Milk Link Processing Limited

Revised report and financial statements

Registered number 04341233

31 December 2015

The revised report and financial statements replace the original financial statements approved on 25 November 2016 and are now the statutory accounts. They have been prepared as at the date of the original accounts, and not as at the date of revision, and accordingly do not deal with events between those dates. The Directors report has been revised. Note 12 explains the nature of the revision.

Contents

Directors and advisors

Company number:	04341233
Registered office:	Arla House 4 Savannah Way Leeds Valley Park Leeds LS10 1AB
Directors:	DAJ Williams JE Pedersen (resigned 1 October 2015) AT Haegg (appointed 13 January 2015)

Revised Directors' report

The directors present their revised report and financial statements of the Company for the year ended 31 December 2015. The comparative period is the year ended 31 December 2014.

Principal activities and business review

The principal activity of the company during the year continued to be that of a property holding company. In November 2015, the investment property held by the company was sold at fair value. There was no profit or loss on sale of the building.

The result for the year after taxation, amounted to a profit of £278,000 *(December 2014: £nil).*

Milk Link Processing Limited is part of the Arla Foods Limited group and is funded accordingly.

Proposed dividend

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

Charitable and political donations

Donations to charitable organisations for the period amounted to £nil *(December 2014: £nil)*. There were no political donations in the current or prior year.

Going Concern

These financial statements are prepared on the going concern basis. The directors believe this is appropriate given the financial position and performance of the company.

Directors

The directors who held office during the year and to the date of this report are given below:

JE Pedersen (resigned 1 October 2015)
DAJ Williams
AT Haegg (appointed 13 January 2015)

Indemnity provisions

Certain directors benefit from qualifying third party indemnity provisions in place during the financial year, and at the date of this report.

Disclosure of information to the auditor

The directors who held office at the date of the 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 auditor is unaware, and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Revision

More information regarding the revision of these accounts can be found in note 12 to these financial statements.

By order of the board

DAJ Williams
Director

4 Savannah Way
Leeds Valley Park
Leeds
LS10 1AB
2016

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the revised 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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 judgments and 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Under section 454 of the Companies Act 2006 the directors have the authority to revise financial statements or a directors' report if they do not comply with the Act. The revised financial statements must be amended in accordance with the Companies (Revision of Defective Accounts and Report) Regulations 2008 (As amended). These require that the revised financial statements show a true and fair view as if they were prepared and approved by the directors as at the date of the original financial statements and accordingly do not take account of events which have taken place after the date on which the original financial statements were approved

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MILK LINK PROCESSING LIMITED

We have audited the revised financial statements of Milk Link Processing Limited for the year ended 31 December 2015 which comprise the Revised Statement Profit and Loss Account and Other Comprehensive Income, Revised Balance Sheet and Revised Statement of Changes in Equity and the related notes 1 to 12. These revised financial statements have been prepared under the accounting policies set out therein and replace the original financial statements approved by the directors on 25 November 2016.

The revised financial statements have been prepared under the Companies (Revision of Defective Accounts and Report) Regulations 2008 (as Amended) and accordingly do not take account of events which have taken place after the date on which the original financial statements were approved.

This report is made solely to the company's members, as a body, in accordance with the Companies (Revision of Defective Accounts and Report) Regulations 2008 (as Amended). 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

The directors' responsibilities for preparing the revised financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'The Financial Reporting Standard applicable in the UK and Republic of Ireland and for being satisfied that they give a true and fair view are the same as for the original accounts and are set out in the Statement of Directors' Responsibilities contained within the directors' report which has not been revised.

Our responsibility is to audit the revised financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the revised financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland, and are prepared in accordance with the requirements of the Companies Act 2006 as they have effect under the Companies (Revision of Defective Accounts and Report) Regulations 2008 (As amended). We also report to you whether, in our opinion, the information given in the Directors' Report is consistent with the revised financial statements.

In addition we report to you if, in our opinion, the company has not kept adequate accounting records or if we have not received all the information and explanations we require for our audit or if disclosures of directors' benefits, remuneration, pensions and compensation for loss of office specified by law are not made.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

We are also required to report whether, in our opinion, the original financial statements failed to comply with the requirements of the Companies Act 2006 in the respects identified by the directors.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the revised financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the revised financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

The audit of revised financial statements includes the performance of procedures to assess whether the revisions made by the directors are appropriate and have been properly made.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the revised financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the revised financial statements.

Opinion

In our opinion:

- the revised financial statements give a true and fair view, seen as at the date the original financial statements were approved, of the state of the company's affairs as at 31 December 2015 and its profit for the year then ended;
- the revised financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 101 'The Financial Reporting Standard applicable in the UK and Republic of Ireland, seen as at the date the original financial statements were approved;
- the revised financial statements have been properly prepared in accordance with the provisions of the Companies Act 2006 as they have effect under the Companies (Revision of Defective Accounts and Report) Regulations 2008 (as Amended);
- the original financial statements for the year ended 31 December 2015 failed to comply with the requirements of the Companies Act 2006 in the respects identified by the directors in the statement contained in note 12 to these revised financial statements; and
- The information given in the revised Directors' Report is consistent with the revised financial statements.

Emphasis of matter – revision of Unaudited Financial Statements
In forming our opinion on the revised financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 12 to these revised financial statements concerning the need to revise the unaudited financial statements. The original financial statements were approved on 25 November 2015. We have not performed a subsequent events review from 25 November 2015, being the date on which the previous financial statements were approved, to the date of this report.

Other matter
The comparative figures for the year ended 31 December 2014 are unaudited.

Alistair Denton (senior statutory auditor)
For and on behalf of Ernst & Young LLP, Statutory auditor
Leeds
[illegible] 12|16

Revised Statement of Profit and Loss Account and Other Comprehensive Income

For the year ended 31 December 2015

	Note	**2015** **£'000**	2014 Unaudited £'000
Operating expenses		-	-
Operating income		-	-
Operating profit		-	-
Profit on ordinary activities before taxation		-	-
Tax credit on profit on ordinary activities	*3*	**278**	-
Profit for the financial period		**278**	-
Other comprehensive income for the year		-	-
Total comprehensive income for the year		**278**	-

Revised Balance sheet
at 31 December 2015

	Note	2015 £000	2014 Unaudited £000
Fixed assets			
Investment properties	4	-	2,344
Debtors: amounts falling due within one year	6	2,344	-
Creditors: amounts falling due within one year	7	(1,125)	(1,125)
Net current assets / (liabilities)		1,219	(1,125)
Total assets less current liabilities		1,219	1,219
Provisons – deferred tax	8	-	(278)
Net assets		1,219	941
Capital and reserves			
Share capital	9	2	2
Share premium account		39,998	39,998
Profit and loss account		(38,781)	(39,059)
Shareholder's funds		1,219	941

These revised financial statements were approved by the board of directors on 23rd DECEMBER 2016. See note 10 to these revised financial statements for detail of the revision made.

DAJ Williams
Director

The accompanying accounting policies and notes form an integral part of these financial statements.

Revised Statement of Changes in Equity

For the year ended 31 December 2015

	Ordinary share capital £ 000	Share premium account £ 000	Retained Earnings £ 000	Total £ 000
Balance at 1 January 2014	2	39,998	(39,059)	941
Profit for the year	-	-	-	-
Total comprehensive income for the year	-	-	-	-
Balance as at 31 December 2014	2	39,998	(39,059)	941
Balance at 1 January 2015	2	39,998	(39,059)	941
Profit for the year	-		278	278
Total comprehensive income for the year	-		278	278
Balance as at 31 December 2015	2	39,998	(38,781)	1,219

Notes

(forming part of the financial statements)

1 Accounting policies

Milk Link Processing Limited (the "Company") is a company incorporated and domiciled in the UK.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework ("FRS 101").*

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the Company has adopted FRS 101 for the first time. An explanation of how the transition to FRS 101 has affected the reported financial position and financial performance of the Company is provided in note 11.

The Company's ultimate parent undertaking, Arla Foods amba includes the Company in its consolidated financial statements. The consolidated financial statements of Arla Foods amba are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from the secretary at Sonderhoj 14, DK-8260 Viby J, Denmark.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital;
- The effects of new but not yet effective IFRSs;
- Disclosures in report of transactions with wholly owned subsidiaries:
- Disclosures in respect of the compensation of Key Management Personnel

As the consolidated financial statements of Arla Foods amba include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- The disclosures required by IFRS 7 *Financial Instrument Disclosures*

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

These financial statements are prepared on the going concern basis. The directors believe this is appropriate given the financial position and performance of the company.

1.3 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity securities, trade and other receivables, and trade and other payables.

Investments in equity securities

Investments in subsidiaries are carried at cost less impairment.

Notes *(continued)*

1.3 Non-derivative financial instruments (continued)

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

1.4 Impairment

Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

1.5 Investment Properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the period in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment property, is recognised in the income statement in the period of derecognition.

1.6 Taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Notes *(continued)*

1.6 Taxation (continued)

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforcement right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

2 Directors' emoluments and auditors remuneration

The directors of the Company during the period were also directors or employees of other group companies. The directors' services to the Company during the period did not occupy a significant amount of their time and as such the directors do not consider that they have received any remuneration for their incidental services to the Company.

In the year ended 31 December 2015 no Director was a member of a defined benefit pension scheme *(2014: none).*

The Auditor's remuneration costs have been borne on behalf of the Company by another group company, Arla Foods Limited.

3 Taxation

	2015 **£'000**	2014 Unaudited £'000
Deferred tax		
Origination and reversal of timing differences	**(278)**	-

The standard rate of tax for year ending 31 December 2015 based on the United Kingdom weighted average rate of corporation tax over the year, was 20.25% *(2014: 21.5%).* The actual tax charge for the year ending 31 December 2015 and previous period differs from the standard rate for the reasons set out in the following reconciliation:

Factors affecting tax charge for the year

The tax assessed for the year is lower than (*2014: the same as*) the standard rate of corporation tax in the UK of 20.25% *(2014: 21.5%).* The differences are explained below;

	2015 **£'000**	2014 Unaudited £'000
Profit on ordinary activities before tax	-	-
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% *(2014: 21.5%)*	-	-
Taxable gain on property disposal	**321**	-
Use of group losses to offset taxable gain	**(321)**	-
Deferred tax credit in respect of reversal of property revaluation	**(278)**	-
Total tax credit for the year	**(278)**	-

Notes *(continued)*

3 Taxation

Reductions in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly.

The above tax rate therefore represents a blended rate due to the change in rates during the year.

Further reductions in the UK corporation tax rate from 20% to 19% (effective 1 April 2017) and 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. Accordingly deferred tax is calculated using a tax rate of 18%.

4 Investment properties

	Investment property £'000
Net book value	
At 31 December 2014 (Unaudited)	**2,344**
Disposal	(2,344)
At 31 December 2015	**-**

The property was revalued to its fair value according to the sale agreement of the milk drinks business to Crediton Dairy Ltd. The property was retained and leased to Crediton Dairy Ltd with an option to purchase at the fair value at any point during the lease term (25 years). Crediton Dairy Ltd exercised the option to purchase at the fair value in November 2015. Therefore, no profit or loss arose on the sale of the property. No rent was payable to the Company during the lease term.

5 Investments

At 31 December 2015 the company held equity and voting rights in the following companies:

Principal subsidiaries	**Class of share held**	**Proportion held**	**Natutre of business**
Tanner Foods Limited	Ordinary	100%	Dormant
Milk Link (Crediton No. 2) Limited	Ordinary	100%	Property company
Milk Link (Crediton) Limited	Ordinary	100%	Dormant

All subsidiary undertakings prepared accounts to 31 December 2015 and 31 December 2014 and are registered in England and Wales.

6 Debtors: amounts falling due within one year

	2015 £'000	2014 Unaudited £'000
Amounts owed by group undertakings	**2,344**	-

Notes *(continued)*

7 Creditors: amounts falling due within one year

	2015 £'000	2014 Unaudited £'000
Amounts owed to group undertakings	**1,125**	1,125

The amounts owed to group undertakings carry no interest and are repayable on demand.

8 Provisions

	Deferred taxation £'000
At 1 January 2015 (unaudited)	
Credited to Profit and Loss account	(278)
At 31 December 2015	-

The provision for deferred taxation is made up as follows:

	2015 £'000	2014 £'000 (unaudited)
Deferred tax liability of revaluation of investment property		
	-	278

9 Share capital

	2015 £'000	2014 Unaudited £'000
Allotted, called up and fully paid		
2,000 *(2014: 2,000)* ordinary shares of £1 each	**2**	2

10 Ultimate parent company and controlling party

The Company's immediate parent undertaking is Milk Link Holdings Limited. Its ultimate parent undertaking and controlling party is Arla Foods amba.

The largest group in which the results of the Company are consolidated is that headed by Arla Foods amba. The consolidated financial statements can be obtained from the secretary at Sonderhoj 14, DK-8260 Viby J, Denmark.

Notes *(continued)*

11 Transition to FRS 101

As stated in note 1, these financial statements are the Company's first financial statements prepared in accordance with FRS 101.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 December 2015, the comparative information presented in these financial statements for the year ended 31 December 2014 and in preparation of the opening balance sheet at 1 January 2014 (the Company's date of transition).

In preparing its opening FRS 101 balance sheet, the Company has adjusted amounts reported previously in the financial statements prepared in accordance with its old basis of accounting (UK GAAP) as follows:

Reconciliation of equity at 1 January 2014

	£'000
Equity at 1 January 2014 under previous UK GAAP	[illegible]
Revaluation of investment property (note 1)	(278)
Equity shareholders' funds at 1 January 2014 under FRS 101	**941**

Reconciliation of equity at 31 December 2014

	£'000
Equity at 31 December 2014 under previous UK GAAP	[illegible]
Revaluation of investment property (note 1)	(278)
Equity shareholders' funds at 31 December 2014 under FRS 101	**941**

The was no change reported profit and loss account for the year ended 31 December 2014 arising from the transaction to FRS 101.

Note 1 – On transition from UK GAAP to FRS 101 the company has changed its recognition of the deferred tax liability on the revaluation of the investment property. This has resulted in a decrease to the shareholders' funds at 31 December 2014 of £278,000 and the same reduction in shareholders' funds at 1 January 2014. In addition the previously separately reported revaluation reserve has been transferred to profit and loss reserves given that all movements in investment property valuations are recorded within the profit and loss account.

12 Revision of the Financial Statements

These revised financial statements replace the original financial statements for the year ended 31 December 2015 approved on 25 November 2016 and are now the financial statements for that year.

The revised financial statements have been prepared as at the date of signing the original financial statements (25 November 2016) and not as at the date of the revision and accordingly do not deal with any events between those dates.

The original financial statements did not comply with Companies Act 2016 as the Company's financial statements for the year were unaudited and it incorrectly claimed exemption from audit s480 of the Companies Act 2016 for the reasons set out below.

Notes *(continued)*

12 Revision of the Financial Statements (continued)

Subsequent to submission of thc financial statements to the Registrar, the Directors became aware that the investment property, which the company held an interest in, was sold during thc ycar cndcd 31 December 2015. Consequently, certain amendments have been made to the original 31 December 2015 financial statements to record the sale of the investment property, together with the associated taxation impact.

In addition, the original financial statements did record and measurement differences associated with the transition previous extant of UK GAAP to Financial Reporting Standard 101 *Reduced Disclosure Framework ("FRS 101")*. Thesc financial statement include and record the revised measurement differences associated with deferred tax liabilities on revaluation properties and certain presentational and disclosure requirements of FRS 101.