Called up share capital represents the nominal value of the shares issued.

#### Share premium

The share premium account includes premium on issue of equity shares, net of any issue costs.

#### Profit and loss account

Profit and loss account represents cumulative profits or losses net of dividends paid and other adjustments.

# Delamere Dairy Limited

## Notes to the Financial Statements For the Year Ended 31 December 2015

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### 19. Commitments under operating leases

At 31 December 2015 and 31 December 2014 the company had total future minimum lease payments under non-cancellable operating leases as follows:

	2015 £	2014 £
Not later than 1 year	54,267	50,343
Later than 1 year and not later than 5 years	71,500	77,360
<b>Total</b>	<b>125,767</b>	<b>127,703</b>

### 20. Related party transactions

#### *Controlling parties*

The company is controlled by its directors with no one director having overall control.

The company is a wholly owned subsidiary of Delamere Dairy Holdings Limited and has taken advantage of the exemption conferred by section 33.1A of FRS102 not to disclose transactions with Delamere Dairy Holdings Limited or other wholly owned subsidiaries within the group.

### 21. Ultimate parent company and parent undertaking of larger group

The company is a subsidiary of Delamere Dairy Holdings Limited which is the ultimate parent company incorporated in England and Wales.

The largest and smallest group in which the results of the company are consolidated is that headed by Delamere Dairy Holdings Limited, incorporated in England and Wales. The consolidated accounts of this company are available to the public and may be obtained from Companies House. No other group accounts include the results of the company.

## Delamere Dairy Limited

### Notes to the Financial Statements For the Year Ended 31 December 2015

#### 22. First time adoption of FRS 102

	As previously stated 1 January 2014 £	Effect of transition 1 January 2014 £	FRS 102 (as restated) 1 January 2014 £	As previously stated 31 December 2014 £	Effect of transition 31 December 2014 £	FRS 102 (as restated) 31 December 2014 £
Note						
Fixed assets	92,680	-	92,680	93,509	-	93,509
Current assets	8,873,164	-	8,873,164	8,676,410	-	8,676,410
Creditors: amounts falling due within one year	(4,077,917)	-	(4,077,917)	(4,055,986)	(116,334)	(4,172,320)
<b>Net current assets</b>	<b>4,795,247</b>	<b>-</b>	<b>4,795,247</b>	<b>4,620,424</b>	<b>(116,334)</b>	<b>4,504,090</b>
<b>Total assets less current liabilities</b>	<b>4,887,927</b>	<b>-</b>	<b>4,887,927</b>	<b>4,713,933</b>	<b>(116,334)</b>	<b>4,597,599</b>
Creditors: amounts falling due after more than one year	(1,600,000)	-	(1,600,000)	(1,200,000)	-	(1,200,000)
Provisions for liabilities	(7,791)	-	(7,791)	(5,394)	-	(5,394)
<b>Net assets</b>	<b>3,280,136</b>	<b>-</b>	<b>3,280,136</b>	<b>3,508,539</b>	<b>(116,334)</b>	<b>3,392,205</b>
Capital and reserves	3,280,136	-	3,280,136	3,508,539	(116,334)	3,392,205

# Delamere Dairy Limited

## Notes to the Financial Statements For the Year Ended 31 December 2015

### 22. First time adoption of FRS 102 (continued)

		As previously stated 31 December 2014 £	Effect of transition 31 December 2014 £	FRS 102 (as restated) 31 December 2014 £
	Note			
Turnover		25,070,958	-	25,070,958
Cost of sales		(22,936,179)	-	(22,936,179)
<b>Gross Profit</b>		<b>2,134,779</b>	<b>-</b>	<b>2,134,779</b>
Administrative expenses		(1,822,195)	-	(1,822,195)
Fair value movements on foreign exchange contracts	1	-	(147,258)	(147,258)
<b>Operating profit</b>		<b>312,584</b>	<b>(147,258)</b>	<b>165,326</b>
Interest payable and similar charges		(43,390)	-	(43,390)
Taxation	1	(40,791)	30,924	(9,867)
<b>Profit on ordinary activities after taxation and for the financial year</b>		<b>228,403</b>	<b>(116,334)</b>	<b>112,069</b>

Explanation of changes to previously reported profit and equity:

- 1 FRS102 requires that foreign currency forward contracts are recognised in the financial statements at fair value. This change has therefore decreased reported profit for the comparative period with net assets at 31 December 2014 also restated to reflect the fair value of foreign currency forward contracts. FRS102 also requires the taxation effect of transition amendments to be provided. There were no material foreign currency forward contracts at 1 January 2014.