



ANNUAL REPORT & ACCOUNTS 2017/18

DALE FARM COOPERATIVE LTD



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ANNUAL REPORT & ACCOUNTS 2017/18

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Our Group

Dale Farm is a dairy processing cooperative owned by over 1,250 UK farmer members with a turnover in excess of £482 million per year and employing around 1,240 people. The Group's activities span the food chain, from providing farm inputs and services, to collecting and marketing its members' milk supplies, manufacturing an extensive range of dairy consumer and food ingredient products, and distributing these to both the domestic and over 40 export markets world-wide.

Our Mission

Adding sustainable value to our members' milk through supply chain excellence, consumer led branded and own-label innovation, and building added value positions in the consumer and nutrition markets.

Our Businesses

Dale Farm	A major UK dairy processor serving domestic & export markets.
Dale Farm Ingredients	Supplier of dairy-based food ingredients to domestic & export markets.
Ash Manor Cheese	Grates, slices, dices and packs a range of convenience cheese products.
Fivemiletown Cheese	Speciality cheese maker.
Dale Farm Lakeland	Manufactures consumer dairy products, including yogurts, desserts & cottage cheese.
Rowan Glen	Manufactures consumer dairy products, including yogurts, probiotic drinks and desserts.
Dale Farm Ice Cream	Distributes a wide range of ice cream products.
Mullins Ice Cream	Manufactures ice cream products.
Dale Farm Cooperative	Collects, tests, markets & delivers ex-farm milk.
Dairy Herd Management	Provides herd recording & health management information, to improve farm productivity.
United Feeds	Manufactures animal feeds & other farm inputs.
Tankcare	Supplies & maintains on-farm milk storage tanks.

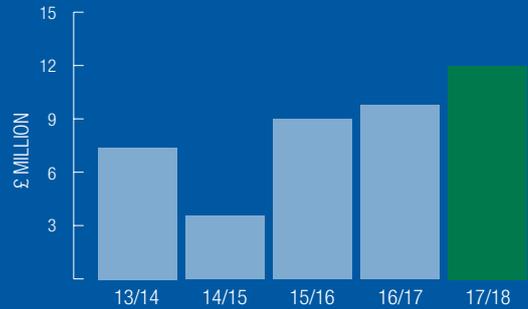


THE YEAR AT A GLANCE

GROUP OPERATING PROFIT

£12.1
MILLION

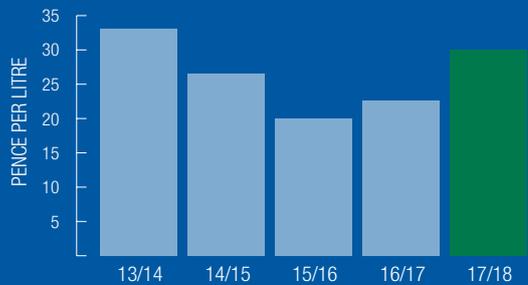
UP
23.6%



AVERAGE NI MILK PRICE

29.94
PENCE PER LITRE

UP
7.4PPL



CAPITAL INVESTMENT OF

£9.6
MILLION

UP
43.3%

EBITDA

£18.1
MILLION

UP
17.1%

GROUP TURNOVER

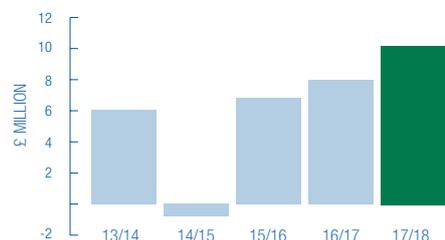
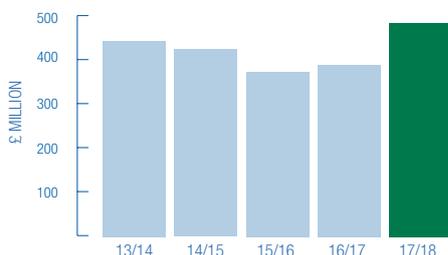
£482
MILLION

UP
24.0%

GROUP PROFIT BEFORE TAX

£10.1
MILLION

UP
27.8%





British cheese at its best.

Award winning range of cheddar & speciality cheeses



CHAIRMAN'S REPORT



“ Group turnover increased 24% to £482 million driven by our continued growth into retail and foodservice market sectors... ”

I am pleased to report an excellent year, with strong growth and improved financial performance delivering a 7.4 pence increase in the average milk price paid to our members.

The recovery in dairy markets which had begun in late 2016 continued through most of the 2017/18 year. Farmgate milk prices started the year at 26.39ppl and strengthened to hit a peak of 34.00ppl in October, then finished the year at a strong 29.01ppl. Our farmers in Scotland and England experienced similar price movements. In January 2018, our first ever Fixed Milk Price Contract commenced, which was well received by the membership, with a significant proportion of members signing up for the 3 year scheme.

The improved milk price was much needed, as challenging conditions for dairy farming due to the long winter resulted in pressurised fodder stock and increased meal feeding in many cases.

Group turnover increased 24% to £482 million, which was driven by our continued growth into retail and foodservice market sectors and by dairy market movements overall. United Feeds had an excellent performance with turnover growing 25.5% to £50.6 million. Group profit before tax was up 27.8% to £10.1 million.

Given the substantial improvement in milk price and increased meal feeding, it was not surprising to see an uplift in milk supply across the UK over the past financial year. Overall milk supplies in Northern Ireland increased by 4.8% to 2.3 billion litres in 2017/18, with GB milk supplies increasing by 2.9%. Overall UK milk production was 3.2% higher than the previous year.

Dale Farm continues to want more milk, especially off peak, to optimise our significant capital investments and processing capacities across the Group.

Our capital investment programme over the past financial year was well executed, with all investments delivered within budget and on time. These investments supported our continued growth into retail cheddar as well as efficiencies and automation across the

7.4 pence increase in the average milk price

I am happy to report that during the year there has been an increase in the number of new entrants to dairy who have joined our Society. In addition, we have continued to welcome a limited number of new suppliers from other milk processors into our Society, both locally and in GB. As communicated, these suppliers have met strict selection criteria before being presented for Board approval.

Group. It has been the Group's policy not to seek capital contributions from its members for the development of its processing activities. Taking account of the ongoing capital investment programme, increased working capital requirements and our need to reduce debt, the Board has decided not to pay a share dividend in respect of 2017/18.

CHAIRMAN'S REPORT CONTINUED

Directors

I would like to thank my fellow Board members for their significant commitment and contribution over the past year, and also the members of Dale Farm's Area Councils for their valued support, as we continue to evolve and grow our business.

There were no changes to our Board over the past financial year.

On behalf of the Board, I would like to thank our Group Chief Executive, Nick Whelan and the Executive Leadership Team as well as management and staff of the Group for their energy, focus and dedication to the development of Dale Farm Cooperative.

Prospects

The global dairy market has shown a welcome recovery since Q4 2016 with the revaluation of butter fat and a robust demand for cheese globally, stabilising milk prices between 29-30ppl for the last financial year. Against this backdrop, there are still considerable public stocks of SMP in Europe. There is only one certainty we can draw upon looking forward, and it is that volatility is constant. Coupled with the ongoing volatility within the supply and demand dynamics of the global dairy markets, we also have considerable uncertainty ahead with Brexit. This backdrop is prompting Dale Farm to offer volatility solutions to our members and customers on an ongoing basis.

Unfortunately the impact of Brexit is still very unclear, even at this late time, and the lack of a clear vision and outcome can potentially be damaging to business overall. We in Dale Farm have identified significant opportunities, as well as challenges, to manage in the context of Brexit. This is setting the tone for the next six months, and we will be carefully monitoring developments.

Overall, our Dale Farm business strategy is on plan with both growing our profitability and paying a leading milk price being our dual focus.



John Dunlop
Chairman



CHIEF EXECUTIVE'S REVIEW

“ Profit before tax increased 27.8% to £10.1 million with an associated EBITDA of £18.1 million. ”



A solid performance from the Group, with Dale Farm paying a leading milk price in Northern Ireland and GB and a strong financial performance, driven by business development, customer collaboration and our LEAN programme.

Results

Group turnover increased 24.0% to £482 million. This growth was achieved through both dairy market price increases and our continued focus on the value-add retail and foodservice market sectors. Consumer product sales increased by

Group profits were robust with operating profit increasing 23.6% to £12.1 million, giving an operating margin of 2.5%. Profit before tax increased 27.8% to £10.1 million with an associated EBITDA of £18.1 million.

At the end of the year net debt was £67.0 million, despite working capital increasing by £7.8 million and capital expenditure of £9.6 million.

Over the year, the Group repaid a net £0.235 million of share capital to member shareholders leaving or retiring from the Society, compared to £0.143 million in the

farmers across Northern Ireland and GB with a leading milk price whenever possible.

Markets and Sales

2017/18 was a relatively strong year from a global dairy market perspective. Global milk supply surprised all by not being able to react as forecasted to strong farmgate milk prices globally, with NZ showing a year on year decline. The excellent growth in demand for cream and butter also drove the dairy dynamic.

Dale Farm consumer product sales have grown by over 66% over the past 5 years, with a considerable focus on growth in the British retail market. This financial year delivered another year of double digit growth.

Dale Farm has a considerable portfolio of dairy products for the UK consumer. We are delivering growth through our brands: Dromona; Dale Farm; Mullins; Rowan Glen; Fivemiletown and Loseley. These brands are a key strength of the Group and presents us with a real platform for growth looking forward. Our cheddar and soft cheese portfolio is now one of the largest in volume in the UK and Ireland. Our ice cream business grew by 5% and is another key driver of value-add which again presents us with considerable room for growth, especially into the Republic of Ireland marketplace. Our yogurt and dessert portfolio delivered budgeted profitability.

Results delivered in the context of paying a strong milk price

13.3% to £280 million, which was very satisfactory. United Feeds delivered a strong trading performance in a year which saw record feed sales and our mills working at full capacity. Overall, this growth firmly establishes Dale Farm as the largest UK farmer owned dairy cooperative, with 10 operations located in Northern Ireland, Scotland, England and Wales.

previous year. Year-end shareholder funds increased by £7.8 million to £64.2 million.

These results were delivered in the context of paying a strong milk price in both Northern Ireland and GB. The average milk price paid to our farmer members in Northern Ireland over the year was 29.94ppl. Our cooperative ethos is underpinned by a long-term mission to support our dairy

CHIEF EXECUTIVE'S REVIEW

CONTINUED

Ingredients and nutrition made considerable progress in developing our whey protein range through innovation and market development over the year. We have expanded our whey portfolio with Low Lactose, High Heat Stable and Non-GMO ranges. Our penetration into the value-add segments of the European sports nutrition market has been encouraging. This is also an area of real opportunity looking ahead over the coming years.

United Feeds grew market share over the year while posting a very strong financial performance.

Investment

Capital expenditure for the year was £9.6 million, up 43.3% on the previous year. These investments are aligned with our Group strategy. Investment in new block formers builds on the continuous investment in our cheddar facility over the past 5 years. We also invested considerably in automation across the Group which is key to driving productivity and efficiencies.

Our Group Return on Capital Employed is at 14.4% which is strong and demonstrates the Group's track record in backing profitable investments with both the

experience and project management expertise to successfully implement them.

The success of LEAN across the Dale Farm Group over the year is also worth noting. Measurement and management of costs across all our processes and functions, while evolving the culture of LEAN, is a key objective of the Dale Farm strategy for the coming years.

Outlook

From a world-wide dairy market perspective, the trend in global dairy fat consumption is still driving dairy markets overall, when one compares commodity prices over the past 10 years. The main lesson, as always, is that the global dairy market is extremely volatile and unpredictable. A key driver for Dale Farm is to have a business model that can manage the extremes of this volatility and protects both farmers and our valued customers. We have made considerable progress over the past year in creating innovative partnership models with our strategic customers that manage mainstream volatility.

Our strategy is centred around the themes of people, data, focus and growth opportunities. Our model presents us

with much room for growth as we remain committed to ongoing innovation and maximising existing routes to market. While we continue to evaluate the opportunities and threats Brexit presents over the months ahead, Dale Farm is well positioned to deal with these dynamics, given the location of our milk pools and our strength in the domestic UK market. However, there are potential risks around a no-deal Brexit that are currently being scoped.

People

As a key strategic priority for the Dale Farm Group, the development of our people through job-specific management training, coaching and mentoring has accelerated over the past year. This, combined with attracting world-class talent right across the Group, has been a critical driver of our performance. I would like to take this opportunity to thank all Dale Farm employees for contributing to the success we've achieved over the 2017/18 financial year.

Nick Whelan
Group Chief Executive



EXECUTIVE LEADERSHIP TEAM



Nick Whelan
Group Chief Executive



Stephen J. Elliott
Group Finance Director



Stephen Cameron
Group Commercial Director



Chris McAlinden
Group Operations Director



Mike Dawson
Group HR & Corporate Services Director



Keith Agnew
Managing Director of Agri Division



Nasair Hussain
Managing Director GB & Group Supply Chain and Procurement Director



Philip O'Meara
Group Marketing Director



Your family favourites



BUSINESS REVIEW

The Group has driven profitable growth through business development around four key themes: building our people capacity, harnessing data for decision-making, focusing on strategic objectives and driving growth projects across our supply chain, operations and commercial activities.



Looking back on 2017/18, one highlight of the year was Dale Farm being awarded the lead contract to supply cheddar cheese to a major retail customer across the UK, Europe and USA markets. The supply deal represented the single biggest contract of its type awarded to a Northern Ireland agri-food company and will see our block cheddars, grated and sliced cheese varieties stocked in some 8,000 stores across 22 countries.

Another highlight has been our continued innovation efforts in cheese, whey and permeate products. In these areas Dale Farm has the scale and competency to add value and is a major competitor in the market.

Examples of activity in this area include: adding value to whey products; showcasing our range at international trade fairs; visiting customers and supporting specialist conventions, which has led to insight-driven new product development.

Due to the commoditising of WPC80 in sports nutrition markets, our strategy has been to identify, develop and generate income from alternative uses of WPC80. One particular example of this is Low Lactose

WPC80, which was successfully launched in March 2018. The main customer base is food (ice cream) manufacturers.

Similarly, products that are currently under development include a Heat Stable WPC80, aimed at beverage manufacturers, which has been successfully trialled and is ready for commercial launch in 2018/19. China is a key market for Heat Stable WPC80.

Another key innovation project started in 2017 was automatic in-line cheese standardisation. This project was approved and will start to deliver a more consistent, predictable and cost-effective cheese-make during 2018/19.

Regarding innovation in red cheddar production, Dale Farm will be among the first cheese processors to remove annatto as a colour, replacing it with beta-carotene. This is a major change project for the Group, as upwards of 70 consumer products will require retailer approval and labelling changes.

Rounding out the focus on business development through innovation, ice cream

has also had a busy year with 16 product launches (10 new and 6 rejuvenated products) including new stick products, a variety of Raptures and the limited edition return of the famous Rocky Rasper Ice Lolly.

Own-label activity was also strong during the year for a variety of retailers in Dale Farm GB and for retailer cheese rejuvenation. There were more than 60 own-label cheese launches and 12 launches in Rowan Glen and Kendal.

Overall, within the Group, there were 31 new product launches and within this were 45 variants. The number of rejuvenated products slightly increased during this period, with 29 rejuvenations, including 41 variants.

Cheese

The cheese business had a very strong year with a strong profit performance and a record level of cheese output. Overall cheese sales volume was up 10%, mainly driven via a 50% increase in sales via the ingredients channel.

Real progress was made during the year on agreeing long term contracts with key retail and ingredient customers to help manage volatility in the cheddar market and deliver a consistent and improved margin into the business. This was demonstrated by the successful launch of Dale Farm's first Fixed Milk Price Scheme in January 2017, where over 30% of the Cooperative's members contracted a proportion of their milk pool at 27.00ppl for 3 years. With the uncertainty brought by Brexit, Dale Farm's ability to offer key customers certainty over supply of UK cheddar has also further enhanced customer relationships.

The Cooperative has continued to invest in the capability of the cheese business. Six new cheddar block forming towers were successfully installed and commissioned in February 2018. This increased cheese

BUSINESS REVIEW CONTINUED

making capacity over the peak period, improved reliability and performance, and delivered an improved block shape.

Our cheese continued to win prestigious awards at recognised international cheese shows, reinforcing our position as a top supplier of cheddar within the UK market.

Liquid Milk and Cream

Dale Farm fresh milk and cream business maintained its position as market leader in both categories across Northern Ireland, despite sales being impacted in two areas. Firstly, doorstep milk sales continued to decline with distributor attrition running at approximately 7% per annum. Secondly, store closures and fascia changes within the convenience channel had a negative impact on sales volumes.

Sales volumes through the multiple channel remained in-line with last year and were helped by the full-year impact of sales of protein milk in a national UK retailer.

Branded and own-label cream sales performed extremely well during the year, with volumes growing at significant double-digit levels. The strong performance was driven through food ingredients and foodservice channels, with retail sales in line with the previous year. Food ingredients and foodservice sales were boosted by a number of new customers gained throughout the year, while an increased bulk cream price in the market delivered value growth significantly ahead of volume across all sectors.

Butter and Spreads

The Dale Farm butter business continued to perform well in a very challenging market, particularly given the commodity price movements during the year. A reduction in commercially unattractive promotional activity across the branded portfolio of Dromona, Rowan Glen and Loseley impacted negatively on volume sales, but drove up our market value share and enhanced overall branded margin. Sales of spreads in the year were very strong. Sales were positively impacted by the addition of new national business, together with strong branded performance from promotional switching out of butter. Both boosted sales ahead of the previous year by over 22%.

Fresh Products

Our fresh products business including yogurt, yogurt drinks, cottage cheese, fermented creams and desserts delivered against expectation for the year.

Cottage cheese continued to perform well following the introduction of additional own-label business in the previous year, with our outstanding product quality being recognised with silver and gold awards at the recent International Cheese Awards at Nantwich.

Our yogurt offerings in branded and own-label categories continued to evolve against the backdrop of sugar reduction requirements, which has been endorsed by additional retailer listings for both areas in the luxury yogurts category.

Across all product areas, the focus has been to develop recipes and evolve packaging formats to continue to meet the changing consumer requirements on health, while delivering on requirements to meet packaging reduction and recyclability targets. The trajectory continues, and we will see some further exciting developments for our fresh business in the year to come.

Ice Cream

Dale Farm branded products continued to grow ahead of the market, with sales increasing by 20% against the previous year. This has been delivered by strong growth in distribution in the convenience channel in both Northern Ireland and Republic of Ireland, as well as an increased rate of sale in the multiple channel in Northern Ireland. The Mullins Ice Cream business had another year of growth, with sales increasing by 12% year-on-year. Key drivers of this growth were a strong performance in both the multiple retail channel and the scoop ice cream sector.



BUSINESS REVIEW

CONTINUED

A total of 10 new Dale Farm Ice Cream branded products were launched in 2017/18, including new flavours in our premium Rapture range as well as multi-pack cones and ice lollies. In particular, the new Dale Farm Fruit Blasts performed well ahead of expectations and has become a must-stock item in all freezers. In addition, the Rapture range has undergone a complete re-design which has delivered incremental sales in the impulse category.

Overall the Dale Farm Ice Cream business delivered year-on-year sales growth of 5%, despite poor weather over the key summer period.

Whey products

Excellent progress was made over the year in developing the customer base for our whey powder business. Over the course of the year, we have increased our approved client base from 10 to 25 accounts globally.

Global trading conditions in the protein category turned out to be the most difficult on record as global inventories of dairy proteins reached all-time highs. EU stocks of SMP peaked at over 400K MT and SMP pricing dropped to €600/T below the intervention level of €1,698/T. As the EU stock situation persisted throughout the year, stocks of SMP

also grew in the USA to almost 150K MT.

High protein WPCs also suffered from a global stock situation with high stocks in both the EU and USA, as more supply came on line and demand came under threat from cheaper plant proteins.

In the 12 months from September 2016 to September 2017, we have seen WPC80 pricing move from an all-time low to just under an all-time high and back again.

Despite the difficult trading conditions, excellent progress was made in developing the customer base for our whey powder business.

We have successfully developed further functionality such as Heat Stability for the Asian market and Low Lactose, which has enabled us to move into other categories such as ice cream applications. We have also gained an accreditation for NON-GMO certification which will enable us to market our product more effectively in the USA.

Agri Division

Ensuring a sustainable supply of milk for the future has been a key objective for Dale Farm. Several initiatives including the New Entrant and Milk Production Incentives were implemented to deliver this. However, our members and suppliers face increasing challenges in terms of environmental

regulation and sustainability demands from customers and consumers which could limit future growth. In addition, there is a wide variation in profitability at farm level, which is a major issue when considering the changes to farm support which Brexit may bring.

During the year the farmer-facing side of the business was restructured, bringing Producer Services and United Feeds together to create Dale Farm's Agri Division. This will ensure a greater focus on understanding the challenges faced at farm level, and help develop tools to mitigate these and improve the sustainability of our cooperative.

Supply Chain

Milk supplies from members started ahead of 2016/17 and remained ahead for each of the 12 months. The differential was greatest through the trough months, with almost 8.5% more milk produced in November 2017 compared to the equivalent month in 2016. The stronger milk price and the Milk Production Incentive were the main drivers for this improvement. The average amount of milk produced per member in 2017/18 increased by 6.2% to 634,000 litres.

The increased milk production from our members contributed to the overall increase in the amount of milk produced in NI in 2017/18 to 2.3 billion litres, up from 2.2 billion litres in 2016/17.



BUSINESS REVIEW CONTINUED



The base milk price paid began the year at a price of 25.5ppl, more than 8ppl ahead of April 2016. Milk price rose steadily during the next 6 months peaking at 30.2ppl in September and October 2017 before dropping back down to 27.7ppl in March 2018. For the year, the average base milk price paid by the Society, excluding loyalty bonus, was 28.3ppl.

Both milk collection and overall Dale Farm distribution costs for the year were in line with targets. Our overall customer service case fill rate was 99.2%, representing an excellent performance.

During the year significant progress was made in strengthening the Group supply chain function, with the development of a category-led procurement strategy. This is already providing enhanced focus and expertise around our suppliers and related commodity markets.

Producer Services

Dale Farm members continue to produce high quality milk on a daily basis. In support of this, our field liaison team had a busy year assisting members with milk quality improvement, preparing for Red Tractor farm audits, attending member meetings, and resolving general queries.

Stronger milk prices paid to our farmers resulted in higher herd counts during the summer months and undoubtedly contributed to the slightly higher somatic cell count results. However, butterfat and protein levels in milk were extremely good, reaching

levels rarely seen since deregulation.

The field liaison team were delighted to be able to assist a number of new members into dairy production during the 2017/18 year. These, along with a small number of suppliers joining from other processors, helped provide additional milk into the Group.

In terms of existing producers, the team ran a competition on sustainable growth of the Dale Farm milk pool, to reward producers who have expanded their business in the past two years. We highlighted all producers with greater than 25% growth in milk output and cross-checked with quality results to select the winners in several categories.

Red Tractor accreditation has been an essential element of Dale Farm's drive to develop our growing retail sales into GB and to meet the requirements of liquid milk customers in Northern Ireland.

An update to the Dairy Standards in October was well managed by the team, but as the standards evolve, there is a clear need for producers and field staff to work together to keep abreast of the requirements.

The improvement in milk prices and rising milk volumes saw a strong trade in the sale of new and second-hand farm milk tanks. In addition, Tankcare in conjunction with Flogas continued to develop their sales of new water heating systems using natural gas. These have proven to be a cost-effective solution for those who are looking to update their water heaters.

Membership of Dairy Herd Management increased during 2017/18, particularly in the latter part of the year, with customers keen to get more management information to take advantage of the improving market returns. A promotional campaign for PregCheck saw an increased uptake of this user-friendly pregnancy diagnostic service, as members maximised the benefits of the milk sampling and testing service. Likewise, genomic testing is starting to gain some traction, as farmers can now determine the breeding potential of young calves with much greater accuracy than was previously possible from most milking animals.

The adoption of new technology continues to be of increasing importance, particularly to the younger generation of Dairy Herd Management customers. The last year saw a notable increase in the number of users of the 'Mobile Herd' App. This provides easy, on-the-go access to information while also providing an easy method to upload events to the herd management programme.



BUSINESS REVIEW CONTINUED

United Feeds

United Feeds posted a very solid set of results, increasing turnover to £50.6 million, which is an increase of 25.5%.

Feed demand, which was 12% higher than the previous year, was driven in the main by forage shortages, resulting from a period of continuous wet weather during July to September. The north and west of the Province were particularly affected. Not only were many herds housed earlier than usual, but a wet and cold spring delayed turnout, leaving forage supplies exhausted, with many farmers needing to buy silage or alternatives. On a more positive note, feed demand was also driven by the improved milk price and Dale Farm's desire for more milk to meet growing customer demand.

During the year United Feeds paid out over £300,000 through their Milk Cheque rebate and the Member Trading Dividend, which pays a dividend of 1% on the purchases of feed and fertiliser by members.

In terms of commodity markets, the year started with a good harvest in South America and was followed by near record harvests in the USA. However, this continued growth in production is required to match increased demand for soya, maize and wheat, particularly from China. In October, a fire in a vitamin production facility in Germany led to severe shortages in vitamins

A and E, with prices increasing threefold, resulting in increased local feed prices. This event also highlighted the delicate balance that exists in world supply chains and the need to ensure security of supply.

In the fertiliser market, prices started and ended the year at a similar level. However, due to the wet weather, supply exceeded demand and prices fell by around 20% during the summer period, before increasing over the winter.

The company's growth continues to be underpinned by innovation in products and

IT

The Group continued to develop the Corporate Performance Management (CPM) tool which was introduced last year. There has been further automation of commercial and financial data through the system that enables a more streamlined approach for making business decisions. Power BI is now used to display commercial data in a graphical format, and is part of our Office 365 suite. Power BI will continue to be rolled out and utilised company-wide.

United Feeds posted a very solid set of results, increasing turnover to £50.6 million, which is an increase of 25.5%

feeding programmes through harnessing new developments in feed analysis and new technology. Key to our success in these developments are the skills and knowledge of our people. In addition the company launched a program to upgrade the production facilities in our two mills and a LEAN program to improve efficiency and drive cost savings.

As part of our drive to improve IT operational effectiveness, we embarked on two key upgrade projects in the year, with both VMware and Citrix upgrades being introduced. In addition, we implemented a new print management system called Paper Cut which allows us to better manage printing across the Group. The system provides greater security which will assist us in meeting the new GDPR regulations.



BUSINESS REVIEW CONTINUED



The Group successfully concluded Phase 2 of the Warehouse Management System implementation at our Dunmanbridge facility with plans to roll the system out to a fourth facility in 2018/19.

Several projects were completed to improve and enhance system capabilities within our Agros Milk producer system. As part of our continued development of the system, we have successfully rolled out a new Agros App. This App provides our farmers with access to their critical data, along with additional news and information directly to their smartphones.

IT communications continue to evolve, with plans now agreed to roll out unified communications throughout the Group in the coming year, which will result in a single system to manage multiple tools, such as phone, video conferencing, instant messaging, voicemail, email, customer service and more.

During the period, external auditors carried out an independent IT, cyber security and disaster recovery (DR) effectiveness review. As part of our strategy for cyber security and DR capability, the Group has appointed a new member of staff to provide depth and focus, as we build and develop these capabilities, to ensure systems are optimised to avoid unnecessary and malicious disruption.

People

Our people are the key enabler for our ambitious transformational strategy. 2017/18 saw a renewed commitment to leadership development within the Group, with 4 levels of leadership programmes being introduced: The Dale Farm Grow Programme; Dale Farm Future Leaders Programme; Dale Farm Accelerate Programme and Dale Farm Transform Programme.

All have been created to engage and empower thought leadership at all levels of the business.

These programmes have been implemented in partnership with a range of local universities including the William J Clinton Leadership Institute at Queen's University, Belfast and the Michael Smurfit Business School at University College Dublin.

In addition, we have continued to sustain initiatives on capability enhancing training, designed to increase our overall effectiveness and improve our focus across both the operational and technical fronts. 2017/18 also saw further success in the roll out of our new LEAN strategy, with a number of employees successfully achieving their formal LEAN accreditations.

The total numbers employed across the Group, inclusive of temporary and agency workers decreased from 1,271 in March 2017 to 1,240 in March 2018. Throughout the period the Group has again maintained a focus on cost reduction, with several restructuring measures being undertaken across Dale Farm's processing plants and improved shift manning arrangements.

The Group initiated a project to implement a new Human Resources Management Information System. The Success Factors system will be fully implemented in 2018/19, with employee self-service and systems automation greatly reducing the time taken to complete transactional activities. The system will also enable managers and employees to participate in continuous performance management discussions, which will provide increased opportunities for coaching, mentoring and more timely feedback.

Health and Safety

Supported by the Group HR & Corporate Services Director, all managers and employees are encouraged and mandated to promote a safe working environment.

Recent initiatives that reinforce this include both additional safety specialists appointed in Northern Ireland and GB, and the identification and assessment of key hazards in each site/function, including reviews of safety procedures and additional staff training.

2017/18 also saw the Group introduce a new online accident management system together with online safety training courses. Both systems will deliver greater timeliness, consistency and accuracy through these processes.

Safety performance continues to improve when compared to the increasing activity in the business and we compare very favourably with industry benchmarks on health and safety matrices. It is pleasing to report that the number of days lost as a result of reportable and minor accidents decreased by 11% during 2017/18.

Environmental Infrastructure Improvements

At Dunmanbridge a £1.2 million upgrade to the effluent treatment plant was completed. This involved the installation of a new Dissolved Aeration Flotation (DAF) plant, new bio feed pumps, upgraded aeration system, 3rd membrane train and new control system with additional alarms. This investment will ensure effective treatment capability to maintain compliance with our discharge consents.

BUSINESS REVIEW CONTINUED



At Dromona, the new Dissolved Aeration Flotation (DAF) plant was permanently installed with new chemical dosing and associated pipework. This plant ensures effective removal of any fats and oils in the effluent stream.

The effluent drainage system at Pennybridge was also significantly upgraded, ensuring integrity of the drainage system.

ISO Environmental Accreditation

During the year all of Dale Farm's NI manufacturing sites were successful in maintaining the industry leading environmental ISO 14001 accreditation standard and transitioning to the new ISO 14001 2015 standard, with re-certification audits successfully completed.

Energy Consumption

Across the Group's manufacturing facilities energy consumption per unit processed continues to decrease. A significant project to drive unit cost reduction was the installation of a 5MW solar farm, constructed at the boundary of the Dunmanbridge factory, which took 4 months to complete.

Located on 37 acres, the solar farm contains 15,000 individual solar panels and is the largest "Private" solar farm in use today in the European dairy and food sector. The term "Private" solar farm means that all the power generated is used on the Dunman site, rather than being exported to the grid.

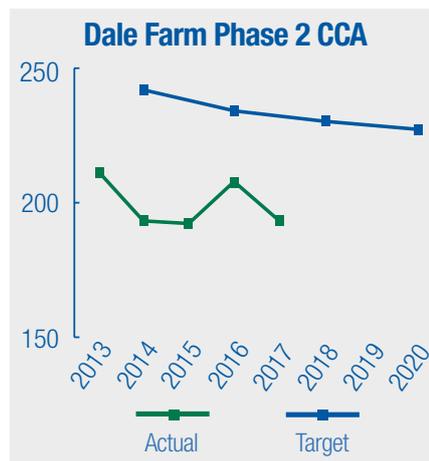
The Dunmanbridge solar farm will contribute more than 23% of the current site requirements.

This will result in a saving of approximately 2,400 tonnes of carbon dioxide annually.

Compliance schemes

Dunmanbridge successfully complied with the European Union Emissions Trading scheme.

All Dale Farm sites have successfully met the target for the second reporting year of the climate change agreement. We continue to exceed our commitment.



Dale Farm continues to work in partnership with the Northern Ireland Environment Agency, particularly on our sites that have a PPC licence. The partnership focuses on compliance with environmental legislation, with continued improvements being made to our environmental activities. During the year three standard variations were submitted to the Northern Ireland Environment Agency for operational changes. It is our goal to continue and develop this working partnership.

Corporate Social Responsibility

Through Corporate Social Responsibility, we seek to create a positive impact on our employees, our members and the communities in which we operate. The company remains active in supporting a range of educational and community initiatives.

The Group is a member of Arts in Business in Northern Ireland. Three of our managers have now been successfully appointed as Young Professionals on an Arts Boards Programme.

The Group is a committed Corporate Patron for the Prince's Trust. Group employees have participated in many of the Trust's training and support programmes targeting young people across Northern Ireland.

Dale Farm continues to play a key role in the Food and Drink Sector Skills Council's Tasty Careers campaign. Several of our trained ambassadors have completed work with local schools to highlight the employment opportunities available in the agri-food sector, for pupils considering their future career options.

As part of our commitment to our partnerships with local universities and colleges and our own long-term talent plans, the Group has provided a further series of one-year undergraduate work placements for students across a range of functions including: laboratory; new product development; finance and IT. Through links with local schools and colleges, the Group also provided a range of short-term work experience opportunities for GCSE and A-Level students.

The Group continues to collaborate with all suppliers to ensure that a high standard is maintained for health, safety, environment, ethics and labour. The Group is accredited to the internationally recognised Sedex Ethical Trading standard.

It is pleasing to report that many Group employees are active in their local communities and have participated in several charitable fundraising events throughout the year.



BOARD OF DIRECTORS

The Board of Directors of Dale Farm Cooperative consists of 12 non-executive directors. The Board of Directors of Dale Farm Limited consists of 4 non-executive directors, all of whom are also Directors of Dale Farm Cooperative.

The current Group Directors are:

1. John Dunlop, Chairman, is a dairy farmer from Portadown, Co. Armagh. He was elected as a Director of Dale Farm Cooperative in 1998, as Vice-Chairman in 2009, and as Chairman of the Society in 2010.

John is also a Director of Dale Farm Limited and United Feeds Limited, and is a member of the Farmer Forum of Dairy UK. He is a past County Chairman of the Ulster Farmers' Union for Co. Armagh and was previously a Director of Craigavon and Armagh Rural Development.

2. Fred Allen is a dairy farmer from Randalstown, Co. Antrim. He was elected as a Director of Dale Farm Cooperative in 2009. He was appointed as Vice-Chairman in April 2015.

3. Robert Bryson is a dairy farmer from Banbridge, Co. Down. He was elected as a Director of Dale Farm Cooperative in 2013.

4. Robert Fyffe is a dairy farmer from Omagh, Co. Tyrone. He was elected as a Director of Dale Farm Cooperative in 2006 and was formerly a member of the Northern Ireland Local Board of the NFU Mutual Insurance Society.

5. Harold Johnston is a dairy farmer from Ahoghill, Co. Antrim. He was elected as a Director of Dale Farm Cooperative in 2011. He is a past County Chairman of the Ulster Farmers' Union for Co. Antrim.

6. Helen Kirkpatrick is an appointed independent Director of Dale Farm Cooperative and a Director of Dale Farm Limited. A Fellow of the Institute of Chartered Accountants in Ireland and a member of the Chartered Institute of Marketing, Helen joined both Boards in 2014. She is a non-executive Director of Kingspan Group plc, the Irish Football Association and Chairperson of Neueda. Helen was formerly a Board member of the International Fund for Ireland, a Director of the Enterprise Equity Venture Capital Group and a non-executive Director of a number of other Northern Ireland companies and charities.

7. James Murphy is a dairy farmer from Tempo, Co. Fermanagh. He was elected as a Director of Dale Farm Cooperative in 2010 and is a former County Chairman of the Ulster Farmers' Union for Co. Fermanagh.

8. David Rea is a dairy farmer from Crossgar, Co. Down. He was elected as a Director of Dale Farm Cooperative in 2008.

9. David Rowe is a dairy farmer from Armoy, Co. Antrim. He was elected as a Director of Dale Farm Cooperative in 2014.

10. Norman Thompson is a dairy farmer from Banbridge, Co. Down. He was elected a Director of Dale Farm Cooperative in 2015 and is also a Director of the Dairy Council for Northern Ireland.

11. Steven Brown is a dairy farmer from Moneymore, Co. Londonderry. He was elected as a Director of Dale Farm Cooperative in 2016 and is also a Director of the Dairy Council for Northern Ireland.

12. Stephen Kingon CBE is an appointed Independent Director of Dale Farm Cooperative. A Fellow of the Institute of Chartered Accountants, he is principle of Stephen Kingon Associates. Currently he is the Chairman of the Action for Hearing Loss Advisory Board, Chairman of the Centre of Competitiveness and a distinguished fellow of the Global Federation of Competitiveness Councils, Chairman of Lagan Homes UK Limited, Lagan Investments Limited and Northern Ireland Electricity Limited. In addition he is a non-executive director of Balcas Limited and a Pro-Chancellor of Queen's University Belfast. Since retiring as Managing Partner of PWC in Northern Ireland in 2007, he has held a number of chairmanships and non-executive directorships across a range of sectors as well as the Chairmanship of Invest NI.



BOARD OF DIRECTORS

Directors and other information

Chairman

1. John Dunlop

Vice-Chairman

2. Fred Allen

Directors

3. Robert Bryson
4. Robert Fyffe
5. Harold Johnston
6. Helen Kirkpatrick
7. James Murphy
8. David Rea
9. David Rowe
10. Norman Thompson
11. Steven Brown
12. Stephen Kingon CBE

Chief Executive

Nick Whelan

Finance Director

Stephen Elliott

Company Secretary

Mike Dawson

Auditors

Ernst & Young LLP
Bedford House
16 Bedford Street
Belfast BT2 7DT

Bankers

Ulster Bank
11-16 Donegall Square East
Belfast BT1 5UB

Bankers

Danske Bank
Donegall Square West
Belfast
BT1 6JS

Company Status

Dale Farm Cooperative
is a members' voluntary cooperative
registered under the Industrial
and Provident Societies Acts
(Northern Ireland) 1969 and 1976

Registered Office

Dale Farm House
15 Dargan Road
Belfast BT3 9LS



CORPORATE GOVERNANCE

The Board is committed to adopting best practice in Corporate Governance as deemed practical and appropriate for a member owned cooperative.

THE BOARD

The Board meet monthly (except for July) with a formal schedule of matters specifically reserved for its decision. Additional meetings are held as required. The Board reviews trading performance, ensures adequate funding, sets and monitors strategy, examines major acquisition opportunities and formulates policy on key issues. To enable the Board to discharge its duties all members receive appropriate and timely briefing papers. The Group has appropriate insurance cover in place for Board Members.

The Board comprises 12 Directors, 8 of whom are appointed by the farmer members through Area elections; 2 are elected by the members' Area Councils acting collectively; and 2 Directors are appointed by the elected Directors. The term of office of elected Directors is 4 years while appointed Directors are appointed for not more than 3 years and can only serve a maximum of two terms.

The attendance of Directors at the eleven routine Board meetings in 2017/18 was as follows:

John Dunlop	11	Stephen Brown	11
Fred Allen	11	Helen Kirkpatrick	11
Robert Bryson	10	James Murphy	11
Robert Fyffe	11	David Rea	11
Harold Johnston	11	David Rowe	10
Norman Thompson	11	Stephen Kingon	10

The Chairman and Vice Chairman are both elected annually by the Board. The remuneration of the Directors of the Society is determined each year by the members at the annual general meeting. All farmer Directors are also suppliers of milk to Dale Farm Cooperative, but they and the appointed Directors are regarded as independent. Induction training is provided for newly elected/appointed Directors and further training is provided as required.



THE BOARD COMMITTEES COMPRISE:

Audit

Helen Kirkpatrick (Chairwoman)
 Stephen Kingon
 James Murphy
 Harold Johnston
 Norman Thompson (appointed 14 May 2018)

Nominations

John Dunlop (Chairman)
 Fred Allen
 Nick Whelan

The Audit Committee

The Audit Committee meets at least twice a year and has specific terms of reference which include responsibility for reviewing the Annual Accounts prior to submission to the Board, monitoring the internal control systems and liaison with both external and internal auditors. The Committee satisfies itself on the independence of the auditors and monitors the level of non-audit fees. The internal auditors review key risk areas and relevant controls across the Group and report their findings to the Audit Committee, together with any recommendations for improvement.

The Nominations Committee

The Nominations Committee makes recommendations to the Board on the

appointment of "non-elected" Directors to the Boards of the Group subsidiary and associate companies, as well as senior executive appointments.

The Management Team

The Group Chief Executive and management team, who are responsible for operating decisions and the effective functioning of the main activities in the Group, report to the Board.

Dialogue with Shareholders

Communication with members is given the highest priority by the Board and the Annual Report gives a comprehensive review of the financial and operating performance of the Group for the year. The Board uses the AGM to have an open dialogue with members and the Group has 4 Area Councils elected by the membership, which meet about 4 times a year with the elected Directors for their Area to discuss the affairs of the Society. In addition "Open" Area Council meetings are held to which all members in the relevant Area are invited. The Society also keeps in touch with members through the issue of the monthly magazine "Dale Farm View" and via the Group web site www.dalefarm.co.uk.

Any member wishing to contact the Company can do so at the registered office of the Company.

STRATEGIC REPORT

PRINCIPAL ACTIVITIES

The principal activities of the Group include manufacturing an extensive range of dairy products for the retail, food service and food ingredients sectors and marketing and distributing these products to both domestic and international markets. The Group also collects and markets members' milk, supplies animal feed to farmers and provides a range of other farm inputs and services.

Financial Performance

The key performance indicators ("KPI")s for the Group are:

	2018	2017
	£000	£000
KPIs		
Group turnover	482,375	388,920
Profit before taxation	10,101	7,916
Average milk price paid to members (pence per litre)	29.94	22.55

Group turnover increased by 24% due to higher volumes and market prices for milk and dairy products. The Group profit before tax increased by £2,185k to £10,101k. The average milk price paid to NI members increased by 7.39ppl (33%) in 2017/18 reflecting the higher dairy market returns during the year.

Operational Performance

Milk supply

	2018	2017
	Litres	Litres
Average output per member	634,000	597,000

Sales development

The Group is committed to profitably growing its dairy processing business. Increases in sales volumes and dairy product returns resulted in the following growth in turnover:

	2018	2017
	%	%
Turnover growth		
Dale Farm Group	24.0	12.4



STRATEGIC REPORT

CONTINUED

RISK MANAGEMENT

The Board actively monitors and manages the risks it faces through an appropriate risk policy and risk register. The key risks which management face are detailed as follows:

Business performance risk

The Group faces a number of business performance risks due to internal and external factors including competitive pressures in markets in which it operates. These risks have been identified and are managed through a number of measures: ensuring the appropriate management team is in place; business planning and regular forecasting; financial controls; key performance indicators; monthly reporting and timely corrective action when variances occur.

Business continuity risk

While there is a reliance on physical infrastructure, the Group operates ten geographically autonomous production facilities which helps mitigate business continuity risks. The Group also ensures that there is adequate knowledge throughout the management team and sufficient IT support and back up capability available should an unforeseen event occur. Management maintain and regularly update business continuity and IT disaster recovery plans and participate in industry wide crisis management exercises.

Health and safety risk

The Group is committed to ensuring a safe working environment. These risks are managed by the Group through the strong promotion of a best practice health and safety culture, risk management, extensive safety training and well-defined health and safety policies.

Management development

The long-term success of the business depends on the Group's ability to attract, retain and develop talent. This risk is managed through succession planning and the pursuit of best practice in HR and Group-wide development plans which are regularly reviewed and updated. These are accompanied by specific policies in areas such as recruitment, training, management development and performance management.

Financial and business control

Strong financial and business controls are necessary to ensure the integrity and reliability of financial and other information on which the Group relies for day-to-day operations, external reporting and for longer-term planning. The Group exercises financial and business control through a combination of: qualified and experienced financial personnel; performance analysis; budgeting and cash flow forecasting; and clearly defined policies and approval limits.

Environmental risk

The Group is committed to minimising its impact on the environment. It has clearly defined policies and procedures to enable compliance with environmental best practice and legislation.

FINANCIAL RISK MANAGEMENT POLICY

The Group's principal financial instruments comprise cash, trade debtors and creditors, bank loans and certain other debtors and accruals. The main risks associated with these financial assets and liabilities are set out below.

Foreign currency risk

The Group's exposure to foreign currency risk arises primarily from revenues from customers denominated principally in Euro and US Dollars. When customers place major orders of this type the Group has a policy of immediately entering into a forward currency contract to eliminate this risk.

Credit risk

Credit risk arises principally on third party derived revenues. Group policy is aimed at minimising such risk through the application of satisfactory creditworthiness procedures, including where appropriate taking out credit insurance cover. The Group monitors the levels of credit to individual customers within their approved credit limits, so as to ensure the company's exposure to bad debts is minimised.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group aims to mitigate liquidity risk by managing cash generation by its operations and applying cash collection targets throughout the Group. The Group also manages liquidity risk via revolving credit facilities and long-term debt.

Cash flow risk

Cash flow risk is the risk of exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability such as future interest payments on variable rate debt. The Group manages this risk, where significant, by use of derivatives as explained under 'foreign currency risk'.

By order of the Board
Mike Dawson
Company Secretary
Date: 14 June 2018



DIRECTORS' REPORT

The Directors present their report and financial statements for the year ended 31 March 2018.

Results and dividends

The Group reported an operating profit of £12,071k, which was an increase of £2,303k on the previous year. The profit after taxation for the year amounted to £8,008k (2017 – £6,217k) which is to be transferred to reserves. The Directors do not recommend the payment of a dividend (2017 – £NIL).

Review of 2017/18 year and future developments

Dale Farm has continued to trade positively in the markets it operates in, many of which have improved during the year. The Group made a satisfactory return on its sales during the year and this has continued into the first quarter of 2018/19.

Dairy market returns and farm gate milk prices grew during the first half of the year as markets continued to pick up. Export market returns continued to be assisted by the weakness of Sterling versus the Euro and the US dollar as the negotiations surrounding Brexit continue. The farmer base price for Dale Farm Red Tractor milk started the year at 25.80ppl and ended at 28.00ppl.

In the first quarter of 2018/19 dairy markets have continued to trade positively, however, there is no certainty of this continuing. The final outcome of the Brexit negotiations is as yet unknown.

Research and Development

The Group maintains an ongoing programme of innovation in added value dairy products and further widened its portfolio of products offered as follows:

	2018	2017
Product Development		
Number of new products launched	31	55
Number of new product variants launched in above	45	96
Number of rejuvenated products launched	29	26
Number of rejuvenated product variants launched in above	41	31

Directors

For the year ended 31 March 2018 the Directors of the Society were

Elected by	- Area 1	Fred Allen, Harold Johnston
	- Area 2	Robert Bryson, Norman Thompson
	- Area 3	John Dunlop, James Murphy
	- Area 4	Robert Fyffe, Steven Brown,

Elected by Conference of Area Councils David Rea, David Rowe

Appointed Helen Kirkpatrick, Stephen Kingon

The term of office of one of the elected Directors from each of Area 3 and Area 4 ended on 31 March 2018. James Murphy was re-elected as Director for Area 3 and Robert Fyffe was re-elected as a Director for Area 4.

On 13 April 2018 John Dunlop was re-elected as Chairman and Fred Allen was re-elected as Vice Chairman of the Society.

Financial Instruments

Details of financial instruments are provided in the strategic report.

Employment Policy

The Group fully supports and complies with all the legislation which is designed to promote equality of opportunity.

Safety awareness is promoted and information on pension matters is provided to staff.

DIRECTORS' REPORT

CONTINUED

Employee Involvement

The Group is committed to involve all employees in the performance and development of the Group. Employees are encouraged to discuss with management matters of interest to the employee and subjects affecting day to day operations. The policy of employee involvement includes performance improvement groups, personnel surveys and a programme of continuous improvement. Discussions also take place regularly with trade unions representing employees on a wide range of issues.

The Group gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the group's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

Disclosure of Information to the Auditors

The Directors confirm that so far as they are aware, there is no relevant audit information of which the auditor is unaware. The Directors have taken all necessary steps in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Going Concern

After making enquiries, the Directors have a reasonable expectation that the company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Auditors

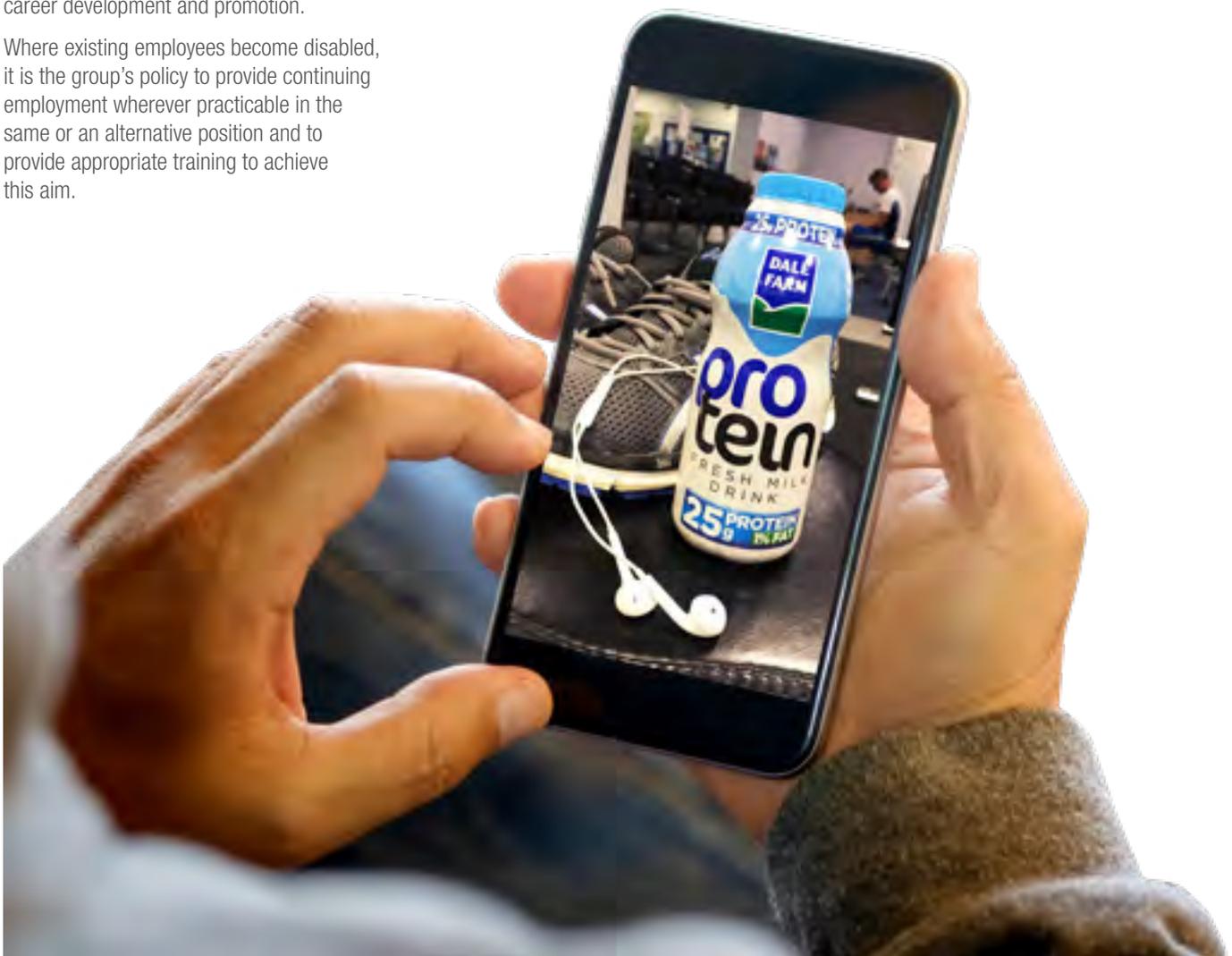
A resolution to re-appoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the Board

Mike Dawson

Company Secretary

Date: 14 June 2018



STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Strategic Report, 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) including FRS 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 Group and the company 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 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 proper accounting records that are sufficient to show and explain the Group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF
DALE FARM COOPERATIVE

We have audited the financial statements of Dale Farm Cooperative Limited ('the Parent Company') and its subsidiaries ('the Group') for the year ended 31 March 2018 which comprise the Group Income Statement, Group and Society Statement of Comprehensive Income, Group and Society Statement of Changes in Equity, Group and Society Statement of Financial Position, Group Statement of Cash Flows and the related notes 1 to 29. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 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 and Society's affairs as at 31 March 2018 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 Industrial and Provident Societies Acts (Northern Ireland) 1969 and 1976.

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 financial statements section of our report below. We are independent of the Group and Society in accordance with the ethical requirements that are relevant to our audit of the financial statements UK, including the FRC's Ethical Standard, and we have fulfilled our 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 Society'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 other information comprises the information included in the annual report, other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the other information, we are required to report the fact.

We have nothing to report in this regard.

Matters on which we are Required to Report by Exception

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

We have nothing to report in respect of the following matters where the Industrial and Provident Societies Acts (Northern Ireland) 1969 and 1976 requires us to report to you if, in our opinion:

- A satisfactory system of internal control over transactions has not been maintained; or
- 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
- 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, set out on page 25, 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 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 Society'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 Society or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF
DALE FARM COOPERATIVE

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 auditor's 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 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 <http://www.frc.org.uk/auditorsresponsibilities>. The description forms part of our auditor's report.

Use of our Report

This report is made solely to the Society's members, as a body, in accordance with the Industrial and Provident Societies Acts (Northern Ireland) 1969 and 1976. Our audit work has been undertaken so that we might state to the Society'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 Society and the Society's members as a body, for our audit work, for this report, or for the opinions we have formed.

Michael Kidd (Senior Statutory Auditor)

for and on behalf of Ernst & Young LLP
Statutory Auditor
Belfast
Date: June 2018



GROUP INCOME STATEMENT

FOR THE YEAR ENDED 31ST MARCH 2018

	NOTES	2018 £000	2017 £000
GROUP TURNOVER	2	482,375	388,920
COST OF SALES		(433,579)	(345,843)
GROSS PROFIT		48,796	43,077
SELLING AND DISTRIBUTION COSTS		(24,904)	(25,239)
OPERATING AND ADMINISTRATION COSTS		(11,821)	(8,070)
OPERATING PROFIT	3	12,071	9,768
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION		12,071	9,768
INTEREST PAYABLE AND SIMILAR CHARGES	6	(1,923)	(1,848)
NET LOSS ON FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE THROUGH THE PROFIT AND LOSS ACCOUNT		(47)	(4)
PROFIT BEFORE TAXATION		10,101	7,916
TAXATION CHARGE	7	(2,093)	(1,699)
PROFIT RETAINED FOR THE FINANCIAL YEAR		8,008	6,217

The results above relate to continuing operations.

GROUP & SOCIETY STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST MARCH 2018

GROUP STATEMENT OF COMPREHENSIVE INCOME

	2018 £000	2017 £000
PROFIT FOR THE FINANCIAL YEAR	8,008	6,217
FOREIGN EXCHANGE MOVEMENT ON RE-TRANSLATION OF FOREIGN OPERATIONS	64	104
TOTAL OTHER COMPREHENSIVE INCOME	64	104
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	8,072	6,321

SOCIETY STATEMENT OF COMPREHENSIVE INCOME

	2018 £000	2017 £000
PROFIT FOR THE FINANCIAL YEAR	990	1,396
TOTAL OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	990	1,396

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST MARCH 2018

GROUP

	SHARE CAPITAL ALLOTTED £000	PROFIT AND LOSS ACCOUNT £000	TOTAL SHAREHOLDERS' FUNDS £000
AT 1 APRIL 2016	10,475	39,748	50,223
PROFIT FOR THE FINANCIAL YEAR	-	6,217	6,217
OTHER COMPREHENSIVE INCOME	-	104	104
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	6,321	6,321
ORDINARY SHARES ISSUED	79	-	79
SHARES CANCELLED	(222)	-	(222)
AT 31 MARCH 2017	10,332	46,069	56,401
PROFIT FOR THE FINANCIAL YEAR	-	8,008	8,008
OTHER COMPREHENSIVE INCOME	-	64	64
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	8,072	8,072
ORDINARY SHARES ISSUED	47	-	47
SHARES CANCELLED	(282)	-	(282)
AT 31 MARCH 2018	10,097	54,141	64,238

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST MARCH 2018

SOCIETY

	SHARE CAPITAL ALLOTTED £000	PROFIT AND LOSS ACCOUNT £000	TOTAL SHAREHOLDERS' FUNDS £000
AT 1 APRIL 2016	10,475	13,841	24,316
PROFIT FOR THE FINANCIAL YEAR	-	1,396	1,396
OTHER COMPREHENSIVE INCOME	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	1,396	1,396
ORDINARY SHARES ISSUED	79	-	79
SHARES CANCELLED	(222)	-	(222)
AT 31 MARCH 2017	10,332	15,237	25,569
PROFIT FOR THE FINANCIAL YEAR	-	990	990
OTHER COMPREHENSIVE INCOME	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	990	990
ORDINARY SHARES ISSUED	47	-	47
SHARES CANCELLED	(282)	-	(282)
AT 31 MARCH 2018	10,097	16,227	26,324

GROUP STATEMENT OF FINANCIAL POSITION

AT 31ST MARCH 2018

	NOTES	2018 £000	2017 £000
FIXED ASSETS			
INTANGIBLE ASSETS	9	3,191	3,865
TANGIBLE ASSETS	10	69,168	65,558
INVESTMENTS	11	14	14
		72,373	69,437
CURRENT ASSETS			
STOCKS	12	59,748	59,990
DEBTORS	13	68,743	58,916
CASH AT BANK AND IN HAND		12,050	12,250
		140,541	131,156
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
PRODUCER ACCOUNTS		(17,677)	(15,781)
TRADE CREDITORS		(32,767)	(33,978)
OTHER CREDITORS AND ACCRUALS	14	(77,087)	(70,734)
CORPORATION TAX		(1,266)	(908)
SHARE CAPITAL REPAYABLE ON DEMAND	22	(529)	(513)
		(129,326)	(121,914)

GROUP STATEMENT OF FINANCIAL POSITION

AT 31ST MARCH 2018



	NOTES	2018 £000	2017 £000
NET CURRENT ASSETS		11,215	9,242
TOTAL ASSETS LESS CURRENT LIABILITIES		83,588	78,679
CREDITORS: AMOUNTS DUE AFTER MORE THAN ONE YEAR	15	(12,266)	(14,906)
PROVISIONS FOR LIABILITIES – DEFERRED TAX	18	(3,062)	(2,935)
DEFERRED INCOME – CAPITAL GRANTS	19	(4,022)	(4,437)
		(19,350)	(22,278)
NET ASSETS		64,238	56,401
CAPITAL AND RESERVES			
CALLED UP SHARE CAPITAL	20	10,097	10,332
PROFIT AND LOSS ACCOUNT		54,141	46,069
SHAREHOLDERS' FUNDS		64,238	56,401

The financial statements were approved and authorised for issue by the Board of Directors on 14 June 2018 and signed on their behalf by:

John Dunlop
Chairman

Fred Allen
Vice Chairman

Mike Dawson
Company Secretary
Date: 14 June 2018

SOCIETY STATEMENT OF FINANCIAL POSITION

AT 31ST MARCH 2018

	NOTES	2018 £000	2017 £000
FIXED ASSETS			
INTANGIBLE ASSETS	9	300	391
TANGIBLE ASSETS	10	4,451	4,560
INVESTMENTS	11	13,578	13,578
		18,329	18,529
CURRENT ASSET			
STOCKS	12	224	117
DEBTORS	13	43,582	33,969
CORPORATION TAX		522	658
		44,328	34,744
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
PRODUCER ACCOUNTS		(17,677)	(15,781)
TRADE CREDITORS		(3,516)	(3,046)
OTHER CREDITORS AND ACCRUALS	14	(14,296)	(8,045)
SHARE CAPITAL REPAYABLE ON DEMAND	22	(529)	(513)
		(36,018)	(27,385)

SOCIETY STATEMENT OF FINANCIAL POSITION

AT 31ST MARCH 2018

	NOTES	2018 £000	2017 £000
NET CURRENT ASSETS		8,310	7,359
TOTAL ASSETS LESS CURRENT LIABILITIES		26,639	25,888
CREDITORS: AMOUNTS DUE AFTER MORE THAN ONE YEAR	15	-	-
PROVISIONS FOR LIABILITIES AND CHARGES - DEFERRED TAX	18	(118)	(105)
DEFERRED INCOME – CAPITAL GRANTS	19	(197)	(214)
		(315)	(319)
NET ASSETS		26,324	25,569
CAPITAL AND RESERVES			
CALLED UP SHARE CAPITAL	20	10,097	10,332
PROFIT AND LOSS ACCOUNT		16,227	15,237
SHAREHOLDERS' FUNDS		26,324	25,569

The financial statements were authorised for issue by the Board of Directors on 14 June 2018 and signed on their behalf by:

John Dunlop

Chairman

Fred Allen

Vice Chairman

Mike Dawson

Company Secretary

Date: 14 June 2018

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST MARCH 2018

	NOTES	2018 £000	2017 £000
NET CASH INFLOW FROM OPERATING ACTIVITIES	23(a)	8,930	11,746
INVESTING ACTIVITIES			
BANK INTEREST PAID		(1,910)	(1,831)
PREFERENCE SHARE INTEREST PAID		(13)	(17)
PAYMENTS TO ACQUIRE TANGIBLE FIXED ASSETS		(9,610)	(6,559)
PAYMENTS TO ACQUIRE INTANGIBLE ASSETS		(36)	(187)
RECEIPTS FROM DISPOSALS OF TANGIBLE FIXED ASSETS		301	39
RECEIPT OF GOVERNMENT CAPITAL GRANTS		-	133
PURCHASE OF BUSINESS AND DEFERRED PAYMENT FOR SUBSIDIARY UNDERTAKING		(30)	-
NET CASH FLOW FROM INVESTING ACTIVITIES		(11,298)	(8,422)

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST MARCH 2018

	NOTES	2018 £000	2017 £000
FINANCING ACTIVITIES			
REPAYMENT OF BANK LOANS		(2,640)	(3,163)
CAPITAL ELEMENT OF FINANCE LEASES REPAYED		-	(15)
ISSUE OF SHARE CAPITAL REPAYABLE ON DEMAND	22	(18)	(40)
REDEMPTION OF SHARE CAPITAL REPAYABLE ON DEMAND	22	34	-
REPAYMENT OF CONVERTIBLE LOAN STOCK	16	16	-
REPAYMENT OF ORDINARY SHARE CAPITAL	20	(282)	(222)
ISSUE OF ORDINARY SHARE CAPITAL	20	47	79
NET GAIN/LOSS ON FINANCIAL LIABILITIES		47	(4)
NILGOSC SETTLEMENT		-	(1,000)
NET CASH FLOW FROM FINANCING ACTIVITIES		(2,796)	(4,365)
DECREASE IN CASH AND CASH EQUIVALENTS	23(b)	(5,164)	(1,041)

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST MARCH 2018

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	NOTES	2018 £000	2017 £000
DECREASE IN CASH	23(b)	(5,164)	(1,041)
REPAYMENT OF CAPITAL ELEMENT OF FINANCE LEASE CONTRACTS		-	15
REPAYMENT OF BANK LOANS		2,640	3,163
CONVERTIBLE LOAN STOCK REPAYED / (ISSUED)	16	(16)	-
ISSUE OF SHARE CAPITAL REPAYABLE ON DEMAND		(16)	40
MOVEMENT IN NET DEBT IN THE YEAR	23(b)	(2,556)	2,177
NET DEBT AT 1 APRIL		(64,477)	(66,654)
NET DEBT AT 31 MARCH	23(b)	(67,033)	(64,477)

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST MARCH 2018

1. Accounting policies

Definitions

(i) 'Dale Farm Cooperative Limited' is a cooperative society incorporated in Northern Ireland. The registered office is Dale Farm House, 15 Dargan Road, Belfast BT3 9LS. Its activities include marketing and transport of milk, sales promotion, laboratory services, and other services to dairy farmers.

(ii) 'Dale Farm Limited' is a private limited liability company which, as a wholly owned subsidiary of Dale Farm Cooperative Limited, carries out manufacturing, processing, distribution and marketing activities. During the year under review it had seven trading subsidiaries, Dale Farm Dairies (Ireland) Limited, which is involved in the sale and distribution of dairy products in the Republic of Ireland, Dale Farm (GB) Limited which produces and markets yogurts, desserts, cottage cheese and related cultured products, Rowan Glen Dairy Products Limited which markets yogurts, desserts, cottage cheese and related dairy products, Ash Manor Cheese Company Limited is involved in the cutting, packing and sale of cheese products and Dale Farm Ice Cream Limited, which is involved in the sale and distribution of a range of ice cream and frozen products. Dale Farm Ice Cream (Ireland) Limited, a subsidiary of Dale Farm Ice Cream Limited, is involved in the sale and distribution of a range of ice cream and frozen products in the Republic of Ireland. Mullins Ice Cream Limited is a subsidiary of Dale Farm Ice Cream Limited and is involved in the manufacture and sale of ice cream and frozen products.

(iii) 'United Feeds Limited' is a wholly owned subsidiary of Dale Farm Cooperative Limited, which carries out manufacturing, distribution and marketing activities in the animal feed sector.

Basis of preparation

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with applicable accounting standards. The accounts are prepared under the Industrial and Provident Societies Acts 1969 and 1976 and where these Acts do not provide relevant guidance the Directors have adopted the requirements of the Companies Act 2006.

The financial statements are prepared in Sterling which is the functional currency of the Group and rounded to the nearest £'000.

Statement of compliance

The Group's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the Group for the year ended 31 March 2018.

Basis of consolidation

The Group financial statements consolidate the financial statements of Dale Farm Cooperative Limited and all its subsidiary undertakings made up to 31 March each year. No profit and loss account is presented for Dale Farm Cooperative Limited as permitted by the Industrial and Provident Societies Acts (Northern Ireland) 1969 and 1976.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Taxation – Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

Stock provision – The Group reviews and considers prevailing market conditions, the levels of stock held and forecast market movements and makes a provision to the carrying value of the stock where necessary.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all property, plant and equipment, at rates calculated to

write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life.

Rates vary according to the class of asset but are typically:

Buildings freehold	50 years
Buildings leasehold	over the period of the lease
Plant, equipment & furniture	3 to 15 years
Vehicles	4 to 10 years
Land is not depreciated	

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or the years of the leases where these are shorter.

The carrying values of tangible fixed assets are reviewed for impairment in periods when events or changes in circumstances indicate the carrying value may not be recoverable.

Government grants

Capital grants are credited to a deferral account and are released to revenue on the same basis as the related assets are depreciated.

Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

Goodwill

Goodwill is the difference between the cost of an acquired entity and the aggregate of the fair value of that entity's identifiable assets and liabilities.

Positive goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

The useful economic lives of intangible assets are as follows:

Goodwill	– 10 years
Brands	– 10 years
Software	– 5 years

Negative goodwill is capitalised and released to the profit and loss account as the related assets are realised.

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST MARCH 2018

Goodwill (Continued)

If a subsidiary or a business is subsequently sold or closed, any goodwill arising on acquisition that was written off directly to reserves or that has not been amortised through the profit and loss account is taken into account in determining the profit or loss on sale or closure.

Intangible assets

Intangible assets acquired separately from a business are capitalised at cost. Intangible assets acquired as part of an acquisition of a business are capitalised separately from goodwill if the fair value can be measured reliably on initial recognition, subject to the constraint that, unless the asset has a readily ascertainable market value, the fair value is limited to an amount that does not create or increase any negative goodwill arising on the acquisition. Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the year in which it is incurred.

Subsequent to initial recognition, intangible assets are stated at cost less accumulated amortisation and accumulated impairment. Intangible assets are amortised on a straight line basis over their estimated useful life. The carrying value of intangible assets is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Rates vary according to the class of asset but are typically:

Goodwill	– 10 years
Brands	– 10 years
Software	– 5 years

The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Stocks

Stock is valued at the lower of cost or net realisable value. Cost includes an appropriate element of overheads. Net realisable value is based on estimated selling price less further costs expected to be incurred for disposal.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more tax with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Group relief

It is the Group's policy to pay for Group relief at the fiscal rate of tax on losses utilised during the period.

Pensions

The Group operated for the majority of its eligible employees three defined contribution schemes – the Dale Farm Cooperative Group Scheme, the Dale Farm (GB) Limited Scheme, and the United Feeds Limited Scheme. Contributions to the three defined contribution schemes are charged in the profit and loss account as they become payable in accordance with the rules of the schemes.

Research and development

Research and development expenditure is written off as incurred.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account. The assets and liabilities of non UK subsidiary undertakings are translated at the rate of exchange ruling at the balance sheet date. Income and expenses of non UK subsidiary undertakings are translated an average rate for the year. The exchange difference arising on the re-translation of opening net assets is taken directly to other comprehensive income. All other translation differences are taken to the profit and loss account.

Lease commitments

Assets held under finance leases, which are those where substantially all the risks and rewards of ownership of the asset have passed to the Group, are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the term of the lease.

Capital instruments

Ordinary shares are included in shareholders' funds as any redemption requires the prior consent of the Board. Other instruments such as preference shares are classified as liabilities if they contain an obligation to transfer economic benefits and if not they are included in shareholders' funds. The finance cost recognised in the profit and loss account in respect of capital instruments other than equity shares is allocated to periods over the term of the instrument at a constant rate on the carrying amount.

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST MARCH 2018

Interest-bearing loans and borrowings

All interest-bearing loans and borrowings which are basic financial instruments are recognised at the present value of cash payable to the bank (excluding interest).

Provisions for liabilities

A provision is recognised when the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions for the expected costs of maintenance under guarantees are charged against profits when products have been invoiced. The effect of the time value of money is not material and therefore the provisions are not discounted.

Derivative instruments

The Group uses forward foreign currency contracts to reduce exposure to foreign exchange rates.

Derivative financial instruments are initially measured at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value through profit or loss. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of the forward currency contracts is calculated by reference to current forward exchange contracts with similar maturity profiles.

The Group does not undertake any hedge accounting transactions.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand. For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

Revenue recognition

Sale of goods

Revenue is recognised to the extent that the Group obtains the right to consideration in exchange for its performance.

Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Dividends

Revenue is recognised when the Group's right to receive payment is established.

2. Turnover and segmental reporting

Turnover, which is stated net of value added tax, represents the amounts derived from the provision of goods and services which fall within the Group's ordinary activities. Turnover is attributable to the marketing and transporting of milk, the processing and sale of dairy products and the manufacture and sales of animal feeds. Turnover and operating profit are attributable to continuing activities.

Segmental reporting, by areas of activity and geographical markets, has not been included in these financial statements. Disclosure of such information is not considered relevant and would be seriously prejudicial to the interests of the Group.

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST MARCH 2018

3. Operating profit

(a) This is stated after charging/(crediting):	2018 £000	2017 £000
DEPRECIATION OF OWNED TANGIBLE FIXED ASSETS	5,773	5,794
DEPRECIATION OF TANGIBLE FIXED ASSETS HELD UNDER FINANCE LEASES	145	146
AMORTISATION OF GOODWILL	556	558
AMORTISATION OF BRANDS	27	34
AMORTISATION OF SOFTWARE	127	138
CAPITAL GRANT RELEASE	(415)	(436)
REVENUE GRANTS	(65)	-
RESEARCH AND DEVELOPMENT COSTS	394	136
AUDITORS' REMUNERATION – AUDIT SERVICES*	89	85
NON-AUDIT SERVICES**		
– TAXATION COMPLIANCE SERVICES	80	42
– OTHER AUDIT RELATED SERVICES	6	8
OPERATING LEASE RENTALS		
– LAND AND BUILDINGS	159	128
– PLANT AND EQUIPMENT	2,976	3,195
PROFIT ON DISPOSAL OF FIXED ASSETS	(221)	(30)
FX LOSSES/(GAINS) IN INCOME STATEMENT	162	227

* £24k (2017 - £18k) of this relates to the Society

** Included in non audit services is £23k (2017 - £30k) relating to the Society

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST MARCH 2018

4. Directors' remuneration

	2018 £000	2017 £000
FEES AND OTHER EMOLUMENTS	162	159

5. Staff costs

	2018 £000	2017 £000
WAGES AND SALARIES	30,890	29,481
SOCIAL SECURITY COSTS	2,980	2,886
OTHER PENSION COSTS	1,244	1,145
	35,114	33,512

Included in other pension costs is £1,244k (2017: £1,210k) in respect of the defined contribution scheme.

The average number of Group employees during the year was:	2018 NO.	2017 NO.
PROCESSING	601	585
SELLING AND DISTRIBUTION	220	220
OPERATIONS AND ADMINISTRATION	211	193
MILK RECORDING (PART-TIME)	62	60
	1,094	1,058

The number of employees at 31 March 2018 was 1,113 (2017 – 1,101).

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST MARCH 2018

6. Interest payable and similar charges

	2018 £000	2017 £000
BANK LOANS AND OVERDRAFTS	1,910	1,831
INTEREST ON PREFERENCE SHARES	13	17
GROUP INTEREST PAYABLE	1,923	1,848

7. Tax

(a) The taxation charge is made up as follows:

	2018 £000	2017 £000
BASED ON PROFIT FOR THE YEAR:		
CURRENT TAX:		
CORPORATION TAX ON PROFIT FOR THE PERIOD	1,939	1,777
GROUP RELIEF PAYABLE	-	(188)
ADJUSTMENTS IN RESPECT OF PREVIOUS PERIODS	27	16
TOTAL CURRENT TAX	1,966	1,605
DEFERRED TAX:		
ORIGINATION AND REVERSAL OF TIMING DIFFERENCES	163	-
INCREASE IN DEFERRED TAX PROVISION	-	219
ADJUSTMENTS IN RESPECT OF PREVIOUS PERIODS	(36)	35
IMPACT OF CHANGE IN TAX RATE	-	(160)
TOTAL DEFERRED TAX	127	94
TOTAL TAX CHARGE	2,093	1,699

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST MARCH 2018

7. Tax

(b) Factors affecting tax charge for the year

The tax assessed on the profit for the period varies from the standard rate of corporation tax in the UK. The differences are explained below:

	2018 £000	2017 £000
PROFIT BEFORE TAX	10,101	7,916
PROFIT MULTIPLIED BY STANDARD RATE OF CORPORATION TAX IN THE UK OF 19% (2017 – 20%)	1,919	1,583
EFFECT OF:		
DISALLOWED EXPENSES AND NON-TAXABLE INCOME	215	314
PROFITS TAXED AT LOWER RATE	(31)	(248)
ADJUSTMENT IN RESPECT OF PREVIOUS PERIODS	(10)	51
R&D CREDITS	-	(1)
	2,093	1,699

(c) Factors that may affect future tax charges

The corporation tax rate in the UK is 19%. This rate will be to 17% on April 2020. The 17% statutory rate of corporation tax was enacted in full on 6 September 2017, and this is the rate at which deferred tax has been provided. No further rate changes have been announced.

8. Profit attributable to the members of the parent company

The profit dealt with in the financial statements of the parent company is £990k (2017 – £1,396k).

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST MARCH 2018

9. Intangible fixed assets

Group	Goodwill £000	Brands £000	Software £000	Total £000
COST:				
AT 1 APRIL 2017	9,305	377	1,192	10,874
ADDITIONS	-	-	36	36
AT 31 MARCH 2018	9,305	377	1,228	10,910
AMORTISATION:				
AT 1 APRIL 2017	6,137	71	801	7,009
PROVIDED DURING THE YEAR	556	27	127	710
AT 31 MARCH 2018	6,693	98	928	7,719
NET BOOK VALUE:				
AT 31 MARCH 2018	2,612	279	300	3,191
AT 1 APRIL 2017	3,168	306	391	3,865

The net book value at 31 March 2018 is analysed below:

£000

PURCHASED GOODWILL				145
GOODWILL ARISING ON CONSOLIDATION				2,467
				2,612

Goodwill is being amortised over its expected useful life. Negative goodwill is capitalised and released to the profit and loss account as the related assets are realised.

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST MARCH 2018

9. Intangible fixed assets (continued)

Society	Software £000	Total £000
COST:		
AT 1 APRIL 2017	1,192	1,192
ADDITIONS	36	36
AT 31 MARCH 2018	1,228	1,228
AMORTISATION:		
AT 1 APRIL 2017	801	801
PROVIDED DURING THE YEAR	127	127
AT 31 MARCH 2018	928	928
NET BOOK VALUE:		
AT 31 MARCH 2018	300	300
AT 1 APRIL 2017	391	391

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST MARCH 2018

10. Tangible fixed assets

Group	Land and buildings £000	Plant and equipment £000	Vehicles & associated equipment £000	Total £000
COST:				
AT 1 APRIL 2017	37,462	94,317	1,804	133,583
ADDITIONS	1,019	8,591	-	9,610
DISPOSALS	(155)	0	(316)	(471)
AT 31 MARCH 2018	38,326	102,908	1,488	142,722
DEPRECIATION:				
AT 1 APRIL 2017	10,456	55,783	1,786	68,025
PROVIDED DURING THE YEAR	954	4,964	-	5,918
ON DISPOSALS	(75)	-	(314)	(389)
AT 31 MARCH 2018	11,335	60,747	1,472	73,554
NET BOOK VALUE:				
AT 31 MARCH 2018	26,991	42,161	16	69,168
AT 1 APRIL 2017	27,006	38,534	18	65,558

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST MARCH 2018

10. Tangible fixed assets (continued)

Included in the amounts for plant and machinery and vehicles above are the following amounts relating to leased assets and assets acquired under hire purchase contracts:

	Plant and equipment £000	Vehicles £000	Total £000
COST:			
AT 1 APRIL 2017 AND 31 MARCH 2018	4,580	237	4,817
DEPRECIATION:			
AT 31 MARCH 2017	4,316	237	4,553
PROVIDED DURING THE YEAR	145	-	145
AT 31 MARCH 2018	4,461	237	4,698
NET BOOK VALUE:			
AT 31 MARCH 2018	119	-	119
AT 31 MARCH 2017	264	-	264

The net book value of land and buildings comprises:	2018 £000	2017 £000
FREEHOLD	21,504	21,265
LEASEHOLD	5,407	5,741
	26,991	27,006

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST MARCH 2018

10. Tangible fixed assets (continued)

Society	Land and buildings £000	Plant and equipment £000	Vehicles & associated equipment £000	Total £000
COST:				
AT 1 APRIL 2017	5,562	2,248	1,721	9,531
ADDITIONS	-	88	-	88
DISPOSALS	-	-	(144)	(144)
AT 31 MARCH 2018	5,562	2,336	1,577	9,475
DEPRECIATION:				
AT 1 APRIL 2017	1,374	1,891	1,706	4,971
PROVIDED DURING THE YEAR	116	81	-	197
ON DISPOSALS	-	-	(144)	(144)
AS 31 MARCH 2018	1,490	1,972	1,562	5,024
NET BOOK VALUE:				
AT 31 MARCH 2018	4,072	364	15	4,451
AT 1 APRIL 2017	4,188	357	15	4,560

The net book value of vehicles and associated equipment includes an amount of £Nil (2017 – £Nil) relating to assets held under finance leases and hire purchase contracts.

The net book value of land and buildings comprises:

The net book value of land and buildings comprises:	2018 £000	2017 £000
LEASEHOLD	4,047	4,162

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST MARCH 2018

11. Investments

	Group 2018 £000	Group 2017 £000	Society 2018 £000	Society 2017 £000
SHARES AT COST:	-	-	13,564	13,564
SUBSIDIARY UNDERTAKINGS	14	14	14	14
TRADE INVESTMENT	14	14	13,578	13,578

At 31 March 2018 the principal subsidiary undertakings were:

Subsidiary undertakings	Holding	Proportion of voting rights and shares held	Nature of business
Dale Farm Group Limited	Ordinary shares	100%	Holding company
Dale Farm Limited	Ordinary shares	100%*	Manufacture, sale and distribution of milk and a comprehensive range of dairy products
Dale Farm Dairies (Ireland) Limited	Ordinary shares	100%**	Sale and distribution of milk and dairy products
Dale Farm (GB) Limited	Ordinary shares	100%**	Manufacture and sale of yogurts, desserts, cottage cheese and related cultured products
Rowan Glen Dairy Products Limited	Ordinary Shares	100%**	Sale of yogurts, cottage cheese, desserts and related dairy product
Ash Manor Cheese Company Limited	Ordinary shares	100%**	Packing, sale and limited distribution of cheese products
Dale Farm Ice Cream Limited	Ordinary shares	100%**	Sale and distribution of ice cream and frozen products
Dale Farm Ice Cream (Ireland) Limited	Ordinary shares	100%***	Sale and distribution of ice cream and frozen products

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST MARCH 2018

11. Investments (continued)

Subsidiary undertakings	Holding	Proportion of voting rights and shares held	Nature of business
Mullins Ice Cream Limited	Ordinary Shares	100%***	Manufacture and sale of ice cream and frozen products
United Feeds Limited	Ordinary Shares	100%*	Manufacture and sale of animal feeds
Dale Farm Dairies Limited	Ordinary Shares	100%	Dormant
Dale Farm Ingredients Limited	Ordinary Shares	100%	Dormant
Dale Farm Gridco Limited	Ordinary Shares	100%**	Dormant
Ash Manor Holdings Limited	Ordinary Shares	100%**	Dormant

* Held by Dale Farm Group Limited.

** Held by Dale Farm Limited

*** Held by Dale Farm Ice Cream Limited.

The above undertakings are incorporated and operate in Northern Ireland, with the exception of Dale Farm (GB) Limited and Ash Manor Cheese Company Limited which are incorporated in England and operate in Great Britain, Rowan Glen Dairy Products Limited which is incorporated and operates in Scotland, and Dale Farm Dairies (Ireland) Limited and Dale Farm Ice Cream (Ireland) Limited which are incorporated and operate in the Republic of Ireland.

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST MARCH 2018

12. Stocks

	Group 2018 £000	Group 2017 £000	Society 2018 £000	Society 2017 £000
RAW MATERIALS AND CONSUMABLES	7,473	7,441	169	69
FINISHED GOODS AND GOODS FOR RESALE	52,275	52,549	55	48
	59,748	59,990	224	117

The difference between the carrying value of stocks and their replacement cost is not material.

Stocks recognised as an expense in the period were £364 million (2017: £279 million) for the group and £219 million (2017: £161 million) for the Society.

13. Debtors

	Group 2018 £000	Group 2017 £000	Society 2018 £000	Society 2017 £000
TRADE DEBTORS	59,107	50,661	476	374
AMOUNTS DUE FROM SUBSIDIARY UNDERTAKINGS				
– LOANS	-	-	21,301	29,821
– TRADING	-	-	18,060	-
OTHER DEBTORS	4,007	3,321	3,327	3,307
PREPAYMENTS AND ACCRUED INCOME	5,629	4,930	413	467
FINANCIAL INSTRUMENTS (NOTE 27)	-	4	-	-
GROUP RELIEF	-	-	5	-
	68,743	58,916	43,582	33,969

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST MARCH 2018

14. Creditors' amounts falling due within one year

	Group 2018 £000	Group 2017 £000	Society 2018 £000	Society 2017 £000
BANK OVERDRAFTS & OTHER FACILITIES	63,434	58,470	9,625	3,624
AMOUNTS DUE FROM SUBSIDIARY UNDERTAKINGS – TRADING	-	-	-	295
BANK LOANS (NOTE 17)	2,642	2,642	-	-
OTHER TAXES AND SOCIAL SECURITY	813	961	754	829
OTHER CREDITORS	1,234	1,658	675	1,201
ACCRUALS	8,635	6,707	3,030	1,900
DEFERRED CONSIDERATION	70	100	-	-
LOAN STOCK (NOTE 16)	212	196	212	196
FINANCIAL INSTRUMENTS (NOTE 27)	47			
	77,087	70,734	14,296	8,045

Included in bank overdraft and other facilities is invoice financing with recourse of £24 million (2017 –£26 million) for which the Group have provided an assignment over certain trade debtors. Part of the other facilities are secured by a floating charge over a subsidiary company's stocks.

15. Creditors: amounts due after more than one year

	Group 2018 £000	Group 2017 £000	Society 2018 £000	Society 2017 £000
BANK LOANS (NOTE 17)	12,266	14,906	-	-
	12,266	14,906	-	-

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST MARCH 2018



16. Convertible loan stock

	Group and Society 2018 £000	Group and Society 2017 £000
AT 1 APRIL	196	196
LOAN STOCK REPAYED	(2)	-
LOAN STOCK ISSUED	18	-
AT 31 MARCH	212	196

Loan stock is convertible on the basis of £1 of loan stock to £1 of ordinary shares held, subject to current legal limits on the maximum number of shares being raised.

17. Bank loans

	Group 2018 £000	Group 2017 £000	Society 2018 £000	Society 2017 £000
WHOLLY REPAYABLE WITHIN FIVE YEARS	14,908	17,548	-	-
IN MORE THAN FIVE YEARS	-	-	-	-
	14,908	17,548	-	-

The loans are interest bearing at a variable rate based on LIBOR and are secured by way of unlimited intra-group guarantees.

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST MARCH 2018

18. Provisions for liabilities

The movements in deferred taxation during the current year are as follows:	Group £000	Society £000
AT 31 MARCH 2017	2,935	105
CHARGE\(\CREDIT) IN THE CURRENT YEAR	127	13
AT 31 MARCH 2018	3,062	118

Deferred taxation provided in the financial statements is as follows:	Group 2018 £000	Group 2017 £000	Society 2018 £000	Society 2017 £000
CAPITAL ALLOWANCES IN ADVANCE OF DEPRECIATION	2,936	2,840	106	(57)
OTHER TIMING DIFFERENCES	126	95	13	162
	3,062	2,935	118	105

Deferred tax has been calculated at 17% as of March 2018 reflecting HMRC enactment of a reduction in the corporation tax rate effective from 1st April 2018.

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST MARCH 2018

19. Deferred income - capital grants

	Group £000	Society £000
AT 31 MARCH 2017	4,437	214
ARISING ON NEW CAPITAL GRANTS	-	-
RELEASE FOR THE YEAR	(415)	(17)
AT 31 MARCH 2018	4,022	197

20. Issued share capital

Group and Society Allotted, called up and fully paid	2018 NO.	2017 NO.	2018 £000	2017 £000
ORDINARY SHARES OF £1 EACH	10,097,437	10,332,132	10,097	10,332

	2018 £000	2017 £000
ORDINARY SHARES:		
AT 1 APRIL	10,332	10,475
ISSUED DURING THE YEAR	47	79
CANCELLED DURING THE YEAR	(282)	(222)
AT 31 MARCH	10,097	10,332

Dale Farm Cooperative Limited is a Cooperative society established under the Industrial and Provident Societies Acts (Northern Ireland) 1969 and 1976. It is governed by its rules which require all members to have a minimum shareholding of 200 £1 ordinary shares, fully paid up.

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST MARCH 2018

21. Reserves

Called up share capital

The balance classified as share capital includes the nominal value of issued company's share capital.

Profit and loss account

The company's profit and loss account includes the accumulated profits and losses of the company less any dividends declared.

22. Share capital repayable on demand

Group and Society Preference Shares	2018 £000
AT 1 APRIL 2017	513
ISSUED DURING THE YEAR	34
CANCELLED DURING THE YEAR	(18)
AT 31 MARCH 2018	529

During the year £34k in share capital repayable on demand was issued in lieu of ordinary shares to members who had retired from milk production. Interest on the preference shares is payable annually at bank base rate less 0.25% or at such higher rate as may be determined by the Board: for the year ended 31 March 2018 the rate of interest paid was 2.5%.

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST MARCH 2018

23. Notes to the Group statement of cash flows

(a) Reconciliation of operating profit to net cash inflows from operating activities:	2018 £000	2017 £000
OPERATING PROFIT	12,071	9,768
DEPRECIATION OF TANGIBLE FIXED ASSETS	5,918	5,940
AMORTISATION OF INTANGIBLES	710	730
(INCREASE)/DECREASE IN STOCKS	242	(9,003)
INCREASE IN DEBTORS	(9,826)	(3,502)
INCREASE IN CREDITORS	1,797	9,119
CAPITAL GRANT RELEASE	(415)	(436)
PROFIT ON DISPOSAL OF FIXED ASSETS	(221)	(30)
FOREIGN EXCHANGE MOVEMENT	4	104
CORPORATION TAX PAID	(1,350)	(944)
NET CASH INFLOW FROM OPERATING ACTIVITIES	8,930	11,746

(b) Group Analysis of net debt	At 31 March 2017 £000	Cash Flow £000	At 31 March 2018 £000
CASH AT BANK AND IN HAND	12,250	(200)	12,050
OVERDRAFTS & OTHER FACILITIES	(58,470)	(4,964)	(63,434)
	(46,220)	(5,164)	(51,384)
LOAN STOCK	(196)	(16)	(212)
PREFERENCE SHARES	(513)	(16)	(529)
BANK LOANS	(17,548)	2,640	(14,908)
	(64,477)	(2,556)	(67,033)

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST MARCH 2018

24. Pension scheme information

Dale Farm Cooperative Limited, Dale Farm Limited and United Feeds operate one type of pension scheme for the benefit of their employees and the total pension charge to the Group for the period amounted to £1,244k (2017 – £1,104k). The details of these scheme are set out below:

Defined Contribution Schemes

The Group operated for the majority of its eligible employees three defined contribution schemes – the Dale Farm Cooperative Group Scheme, the Dale Farm (GB) Limited Scheme and the United Feeds Limited Scheme. The assets of the schemes are held in independently administered funds. Contributions to the three defined contribution

schemes are charged in the profit and loss account as they become payable in accordance with the rules of the schemes.

The pension costs represent contributions payable by the Group to the schemes and amounted to £1,244k (2017 – £1,140k). The unpaid contributions outstanding at the year end, included in 'Other creditors', are £69k (2017 – £150k).

25. Future capital commitments

At 31 March 2018 the Directors have authorised future capital expenditure which, without taking account of government grants, amounts to:

	Group 2018 £000	Group 2017 £000	Society 2018 £000	Society 2017 £000
CONTRACTED	2,728	709	-	-
NON CONTRACTED	3,349	650	24	-

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST MARCH 2018

26. Other financial commitments

At 31 March 2018 the Group and Society's future minimum rentals payable under non-cancellable operating leases are as follows:	Land and Buildings 2018 £000	Land and Buildings 2017 £000	Plant and equipment 2018 £000	Plant and equipment 2017 £000
GROUP				
LEASES EXPIRING:				
WITHIN ONE YEAR	160	146	2,814	2,438
WITHIN TWO TO FIVE YEARS	157	102	4,364	4,932
AFTER MORE THAN FIVE YEARS	1,727	279	566	1,289
	2,044	527	7,744	8,659
SOCIETY				
LEASES EXPIRING:				
WITHIN ONE YEAR	-	-	660	749
WITHIN TWO TO FIVE YEARS	-	-	1,349	1,736
AFTER MORE THAN FIVE YEARS	-	-	30	102
	-	-	2,039	2,587

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST MARCH 2018

27. Financial Instruments

Financial assets at fair value through income statement	Group 2018 £000	Group 2017 £000	Society 2018 £000	Society 2017 £000
FORWARD FOREIGN CURRENCY CONTRACTS	47	4	-	-
FINANCIAL LIABILITIES MEASURED AT AMORTISED COST				
BANK OVERDRAFT (NOTE 14)	63,434	58,470	9,625	3,624
LOANS (NOTE 14 & 15)	14,908	17,548	-	-

The Group entered into forward foreign currency contracts to manage currency exposure on sales. The fair values of the assets and liabilities held at fair value through income statement at the balance sheet date are determined using quoted prices. The foreign exchange contracts all expire within the next 12 months.

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST MARCH 2018



28. Related party transactions

The Directors, with the exception of the appointed Directors, are all engaged in dairy farming and supply their milk to Dale Farm Cooperative on the same terms as all other members. They are also entitled to utilise all other services made available by Dale Farm Cooperative on the same terms as other members.

The net value of milk purchased from and services provided to these Directors during the year was £5,121,717 (2017 – £3,747,743).

At 31 March 2018 the net amount owed to the Directors was £494,576 (2017 – £423,743).

Key Management Personnel

All Directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the group are considered to be key management personnel. Total remuneration in respect of these individuals is £1,882k (2017 - £1,714k).

29. Contingent liabilities

The Society has provided an unlimited guarantee in favour of the Ulster Bank in respect of Dale Farm Cooperative Group borrowings from Ulster Bank. At 31 March 2018 the Dale Farm Cooperative Group borrowings from Ulster Bank amounted to some £66 million (2017: £64 million).

The banking facilities of the subsidiary, United Feeds Limited are secured by a floating charge over the company's assets.

Under the terms of different grant schemes there exists a contingent liability to repay grants received if certain conditions therein are not fulfilled.

Certain other contingent liability claims and guarantees occur in the normal course of business but it is not considered that any material liabilities will arise.



RAPTURE





Pennybridge
Ballymena



Technical Centre
Ballymena



United Feeds
Belfast



Dromona
Cullybackey



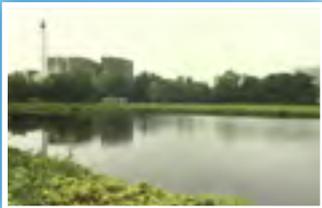
Dale Farm House
Belfast



Mullins
Kilrea



Rowan Glen
Dumfries & Galloway



Dunmanbridge
Cookstown



Fivemiletown Cheese



Kendal
Cumbria



United Feeds
Dungannon



Ash Manor
Wrexham



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