

• **REGISTERED NUMBER: 02255846 (England and Wales)**

Directors report and
financial statements for the year ended 31 December 2010
for
Danone Holdings (UK)

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Danone Holdings (UK)

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for the year ended 31 December 2010

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Danone Holdings (UK)

Company Information
for the Year Ended 31 December 2010

DIRECTORS.

C D Bomble
J J Y Payen
PAMG Preudhomme
L Sauquet

COMPANY SECRETARY:

S Page

REGISTERED OFFICE:

7th Floor
52-54 Gracechurch Street
London
EC3V 0EH

REGISTERED NUMBER:

02255846 (England and Wales)

BANKERS:

HSBC Bank plc
Regional Services Centre Europe
P O Box 61004
62-76 Park Street, 2nd Floor
London
SE1 9RX

INDEPENDENT AUDITORS:

PricewaterhouseCoopers LLP
The Atrium
1 Harefield Road
Uxbridge
Middlesex
UB8 1EX

Danone Holdings (UK)

Report of the Directors
for the Year Ended 31 December 2010

The directors present their report and the audited financial statements of the company for the year ended 31 December 2010

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of a holding company

REVIEW OF BUSINESS

The profit after tax for the year ended 31 December 2010 amounted to £18,598,840 (31 December 2009 £18,246,068)

DIVIDENDS

An interim dividend of £18,303,124 being £1 31 per share was paid in April 2010. The directors recommend that no final dividend be paid on these shares

The total distribution of dividends for the year ended 31 December 2010 is £18,301,124

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2010 to the date of this report

C D Bombled
J J Y Payen
PAMG Preudhomme
L Sauquet

Other changes in directors holding office are as follows

M Eikenboom - resigned 16 December 2010
E T Vass – appointed 22 February 2011

FUTURE OUTLOOK

The company expects to continue its businesses in the same manner as before and to remain profitable in the future primarily based on income derived from investments in subsidiary undertakings. The future prospects of the company are largely dependent on the activities of its subsidiary undertakings

PRINCIPAL RISKS AND UNCERTAINTY

The Board is responsible for the safeguarding of company assets and for ensuring that fraud or other irregularities is prevented or detected. The company's internal controls are consistent with Danone's policies and monitored by senior management to ensure that they continue to be appropriate to the risks and challenges faced by the company. All payments initiated by the company require the signature of both a director and a senior manager. The company is primarily a holding company and its ability to pay dividends depends on the receipt of funds from its subsidiaries

DIRECTORS INDEMNITY

The company's articles of association provide, subject to the provisions of UK legislation, an indemnity for directors and officers of the company in respects of liabilities they may incur in the discharge of their duties or in the exercise of their powers, including any liabilities in relating to the defence of any proceedings brought against them which relate to anything done or omitted or alleged to have been done or omitted by them as officers or employees of the company

Appropriate directors' and officers' liability insurance cover is in place in respect of all of the company's directors during the year and up to the date of signing the financial statements

Danone Holdings (UK)

Report of the directors
for the year ended 31 December 2010 (continued)

POST BALANCE SHEET EVENTS

Danone Holdings UK acquired Complian Foods Limited on 15 June 2011. Complian is a historical brand in the nutritional food supplement market.

On 25 July 2011 the members of Danone Holdings UK approved the acquisition by the Company of the entire share capital of UK Holdings CAP (Commonwealth, Asia and Pacific) Limited from Nutricia International B V.

STATEMENT OF DIRECTORS RESPONSIBILITIES

The directors are responsible for preparing 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he/she ought to have taken as a director in order to make herself/himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

During the year Mazars LLP resigned as auditors to the company and the directors have appointed PricewaterhouseCoopers LLP.

ON BEHALF OF THE BOARD:



Laurent SAUQUET - Director

Date 19th Sept 2011

Independent auditors' report to the members of
Danone Holdings (UK)

We have audited the financial statements of Danone Holdings (UK) for the year ended 31 December 2010 which comprise the profit and loss account, the balance sheet 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).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out in the directors' report, the directors are 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 Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

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 2010 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 matter prescribed by the Companies Act 2006

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

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.



Lynn Piercy (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Thames Valley

Date 26 September 2011

Danone Holdings (UK)

Profit and Loss Account
for the Year Ended 31 December 2010

	Notes	31 12 10 £	£	31 12 09 £	£
TURNOVER			-		-
Administrative expenses			(324,508)		(1,245,403)
OPERATING LOSS	3		(324,508)		(1,245,403)
Income from shares in subsidiary undertakings		18,303,124		19,403,604	
Interest receivable and similar income	4	<u>35,198</u>		<u>87,869</u>	
			18,338,322		19,491,473
			18,013,814		18,246,070
Other exceptional income	5		564,000		-
Amounts written off investments	6		-		(2)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			18,577,814		18,246,068
Tax on profit on ordinary activities	7		<u>21,026</u>		-
PROFIT FOR THE FINANCIAL YEAR			<u>18,598,840</u>		<u>18,246,068</u>

CONTINUING OPERATIONS

All amounts relate to continuing operations

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the financial year or previous year

PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION AND PROFIT FOR THE FINANCIAL YEAR

There is no difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historic cost equivalents

Danone Holdings (UK)

Balance Sheet
as at 31 December 2010

	Notes	31 12 10 £	£	31 12 09 £	£
FIXED ASSETS					
Investments	9		8,538,001		8,538,001
CURRENT ASSETS					
Debtors	10	18,546,892		18,706,299	
CREDITORS					
Amounts falling due within one year	11	<u>(75,665)</u>		<u>(81,595)</u>	
NET CURRENT ASSETS			<u>18,471,227</u>		<u>18,624,704</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			27,009,228		27,162,705
PROVISIONS FOR LIABILITIES	12		<u>(2,858,518)</u>		<u>(3,307,711)</u>
NET ASSETS			<u>24,150,710</u>		<u>23,854,994</u>
CAPITAL AND RESERVES					
Called up share capital	13		13,980,002		13,980,002
Profit and loss account	14		<u>10,170,708</u>		<u>9,874,992</u>
TOTAL SHAREHOLDERS' FUNDS	15		<u>24,150,710</u>		<u>23,854,994</u>

The financial statements were approved by the Board of Directors on 19th Sept. 2011 and were signed on its behalf by


Laurent SAUQUET

Danone Holdings (UK)

Notes to the Financial Statements for the Year Ended 31 December 2010

1 ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements are prepared on the assumption that the company is carrying on business as a going concern

Accounting convention

The accounts are prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies are set out below and have been applied consistently throughout the financial year and the preceding financial year

Exemption from requirement to prepare consolidated financial statements

The financial statements contain information about Danone Holdings (UK) as an individual company and do not contain consolidated financial statements as the parent of a group. The company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the publicly available consolidated financial statements of Danone SA, a company incorporated in France

Current taxation policy

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future, or a right to pay less tax in the future have occurred at the balance sheet date

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured at the average tax rate that is expected to apply in the periods in which the timing differences are expected to reverse, based on the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets and liabilities recognised have not been discounted

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result

Fixed asset investment

Investments in subsidiary undertakings are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment

Income from subsidiary undertakings

Income is derived from shares in subsidiary undertakings and is recognised in the period when the dividend is paid by the subsidiary

Cash flow statement and related party disclosures

The company is a wholly owned subsidiary of Danone SA and is included in the consolidated accounts of Danone SA that are publicly available. Consequently, the company has taken advantage of the exemption from preparing a Cash Flow Statement under the terms of the Financial Reporting Standard 1 (Revised 1996). The company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are wholly owned by the Danone SA group

Danone Holdings (UK)

Notes to the Financial Statements - continued
for the Year Ended 31 December 2010

1 ACCOUNTING POLICIES (continued)

Onerous leases

Provisions for onerous leases are recognised and measured based on the company's best estimate of the present obligation under the contract

2 STAFF COSTS

There were no staff costs for the year ended 31 December 2010 nor for the year ended 31 December 2009

Directors' remuneration

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The Directors are remunerated by either Danone SA, a company incorporated in France, Danone Finance International SA, a company incorporated in Belgium or Danone Limited a company incorporated in England and Wales. No recharges are made to the company for such remuneration.

3 OPERATING LOSS

The operating loss is stated after charging

	31 12 10	31 12 09
	£	£
Other operating lease – Costs	419,000	419,000
Other operating lease – (Income)	(419,000)	(419,000)
Auditors' remuneration	12,043	13,300
Foreign exchange differences	-	390
	==	==

4 INTEREST RECEIVABLE AND SIMILAR INCOME

	31 12 10	31 12 09
	£	£
Interest income from group undertakings	<u>35,198</u>	<u>87,869</u>

5 OTHER EXCEPTIONAL INCOME

	31 12 10	31 12 09
	£	£
Other exceptional income is the reversal of surplus provisions relating to potential share option liabilities of a former disposed company. The time period for these potential liabilities has now elapsed	<u>564,000</u>	<u>-</u>

6 AMOUNTS WRITTEN OFF INVESTMENTS

	31 12 10	31 12 09
	£	£
Amounts written off of investments	<u>-</u>	<u>2</u>

Danone Holdings (UK)

Notes to the Financial Statements - continued
for the Year Ended 31 December 2010

7 TAX ON PROFIT ON ORDINARY ACTIVITIES

	31 12 10 £	31 12 09 £
Current tax		
Adjustment in respect of prior periods	(21,026)	-
Total current tax credit for the year	<u>(21,026)</u>	<u>-</u>

Factors affecting the tax credit

The tax assessed for the financial year is lower (2009 lower) than the standard rate of corporation tax in the UK
The difference is explained below

	31 12 10 £	31 12 09 £
Profit on ordinary activities before taxation	<u>18,577,814</u>	<u>18,246,068</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009 - 28%)	5,201,788	5,108,899
Effects of Non taxable UK dividends received	(5,124,875)	(5,433,009)
Under-provision of Corporation Tax for 2006 and 2007 from additional HP Foods Transaction costs – non deductible	-	322,350
Adjustment Tax loss		1,760
Reversal of previously non tax deductible provision	(157,920)	
Group relief surrendered for nil consideration	7,367	-
Amount designated as potential tax relief	73,640	-
Adjustment in respect of prior periods	<u>(21,026)</u>	<u>-</u>
Current tax credit	<u>(21,026)</u>	<u>-</u>

A number of changes to the UK Corporation tax system were announced in the March 2011 UK Budget Statement. A resolution passed by Parliament on 29 March 2011 reduced the main rate of corporation tax to 26% from 1 April 2011. Legislation to reduce the main rate of corporation tax from 26% to 25% from 1 April 2012 is expected to be included in the Finance Act 2011.

Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 23% by 1 April 2014. None of these expected rate reductions had been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

Danone Holdings (UK)

Notes to the Financial Statements - continued
for the Year Ended 31 December 2010

8 **DIVIDENDS**

	31 12 10 £	31 12 09 £
Ordinary dividend paid	<u>18,303,124</u>	<u>19,403,604</u>

The total interim dividends shown above comprise 130 92p per share paid in April 2010 and 138 79p per share paid in 2009

9 **FIXED ASSET INVESTMENTS**

	Shares in subsidiary undertakings £
COST	
At 1 January 2010 and 31 December 2010	<u>8,538,001</u>
NET BOOK VALUE	
At 1 January 2010 and 31 December 2010	<u>8,538,001</u>

The company's investments at the balance sheet date in the share capital of companies is as follows

Danone Limited

Nature of business Importers and distributors of dairy and other products,

	%
Class of shares	holding
Ordinary £1 each	100 00

Danone Waters (UK & Ireland) Limited

Nature of business Importer, distributor and producer of mineral water

	%
Class of shares	holding
Ordinary £1 each	53 50

Both entities are registered in England and Wales

The directors believe that full disclosure of subsidiaries would be excessively lengthy and have used exemptions under Section 410 of the Companies Act 2006 to only disclose the undertakings whose results or financial position principally affect the figures shown in the company's annual accounts. A full list will be attached to the annual return.

In the opinion of the directors, the carrying values of the subsidiary undertakings are not less than their book values.

Danone Holdings (UK)

Notes to the Financial Statements - continued
for the Year Ended 31 December 2010

10 DEBTORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 12 10	31 12 09
	£	£
Amounts owed by group undertakings	18,539,011	18,702,657
Other debtors	3,336	2,281
VAT	4,545	1,361
	<u>18,546,892</u>	<u>18,706,299</u>

Amounts owed by group undertakings falling due within one year are unsecured, interest free and repayable on demand

11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 12 10	31 12 09
	£	£
Corporation tax	-	56,026
Other creditors	49,307	3,819
Accrued expenses	<u>26,358</u>	<u>21,750</u>
	<u>75,665</u>	<u>81,595</u>

12 PROVISIONS FOR LIABILITIES

	31 12 10	31 12 09
	£	£
Other provisions	<u>2,858,518</u>	<u>3,307,711</u>

The provision relates to the tax exposure on a past share scheme and onerous property lease on Worton Grange. The amount recognised above is the company's best estimate of the present obligation.

13 CALLED UP SHARE CAPITAL

Authorised, allotted, fully paid			31 12 10	31 12 09
Number	Class	Nominal value	£	£
13,980,002	Ordinary	£1	<u>13,980,002</u>	<u>13,980,002</u>

14 RESERVES

	Profit and loss account £
At 1 January 2010	9,874,992
Profit for the financial year	18,598,840
Dividends	<u>(18,303,124)</u>
At 31 December 2010	<u>10,170,708</u>

Danone Holdings (UK)

Notes to the Financial Statements - continued
for the Year Ended 31 December 2010

15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 12 10	31 12 09
	£	£
Profit for the financial year	18,598,840	18,246,068
Dividends	(18,303,124)	(19,403,604)
Net addition / (reduction) to shareholders' funds	295,716	(1,157,536)
Opening shareholders' funds	<u>23,854,994</u>	<u>25,012,530</u>
Closing shareholders' funds	<u>24,150,710</u>	<u>23,854,994</u>

16 OPERATING LEASE COMMITMENTS

At the balance sheet date, the Company has annual commitments under non-cancellable operating leases as follows

	Land and buildings	
	31 12 10	31 12 09
	£	£
Expiry date		
Within one year	-	-
Within two to five years	-	-
After five years	<u>419,000</u>	<u>419,000</u>
	<u>419,000</u>	<u>419,000</u>

17 ULTIMATE PARENT COMPANY

The immediate parent company of Danone Holdings (UK) is Produits Laitiers Frais Nord Europe which is incorporated in France. The ultimate controlling party and parent undertaking is Danone SA, a company incorporated in France. Danone SA, is the only company preparing consolidated accounts including the results of the company.

Danone SA accounts may be obtained from

Danone SA
17 Boulevard Haussmann
75439 Paris cedex 09
France

18 POST BALANCE SHEET EVENTS

Danone Holdings UK acquired Complan Foods Limited on 15 June 2011. Complan is a historical brand in the nutritional food supplements market.

On 25 July 2011 the members of Danone Holdings UK approved the acquisition by the Company of the entire share capital of UK Holdings CAP (Commonwealth, Asia and Pacific) Limited from Nutricia International B V.