

**Arla Foods Milk Partnership Limited**

**Directors' report and financial  
statements**

Registered number 2779206

31 December 2012

WEDNESDAY



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## Contents

Company information	3
Directors' report	4
Statement of Directors' Responsibilities in respect of the directors' report and the financial statements	6
Independent auditor's report to the members of Arla Foods Milk Partnership Limited	7
Profit and Loss Account	9
Balance Sheet	10
Notes	11

## **Company information**

### **Directors**

JJ Ovens, chairman  
JE Pedersen, vice-chairman  
EM Evans  
AR Fearnall  
HS Fletcher  
TD Hosford  
RCL Haydon  
A Amirahmadi

### **Secretary**

T S Soar

### **Registered office**

4 Savannah Way  
Leeds Valley Park  
Leeds  
LS10 1AB

### **Auditor**

KPMG LLP  
1 The Embankment  
Neville Street  
Leeds  
LS1 4DW

## **Directors' report**

The directors present their report and audited financial statements of the Company for the year ended 31 December 2012. The comparative period is the year ended 31 December 2011.

### **Principal activity, review of the business and future developments**

The Company's principal activity is to facilitate the procurement of milk from dairy farmers in England, Wales and Scotland for Arla Foods Limited. The result for the year is considered to be satisfactory.

### **Constitution and share capital**

The Company is limited by guarantee and has no share capital.

The liability of the members, other than Arla Foods UK plc, is limited to £1. Should the Company be wound up a contribution up to this sum may be required from each member, and from anyone who has ceased to be a member in the previous year, for payment of the Company's debts and liabilities incurred whilst a member of the company, and for the winding up costs. The aggregate liability of Arla Foods UK plc is limited to £50,000.

In addition, each producer member pays to the Company an annual contribution to costs for the year. The annual contribution to costs paid by Arla Foods UK plc is an amount equal to the aggregate annual contribution to costs of all the producer members.

### **Directors**

The directors who held office during the year were as follows:

JJ Ovens, chairman  
JE Pedersen, vice-chairman  
EM Evans  
AR Fearnall  
HS Fletcher  
TD Hosford  
RCL Haydon  
A Amirahmadi

### **Indemnity provisions**

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

### **Charitable and political donations**

The Company made no political or charitable donations in the year (2011: £nil).

### **Disclosure of information to the auditor**

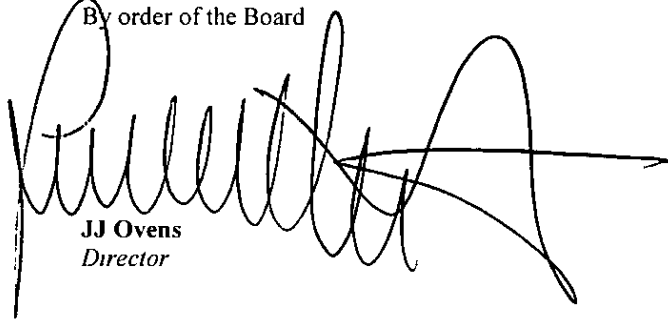
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**Directors' report** *(continued)*

**Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the Board

A large, stylized handwritten signature in black ink, appearing to read 'JJ Ovens', is written over the text 'By order of the Board'.

**JJ Ovens**  
*Director*

4 Savannah Way  
Leeds Valley Park  
Leeds  
LS10 1AB

*22 October 2013*

## **Statement of Directors' Responsibilities in respect of the directors' report and the financial statements**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions



**KPMG LLP**

1 The Embankment  
Neville Street  
Leeds  
LS1 4DW  
United Kingdom

**Independent auditor's report to the members of Arla Foods Milk Partnership Limited**

We have audited the financial statements of Arla Foods Milk Partnership Limited for the year ended 31 December 2012 as set out on pages 9 to 13. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and to express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate)

**Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended, and
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

**Independent auditors' report to the members of Arla Foods Milk Partnership Limited (continued)**


**Opinion on other matter prescribed by the Companies Act 2006**

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

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



**Johnathan Pass (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
Chartered Accountants  
1 The Embankment  
Neville Street  
Leeds  
LS1 4DW

*23 October 2013*



**Profit and Loss Account**  
*for the year ended 31 December 2012*

	<i>Note</i>	<b>2012</b> <b>£000</b>	2011 £000
<b>Turnover</b>		<b>778</b>	813
Administrative expenses	2	(771)	(737)
<b>Profit on ordinary activities before taxation</b>	2	<u>7</u>	<u>76</u>
Tax on profit on ordinary activities	4	-	-
<b>Profit for the financial year</b>	7	<u><u>7</u></u>	<u><u>76</u></u>

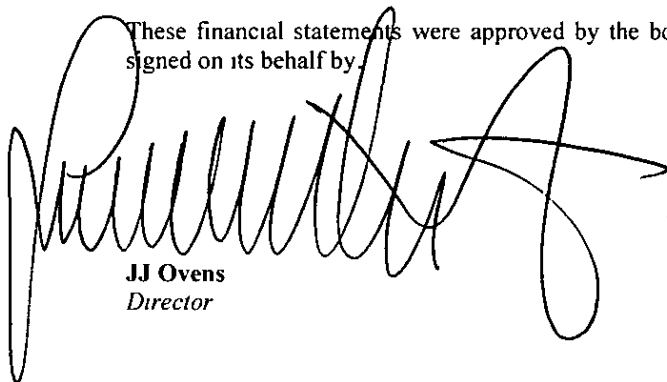
The Company has no recognised gains and losses other than the profits above and therefore no separate Statement of Total Recognised Gains and Losses has been presented

There is no difference between the profit for the year stated above and their historical cost equivalents

**Balance Sheet**  
*at 31 December 2012*

	<i>Note</i>	<b>2012</b> <b>£000</b>	<b>2011</b> <b>£000</b>
<b>Current assets</b>			
Debtors	5	97	102
Cash at bank		633	675
<b>Net current assets</b>		<b>730</b>	<b>777</b>
<b>Current liabilities</b>			
Creditors amounts falling due within one year	6	(150)	(204)
<b>Net assets</b>		<b>580</b>	<b>573</b>
<b>Capital and reserves</b>			
Profit and loss account	7	580	573
<b>Shareholders' funds</b>	8	<b>580</b>	<b>573</b>

These financial statements were approved by the board of directors on 22 October 2013 and were signed on its behalf by.



**JJ Ovens**  
*Director*

## Notes

*(forming part of the financial statements)*

### 1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

#### *Going concern*

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

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards under the historical cost accounting rules.

Under Financial Reporting Standard 1, 'Cash Flow Statements', the Company is exempt from the requirement to prepare a cash flow statement on grounds of its size.

#### **Turnover**

Turnover represents a levy charged to the owners of the business for provision of services.

#### *Taxation*

The charge for taxation is based on the profit/(loss) for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by Financial Reporting Standard 19, 'Deferred Tax'.

### 2. Notes to the Profit and Loss Account

	2012	2011
	£000	£000
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration	5	8

### 3. Directors' emoluments

There are no employees of the Company, other than the directors. The directors' emoluments for the year were £323,219 (2011: £365,833). No pension contributions were made. The highest paid director received remuneration of £120,000 (2011: £120,000).

**Notes** (continued)

**4. Taxation**

*Analysis of charge in the year*

	2012 £000	2011 £000
<i>UK Corporation tax</i>		
Total current tax	-	-
	<hr/>	<hr/>
Tax on profit on ordinary activities	-	-
	<hr/> <hr/>	<hr/> <hr/>

The company is a mutual trading organisation and is not taxed on mutual trading profits

The taxation relates to taxable interest received

*Factors affecting the tax charge for the current year*

The current tax for the year is lower (2011 lower) than the standard rate of corporation tax in the UK of 20% (2011 20.25%). The differences are explained below

	2012 £000	2011 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before taxation	8	76
	<hr/>	<hr/>
Current tax at 20% (2011 20.25%)	2	15
Non-taxable mutual trading profits	(2)	(15)
	<hr/>	<hr/>
Total current tax charge (see above)	-	-
	<hr/> <hr/>	<hr/> <hr/>

**5. Debtors**

	2012 £000	2011 £000
Trade debtors	4	4
Other debtors	93	98
	<hr/>	<hr/>
	97	102
	<hr/> <hr/>	<hr/> <hr/>

**Notes** (continued)

**6 Creditors: amounts falling due within one year**

	<b>2012</b>	2011
	<b>£000</b>	£000
Trade creditors	<b>86</b>	99
Accruals	<b>56</b>	94
Other taxation	<b>8</b>	11
	<u><b>150</b></u>	<u>204</u>

**7. Reserves**

	<b>Profit and loss account £000</b>
At beginning of year	573
Profit for the year	7
	<u><b>580</b></u>

**8. Reconciliation of movement in shareholders' funds**

	<b>2012</b>	2011
	<b>£000</b>	£000
Profit for the financial year	<b>7</b>	76
	<u><b>7</b></u>	<u>76</u>
<b>Net addition to shareholders' funds</b>	<b>7</b>	76
Opening shareholders' funds	<b>573</b>	497
	<u><b>580</b></u>	<u>573</u>
<b>Closing shareholders' funds</b>	<b>580</b>	573

**9 Constitution and share capital**

The Company was incorporated as a company limited by guarantee and therefore has no share capital. The liability of the members, other than Arla Foods UK plc, is limited to £1 each. Arla Foods UK plc's aggregate liability is limited to £50,000.