

COMPANIES HOUSE COPY

REGISTERED NUMBER 03761294 (England and Wales)

REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2009
FOR
DELAMERE DAIRY LIMITED



DELAMERE DAIRY LIMITED
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FOR THE YEAR ENDED 31ST DECEMBER 2009

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DELAMERE DAIRY LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31ST DECEMBER 2009

DIRECTORS

Mrs E A Sutton
R C D Sutton
E J Salt

SECRETARY

Mrs E A Sutton

REGISTERED OFFICE

Yew Tree Farm
Bexton Lane
Knutsford
Cheshire
WA16 9BH

REGISTERED NUMBER:

03761294 (England and Wales)

AUDITORS

BDO LLP
125 Colmore Row
Birmingham
B3 3SD

DELAMERE DAIRY LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST DECEMBER 2009

The directors present their report with the financial statements of the company for the year ended 31st December 2009

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of dairy product traders, specialising in goats' milk products

REVIEW OF BUSINESS

2009 was the first full year of trading since the company was acquired by Delamere Dairy Holdings Limited as part of a financial restructuring

Turnover was maintained in 2009 but with an improved profit margin. This was achieved in spite of difficult trading conditions for speciality food products and a continued weakening of sterling against the euro

We continue to supply all the major food retailers with our ranges of dairy products. We are the second largest goats' milk supplier in the UK with 38% of the market and we are the largest UK supplier of sterilised milk in plastic bottles. Our unique pet products have continued their strong growth (84% volume and value) in a market dominated by big brands.

Key risks to the business involve € / £ exchange rate and milk price. FX exposure is managed by implementing a minimum 3 month Euro forward contracts policy allowing leeway to purchase forward on £ highs. Long-term milk price increases have to be reflected in the market. Short term issues are offset by a continuous drive for efficiency savings.

Plans for growth involve the continuation of a high level of marketing activity combined with range extensions and consolidation of sales within existing sales outlets. Export opportunities remain a focus.

At the financial year end we employed 12 people (including one on maternity leave). Turnover per person was £1.25m. Sales value remained at the previous year's level, growth in values and volume restricted by challenging market conditions. However operating profit showed an improvement on the previous year in spite of this at just under 4% of turnover.

A high level of management controls (including budget monitoring and cash flow forecasting) are in place to monitor trade on a weekly and monthly basis to ensure bank covenants are met.

We look forward to 2010 with confidence.

DIVIDENDS

No dividends will be distributed for the year ended 31st December 2009.

DIRECTORS

The directors shown below have held office during the whole of the period from 1st January 2009 to the date of this report.

Mrs E A Sutton
R C D Sutton
E J Salt

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year donations were made to the following charities, Kids 4 Kids £5000

DELAMERE DAIRY LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST DECEMBER 2009

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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). 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

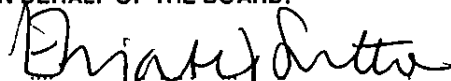
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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 or she ought to have taken as a director in order to make himself or herself 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 re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD.


Mrs E A Sutton - Secretary

Date

25-5-10

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF DELAMERE DAIRY LIMITED

We have audited the financial statements of Delamere Dairy Limited for the year ended 31st December 2009 on pages five to seventeen. 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).

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 a Report of the Auditors 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 Directors' Responsibilities set out on page three, 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 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.

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 31st December 2009 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.

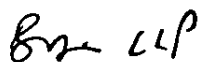
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors 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.



Stephen Ward (Senior Statutory Auditor)
for and on behalf of BDO LLP, statutory auditor
125 Colmore Row
Birmingham
B3 3SD

Date 7 June 2010

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

DELAMERE DAIRY LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2009

| | Notes | 31 12 09 £ | 31 12 08 £ |
|----------------------------------------------------------|-------|-------------------|-------------------|
| TURNOVER | 2 | 15,059,630 | 15,081,184 |
| Cost of sales | | <u>13,398,887</u> | <u>13,599,377</u> |
| GROSS PROFIT | | 1,660,743 | 1,481,807 |
| Administrative expenses | | <u>1,040,876</u> | <u>1,096,042</u> |
| | | 619,867 | 385,765 |
| Other operating income | | <u>75</u> | <u>250</u> |
| OPERATING PROFIT | 4 | 619,942 | 386,015 |
| Interest receivable and similar income | | <u>21</u> | <u>16</u> |
| | | 619,963 | 386,031 |
| Interest payable and similar charges | 5 | <u>85,564</u> | <u>32,144</u> |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 534,399 | 353,887 |
| Tax on profit on ordinary activities | 6 | <u>134,085</u> | <u>81,603</u> |
| PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION | | <u>400,314</u> | <u>272,284</u> |

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year

The notes on pages 9 to 17 form part of these financial statements

DELAMERE DAIRY LIMITED
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31ST DECEMBER 2009

| | 31 12 09 £ | 31 12 08 £ |
|-----------------------------------------------------------------------|----------------|-----------------|
| PROFIT FOR THE FINANCIAL YEAR | 400,314 | 272,284 |
| TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR | <u>400,314</u> | 272,284 |
| Prior year adjustment | | <u>(32,060)</u> |
| TOTAL GAINS AND LOSSES RECOGNISED SINCE LAST ANNUAL REPORT | | <u>240,224</u> |

The notes on pages 9 to 17 form part of these financial statements

DELAMERE DAIRY LIMITED (REGISTERED NUMBER 03761294)


**BALANCE SHEET
31ST DECEMBER 2009**

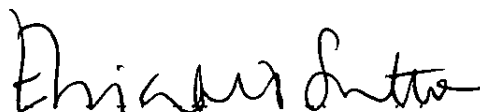
| | Notes | 31 12 09 £ | £ | 31 12 08 £ | £ |
|----------------------------------------------|-------|------------------|------------------|------------------|------------------|
| FIXED ASSETS | | | | | |
| Intangible assets | 7 | | 16,001 | | 19,201 |
| Tangible assets | 8 | | <u>54,056</u> | | <u>63,481</u> |
| | | | 70,057 | | 82,682 |
| CURRENT ASSETS | | | | | |
| Stocks | 9 | 842,360 | | 1,080,727 | |
| Debtors | 10 | 4,317,959 | | 4,176,663 | |
| Cash at bank and in hand | | <u>19,388</u> | | <u>460,002</u> | |
| | | 5,179,707 | | 5,717,392 | |
| CREDITORS | | | | | |
| Amounts falling due within one year | 11 | <u>2,638,658</u> | | <u>3,446,158</u> | |
| NET CURRENT ASSETS | | | <u>2,541,049</u> | | <u>2,271,234</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 2,611,106 | | 2,353,916 |
| CREDITORS | | | | | |
| Amounts falling due after more than one year | 12 | | (1,014,641) | | (1,159,377) |
| PROVISIONS FOR LIABILITIES | 16 | | <u>(5,634)</u> | | <u>(4,022)</u> |
| NET ASSETS | | | <u>1,590,831</u> | | <u>1,190,517</u> |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 17 | | 400 | | 400 |
| Share premium | 18 | | 49,950 | | 49,950 |
| Profit and loss account | 18 | | <u>1,540,481</u> | | <u>1,140,167</u> |
| SHAREHOLDERS' FUNDS | 23 | | <u>1,590,831</u> | | <u>1,190,517</u> |


The financial statements were approved by the Board of Directors on behalf by

25-5-2010

and were signed on its


R C D Sutton - Director


Mrs E A Sutton - Director


E J Salt - Director

The notes on pages 9 to 17 form part of these financial statements

DELAMERE DAIRY LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2009

| | Notes | 31 12 09 £ | £ | 31 12 08 £ | £ |
|----------------------------------------------------------------------------------|-------|----------------|--------------------|--------------------|--------------------|
| Net cash inflow/(outflow) from operating activities | 24 | | 519,327 | | (2,455,234) |
| Returns on investments and servicing of finance | 25 | | (85,543) | | (32,128) |
| Taxation | | | (66,329) | | (107,675) |
| Capital expenditure | 25 | | <u>(4,799)</u> | | <u>-</u> |
| | | | 362,656 | | (2,595,037) |
| Financing | 25 | | <u>(803,531)</u> | | <u>2,937,777</u> |
| (Decrease)/Increase in cash in the period | | | <u>(440,875)</u> | | <u>342,740</u> |
| <hr/> | | | | | |
| Reconciliation of net cash flow to movement in net debt | 26 | | | | |
| (Decrease)/Increase in cash in the period | | (440,875) | | 342,740 | |
| Cash outflow/(inflow) from decrease/(increase) in debt and lease financing | | <u>647,781</u> | | <u>(2,818,341)</u> | |
| Change in net debt resulting from cash flows | | | <u>206,906</u> | | <u>(2,475,601)</u> |
| Movement in net debt in the period | | | 206,906 | | (2,475,601) |
| Net (debt)/funds at 1st January | | | <u>(2,372,651)</u> | | <u>102,950</u> |
| Net debt at 31st December | | | <u>(2,165,745)</u> | | <u>(2,372,651)</u> |

The notes on pages 9 to 17 form part of these financial statements

DELAMERE DAIRY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2009

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax

Invoices are raised and turnover recognised on the day that goods are delivered

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2005, is being amortised evenly over its estimated useful life of ten years

Patents and licenses

This intangible asset was purchased in 2005 and is being written off on a straight line basis over ten years

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter

| | |
|--------------------------|---------------------------|
| Improvements to property | - 10% on cost |
| Plant and machinery | - 15% on reducing balance |
| Fixtures and fittings | - 25% on reducing balance |
| Motor vehicles | - 25% on reducing balance |

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. The deferred tax charge has not been discounted

Research and development

Expenditure on research and development is written off in the year in which it is incurred

Foreign currencies

Assets and liabilities 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

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability

Finance costs

Finance costs are charged to profit over the term of the debt so that the amount charged is at a constant rate on the carrying amount. Finance costs include issue costs, which are initially recognised as a reduction in the proceeds of the associated capital instrument

DELAMERE DAIRY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2009**

2 TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company

An analysis of turnover by geographical market is given below

| | 31 12 09 £ | 31 12 08 £ |
|----------|--------------------------|--------------------------|
| UK sales | 14,841,433 | 14,893,425 |
| EU sales | <u>218,197</u> | <u>187,759</u> |
| | <u><u>15,059,630</u></u> | <u><u>15,081,184</u></u> |

3 STAFF COSTS

| | 31 12 09 £ | 31 12 08 £ |
|-----------------------|-----------------------|-----------------------|
| Wages and salaries | 365,912 | 335,199 |
| Social security costs | <u>19,561</u> | <u>14,541</u> |
| | <u><u>385,473</u></u> | <u><u>349,740</u></u> |

The average monthly number of employees during the year was as follows

| | 31 12 09 | 31 12 08 |
|--|-----------|-----------|
| | <u>12</u> | <u>10</u> |

4 OPERATING PROFIT

The operating profit is stated after charging

| | 31 12 09 £ | 31 12 08 £ |
|--------------------------------------------------|-----------------------|-----------------------|
| Depreciation - owned assets | 11,975 | 11,660 |
| Depreciation - assets on hire purchase contracts | 1,212 | 4,202 |
| Loss on disposal of fixed assets | 1,037 | - |
| Goodwill amortisation | 2,700 | 2,700 |
| Patents and licences amortisation | 500 | 500 |
| Auditors' remuneration | <u>11,000</u> | <u>11,000</u> |
| Directors' remuneration | <u><u>157,337</u></u> | <u><u>136,399</u></u> |

5 INTEREST PAYABLE AND SIMILAR CHARGES

| | 31 12 09 £ | 31 12 08 £ |
|---------------|----------------------|----------------------|
| Bank interest | 30,657 | 1,561 |
| Loan | 54,199 | 29,175 |
| Hire purchase | <u>708</u> | <u>1,408</u> |
| | <u><u>85,564</u></u> | <u><u>32,144</u></u> |

DELAMERE DAIRY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2009**

6 TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows

| | 31 12 09 £ | 31 12 08 £ |
|--------------------------------------|-----------------------|----------------------|
| Current tax | | |
| UK corporation tax | 132,473 | 81,742 |
| Deferred tax | <u>1,612</u> | <u>(139)</u> |
| Tax on profit on ordinary activities | <u><u>134,085</u></u> | <u><u>81,603</u></u> |

Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below

| | 31 12 09 £ | 31 12 08 £ |
|----------------------------------------------------------------------------------------------------------------------|-----------------------|-----------------------|
| Profit on ordinary activities before tax | <u><u>534,399</u></u> | <u><u>353,887</u></u> |
| Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008 - 28%) | 149,632 | 99,088 |
| Effects of | | |
| Marginal relief | (16,913) | (19,623) |
| Depreciation | 3,586 | 3,562 |
| Losses on disposal of assets | 282 | - |
| Capital and balancing allowances | (4,500) | (2,027) |
| Entertainment | 415 | 800 |
| Other non-taxable income | <u>(29)</u> | <u>(58)</u> |
| Current tax charge | <u><u>132,473</u></u> | <u><u>81,742</u></u> |

DELAMERE DAIRY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2009**

7 INTANGIBLE FIXED ASSETS

| | Goodwill £ | Patents and licences £ | Totals £ |
|-----------------------------------------------|---------------|---------------------------------|---------------|
| COST | | | |
| At 1st January 2009 and 31st December 2009 | <u>27,001</u> | <u>5,000</u> | <u>32,001</u> |
| AMORTISATION | | | |
| At 1st January 2009 | 10,800 | 2,000 | 12,800 |
| Amortisation for year | <u>2,700</u> | <u>500</u> | <u>3,200</u> |
| At 31st December 2009 | <u>13,500</u> | <u>2,500</u> | <u>16,000</u> |
| NET BOOK VALUE | | | |
| At 31st December 2009 | <u>13,501</u> | <u>2,500</u> | <u>16,001</u> |
| At 31st December 2008 | <u>16,201</u> | <u>3,000</u> | <u>19,201</u> |

8 TANGIBLE FIXED ASSETS

| | Improvements to property £ | Plant and machinery £ | Fixtures and fittings £ | Motor vehicles £ | Totals £ |
|------------------------|-------------------------------------|-----------------------------|----------------------------------|------------------------|-----------------|
| COST | | | | | |
| At 1st January 2009 | 19,442 | 41,872 | 50,903 | 42,703 | 154,920 |
| Additions | - | - | 10,549 | - | 10,549 |
| Disposals | <u>-</u> | <u>-</u> | <u>-</u> | <u>(16,699)</u> | <u>(16,699)</u> |
| At 31st December 2009 | <u>19,442</u> | <u>41,872</u> | <u>61,452</u> | <u>26,004</u> | <u>148,770</u> |
| DEPRECIATION | | | | | |
| At 1st January 2009 | 5,288 | 25,783 | 33,991 | 26,377 | 91,439 |
| Charge for year | 1,944 | 2,413 | 6,445 | 2,385 | 13,187 |
| Eliminated on disposal | <u>-</u> | <u>-</u> | <u>-</u> | <u>(9,912)</u> | <u>(9,912)</u> |
| At 31st December 2009 | <u>7,232</u> | <u>28,196</u> | <u>40,436</u> | <u>18,850</u> | <u>94,714</u> |
| NET BOOK VALUE | | | | | |
| At 31st December 2009 | <u>12,210</u> | <u>13,676</u> | <u>21,016</u> | <u>7,154</u> | <u>54,056</u> |
| At 31st December 2008 | <u>14,154</u> | <u>16,089</u> | <u>16,912</u> | <u>16,326</u> | <u>63,481</u> |

DELAMERE DAIRY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2009**

8 TANGIBLE FIXED ASSETS - continued

Fixed assets, included in the above, which are held under hire purchase contracts are as follows

| | Motor vehicles £ |
|-----------------------|------------------------|
| COST | |
| At 1st January 2009 | 12,170 |
| Disposals | <u>(12,170)</u> |
| At 31st December 2009 | - |
| DEPRECIATION | |
| At 1st January 2009 | 6,351 |
| Charge for year | 1,212 |
| Disposals | <u>(7,563)</u> |
| At 31st December 2009 | - |
| NET BOOK VALUE | |
| At 31st December 2009 | - |
| At 31st December 2008 | <u>5,819</u> |

9 STOCKS

| | 31 12 09 £ | 31 12 08 £ |
|--------|----------------|------------------|
| Stocks | <u>842,360</u> | <u>1,080,727</u> |

10 DEBTORS AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 31 12 09 £ | 31 12 08 £ |
|------------------------------------|------------------|------------------|
| Trade debtors | 1,870,608 | 1,681,343 |
| Amounts owed by group undertakings | 2,417,318 | 2,417,318 |
| Directors' current accounts | 5,750 | - |
| VAT | 13,354 | 68,989 |
| Prepayments | <u>10,929</u> | <u>9,013</u> |
| | <u>4,317,959</u> | <u>4,176,663</u> |

11 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 31 12 09 £ | 31 12 08 £ |
|-----------------------------------------|------------------|------------------|
| Bank loans and overdrafts (see note 13) | 318,228 | 300,933 |
| Hire purchase contracts (see note 14) | - | 3,890 |
| Trade creditors | 1,134,630 | 1,394,084 |
| Tax | 132,473 | 66,329 |
| Social security and other taxes | 16,909 | 15,250 |
| Factoring creditor | 852,264 | 1,367,207 |
| Credit card | - | 1,245 |
| Directors' current accounts | 104,835 | 254,835 |
| Accrued expenses | <u>79,319</u> | <u>42,385</u> |
| | <u>2,638,658</u> | <u>3,446,158</u> |

DELAMERE DAIRY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2009**

12 CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | 31 12 09 £ | 31 12 08 £ |
|--------------------------|------------------|------------------|
| Bank loans (see note 13) | <u>1,014,641</u> | <u>1,159,377</u> |

13 LOANS

An analysis of the maturity of loans is given below

| | 31 12 09 £ | 31 12 08 £ |
|--------------------------------------------------|----------------|----------------|
| Amounts falling due within one year or on demand | | |
| Bank overdrafts | 261 | - |
| Bank loans | <u>317,967</u> | <u>300,933</u> |
| | <u>318,228</u> | <u>300,933</u> |
| Amounts falling due between one and two years | | |
| Bank loans | <u>342,598</u> | <u>315,454</u> |
| Amounts falling due between two and five years | | |
| Bank loans | <u>672,043</u> | <u>843,923</u> |

The bank loan is repaid by monthly instalments and is due to expire on the 31st March 2010

14 OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

| | 31 12 09 £ | 31 12 08 £ |
|-----------------------------|---------------|-------------------------------|
| | | Hire purchase contracts |
| Gross obligations repayable | | |
| Within one year | <u>-</u> | <u>4,548</u> |
| Finance charges repayable | | |
| Within one year | <u>-</u> | <u>658</u> |
| Net obligations repayable | | |
| Within one year | <u>-</u> | <u>3,890</u> |

The following operating lease payments are committed to be paid within one year

| | 31 12 09 £ | 31 12 08 £ |
|----------------------------|---------------|-----------------------|
| | | Land and buildings |
| Expiring | | |
| Between one and five years | <u>20,000</u> | <u>20,000</u> |

DELAMERE DAIRY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2009**

15 SECURED DEBTS

The following secured debts are included within creditors

| | 31 12 09 £ | 31 12 08 £ |
|-------------------------|------------------|------------------|
| Bank overdraft | 261 | - |
| Bank loans | 1,332,608 | 1,460,310 |
| Hire purchase contracts | - | 3,890 |
| Factoring creditor | <u>852,264</u> | <u>1,367,207</u> |
| | <u>2,185,133</u> | <u>2,831,407</u> |

A debenture dated 24th October 2008 incorporating a fixed and floating charge over all current and future assets of the company is held by both the bank and the factor company

16 PROVISIONS FOR LIABILITIES

| | 31 12 09 £ | 31 12 08 £ |
|--------------------------------|---------------|---------------|
| Deferred tax | | |
| Accelerated capital allowances | <u>5,634</u> | <u>4,022</u> |

| | |
|--------------------------------|----------------------|
| | Deferred tax £ |
| Balance at 1st January 2009 | 4,022 |
| Accelerated capital allowances | <u>1,612</u> |
| Balance at 31st December 2009 | <u>5,634</u> |

17 CALLED UP SHARE CAPITAL

| Allotted, issued and fully paid Number | Class | Nominal value | 31 12 09 £ | 31 12 08 £ |
|-------------------------------------------|----------|------------------|---------------|---------------|
| 400 | Ordinary | £1 | <u>400</u> | <u>400</u> |

18 RESERVES

| | Profit and loss account £ | Share premium £ | Totals £ |
|-----------------------|------------------------------------|-----------------------|------------------|
| At 1st January 2009 | 1,140,167 | 49,950 | 1,190,117 |
| Profit for the year | <u>400,314</u> | <u>-</u> | <u>372,688</u> |
| At 31st December 2009 | <u>1,540,481</u> | <u>49,950</u> | <u>1,562,805</u> |

DELAMERE DAIRY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2009**

19 ULTIMATE PARENT COMPANY

On 17 October 2008 the entire share capital of Delamere Dairy Limited was acquired by Delamere Dairy Holdings Limited and as of this date Delamere Dairy Holdings Limited became the parent and ultimate parent company of Delamere Dairy Limited. Delamere Dairy Holdings Limited is a company registered in England and Wales.

20 TRANSACTIONS WITH DIRECTORS

The following loan to directors subsisted during the years ended 31st December 2009 and 31st December 2008

| | 31 12 09 £ | 31 12 08 £ |
|-----------------------------------------|---------------|---------------|
| E J Salt | | |
| Balance outstanding at start of year | - | - |
| Balance outstanding at end of year | 5,750 | - |
| Maximum balance outstanding during year | <u>5,750</u> | <u>-</u> |

21 RELATED PARTY DISCLOSURES

Mr & Mrs Sutton are partners of Sutton Dairy Goats. During the year licence fees of £NIL (2008 - £36,000) were charged by Sutton Dairy Goats to Delamere Dairy Limited. At the year end the balance between the two businesses was £NIL (2008 - £NIL).

22 ULTIMATE CONTROLLING PARTY

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

23 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | 31 12 09 £ | 31 12 08 £ |
|--------------------------------------------|------------------|------------------|
| Profit for the financial year | 400,314 | 272,284 |
| Share capital issued | - | - |
| Premium on shares issues | - | - |
| Net addition to shareholders' funds | 400,314 | 272,284 |
| Opening shareholders' funds | <u>1,190,517</u> | <u>918,233</u> |
| Closing shareholders' funds | <u>1,590,831</u> | <u>1,190,517</u> |

24 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

| | 31 12 09 £ | 31 12 08 £ |
|------------------------------------------------------------|------------------|--------------------|
| Operating profit | 619,942 | 386,015 |
| Depreciation and amortisation charges | 16,387 | 19,062 |
| Loss on disposal of fixed assets | 1,037 | - |
| Decrease/(Increase) in stocks | 238,367 | (254,950) |
| Increase in debtors | (135,546) | (2,676,400) |
| (Decrease)/Increase in creditors | <u>(220,860)</u> | <u>71,039</u> |
| Net cash inflow/(outflow) from operating activities | <u>519,327</u> | <u>(2,455,234)</u> |

DELAMERE DAIRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2009

25 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

| | 31 12 09 £ | 31 12 08 £ |
|-----------------------------------------------------------------------------|-------------------------|-------------------------|
| Returns on investments and servicing of finance | | |
| Interest received | 21 | 16 |
| Interest paid | (84,856) | (30,736) |
| Interest element of hire purchase payments | <u>(708)</u> | <u>(1,408)</u> |
| Net cash outflow for returns on investments and servicing of finance | <u>(85,543)</u> | <u>(32,128)</u> |
| Capital expenditure | | |
| Purchase of tangible fixed assets | (10,549) | - |
| Sale of tangible fixed assets | <u>5,750</u> | <u>-</u> |
| Net cash outflow for capital expenditure | <u>(4,799)</u> | <u>-</u> |
| Financing | | |
| New loans | 200,000 | 2,827,926 |
| Loan repayments | (843,891) | - |
| Capital element of hire purchase payments | (3,890) | (10,422) |
| Movements on directors' current accounts | <u>(155,750)</u> | <u>120,273</u> |
| Net cash (outflow)/inflow from financing | <u>(803,531)</u> | <u>2,937,777</u> |

26 ANALYSIS OF CHANGES IN NET DEBT

| | At 1 1 09 £ | Cash flow £ | At 31 12 09 £ |
|--------------------------------------|---------------------------|-----------------------|---------------------------|
| Net cash | | | |
| Cash at bank and in hand | 460,002 | (440,614) | 19,388 |
| Bank overdraft | <u>-</u> | <u>(261)</u> | <u>(261)</u> |
| | <u>460,002</u> | <u>(440,875)</u> | <u>19,127</u> |
| Debt | | | |
| Hire purchase | (3,890) | 3,890 | - |
| Factoring account | (1,367,207) | 514,943 | (852,264) |
| Debts falling due within one year | (302,179) | (15,788) | (317,967) |
| Debts falling due after one year | <u>(1,159,377)</u> | <u>144,736</u> | <u>(1,014,641)</u> |
| | <u>(2,832,653)</u> | <u>647,781</u> | <u>(2,184,872)</u> |
| Total | <u>(2,372,651)</u> | <u>206,906</u> | <u>(2,165,745)</u> |