

78 Notes to the financial statements continued

15 Investment in joint ventures using equity method

The principal investment in joint ventures was represented by a 49% interest in Yoplait Dairy Crest Limited which was involved in the marketing and distribution of chilled yogurts and desserts in the United Kingdom. This investment was sold on 26 March 2009 (see Note 4). At 31 March 2009, the only investment in a joint venture was the 50% interest in Fayrefield-Foodtec Limited, a company manufacturing specialist dairy ingredients and powders. The share of the assets, liabilities, income and expenses of joint ventures at 31 March and for the years then ended, which are equity accounted for in the consolidated financial statements, are as follows:

| | 2009 | 2008 |
|---|---------------|--------|
| | £m | £m |
| Current assets | 2.3 | 21.0 |
| Non-current assets | 1.1 | 1.7 |
| | 3.4 | 22.7 |
| Current liabilities | (0.5) | (17.4) |
| Non-current liabilities | - | - |
| | (0.5) | (17.4) |
| Share of net assets | 2.9 | 5.3 |
| Revenue | 70.3 | 66.9 |
| Operating costs | (60.3) | (56.0) |
| Finance income | 0.1 | 0.1 |
| Profit before tax | 10.1 | 11.0 |
| Tax expense | (2.8) | (3.3) |
| Share of net profit | 7.3 | 7.7 |
| Analysis of share of net profit: | | |
| Yoplait Dairy Crest Limited | 7.1 | 7.4 |
| Other | 0.2 | 0.3 |

The exceptional profit on disposal of Yoplait Dairy Crest Limited is analysed in Note 4.

On 6 December 2007, the Group acquired a 50% interest in the ordinary share capital of Fayrefield-Foodtec Limited for a consideration of £2.1 million. On completion, both put and call options were put in place for the remaining 50% of Fayrefield-Foodtec Limited which are exercisable from 6 June 2009 to 6 July 2009, by the other joint venture party or the Group respectively. Exercise of these options will result in the Group acquiring the remaining 50% based on a multiple of earnings subject to a floor and cap. The combination of call and put options makes acquisition of the remaining 50% by the Group highly probable, however until exercise of the options the Group does not exercise control. Therefore the investment in Fayrefield-Foodtec Limited is accounted for using the equity method. The option to acquire the remaining 50% of Fayrefield-Foodtec Limited had an initial fair value of nil and had an immaterial fair value at 31 March 2009 and 31 March 2008.

The share of assets and goodwill acquired in December 2007 can be analysed as follows:

| | Book and fair value |
|-------------------------------|----------------------------|
| | £m |
| Property, plant and equipment | 0.4 |
| Working capital | 1.0 |
| Goodwill | 0.7 |
| Consideration | 2.1 |
| Analysed: | |
| Cash consideration | 2.0 |
| Fees | 0.1 |
| | 2.1 |

On 23 October 2007 the Group sold its 50% investment in Cotteswold Dairy Limited for cash consideration of £3.0 million. Until 30 September 2007 this investment had been disclosed as an investment in joint venture using the equity method. At this date the carrying value was impaired by £0.6 million to £3.0 million (see Note 3).