

Eurilait Limited

Report and Financial Statements

Year Ended

31 December 2011

Company Number 02667268

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Eurilait Limited

Report and financial statements for the year ended 31 December 2011

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Directors

H Newmarch
P Gautron
O Pretelat

Secretary and registered office

E D Humieres, Leighton Lane Industrial Estate, Evercreech, Shepton Mallet, Somerset, BA4 6LQ

Company number

02667268

Auditors

BDO LLP, Arcadia House, Maritime Walk, Ocean Village, Southampton, SO14 3TL

Eurilait Limited

Report of the directors for the year ended 31 December 2011

The directors present their report together with the audited financial statements for the year ended 31 December 2011

Principal activities, results, review of business and future developments

The company is engaged in the import, packing and distribution of continental cheese to retailers, food manufacturers and wholesalers across the UK and Ireland. There have been no changes in the company's activities in the year under review.

The profit and loss account is set out on page 5 and shows an increase in turnover of 14.7%, from £41,735,769 in 2010 to £47,852,108 in 2011. Profit before taxation for the year increased to £478,524 (2010: £417,395) representing an increase of 14.6%.

The market for continental cheese remains highly competitive. The company seeks to manage the risk of losing customers to key competitors by the provision of added value services to customers with an emphasis on developing new products with our customers.

There have been no events since the balance sheet date which materially affect the position of the company.

Principal risks and uncertainties

The company purchases some cheese from Europe in Euros. The company is therefore exposed to movements in the Euro to Sterling exchange rate. The Director of Finance monitors the net exposure and takes out forward contracts to fix the exchange rate for up to twelve months hence.

The company's credit risk is primarily attributable to its trade debtors. Credit risk is managed by running credit checks on new customers, and to protect against the default of those debts by using a credit insurer.

The company has a loan facility for £3,000,000 with Barclays Bank at a variable rate of 2.5% above base rate. £1,584,113 of the facility was unutilised at the year-end.

The company monitors cash flow as part of its day to day control procedures. The Board considers cash flow projections on a regular basis and ensures that appropriate facilities are available to be drawn upon as necessary.

Directors

The directors of the company during the year were

H Newmarch
P Gautron
O Pretelat

Eurilait Limited

Report of the directors for the year ended 31 December 2011 (continued)

Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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,
- 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.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the board



P. Gautron

Director

Date

13 juin 2012

Eurilait Limited

Independent auditor's report

To the members of Eurilait Limited

We have audited the financial statements of Eurilait Limited for the year ended 31 December 2011 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB'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 APB's website at www.frc.org.uk/apb/scope/private.cfm.

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 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Eurilait Limited

Independent auditor's report (*continued*)

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



Christopher Driver (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Southampton
United Kingdom

12th July 2012

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

Eurilait Limited

Profit and loss account for the year ended 31 December 2011

	Note	2011 £	2010 £
Turnover	2	47,852,108	41,735,769
Cost of sales		43,276,802	37,656,827
		<hr/>	<hr/>
Gross profit		4,575,306	4,078,942
Administrative expenses		4,064,389	3,647,271
		<hr/>	<hr/>
Operating profit	3	510,917	431,671
Other interest receivable and similar income		20	125
Interest payable and similar charges	6	(32,413)	(14,401)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		478,524	417,395
Taxation on profit on ordinary activities	7	131,403	116,593
		<hr/>	<hr/>
Profit on ordinary activities after taxation		347,121	300,802
		<hr/>	<hr/>

All amounts relate to continuing activities

All recognised gains and losses in the current and prior year are included in the profit and loss account

The notes on pages 8 to 17 form part of these financial statements

Eurilait Limited

Balance sheet at 31 December 2011

<i>Company number 02667268</i>	Note	2011 £	2011 £	2010 £	2010 £
Fixed assets					
Tangible assets	9		339,634		363,568
Current assets					
Stocks	10	1,450,516		1,345,208	
Debtors	11	10,597,979		8,471,401	
Cash at bank and in hand		58,143		37,554	
		12,106,638		9,854,163	
Creditors: amounts falling due within one year	12	12,059,387		9,908,802	
Net current assets/(liabilities)			47,251		(54,639)
Total assets less current liabilities			386,885		308,929
Provisions for liabilities	13		835		-
			386,050		308,929
Capital and reserves					
Called up share capital	15	5,000		5,000	
Profit and loss account	16	381,050		303,929	
Shareholders' funds	17		386,050		308,929

The financial statements were approved by the board of directors and authorised for issue on 19 June 2012


P Gautron
Director

The notes on pages 8 to 17 form part of these financial statements

Eurilait Limited

Cashflow statement for the year ended 31 December 2011

	Note	2011 £	2011 £	2010 £	2010 £
Net cash outflow from operating activities	21		(600,303)		(323,200)
Returns on investments and servicing of finance					
Interest received		20		125	
Interest paid bank loans		(32,413)		(14,401)	
Net cash outflow from returns on investments and servicing of finance			(32,393)		(14,276)
Taxation					
Corporation tax paid			(19,344)		(146,013)
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(172,369)		(165,072)	
Receipts from sale of tangible fixed assets		35,489		19,556	
Net cash outflow from capital expenditure and financial investment			(136,880)		(145,516)
Dividends paid			(270,000)		(280,000)
Decrease in cash	22		(1,058,920)		(909,005)

The notes on pages 8 to 17 form part of these financial statements

Eurilait Limited

Notes forming part of the financial statements for the year ended 31 December 2011

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards

The following principal accounting policies have been applied

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax

Revenue is recognised on the despatch of goods to customers

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, except for investment properties and freehold land, evenly over their expected useful lives. It is calculated at the following rates

Plant and machinery	- 25% per annum
Motor vehicles	- 25% per annum
Office equipment	- 25% per annum

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Foreign currency

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the profit and loss account.

In previous years, the gain or loss arising from foreign exchange differences was shown within Administrative expenses. During the year, the directors have amended this policy to show such differences within Cost of sales, as these differences arise on stock purchases. For consistency, the 2010 foreign exchange gain of £80,445 has been reclassified from Administrative expenses to Cost of sales. The overall profit for the year is unchanged.

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.

Eurilait Limited

Notes forming part of the financial statements for the year ended 31 December 2011 (*continued*)

1 Accounting policies (*continued*)

Taxation

Current tax is measured at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

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

- deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief, and
- the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences

Deferred tax balances are not discounted

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

2 Turnover

	2011 £	2010 £
Analysis by geographical market		
United Kingdom	46,692,808	40,610,740
Europe	1,159,300	1,125,029
	<u>47,852,108</u>	<u>41,735,769</u>

Turnover is wholly attributable to the principal activity of the company.

Eurilait Limited

Notes forming part of the financial statements for the year ended 31 December 2011 *(continued)*

3 Operating profit

	2011 £	2010 £
This is arrived at after charging/(crediting)		
Depreciation of tangible fixed assets	162,787	151,678
Hire of plant and machinery - operating leases	53,467	49,752
Hire of other assets - operating leases	310,202	299,805
Auditors' remuneration - fees payable to the company's auditor for the audit of the company's annual accounts	16,500	16,000
Exchange differences	(108,006)	(80,445)
	<u> </u>	<u> </u>

4 Employees

Staff costs (including directors) consist of

	2011 £	2010 £
Wages and salaries	1,751,587	1,672,477
Social security costs	172,970	168,131
Other pension costs	102,953	87,871
	<u> </u>	<u> </u>
	2,027,510	1,928,479
	<u> </u>	<u> </u>

The average number of employees (including directors) during the year was as follows

	2011 Number	2010 Number
Administration	9	9
Sales and marketing	14	12
Stock handling	46	45
	<u> </u>	<u> </u>
	69	66
	<u> </u>	<u> </u>

5 Directors' remuneration

	2011 £	2010 £
Directors' emoluments	111,129	118,785
Company contributions to money purchase pension schemes	18,645	6,477
	<u> </u>	<u> </u>

There was 1 director in the company's defined contribution pension scheme during the year (2010 - 1)

Eurilait Limited

Notes forming part of the financial statements for the year ended 31 December 2011 *(continued)*

6 Interest payable and similar charges

	2011 £	2010 £
Bank overdrafts	32,413	14,401
	<u> </u>	<u> </u>

7 Taxation on profit on ordinary activities

	2011 £	2010 £
<i>UK Corporation tax</i>		
Current tax on profits of the year	121,319	99,540
Adjustment in respect of previous periods	2,188	-
	<u> </u>	<u> </u>
Total current tax	123,507	99,540
	<u> </u>	<u> </u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	7,963	8,280
Adjustment in respect of previous periods	-	8,773
Effect of changes in tax rate	(67)	-
	<u> </u>	<u> </u>
Movement in deferred tax provision	7,896	17,053
	<u> </u>	<u> </u>
Taxation on profit on ordinary activities	131,403	116,593
	<u> </u>	<u> </u>

Eurilait Limited

Notes forming part of the financial statements for the year ended 31 December 2011 *(continued)*

7 Taxation on profit on ordinary activities *(continued)*

The tax assessed for the year is lower than the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below.

	2011 £	2010 £
Profit on ordinary activities before tax	478,524	417,395
Profit on ordinary activities at the standard rate of corporation tax in the UK of 26% (2010 - 28%)	124,416	116,871
Effect of		
Expenses not deductible for tax purposes	2,312	(6,670)
Other timing differences	441	198
Fixed asset timing differences	(8,403)	(8,478)
Adjustment to tax in respect of previous periods	2,188	-
Effect of variable tax rates on current tax	2,258	-
Effect of variable tax rates on deferred tax	295	-
Marginal relief	-	(2,381)
Current tax charge for the year	123,507	99,540

8 Dividends

	2011 £	2010 £
Ordinary shares		
Final dividend paid for 2010 of £73.07 (2010 - for 2009 of £78.26) per share	270,000	280,000

The final dividend for the year ended 31 December 2010 of £73.07 per share was approved by the shareholders on 22 June 2011 and was paid on 28 December 2011.

Two shareholders waived their dividend entitlement during the year. These entitlements totalled £146.14. One shareholder waived part of their dividend entitlement during the year. This entitlement totalled £95,210.52.

Eurilait Limited

Notes forming part of the financial statements for the year ended 31 December 2011 *(continued)*

9 Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Computer equipment £	Total £
<i>Cost or valuation</i>				
At 1 January 2011	1,002,308	126,019	315,776	1,444,103
Additions	51,092	90,122	31,155	172,369
Disposals	-	(70,051)	-	(70,051)
At 31 December 2011	1,053,400	146,090	346,931	1,546,421
<i>Depreciation</i>				
At 1 January 2011	753,102	53,875	273,558	1,080,535
Provided for the year	100,147	37,458	25,182	162,787
Disposals	-	(36,535)	-	(36,535)
At 31 December 2011	853,249	54,798	298,740	1,206,787
<i>Net book value</i>				
At 31 December 2011	200,151	91,292	48,191	339,634
At 31 December 2010	249,206	72,144	42,218	363,568

10 Stocks

	2011 £	2010 £
Finished goods and goods for resale	1,450,516	1,345,208

There is no material difference between the replacement cost of stocks and the amounts stated above

Eurilait Limited

Notes forming part of the financial statements for the year ended 31 December 2011 *(continued)*

11 Debtors

	2011 £	2010 £
Trade debtors	10,359,084	8,277,811
Prepayments and accrued income	4,986	67,152
Other debtors	125,928	22,500
Other tax debtor	107,981	96,877
Deferred taxation (see note 13)	-	7,061
	<hr/>	<hr/>
	10,597,979	8,471,401
	<hr/>	<hr/>

All amounts shown under debtors fall due for payment within one year

12 Creditors: amounts falling due within one year

	2011 £	2010 £
Bank overdrafts (secured)	1,415,887	336,378
Trade creditors	4,021,518	4,085,477
Amounts owed to group undertakings	3,588,280	2,961,524
Amounts owed to associated undertakings	2,382,541	2,200,404
Corporation tax	121,319	17,156
Other taxation and social security	68,265	62,147
Other creditors	52,684	31,052
Accruals and deferred income	408,893	214,664
	<hr/>	<hr/>
	12,059,387	9,908,802
	<hr/>	<hr/>

The bank overdrafts are secured by an unlimited debenture over all of the company's assets

13 Provisions for liabilities

	Deferred taxation £
Transferred from debtors	(7,061)
Charged to profit and loss account	7,896
	<hr/>
At 31 December 2011	835
	<hr/>

Eurilait Limited

Notes forming part of the financial statements for the year ended 31 December 2011 *(continued)*

14 Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge amounted to £102,953 (2010 - £87,871). Contributions amounting to £12,646 (2010 - £12,648) were payable to the fund at the year end and are included in accruals in note 12.

15 Share capital

	2011 £	2010 £
<i>Allotted, called up and fully paid</i>		
5,000 ordinary of £1 each	5,000	5,000
	<u>5,000</u>	<u>5,000</u>

16 Reserves

	Profit and loss account £
At 1 January 2011	303,929
Profit for the year	347,121
Dividends	(270,000)
	<u>381,050</u>
At 31 December 2011	<u>381,050</u>

17 Reconciliation of movements in shareholders' funds

	2011 £	2010 £
Profit for the year	347,121	300,802
Dividends	(270,000)	(280,000)
	<u>77,121</u>	<u>20,802</u>
Net additions to shareholders' funds	77,121	20,802
Opening shareholders' funds	308,929	288,127
	<u>386,050</u>	<u>308,929</u>
Closing shareholders' funds	386,050	308,929

Eurilait Limited

Notes forming part of the financial statements for the year ended 31 December 2011 *(continued)*

18 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings 2011 £	Other 2011 £	Land and buildings 2010 £	Other 2010 £
Operating leases which expire				
In two to five years	-	53,347	-	53,347
After five years	310,000	-	310,000	-
	<u>310,000</u>	<u>53,347</u>	<u>310,000</u>	<u>53,347</u>

19 Related party disclosures

Related party transactions and balances

	Purchases from related parties 2011 £	Purchases from related parties 2010 £	Amounts owed to related parties 2011 £	Amounts owed to related parties 2010 £
Laita	13,231,547	9,409,407	3,588,280	2,961,524
Eurial	12,000,515	8,541,213	2,382,541	2,200,404
	<u>25,232,062</u>	<u>17,950,620</u>	<u>5,970,821</u>	<u>5,161,928</u>

Laita is the parent undertaking and holds 70% of the company's shares. Eurial is an associated company and holds 30% of the company's shares.

During the year £29,100 (2010: £29,100) was paid to Eurial and £78,180 (2010: £67,896) was paid to Laita in respect of management fees.

During the year dividends of £109,607 (2010: £117,393) were paid to Eurial and dividends of £160,393 (2010: £162,607) were paid to Laita.

20 Ultimate parent company and parent undertaking of larger group

The largest and smallest group in which the results of the company are consolidated is that headed by Laita, incorporated in France. No other group accounts include the results of the company.

Eurilait Limited

Notes forming part of the financial statements for the year ended 31 December 2011 (*continued*)

21 Reconciliation of operating profit to net cash outflow from operating activities

	2011 £	2010 £
Operating profit	510,917	431,671
Depreciation of tangible fixed assets	162,787	151,678
Profit on sale of tangible fixed assets	(1,973)	(1,923)
Increase in stocks	(105,308)	(9,881)
Increase in debtors	(2,133,639)	(1,205,041)
Increase in creditors	966,913	310,296
	<hr/>	<hr/>
Net cash outflow from operating activities	(600,303)	(323,200)
	<hr/>	<hr/>

22 Reconciliation of net cash flow to movement in net (debt)/funds

	2011 £	2010 £
Decrease in cash	(1,058,920)	(909,005)
Opening net (debt)/funds	(298,824)	610,181
	<hr/>	<hr/>
Closing net debt	(1,357,744)	(298,824)
	<hr/>	<hr/>

23 Analysis of net debt

	At 1 January 2011 £	Cashflow £	At 31 December 2011 £
Cash at bank and in hand	37,554	20,589	58,143
Bank overdrafts	(336,378)	(1,079,509)	(1,415,887)
	<hr/>	<hr/>	<hr/>
Total	(298,824)	(1,058,920)	(1,357,744)
	<hr/>	<hr/>	<hr/>