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**Delamere Dairy Holdings Limited**

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**Annual Report and Consolidated Financial Statements**

**For the Year Ended 31 December 2017**



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**Delamere Dairy Holdings Limited**

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**Company Information**

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<b>Directors</b>	E J Salt Mrs E A Sutton R C D Sutton (deceased 14 November 2017)
<b>Company secretary</b>	Mrs E A Sutton
<b>Registered number</b>	06714144
<b>Registered office</b>	Yew Tree Farm Bexton Lane Knutsford Cheshire WA16 9BH
<b>Independent auditors</b>	Hurst & Company Accountants LLP Chartered Accountants & Statutory Auditors Lancashire Gate 21 Tiviot Dale Stockport Cheshire SK1 1TD

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## **Delamere Dairy Holdings Limited**

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## **Delamere Dairy Holdings Limited**

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### **Group Strategic Report For the Year Ended 31 December 2017**

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#### **Introduction**

The directors present their strategic report for the year ended 31 December 2017.

#### **Business review**

The principal activity of the group in the year under review was that of dairy product traders, specialising in goats', sheep and cows' milk products and a range of plant based milk alternatives.

Turnover increased in 2017 by 6.5% to £22.1m. Operating profit suffered a 39% reduction to £415,617 due to a 9.2% increase in the cost of sales caused by unfavourable movements in the Euro/Sterling foreign exchange and associated high milk cost prices. However, where costs could be controlled this was achieved with Administrative expenses continuing to be reduced by a further 1.3%.

Increased sales were achieved in the UK market through an ongoing focus on new product development in alternative dairy products and consolidation and growth in the sterilised milk sector. Delamere Dairy's export sales to Europe grew (11%) whereas sales to the rest of the world declined (17%), specifically in China, masking sales growth in other territories, notably USA and the Middle East. The group continues to invest in building relationships in these and new territories thus preparing a broad portfolio of trade to ride through any changes which may result from the outcome of Brexit.

For this reason Delamere Dairy's supply chain remains under continuous strategic review.

Investment in new product development in 2018 will deliver new turnover in the alternative dairy sector with multiple new launches further strengthening UK sales.

The company continued to make timely interest and capital repayments throughout 2017 on the £2m term loan taken from Santander in 2013.

#### **Principal risks and uncertainties**

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

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

Uncertainty surrounding the Withdrawal Agreement from Europe brings new risks which are managed by close attention to the negotiation process and strategic positioning of Delamere Dairy's customer base and supply chain to facilitate any adaption which may be required.

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## Delamere Dairy Holdings Limited

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### Group Strategic Report (continued) For the Year Ended 31 December 2017

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#### Principal risks and uncertainties (continued)

##### Financial risk management

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

##### *Price risk*

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

##### *Credit risk*

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

##### *Liquidity and Interest rate risk*

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

##### *Foreign exchange risk*

The group maintains a natural hedge through the use of foreign currency bank accounts with sales and purchases made in foreign currencies. The Board monitors the net exposure and uses appropriate bank facilities, such as forward contracts, to limit the effects on the financial performance of the group to such exposure. The group buys a significant proportion of its products in Euros. Foreign exchange exposure is managed both by implementing a minimum 3 month Euro forward contracts policy and a focus on increasing sales in Euros to export markets.

##### Financial key performance indicators

We consider that our key financial performance indicators are the operating profit and control of cashflow. Operating profit for the year was £681k (2015: £900k) and the group has closely monitored cashflow throughout the year.

##### Other key performance indicators

Non-financial key performance indicators are numerous but centre on employee workforce management and health & safety.

This report was approved by the board and signed on its behalf.



**E J Salt**  
Director

Date:

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## **Delamere Dairy Holdings Limited**

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### **Directors' Report For the Year Ended 31 December 2017**

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The directors present their report and the financial statements for the year ended 31 December 2017.

#### **Directors' responsibilities statement**

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements 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 Group 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 the Group and to 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Results and dividends**

The profit for the year, after taxation, amounted to £251,123 (2016 - £423,967).

The directors do not recommend the payment of a final dividend (2016: £nil).

#### **Directors**

The directors who served during the year were:

E J Salt  
Mrs E A Sutton  
R C D Sutton (deceased 14 November 2017)

#### **Future developments**

Information on likely future developments has been included in the Strategic Report on page 1.

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**Delamere Dairy Holdings Limited**

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**Directors' Report (continued)  
For the Year Ended 31 December 2017**

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**Going Concern**

The directors have presented the financial statements on a going concern basis which assumes the group will have sufficient resources to meet liabilities as they fall due.

As at 31 December 2017, the group has reported a profit of £251,123 (2016: £423,967) and net current liabilities of £1,446,673 (2016: net current assets £746,852).

During the year, loan notes held by directors of the company totalling £2,246,841 (including accrued interest) became due within one year. These are due for repayment no later than 20 December 2018. Based on projected profit and cashflow forecasts, the directors are of the opinion that, should it be required, the company will have sufficient funds to settle the loan notes in full by 20 December 2018.

**Disclosure of information to auditors**

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

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

**Post balance sheet events**

There have been no significant events affecting the Group since the year end.

**Auditors**

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

This report was approved by the board and signed on its behalf.



**E J Salt**  
Director

Date: 5 September 2018

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## **Delamere Dairy Holdings Limited**

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### **Independent Auditors' Report to the Shareholders of Delamere Dairy Holdings Limited**

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#### **Opinion**

We have audited the financial statements of Delamere Dairy Holdings Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2017, which comprise the Group Statement of Comprehensive Income, the Group and Company Balance Sheets, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2017 and of the Group's 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.

#### **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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the 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 Group's or the parent 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.

#### **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 Auditors' 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.

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## **Delamere Dairy Holdings Limited**

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### **Independent Auditors' Report to the Shareholders of Delamere Dairy Holdings Limited (continued)**

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We have nothing to report in this regard.

#### **Opinion 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 Group 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 Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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.

#### **Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement on page 3, 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 Group's and the parent 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 Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

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**Delamere Dairy Holdings Limited**

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**Independent Auditors' Report to the Shareholders of Delamere Dairy Holdings Limited (continued)**

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**Auditors' 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 Auditors' 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

*Hurst & Company Accountants LLP*

Helen Besant-Roberts (Senior Statutory Auditor)  
for and on behalf of

**Hurst & Company Accountants LLP**

Chartered Accountants

Statutory Auditors

Lancashire Gate

21 Tiviot Dale

Stockport

Cheshire

SK1 1TD

Date: *10 September 2018*

**Delamere Dairy Holdings Limited**

**Consolidated Statement of Comprehensive Income  
For the Year Ended 31 December 2017**

	Note	2017 £	2016 £
Turnover	4	22,089,956	20,739,062
Cost of sales		(19,562,228)	(17,911,152)
<b>Gross profit</b>		<b>2,527,728</b>	<b>2,827,910</b>
Administrative expenses		(2,097,640)	(2,125,878)
Fair value movements on derivative financial instruments		(14,471)	(21,081)
<b>Operating profit</b>	5	<b>415,617</b>	<b>680,951</b>
Interest receivable and similar income	9	2,063	-
Interest payable and expenses	10	(72,907)	(89,114)
<b>Profit before taxation</b>		<b>344,773</b>	<b>591,837</b>
Tax on profit	11	(93,650)	(167,870)
<b>Profit for the financial year and total comprehensive income</b>		<b>251,123</b>	<b>423,967</b>
<b>Profit for the year attributable to:</b>			
Owners of the parent Company		251,123	423,967
		<b>251,123</b>	<b>423,967</b>
<b>Total comprehensive income for the year attributable to:</b>			
Owners of the parent Company		251,123	423,967
		<b>251,123</b>	<b>423,967</b>

**Delamere Dairy Holdings Limited**  
Registered number: 06714144

**Consolidated Balance Sheet**  
**As at 31 December 2017**

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Intangible assets	13	2,650,874	2,976,544
Tangible assets	14	48,925	58,191
		<u>2,699,799</u>	<u>3,034,735</u>
<b>Current assets</b>			
Stocks	16	926,128	859,413
Debtors: amounts falling due within one year	17	2,670,624	2,630,321
Cash at bank and in hand	18	53,984	61,093
		<u>3,650,736</u>	<u>3,550,827</u>
Creditors: amounts falling due within one year	19	<u>(5,097,409)</u>	<u>(2,803,975)</u>
<b>Net current (liabilities)/assets</b>		<u>(1,446,673)</u>	<u>746,852</u>
<b>Total assets less current liabilities</b>		<u>1,253,126</u>	<u>3,781,587</u>
Creditors: amounts falling due after more than one year	20	-	(2,679,584)
<b>Net assets</b>		<u><u>1,253,126</u></u>	<u><u>1,102,003</u></u>
<b>Capital and reserves</b>			
Called up share capital	24	1,000	1,000
Profit and loss account	25	1,252,126	1,101,003
<b>Equity attributable to owners of the parent Company</b>		<u><u>1,253,126</u></u>	<u><u>1,102,003</u></u>

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



**E J Salt**  
Director

Date: 5 September 2018  
The notes on pages 14 to 34 form part of these financial statements.

**Delamere Dairy Holdings Limited**  
Registered number: 06714144

**Company Balance Sheet**  
**As at 31 December 2017**

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Investments	15	6,118,318	6,118,318
		<u>6,118,318</u>	<u>6,118,318</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	17	96,005	96,005
		<u>96,005</u>	<u>96,005</u>
Creditors: amounts falling due within one year	19	(6,144,159)	(3,825,318)
		<u>(6,144,159)</u>	<u>(3,825,318)</u>
<b>Net current liabilities</b>		<b>(6,048,154)</b>	<b>(3,729,313)</b>
<b>Total assets less current liabilities</b>		<b>70,164</b>	<b>2,389,005</b>
Creditors: amounts falling due after more than one year	20	-	(2,279,584)
		<u>-</u>	<u>(2,279,584)</u>
<b>Net assets</b>		<b>70,164</b>	<b>109,421</b>
		<u>70,164</u>	<u>109,421</u>
<b>Capital and reserves</b>			
Called up share capital	24	1,000	1,000
Profit and loss account	25	69,164	108,421
		<u>69,164</u>	<u>108,421</u>
		<u>70,164</u>	<u>109,421</u>

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The profit after tax of the parent company for the year was £60,743 (2016: £578,792).

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



**E J Salt**  
Director

Date: 5 September 2018

The notes on pages 14 to 34 form part of these financial statements.

**Delamere Dairy Holdings Limited**

**Consolidated Statement of Changes in Equity  
For the Year Ended 31 December 2017**

	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Equity attributable to owners of parent Company</b>	<b>Total equity</b>
	£	£	£	£
At 1 January 2017	1,000	1,101,003	1,102,003	1,102,003
<b>Comprehensive income for the year</b>				
Profit for the year	-	251,123	251,123	251,123
<b>Total comprehensive income for the year</b>	-	251,123	251,123	251,123
Dividends: Equity capital	-	(100,000)	(100,000)	(100,000)
<b>Total transactions with owners</b>	-	(100,000)	(100,000)	(100,000)
<b>At 31 December 2017</b>	<b>1,000</b>	<b>1,252,126</b>	<b>1,253,126</b>	<b>1,253,126</b>

**Consolidated Statement of Changes in Equity  
For the Year Ended 31 December 2016**

	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Equity attributable to owners of parent Company</b>	<b>Total equity</b>
	£	£	£	£
At 1 January 2016	1,000	677,036	678,036	678,036
<b>Comprehensive income for the year</b>				
Profit for the year	-	423,967	423,967	423,967
<b>Total comprehensive income for the year</b>	-	423,967	423,967	423,967
<b>Total transactions with owners</b>	-	-	-	-
<b>At 31 December 2016</b>	<b>1,000</b>	<b>1,101,003</b>	<b>1,102,003</b>	<b>1,102,003</b>

The notes on pages 14 to 34 form part of these financial statements.

**Delamere Dairy Holdings Limited**

**Company Statement of Changes in Equity  
For the Year Ended 31 December 2017**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2017	1,000	108,421	109,421
<b>Comprehensive income for the year</b>			
Profit for the year	-	60,743	60,743
<b>Total comprehensive income for the year</b>	-	60,743	60,743
<b>Contributions by and distributions to owners</b>			
Dividends: Equity capital	-	(100,000)	(100,000)
<b>Total transactions with owners</b>	-	(100,000)	(100,000)
<b>At 31 December 2017</b>	<b>1,000</b>	<b>69,164</b>	<b>70,164</b>

**Company Statement of Changes in Equity  
For the Year Ended 31 December 2016**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2016	1,000	(470,371)	(469,371)
<b>Comprehensive income for the year</b>			
Profit for the year	-	578,792	578,792
<b>Total comprehensive income for the year</b>	-	578,792	578,792
<b>Total transactions with owners</b>	-	-	-
<b>At 31 December 2016</b>	<b>1,000</b>	<b>108,421</b>	<b>109,421</b>

The notes on pages 14 to 34 form part of these financial statements.

**Delamere Dairy Holdings Limited**

**Consolidated Statement of Cash Flows  
For the Year Ended 31 December 2017**

	2017 £	2016 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	251,123	423,967
<b>Adjustments for:</b>		
Amortisation of intangible assets	330,844	315,930
Depreciation of tangible assets	11,734	15,674
Interest paid	72,907	89,114
Interest received	(2,063)	-
Taxation charge	93,650	167,870
(Increase)/decrease in stocks	(66,715)	48,772
(Increase) in debtors	(47,146)	(85,227)
Increase in creditors	172,760	11,866
Net fair value losses recognised in P&L	14,471	21,081
Corporation tax (paid)	(227,445)	(185,979)
<b>Net cash generated from operating activities</b>	<b>604,120</b>	<b>823,068</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	(5,174)	(285,513)
Purchase of tangible fixed assets	(2,468)	(18,987)
Sale of tangible fixed assets	-	1,127
Interest received	2,063	-
<b>Net cash from investing activities</b>	<b>(5,579)</b>	<b>(303,373)</b>
<b>Cash flows from financing activities</b>		
Repayment of loans	(400,000)	(400,000)
Repayment of other loans	(32,743)	-
Dividends paid	(100,000)	-
Interest paid	(72,907)	(89,114)
<b>Net cash used in financing activities</b>	<b>(605,650)</b>	<b>(489,114)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(7,109)</b>	<b>30,581</b>
Cash and cash equivalents at beginning of year	61,093	30,512
<b>Cash and cash equivalents at the end of year</b>	<b>53,984</b>	<b>61,093</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	53,984	61,093
	<b>53,984</b>	<b>61,093</b>

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## Delamere Dairy Holdings Limited

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### Notes to the Financial Statements For the Year Ended 31 December 2017

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#### 1. General information

Delamere Dairy Holdings Limited is a company incorporated in England and Wales, company number 06714144. The address of the registered office and the principal place of business is Yew Tree Farm, Bexton Lane, Knutsford, Cheshire, WA16 9BH.

The company is a non-trading holding company. The nature of the group's operation and its principal activity is that of dairy product traders, specialising in goat's and cow's milk products and a range of plant based milk alternatives.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The following principal accounting policies have been applied:

##### 2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

##### 2.3 Going concern

The directors have presented the financial statements on a going concern basis which assumes the group will have sufficient resources to meet liabilities as they fall due.

As at 31 December 2017, the group has reported a profit of £251,123 (2016: £423,967) and net current liabilities of £1,446,673 (2016: net current assets £746,852).

During the year, loan notes held by directors of the company totalling £2,246,841 (including accrued interest) became due within one year. These are due for repayment no later than 20 December 2018. Based on projected profit and cashflow forecasts, the directors are of the opinion that, should it be required, the company will have sufficient funds to settle the loan notes in full by 20 December 2018.

Notes to the Financial Statements  
For the Year Ended 31 December 2017

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**2. Accounting policies (continued)**

**2.4 Revenue**

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

**Sale of goods**

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

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**2.5 Intangible assets**

**Goodwill**

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated Statement of Comprehensive Income over its useful economic life.

**Other intangible assets**

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

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

**2.6 Tangible fixed assets**

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

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## Delamere Dairy Holdings Limited

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### Notes to the Financial Statements For the Year Ended 31 December 2017

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#### 2. Accounting policies (continued)

##### 2.6 Tangible fixed assets (continued)

Depreciation is charged so as to allocated the cost of assets less their residual value over their estimated useful lives. The methods used are as below.

Depreciation is provided on the following basis:

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

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

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

##### 2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

##### 2.8 Stocks

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

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

##### 2.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

##### 2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

Notes to the Financial Statements  
For the Year Ended 31 December 2017

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**2. Accounting policies (continued)**

**2.11 Financial instruments**

With the exception of forward foreign exchange contracts, the Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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

**2.12 Creditors**

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

Notes to the Financial Statements  
For the Year Ended 31 December 2017

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2. Accounting policies (continued)

2.13 Foreign currency translation

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

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

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated Statement of Comprehensive Income within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.14 Finance costs

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

2.15 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

Notes to the Financial Statements  
For the Year Ended 31 December 2017

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**2. Accounting policies (continued)**

**2.16 Share based payments**

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Consolidated Statement of Comprehensive Income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Balance Sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Group keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Consolidated Statement of Comprehensive Income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Consolidated Statement of Comprehensive Income is charged with fair value of goods and services received.

**2.17 Operating leases: the Group as lessee**

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term.

**2.18 Pensions**

**Defined contribution pension plan**

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

**2.19 Interest income**

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

**2.20 Borrowing costs**

All borrowing costs are recognised in the Consolidated Statement of Comprehensive Income in the year in which they are incurred.

Notes to the Financial Statements  
For the Year Ended 31 December 2017

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**2. Accounting policies (continued)**

**2.21 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated Statement of Comprehensive Income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

**2.22 Current and deferred taxation**

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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

Notes to the Financial Statements  
For the Year Ended 31 December 2017

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

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

*Trade Debtors*

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

*Stock*

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

*Rebate provision*

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

*Tangible fixed assets*

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

*Derivative financial instruments*

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

*Goodwill and intangible assets*

The Group establishes a reliable estimate of the useful life of goodwill and intangible assets acquired. This estimate is based on a variety of factors such as the expected use of the acquired business, the expected usual life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provision is that can limit useful life and assumptions that market participants would consider in respect of similar businesses. At each reporting date, goodwill is assessed for any indicators of impairment. If there is any evidence of impairment, the carrying amount of the asset is reduced to its recoverable amount. The impairment loss is recognised immediately in the income statement.

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**Delamere Dairy Holdings Limited**

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**Notes to the Financial Statements  
For the Year Ended 31 December 2017**

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**4. Turnover**

The whole of the turnover is attributable to the principal activity of the group.

Analysis of turnover by country of destination:

	2017 £	2016 £
United Kingdom	21,126,908	19,683,872
Rest of Europe	343,514	308,470
Rest of the world	619,534	746,720
	<u>22,089,956</u>	<u>20,739,062</u>

**5. Operating profit**

The operating profit is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets	11,734	15,674
Amortisation of intangible assets, including goodwill	330,844	315,930
Exchange differences	(42,926)	(102,881)
Hire of plant and machinery - operating leases	56,699	64,055
Fair value movements on forward currency contracts	(14,491)	(21,081)
Defined contribution pension cost	13,309	5,856
	<u>11,734</u>	<u>15,674</u>

**6. Auditors' remuneration**

	2017 £	2016 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	15,500	15,500
	<u>15,500</u>	<u>15,500</u>
<b>Fees payable to the Group's auditor and its associates in respect of:</b>		
Taxation compliance services	4,500	4,500
	<u>4,500</u>	<u>4,500</u>

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**Delamere Dairy Holdings Limited**

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**Notes to the Financial Statements  
For the Year Ended 31 December 2017**

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**7. Employees**

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

	<b>Group 2017 £</b>	<b>Group 2016 £</b>
Wages and salaries	<b>839,099</b>	856,057
Social security costs	<b>98,749</b>	98,203
Cost of defined contribution scheme	<b>13,309</b>	5,856
	<b><u>951,157</u></b>	<b><u>960,116</u></b>

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

	<b>2017 No.</b>	<b>2016 No.</b>
Administration	<b><u>23</u></b>	<b><u>23</u></b>

**8. Directors' remuneration**

	<b>2017 £</b>	<b>2016 £</b>
Directors' emoluments	<b>183,207</b>	198,046
Company contributions to defined contribution pension schemes	<b>386</b>	267
	<b><u>183,593</u></b>	<b><u>198,313</u></b>

During the year retirement benefits were accruing to 1 director (2016 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £128,879 (2016 - £113,307).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £386 (2016 - £217).

**9. Interest receivable**

	<b>2017 £</b>	<b>2016 £</b>
Other interest receivable	<b><u>2,063</u></b>	<b><u>-</u></b>

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**Delamere Dairy Holdings Limited**

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**Notes to the Financial Statements  
For the Year Ended 31 December 2017**

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**10. Interest payable and similar charges**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Bank interest payable	<b>33,650</b>	<b>47,906</b>
Other loan interest payable	<b>39,257</b>	<b>41,208</b>
	<b>72,907</b>	<b>89,114</b>

**11. Taxation**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Corporation tax</b>		
Current tax on profits for the year	<b>106,442</b>	<b>167,444</b>
Adjustments in respect of previous periods	<b>(11,810)</b>	<b>-</b>
<b>Total current tax</b>	<b>94,632</b>	<b>167,444</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<b>(982)</b>	<b>426</b>
<b>Total deferred tax</b>	<b>(982)</b>	<b>426</b>
<b>Taxation on profit on ordinary activities</b>	<b>93,650</b>	<b>167,870</b>

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**Delamere Dairy Holdings Limited**

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**Notes to the Financial Statements  
For the Year Ended 31 December 2017**

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**11. Taxation (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2016 - *higher than*) the standard rate of corporation tax in the UK of 19% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	344,773	591,837
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2016 - 20%)	65,507	118,367
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	61,936	62,396
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	543	768
Capital allowances for year in excess of depreciation	2,028	2,718
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(24,935)	(17,170)
Changes in provisions leading to an increase (decrease) in the tax charge	(11,810)	-
Other differences leading to an increase (decrease) in the tax charge	381	791
<b>Total tax charge for the year</b>	<b>93,650</b>	<b>167,870</b>

**Factors that may affect future tax charges**

There were no factors that may affect future tax charges.

**12. Dividends**

	2017 £	2016 £
Dividends on ordinary shares	100,000	-

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Delamere Dairy Holdings Limited

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Notes to the Financial Statements  
For the Year Ended 31 December 2017

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13. Intangible assets

Group and Company

	Patents £	Goodwill £	Total £
<b>Cost</b>			
At 1 January 2017	50,303	4,959,664	5,009,967
Additions	5,174	-	5,174
At 31 December 2017	55,477	4,959,664	5,015,141
<b>Amortisation</b>			
At 1 January 2017	21,572	2,011,851	2,033,423
Charge for the year	4,865	325,979	330,844
At 31 December 2017	26,437	2,337,830	2,364,267
<b>Net book value</b>			
At 31 December 2017	29,040	2,621,834	2,650,874
At 31 December 2016	28,731	2,947,813	2,976,544

Company

The company has no intangible fixed assets.

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Delamere Dairy Holdings Limited

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Notes to the Financial Statements  
For the Year Ended 31 December 2017

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14. Tangible fixed assets

Group

	Plant and machinery £	Fixtures and fittings £	Other fixed assets £	Total £
<b>Cost or valuation</b>				
At 1 January 2017	42,322	124,024	72,961	239,307
Additions	-	-	2,468	2,468
At 31 December 2017	42,322	124,024	75,429	241,775
<b>Depreciation</b>				
At 1 January 2017	37,794	100,673	42,649	181,116
Charge for the year on owned assets	679	5,883	5,172	11,734
At 31 December 2017	38,473	106,556	47,821	192,850
<b>Net book value</b>				
At 31 December 2017	3,849	17,468	27,608	48,925
At 31 December 2016	4,528	23,351	30,312	58,191

Company

The company has no tangible fixed assets.

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**Delamere Dairy Holdings Limited**

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**Notes to the Financial Statements  
For the Year Ended 31 December 2017**

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**15. Fixed asset investments**

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Class of shares</b>	<b>Holding</b>	<b>Principal activity</b>
Delamere Dairy Limited	Ordinary	100 %	Dairy product traders

<b>Name</b>	<b>Registered office</b>
Delamere Dairy Limited	Yew Tree Farm, Bexton Lane, Knutsford, Cheshire, WA16 9BH

**Company**

	<b>Investments in subsidiary companies £</b>
<b>Cost or valuation</b>	
At 1 January 2017	<u>6,118,318</u>
At 31 December 2017	<u>6,118,318</u>
<b>Net book value</b>	
At 31 December 2017	<u>6,118,318</u>
At 31 December 2016	<u>6,118,318</u>

**Delamere Dairy Holdings Limited**

**Notes to the Financial Statements  
For the Year Ended 31 December 2017**

**16. Stocks**

	<b>Group 2017 £</b>	<b>Group 2016 £</b>	<b>Company 2017 £</b>	<b>Company 2016 £</b>
Raw materials and consumables	<b>926,128</b>	<b>859,413</b>	-	-

Stock recognised in cost of sales during the year as an expense was £17,891,199 (2016 - £16,233,595).

An impairment loss of £nil (2016: £nil) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

**17. Debtors**

	<b>Group 2017 £</b>	<b>Group 2016 £</b>	<b>Company 2017 £</b>	<b>Company 2016 £</b>
Trade debtors	<b>2,378,002</b>	<b>2,280,583</b>	-	-
Other debtors	<b>70,808</b>	<b>169,631</b>	-	-
Prepayments and accrued income	<b>133,719</b>	<b>85,169</b>	-	-
Deferred taxation	<b>88,095</b>	<b>87,113</b>	<b>96,005</b>	<b>96,005</b>
Financial instruments	-	7,825	-	-
	<b>2,670,624</b>	<b>2,630,321</b>	<b>96,005</b>	<b>96,005</b>

There was an impairment gain of £20,571 in the year (2016: £nil) in respect of bad and doubtful trade debtors.

**18. Cash and cash equivalents**

	<b>Group 2017 £</b>	<b>Group 2016 £</b>	<b>Company 2017 £</b>	<b>Company 2016 £</b>
Cash at bank and in hand	<b>53,984</b>	<b>61,093</b>	-	-

**Delamere Dairy Holdings Limited**

**Notes to the Financial Statements  
For the Year Ended 31 December 2017**

**19. Creditors: Amounts falling due within one year**

	<b>Group 2017 £</b>	<b>Group 2016 £</b>	<b>Company 2017 £</b>	<b>Company 2016 £</b>
Bank loans	400,000	400,000	-	-
Other loans	2,246,841	-	2,246,841	-
Trade creditors	1,823,355	1,784,743	-	-
Amounts owed to group undertakings	-	-	3,897,318	3,825,318
Corporation tax	46,442	179,254	-	-
Other taxation and social security	28,027	-	-	-
Other creditors	250,761	167,180	-	-
Accruals and deferred income	295,338	272,798	-	-
Financial instruments	6,645	-	-	-
	<b>5,097,409</b>	<b>2,803,975</b>	<b>6,144,159</b>	<b>3,825,318</b>

Other creditors relates to invoice discounting creditors of £250,761 (2016: £167,180), which are secured by means of a fixed and floating charge over the group's assets.

Bank loans are secured by means of a fixed and floating charge over the group's assets. The bank loans are repayable in quarterly instalments of £100,000 until December 2018. Interest is charged at 2.05% plus LIBOR per annum.

At 31 December 2017, the group and company has outstanding loan notes, including accrued interest, of £2,246,841 (2016 - £2,279,584). The loan notes bear interest per annum at 2% plus base rate. These loan notes are due for repayment no later than 20 December 2018 if not settled at the group's option before that date. These loan notes are held by two directors of the company.

**20. Creditors: Amounts falling due after more than one year**

	<b>Group 2017 £</b>	<b>Group 2016 £</b>	<b>Company 2017 £</b>	<b>Company 2016 £</b>
Bank loans	-	400,000	-	-
Other loans	-	2,279,584	-	2,279,584
	<b>-</b>	<b>2,679,584</b>	<b>-</b>	<b>2,279,584</b>

Bank loans are secured by means of a fixed and floating charge over the group's assets. The bank loans are repayable in quarterly instalments of £100,000 until December 2018. Interest is charged at 2.05% plus LIBOR per annum.

At 31 December 2017, the group and company has outstanding loan notes, including accrued interest, of £2,246,841 (2016 - £2,279,584). The loan notes bear interest per annum at 2% plus base rate. These loan notes are due for repayment no later than 20 December 2018 if not settled at the group's option before that date. These loan notes are held by two directors of the company.

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**Delamere Dairy Holdings Limited**

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**Notes to the Financial Statements  
For the Year Ended 31 December 2017**

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**21. Loans**

	<b>Group 2017 £</b>	<i>Group 2016 £</i>	<b>Company 2017 £</b>	<i>Company 2016 £</i>
<b>Amounts falling due within one year</b>				
Bank loans	400,000	400,000	-	-
Other loans	2,246,841	-	2,246,841	-
	<u>2,646,841</u>	<u>400,000</u>	<u>2,246,841</u>	<u>-</u>
<b>Amounts falling due 1-2 years</b>				
Bank loans	-	400,000	-	-
Other loans	-	2,279,584	-	2,279,584
	<u>-</u>	<u>2,679,584</u>	<u>-</u>	<u>2,279,584</u>
<b>Amounts falling due 2-5 years</b>				
	<u>2,646,841</u>	<u>3,079,584</u>	<u>2,246,841</u>	<u>2,279,584</u>

**Delamere Dairy Holdings Limited**

**Notes to the Financial Statements  
For the Year Ended 31 December 2017**

**22. Financial instruments**

	<b>Group 2017 £</b>	<i>Group 2016 £</i>	<b>Company 2017 £</b>	<i>Company 2016 £</i>
<b>Financial assets</b>				
Derivative financial instruments measured at fair value through profit or loss	-	7,825	-	-
Financial assets that are debt instruments measured at amortised cost	<b>2,448,810</b>	<i>2,450,214</i>	-	-
	<b>2,448,810</b>	<i>2,458,039</i>	-	-
<b>Financial liabilities</b>				
Derivative financial instruments measured at fair value through profit or loss	<b>(6,645)</b>	-	-	-
Financial liabilities measured at amortised cost	<b>(5,016,295)</b>	<i>(5,304,305)</i>	<b>(6,144,159)</b>	<i>(6,104,902)</i>
	<b>(5,022,940)</b>	<i>(5,304,305)</i>	<b>(6,144,159)</b>	<i>(6,104,902)</i>

Derivative financial instruments measured at fair value through profit or loss comprise forward foreign currency contracts.

Financial assets that are debt instruments measured at amortised cost comprise trade and other debtors.

Financial liabilities measured at amortised cost comprise bank loans and overdrafts, trade creditors, other creditors and accruals. Balances for the company comprise group creditors.

**23. Deferred taxation**

**Group**

	<b>2017 £</b>	<i>2016 £</i>
At beginning of year	<b>87,113</b>	<i>87,539</i>
Charged to profit or loss	<b>982</b>	<i>(426)</i>
<b>At end of year</b>	<b>88,095</b>	<i>87,113</i>

**Delamere Dairy Holdings Limited**

**Notes to the Financial Statements  
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**23. Deferred taxation (continued)**

**Company**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
At beginning of year	<b>96,005</b>	<b>96,005</b>
At end of year	<b>96,005</b>	<b>96,005</b>

	<b>Group 2017 £</b>	<b>Group 2016 £</b>	<b>Company 2017 £</b>	<b>Company 2016 £</b>
Accelerated capital allowances	<b>(7,910)</b>	<b>(8,892)</b>	<b>-</b>	<b>-</b>
Tax losses carried forward	<b>96,005</b>	<b>96,005</b>	<b>96,005</b>	<b>96,005</b>
	<b>88,095</b>	<b>87,113</b>	<b>96,005</b>	<b>96,005</b>

**24. Share capital**

	<b>2017 £</b>	<b>2016 £</b>
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
45,000 Ordinary A shares of £0.01 each	<b>450</b>	<b>450</b>
55,000 Ordinary B shares of £0.01 each	<b>550</b>	<b>550</b>
	<b>1,000</b>	<b>1,000</b>

All shares rank pari passu.

As at 31 December 2017, there were 8,980 options outstanding that had been granted over ordinary shares in the company under EMI Schemes. Of these options, 896 were granted in February 2009 at a price of £0.01 and become exercisable upon sale of the company or floatation of the company's shares. The balance of 8,084 options were issued in March 2014 at an exercise price of £0.01 and also become exercisable upon sale of the company or floatation of the company's shares. No share based payment has been recognised in the statement of comprehensive income on the basis that it would be immaterial.

**25. Reserves**

**Profit and loss account**

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

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**Delamere Dairy Holdings Limited**

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**Notes to the Financial Statements  
For the Year Ended 31 December 2017**

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**26. Pension commitments**

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £12,504 (2016 - £5,856). Contributions totalling £nil (2016 - £nil) were payable to the fund at the balance sheet date

**27. Commitments under operating leases**

At 31 December 2017 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	<b>Group 2017 £</b>	<b>Group 2016 £</b>	<b>Company 2017 £</b>	<b>Company 2016 £</b>
Not later than 1 year	47,136	52,004	-	-
Later than 1 year and not later than 5 years	25,603	35,152	-	-
	<u>72,739</u>	<u>87,156</u>	<u>-</u>	<u>-</u>

**28. Directors' benefits: advances, credit and guarantees**

In prior years, Delamere Dairy Limited made advances to the following directors:

E J Salt - £nil (2016: £33,334).	Maximum outstanding in the year £33,334.
R C D Sutton - £nil (2016: £16,666).	Maximum outstanding in the year £16,666.
E A Sutton - £nil (2016: £16,666).	Maximum outstanding in the year £16,666.

No interest is charged on the above balances, and they are repayable on demand.

**29. Related party transactions**

The company has taken advantage of the exemption contained in FRS 102 Section 33.1A "Related Party Transactions" not to disclose transaction with wholly owned subsidiaries.

Key management are considered to be the directors of the company. Therefore, there is no difference between directors' emoluments and key management compensation.

Two of the directors of the company hold the interest bearing loan notes as disclosed in note 20.

**30. Controlling party**

There is no overall controlling party.