

Registered No: 06679840

Dairy Crest UK Limited

Annual report and Financial Statements

For the year ended 31 March 2020



Dairy Crest UK Limited

Registered No: 06679840

Directors

T A Atherton

M Therrien

C R Thornton

R S Jones (resigned 31 December 2019)

Company Secretary

I J Hinton

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 2020.

Principal activities

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

Business review

The profit for the year after taxation amounted to £17,777,000 (2019: loss £3,901,000) which is due to receipt of a dividend of £21,627,000 and a decrease in the Libor rates. Dividends of £21,627,000 were paid in the year ended 31 March 2020 (2019: £nil).

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

The Company has received interest on amounts receivable from group undertakings and paid interest on amounts due to group undertakings.

Key performance indicators

As the Company acts as a holding company, the key performance indicator is profit before tax.

Future developments

The Company will retain its investment in Dairy Crest Facilities Limited and Dairy Crest Limited.

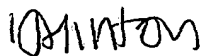
Principal risks and uncertainties

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.

Recoverability of intercompany balances - The Company is exposed to risk on the recovery of its intercompany loan balances.

Recoverability of investments - The Company is exposed to risk on the recovery of its investments.

Agreed by the Board and signed on its behalf by



I J Hinton
Company Secretary

28 January 2021

Directors' report

The Directors present their annual report and audited financial statements for the year ended 31 March 2020.

Directors

The Directors who served the Company were as follows:

R S Jones	(resigned 31 December 2019)
T A Atherton	
M Therrien	(appointed 15 April 2019)
C R Thornton	(appointed 18 March 2020)

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.

Dividends

Dividends of £21,627,000 were received and paid in the year ended 31 March 2020 (2019: £nil).

The company paid post year-end dividends of £3,464,114 on 30 June 2020, £4,698,246 on 30 September 2020 and £3,826,652 on 14 December 2020.

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 accounts 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 accounts.

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.

Deloitte LLP have expressed their willingness to continue in office as auditor and appropriate arrangements are being made for them to be reappointed as the Company's auditor.

Agreed by the Board and signed on its behalf by



I J Hinton
Company Secretary

28 January 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;
- 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 UK Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Dairy Crest UK Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2020 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 UK 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 12.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "Reduced Disclosure Framework" (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 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

We are required by ISAs (UK) to report in respect of the following matters where:

- the Directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 fact.

We have nothing to report in respect of these matters.

Registered No: 06679840

Independent auditor's report (continued)

to the members of Dairy Crest UK 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 due to fraud or error.

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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 January 2021

Statement of comprehensive income
for the year ended 31 March 2020

	<i>Notes</i>	<i>2020</i> <i>£000</i>	<i>2019</i> <i>£000</i>
Dividends received		21,627	-
Other interest receivable and similar income	4	816	1,489
Other interest payable and similar expenses	4	(4,666)	(5,390)
<i>Profit/(loss) on ordinary activities before taxation</i>		17,777	(3,901)
Tax on profit/(loss) on ordinary activities	5	-	-
<i>Profit/(loss) for the year and total comprehensive income/(loss)</i>		17,777	(3,901)

Statement of financial position
as at 31 March 2020

	Notes	2020 £000	2019 £000
Fixed Assets			
Investments	6	450,232	450,232
		<u>450,232</u>	<u>450,232</u>
Current Assets			
Debtors	7	47,179	46,363
		<u>47,179</u>	<u>46,363</u>
Creditors: amounts falling due within one year	8	(269,906)	(265,240)
Net current liabilities		<u>(222,727)</u>	<u>(218,877)</u>
Total assets less current liabilities		<u>227,505</u>	<u>231,355</u>
Capital and reserves			
Called up share capital	9	229	229
Profit and loss account		<u>227,276</u>	<u>231,126</u>
Total shareholders' equity		<u>227,505</u>	<u>231,355</u>

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



T A Atherton
Director

28 January 2021

Statement of changes in equity
for the year ended 31 March 2020

	<i>Share capital</i> <i>£000</i>	<i>Profit/(loss)</i> <i>account</i> <i>£000</i>	<i>Total equity</i> <i>funds</i> <i>£000</i>
2020			
As at 1 April 2019	229	231,126	231,355
Total comprehensive income	-	17,777	17,777
Dividends paid	-	(21,627)	(21,627)
As at 31 March 2020	229	227,276	227,505
2019			
As at 1 April 2018	229	235,027	235,256
Total comprehensive (expense)	-	(3,901)	(3,901)
As at 31 March 2019	229	231,126	231,355

Notes to the financial statements

for the year ended 31 March 2020

1. Accounting policies

General information and basis of accounting

Dairy Crest UK 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 Group 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 UK 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, which are presented alongside the consolidated 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 £1,000.

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 accounts 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 accounts.

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 financial statements represent those of the Company. Consolidated financial statements have not been prepared as the company is a subsidiary of a UK parent undertaking which itself prepares consolidated financial statements (Section 400, Companies Act 2006).

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 is wholly-owned and its ultimate parent as at the statement of financial position date is Saputo Inc, publishes consolidated financial statements, which are available from the registered office 6869, Métropolitain Est, Montréal, Québec H1P 1X8, Canada.

Interest

Interest received and payable is recognised on an accrual basis.

Dividends

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

Notes to the financial statements (continued)

for the year ended 31 March 2020

1. Accounting policies (continued)

Investments

Investments are carried at cost less impairment.

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.

(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.

(ii) Investments

Investments in subsidiaries and associates are measured at cost less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value of the shares issued plus fair value of other consideration. Any premium is ignored.

2. Auditor's remuneration

	2020	2019
	£000	£000
Remuneration of the auditor is further analysed as follows:		
Audit of the financial statements	3	3
Auditor's remuneration is borne by another group undertaking.		

There were no non-audit services in either year.

3. Staff costs

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

The Directors are Directors of other undertakings within the Dairy Crest Group. The Directors' remuneration for the year was paid by other undertakings as qualifying services in relation to the Company were minimal. The Directors do not believe that it is practical to apportion this amount between their services as Directors of the Company and their services as Directors of the fellow subsidiary undertakings.

Notes to the financial statements (continued)

for the year ended 31 March 2020

4. Interest

	2020 £000	2019 £000
Group undertakings		
- Receivable	816	1,489
- Payable	(4,666)	(5,390)

5. Tax

	2020 £000	2019 £000
Profit/(loss) on ordinary activities before taxation	17,777	(3,901)
Profit/(loss) on ordinary activities multiplied by the standard rate of Corporation Tax in UK of 19% (2019: 19%)	3,377	(741)
Losses surrendered to group companies	733	741
Income not deductible for tax purposes	(4,109)	-
Offset interest in liquidated entities	(1)	-
Total tax credit	-	-

Factors that may affect the future tax charges:

The resolution passed on 17 March 2020 under the Provisional Collection of Taxes Act 1968 introduced legislation to maintain the main rate of corporation tax at 19% from 1 April 2020, rather than the previously enacted reduction in the main rate of corporation tax to 17% from 1 April 2020. The 19% main rate of corporation tax has therefore been used to measure deferred tax assets and liabilities, including those previously accounted for at 17%.

6. Investments

	<i>Subsidiary undertakings</i> £000
Cost:	
At 1 April 2019	450,232
At 31 March 2020	450,232

The Company owns 100% of the issued share capital of Dairy Crest Facilities Limited and Dairy Crest Limited. Dairy Crest Facilities Limited provides financing to fellow subsidiaries within the Dairy Crest Group. Dairy Crest Limited processes and markets branded and high value-added dairy products.

The principal place of operation and country of incorporation of all subsidiary undertakings is England and Wales.

The registered office of all subsidiary undertakings incorporated in England and Wales is 5 The Heights, Brooklands, Weybridge, Surrey, KT13 0NY.

Notes to the financial statements (continued)

for the year ended 31 March 2020

7. Debtors

Amounts falling due within one year:

	2020	2019
	£000	£000
Amounts owed by group undertakings*	47,179	46,363
	<u>47,179</u>	<u>46,363</u>

*In both the current year and prior years, the amounts shown above are unsecured loans and repayable on demand with an interest rate of 1% plus LIBOR.

8. Creditors: amounts falling due within one year

	2020	2019
	£000	£000
Amounts owed to group undertakings*	269,906	265,240
	<u>269,906</u>	<u>265,240</u>

*In both the current year and prior years, the amounts shown above are unsecured loans and repayable on demand with an interest rate of 1% plus LIBOR.

9. Share capital

	2020	2019
	£000	£000
Ordinary shares of £0.001 each	No. 228,820,100	No. 228,820,100
	<u>229</u>	<u>229</u>

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

The Company has no key management personnel in the current year or prior year. Further details are set out in Note 4.

11. Parent undertakings

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

On 15 April 2019 the Company's ultimate parent undertaking Dairy Crest Group Limited, formerly Dairy Crest Group plc, was acquired by Saputo Inc. It was delisted from the London Stock Exchange on 16 April 2019 and was re-registered as a private limited company on 25 April 2019. It is now known as Dairy Crest Group Limited and the Group's immediate ultimate parent is Saputo Dairy UK Limited.

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 Facilities Limited is Saputo Inc.

Notes to the financial statements (continued)
for the year ended 31 March 2020

12. Post balance sheet events

The company paid post year-end dividends of £3,464,113.70 on 30 June 2020, £4,698,245.92 on 30 September 2020 and £3,826,652.05 on 14 December 2020.

There has been no disruption to the company as a result of the Covid-19 pandemic.