Drinagh

Annual Report 2015

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As Chairman I am pleased to report on another successful year's trading for the Society in 2015. It is particularly pleasing that in addition to a solid financial performance the Society continues to make operational improvements which will stand it in good stead in the years ahead.

In accordance with Irish Generally Accepted Accounting Standards, the Financial Statements have had to be prepared using Financial Reporting Standard 102 (FRS102) – a new reporting standard from that permitted to be used in previous years. The one significant impact on the Financial Statements for the Society, is that investments that have a reliable market value have to be stated in the financial statements at that market value; previously these would have been stated at cost. The impact is that profits or losses for these investments are now reported on the difference in market value from one financial year to the next, rather than just on the difference between what was paid for the investment and what was realised on the sale of the investment – the actual cash profit. The 2015 investment income shows a €1.7 million loss, resulting from the re-translation of Aryzta, One51 and other investments, compared with a €2.3 million profit in the comparative 2014 figure. With the adoption of FRS102 for the 2015 Financial Statements, the 2014 comparatives have also had to be prepared using the same standard. This is why if you were to compare the 2014 Financial Statements with the 2014 comparatives in this year's Financial Statements you would note that the Balance Sheet total has increased from €100,509,365 to €109,533,937. The main component of the increase is the re-statement to market value of Aryzta and One51 investments.

Apart from market value movement, income from investment securities has been very positive. In addition, the performance of both Drinlis and Shinagh Estates were again positive, however, the German property has seen a significant drop in value while uncertainty over one of its main tenants remains – addressing this, together with refinancing the loan on the property, will be a primary focus during 2016.

Carbery reported another strong performance with Operating Profit before interest, tax, amortisation of goodwill and other intangibles and exceptional items increasing by 39% compared with 2014 (as restated for FRS 102). This is attributed to earnings growth in the nutritional ingredients business as well as strong organic growth in Synergy.

With the abolition of the milk quota regime on the 1st April 2015, milk supply increased by 10.30% to over 165 million litres in the year. The increased supply from the final quota year resulted in a super levy bill of €1.934m for those exceeding their quota. Many of those availed of a scheme offered by the Department of Agriculture to pay this fine, interest free, over three years to manage cash flow.

However, the removal of supply controls allied to other factors has weakened global dairy prices considerably. Milk supplies increased throughout Northern Europe resulting in weaker markets. This, associated with issues around Chinese demand, a Russian trade ban, cheaper oil prices, cheaper grain and currency have all acted in sympathy to bring global prices to a worrying low. I am pleased to report that Carbery and the Society will do everything within their powers to support producers through this difficult time.

Milk quality has always been of paramount importance to the Society, its milk producers and to Carbery. To this end the Society was greatly honoured when Kieran, Catherine & Cathal

O'Sullivan of Dunmanus won the NDC and Kerrygold sponsored All Ireland Milk Quality Award. This is an incredible achievement for a farming family from the end of the Mizen peninsula and we are suitably proud of their victory.

The Society also wishes to congratulate James and Anne Young of Derryclough, Drinagh who were selected in the top 10 milk suppliers in the country based on somatic cell count results from 2014.

In a difficult weather year for farmers and non-farmers alike, our stores operation performed very solidly. Sales of agri and gardening products were hit by inclement conditions over the spring and summer. The reductions here were made up by other sectors of the business which overall showed a 1% increase in sales.

Following on from the 2014 investment in the Skibbereen Supermarket and Drinagh Central Hardware, the Society continued to drive value and efficiencies into its stores operations with further investment in 2015. The Skibbereen Hardware outlet was reorganised to address some health and safety issues in addition to improving the overall presentation. The construction of a new branch at Lowertown was also commenced. This work which should be completed shortly will bring a new level of offering and service to this area. The benefits of this expenditure should be seen during 2016.

Mill throughput increased on 2014 levels reflecting the higher activity at dairy enterprise level. The removal of the milk quota structure allowed farmers to feed to requirements especially at the back end of the year. This is a welcome development where herd performance is now a minimum requirement. A new mill expansion was completed to plan and is now fully operational. This will ensure the continuity of feed supplies during peak demand periods and will also improve operational efficiency.

To reward our hard working and loyal customers the board has approved the following bonuses / rebates for 2015: 0.25 cents / litre on milk supplied, €10.00 / tonne on compound feed; €2.50 / tonne on pig feed and feed straights and €7.50 / tonne on fertiliser. The board will also be recommending the issue of bonus shares on trade with the Society to the Annual General Meeting.

As I present to you my final report as Chairman I also wish to thank my other outgoing colleagues Mr. Derry Connolly and Mr. Pat McCarthy for their input to the board and the Society. We wish our replacements Messrs. William Collins, Raymond Collins and Derry Scannell, all experienced in Drinagh board functioning, well in their terms.

I wish to record my thanks to the different stakeholders who co-operated to make 2015 a success; our milk producers for their hard work and commitment; our customers for their loyalty and our management and staff for their ability to make things happen.

David Connolly

David Connolly
Chairman

MEMBERS OF BOARD OF DIRECTORS AS AT 31st DECEMBER 2015

Drinagh:
David Connolly (Jnr.) [2,3]
Derry Connolly [1,3]

South West:
Michéal Leahy [1]
Jerry Hegarty

South:
Donie O'Donovan
Jerome O'Mahony [3]

North:
John O'Mahony
James O'Donovan

East:
Patrick McCarthy
Ian Kingston [2]

West:
Mary Hayes [2]
Richard Connell [1,3]

Castletownbere:
T J Sullivan

1 Member of Audit Committee
2 Member of Investment Committee
3 Member of Remuneration Committee

OTHER INFORMATION

Chairman:
David Connolly (Jnr.)

Vice-Chairman:
Richard Connell

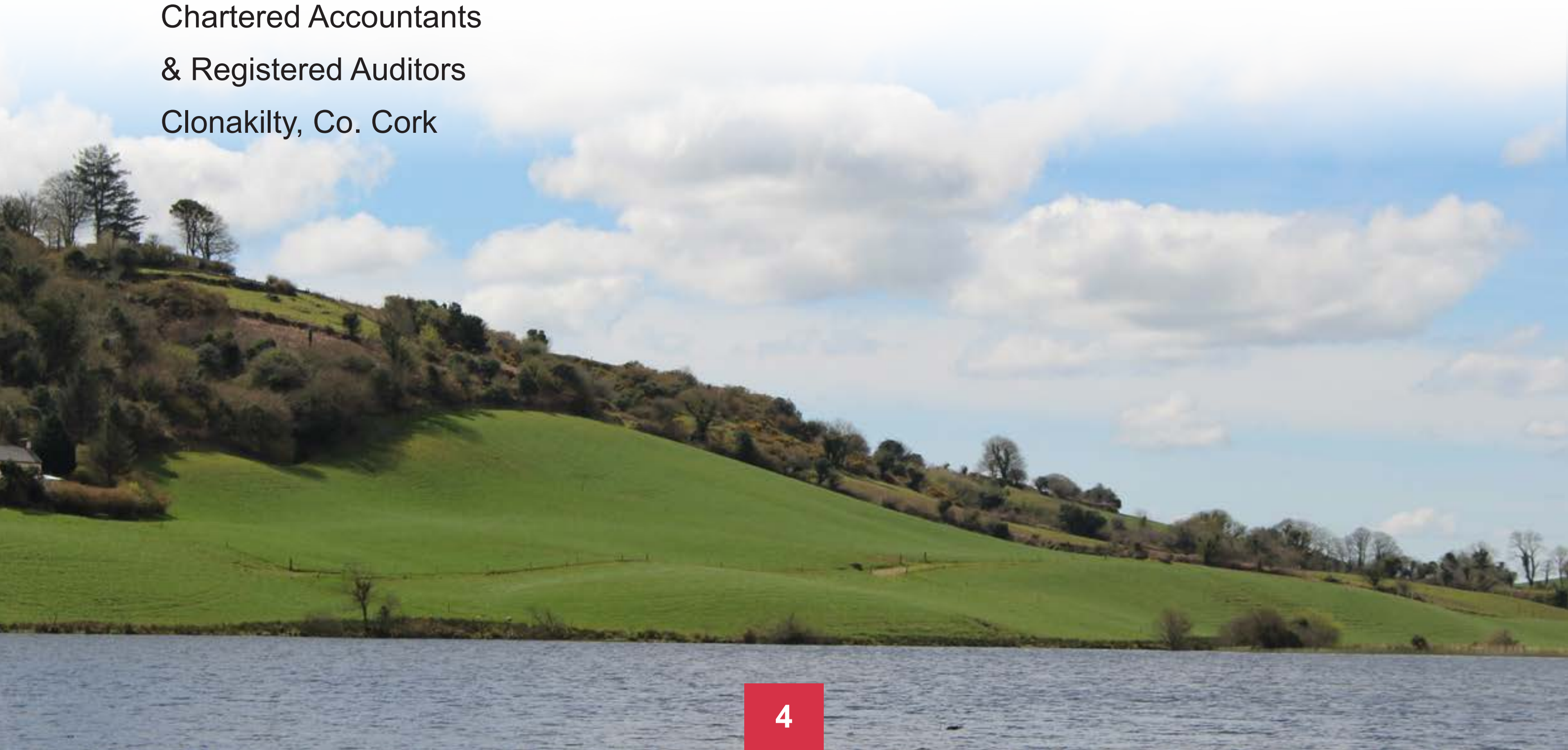
Chief Executive and Secretary:
Joe O'Sullivan

Solicitors:
Murphy, Long & Taaffe,
Bandon

Bankers:
Allied Irish Banks plc,
Dunmanway Branch

Registered Office:
Drinagh, Co. Cork

Auditor:
Crowley & McCarthy
Chartered Accountants
& Registered Auditors
Clonakilty, Co. Cork



Drinagh Co-Operative Limited
Board Responsibilities Statement

The Board of Directors is responsible for preparing the financial statements in accordance with applicable Irish law and regulations.

The Industrial and Provident Societies Acts 1893 to 2014 require the Board of Directors to prepare financial statements which give a true and fair view of the state of affairs of the Society and of the income and expenditure of the Society for each financial year. Under that law, the Board is obliged to prepare the financial statements in accordance with Irish Generally Accepted Accounting Standards (Accounting Standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland and Irish law). The period ended 31 December 2015 is the first year that the Society has presented its results in compliance with Irish GAAP as set out in Financial Reporting Standard 102. The financial statements for the year ended 31 December 2014 were prepared in compliance with the previous version of Irish GAAP (old GAAP). The date of transition to Financial Reporting Standard 102 was 1 January 2014.

In preparing these financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Society will continue in business.

The Board of Directors is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Society and which enables it to ensure that the financial statements are prepared in accordance with Irish Generally Accepted Accounting Practice and comply with the Industrial and Provident Societies Acts 1893 to 2014. The Board is also responsible for safeguarding the assets of the Society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Signed on behalf of the Board of Directors on April 22nd 2016:

David Connolly	Richard Connell
Chairman	*Vice Chairman*

We have audited the financial statements of Drinagh Co-operative Ltd for the year ended 31 December 2015 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and the related notes. The relevant financial reporting framework that has been applied in their preparation is Irish Law and FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland.

This report is made solely to the society's members, as a body pursuant to Section 13 of the Industrial and Provident Societies Acts, 1893. 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 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 to the society and the society's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Board and Auditor

As explained more fully in the Board Responsibility Statement, the directors are responsible for the preparation of the financial statements giving a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish Law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the society's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition we read all of the financial and non-financial information in the Chairman's report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatement or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the society's affairs as at 31 December 2015 and of its profit for the year ended; and
- have been prepared in accordance with Generally Accepted Accounting Practice in Ireland

As requested by Section 13(2) of the Industrial and Provident Societies Act 1893 we examined the balance sheet showing the receipts and expenditure, funds and effects of the society, and verified the same with the books, deeds, documents, accounts and vouchers relating thereto, and found them to be correct, duly vouched, and in accordance with law.

Crowley & McCarthy
Registered Auditors
Chartered Accountants
Building G,
West Cork Technology Park
Clonakilty, Co. Cork

22nd April 2016

Drinagh Co-Operative Limited
Consolidated Income Statement For the Year Ended 31 December 2015

	Notes	2015 €	2015 €	2014 €	2014 €
Turnover	4		109,008,138		113,421,997
Operating Costs					
Cost of Sales		93,873,952		98,050,196	
Production Costs		1,501,324		1,516,830	
Trade Bonus	5	1,142,711		1,291,226	
Wages & Salaries	6	7,716,073		7,455,662	
Other Operating Costs/(Profit)	7	3,579,701	(107,813,761)	3,643,187	(111,957,101)
Operating Profit	8		1,194,377		1,464,896
Share of Operating Results of Associate and Joint Venture			5,842,677		8,706,643
Investment & Other Income	9		693,020		3,479,779
Interest Payable & Similar Charges	10		(789,129)		(794,378)
Profit on Ordinary Activities before Taxation			6,940,945		12,856,940
Taxation on Ordinary Profit	11		(1,409,889)		(1,693,315)
Profit for the Financial Year			5,531,056		11,163,625

The Income Statement has been prepared on the basis that all operations are continuing operations.

Signed on behalf of the Board of Directors on 22nd April 2016:

David Connolly
Chairman

Richard Connell
Vice Chairman

Drinagh Co-Operative Limited
Consolidated Statement of Comprehensive Income
For the Year Ended 31 December 2015

	Notes	2015	2014
		€	€
Consolidated Profit for the Financial Year		5,531,056	11,163,625
Share of Remeasurement Gain/(Loss) Recognised on Defined Benefit Schemes of Associate		642,266	(2,221,041)
Share of Movement on Deferred Tax Relating to Defined Benefit Schemes of Associate		(80,283)	257,072
Redemption Reserve Movement of Associate		(7,858)	11,143
Share of (Loss)/Gain of Hedge Instrument of Associate		(135,434)	156,265
Share of Currency Translation Differences on Net Assets of Foreign Investments of Associate		3,139,427	2,404,692
Total Comprehensive Income for the Financial Year		9,089,174	11,771,756

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Drinagh Co-Operative Limited
Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2015

	Share Capital €	Capital Reserves (note 23) €	Redemption Reserve (note 23) €	Profit & Loss Account €	Fair Value Investment Reserve (note 23) €	Total Equity €
Balance at 1 January 2014	6,315,908	25,187,335	42,080	57,935,169	8,684,917	98,165,409
Profit for the Year	-	-	-	11,163,625	-	11,163,625
Other Comprehensive Income	-	2,560,957	-	(1,952,826)	-	608,131
Total Comprehensive Income for the Year	-	2,560,957	-	9,210,799	-	11,771,756
Transfer to Fair Value Investment Reserve	-	-	-	(321,170)	321,170	-
Issue of Bonus Shares	73,228	-	-	(73,228)	-	-
Dividends Paid (Note 12)	-	-	-	(266,557)	-	(266,557)
Bonus on Share Redemption	-	-	(17,097)	-	-	(17,097)
Shares Subscribed for in the Year	9,690	-	-	-	-	9,690
Shares Cancelled during the Year	(129,264)	-	-	-	-	(129,264)
Balance at 31 December 2014	6,269,562	27,748,292	24,983	66,485,013	9,006,087	109,533,937
Profit for Year	-	-	-	5,531,056	-	5,531,056
Other Comprehensive Income	-	3,003,993	-	554,125	-	3,558,118
Total Comprehensive Income for the Year	-	3,003,993	-	6,085,181	-	9,089,174
Transfer to Fair Value Investment Reserve	-	-	-	1,175,198	(1,175,198)	-
Issue of Bonus Shares	68,296	-	-	(68,296)	-	-
Dividends Paid (Note 12)	-	-	-	(266,003)	-	(266,003)
Bonus on Share Redemption	-	-	(16,461)	-	-	(16,461)
Shares Subscribed for in the Year	9,900	-	-	-	-	9,900
Shares Cancelled during the year	(116,035)	-	-	-	-	(116,035)
Balance at 31 December 2015	6,231,723	30,752,285	8,522	73,411,093	7,830,889	118,234,512

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Drinagh Co-Operative Limited
Consolidated Statement of Financial Position
For the Year Ended 31 December 2015

	Notes	2015 €	2014 €
Fixed Assets			
Intangible Assets	13	2,409,360	2,556,860
Tangible Assets	14	23,919,496	21,934,934
Financial Assets	15	81,813,540	74,458,826
		108,142,396	98,950,620
Current Assets			
Stocks	16	8,071,644	7,946,934
Debtors	17	24,225,944	24,918,222
Cash and Bank Balances		1,342,477	1,413,663
		33,640,065	34,278,819
Creditors: amounts falling due within one year	18	(10,042,365)	(10,733,810)
Net Current Assets		23,597,700	23,545,009
Total Assets less Current Liabilities		131,740,096	122,495,629
Creditors: amounts falling due after more than one year	19	(9,648,576)	(8,525,850)
Provision for liabilities	20	(3,857,008)	(4,435,842)
Net Assets		118,234,512	109,533,937
Financed By:			
Capital and Reserves			
Called up Share Capital	22	6,231,723	6,269,562
Profit & Loss Account		73,411,093	66,485,013
Other Reserves	23	38,591,696	36,779,362
Total Equity		118,234,512	109,533,937

Signed on behalf of the Board of Directors on 22nd April 2016:

David Connolly
Chairman

Richard Connell
Vice Chairman

Drinagh Co-Operative Limited
Consolidated Statement of Cashflows For the Year Ended 31 December 2015

	Notes	2015 €	2014 €
Net Cash Flows from Operating Activities	24	2,760,690	(289,898)
Cash Flows from Investing Activities			
Purchase of Fixed Assets		(4,329,280)	(1,487,723)
Purchase of Investments		(117,405)	(134,809)
Proceeds of Sale of Investments		111,050	2,088,574
Proceeds of Sale of Fixed Assets		464,478	101,580
Investment Income		578,411	679,018
Taxation Paid	25	(75,487)	(629,762)
Rental and Other Income		655,708	1,008,199
Net Cash Flows from Investing Activities		(2,712,525)	1,625,077
Cash Flows from Financing Activities			
Increase in/(Repayment of) Borrowings		1,441,986	(115,104)
Interest Paid		(238,893)	(254,750)
Equity Dividend Paid		(61,804)	(62,504)
Issue of Ordinary Shares		9,900	9,690
Redemption of Ordinary Shares		(132,496)	(146,361)
Net Cash Flows from Financing Activities		1,018,693	(569,029)
Net Increase in Cash and Cash Equivalents		1,066,858	766,150
Cash and Cash Equivalents at Beginning of Financial Year		(79,916)	(846,066)
Cash and Cash Equivalents at End of Financial year	26	986,942	(79,916)

1. General Information

These financial statements comprising the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and related notes 1 to 33 constitute the Consolidated Financial Statements of Drinagh Co-operative Ltd for the financial year ended 31 December 2015.

Drinagh Co-operative Ltd is a Society registered in the Republic of Ireland under the Industrial and Provident Societies Acts 1893 to 2014. The Registered Office is Drinagh, County Cork, which is also the principal place of business for the Society. The nature of the Society's core operations are milk supply, mill and agri-trading.

The Society transitioned from previously extant Irish GAAP to FRS 102 as at 1 January 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in Note 32.

Statement of Compliance

The financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102). These are the first financial statements that comply with FRS 102.

Currency

The financial statements have been presented in Euro (€) which is also the functional currency of the Society.

2. Principal Accounting Policies

Basis of Preparation

The financial statements have been prepared on a going concern basis and in accordance with the historical cost convention as modified to include certain items at fair value. The financial reporting framework that has been applied in their preparation is FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland.

Basis of Consolidation

The Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows include the Financial Statements of the Society and of its subsidiary undertakings made up to 31 December 2015 and also the Group's share of the post acquisition profits of associated undertakings and joint venture.

Associated and Joint Venture Undertakings

The Group's share of profits less losses of associated undertakings and joint ventures is included in the Consolidated income statement, and the Group's share of their net assets is included in the Consolidated statement of financial position. These amounts are taken from the latest audited financial statements of the undertakings concerned, which all have the same accounting reference date, 31 December 2015.
Investments are treated as associates where the interest is substantial for the long term and the Society is in a position to exercise significant influence over the company in which the investment is made. Investments are treated as joint ventures where the interest is on a long term basis, and is jointly controlled together with another venturer.

Revenue

Revenue is stated net of trade discounts, volume rebates, VAT and similar taxes and derives from the provision of goods and services falling within the Society`s ordinary activities. Revenue on the sale of goods is recognised when the Society has transferred the significant risk and reward of ownership in the goods, which usually takes place when the goods are physically delivered to the buyer. Deposits received from customers in advance of completion of sales of goods at the end of the financial year are not treated as revenue.

Tangible Fixed Assets

All tangible fixed assets, other than investment properties, are initially recorded at historic cost. This includes legal fees, stamp duty and other non-refundable purchases taxes, and also any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, which can include the costs of site preparation, initial delivery and handling, installation and assembly, and testing of functionality. Freehold land and building are subsequently measured under the cost model.The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the Consolidated Income Statement.

Tangible Fixed Assets (cont.)

Investment property, which is property held to earn rental returns and/or capital appreciation, is measured on the basis of fair value determined from market based evidence by appraisal undertaken by professional valuers. Surpluses and deficits on valuation are taken to the Consolidated Income Statement. Profits or losses on the sale of investment property included in the Consolidated Income Statement are calculated as the difference between the net sales proceeds and the carrying value.

Depreciation
Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less residual value, of each asset systematically over its expected useful life, on a straight line basis, as follows:

	Rate %
Land	not depreciated
Buildings	2.5 - 7.5
Machinery and fixtures	15 - 25
Transport vehicles	25

No depreciation is provided against investment properties. These properties are held for investment purposes only and the Board considers that systematic annual depreciation would be inappropriate. Depreciation is only one of the factors reflected in the annual valuation and the amount of which might otherwise have been shown cannot reasonably be separately identified or quantified.

Stocks
Stocks have been valued at the lower of cost and net realisable value using the first in first out method. Cost consists of direct materials and, in the case of products manufactured by the Society, may also include direct labour costs, together with the relevant production overheads based on normal level of capacity. Net realisable value comprises the normal selling price, less appropriate selling and distribution costs. At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in the Consolidated Income Statement. Reversal of impairment losses are also recognised in the Consolidated Income Statement.

Debtors
Known bad debts are written off and specific provision is made for any amounts, the collection of which is considered doubtful.

Retirement Benefits

The group operates both defined benefit and defined contribution pension schemes for its employees.

Defined benefit pension scheme assets are measured at fair value. Defined benefit pension scheme liabilities are measured on an actuarial basis using the projected unit credit method. The excess of scheme liabilities over scheme assets is presented on the balance sheet as a liability net of related deferred tax. The defined benefit pension charge to operating profit comprises the current service cost and past service costs net of the excess of the expected return on scheme assets over the interest cost on the scheme liabilities. Actuarial gains and losses arising from changes in actuarial assumptions and from experience surpluses and deficits are recognised in the Statement of Comprehensive Income for the year in which they occur.

The defined contribution pension charge to operating profit comprises the contribution payable to the scheme for the year.

Dividends
Final dividends to the Society`s equity shareholders are recognised as a liability of the Society when approved by the Society`s shareholders. Interim dividends are recognised when paid.

Taxation and Deferred Taxation
The charge for taxation is based on the profit for the financial year and is calculated with reference to the tax rates applying at the financial year end date in the jurisdiction where the tax is applied.

Deferred taxation is calculated on the differences in the Society`s taxable profits and the results as stated in the financial statements that arise form the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Full provision for deferred tax assets and liabilities is made at current tax rates expected to apply in the years in which the timing differences are expected to reverse, based on tax rates on differences that arise between recognition of gains and losses in the financial statements and their recognition in the tax computation, including differences arising on revaluation of fixed assets. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Financial Instruments
The Society has elected to apply the provisions of Section 11 “Basic Financial Instruments” and Section 12 “Other Financial Instrument Issues” of FRS102 to all of its financial instruments. Financial instruments are recognised in the Society’s Consolidated Statement of Financial Position when the Society becomes party to the contractual provisions of the instrument. Financial assets and liabilities are offset, with the net amounts presented in the Consolidated Financial Statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Share Capital
The share capital of the Society is presented as equity.

Unlisted Investments
The Society holds investments in unlisted equity shares of a number of entities. It is considered by the directors that the fair value of these shares cannot be measured reliably except for shares frequently traded on a grey market. Where the fair value of shares cannot be reliably determined these investments are valued at cost. Where the fair value can be reliably determined these investments are initially recorded at cost plus transaction costs and thereafter valued at fair value based on the bid price on an active grey market at the reporting date. Gains and losses as a result of fair value are recognised in the income statement.

Listed Investments
The Society holds investments in equitable shares of a number of companies which are listed and actively traded on recognised stock markets. These investments are initially recorded at cost plus transaction costs and thereafter valued at fair value based on the bid price of the securities in an active market at the reporting date. Gains and losses as a result of fair value are recognised in the income statement.

Cash and Cash Equivalents
Cash consists of cash in hand and demand deposits and bank overdrafts. Cash equivalents consist of short term highly liquid investments that are readily convertible to known amounts of cash that are subject to an insignificant risk of change in value.

Other Financial Assets
Other financial assets include trade debtors for goods sold to customers on short term credit, are initially measured at the undiscounted amount of cash receivable from that customer, which is normally the invoice price, and are subsequently measured at amortised cost less impairment, where there is objective evidence of an impairment.

Loan and borrowings
All loans and borrowings, both assets and liabilities are initially recorded at the present value of cash payable to the lender in settlement of the liability discounted at market interest rates. Subsequently loans and borrowings are stated at amortised cost using the effective interest rate method. The computation of amortised cost includes any issue costs, transaction costs and fees, and any discount or premium on settlement, and the effect of this is to amortise these amounts over the expected borrowing period. Loans with no stated interest rate and repayable within one year or on demand are not amortised. Loans and borrowings are classified as current assets or liabilities unless the borrower has an unconditional right to defer settlement of the liability for at least twelve months after the financial year end date.

Other Financial Liabilities
Trade creditors are measured at invoice price, unless payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate. In this case the arrangement constitutes a financing transaction, and financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Impairment of Financial Assets
At the end of each financial reporting period, the Society assesses whether there is objective evidence of impairment of any financial asset that are measured at cost or amortised cost, including unlisted investment, loans, trade debtors and cash. If there is objective evidence of impairment, impairment losses are recognised in the income statement in that financial year.

Goodwill
Goodwill is recognised and measured as the excess of the cost paid on the acquisition of businesses and the aggregate of the fair value of the identifiable assets, liabilities and contingent liabilities of the acquired business. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite life and is amortised through the Consolidated Income Statement in equal instalments over its estimated economic life on a straight line basis. If no reliable estimate can be made of its useful life it is amortised over a maximum ten year period. Goodwill is taken into consideration, when that part of the business which caused the initial entry is subsequently sold or closed, in determining the profit or loss on disposal. Any excess of the aggregate of the fair value of the net assets over the fair value of the acquisition costs is negative goodwill and is credited directly to reserves.

The fair value of the assets and liabilities are based on valuations using assumptions deemed by management to be appropriate. Professional valuers are engaged when it is deemed appropriate to do so.

Leases
Leases are classified as finance leases whenever the terms of the leases transfer substantially all the risks and rewards of ownership to the lessees. Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Consolidated Income Statement so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

Foreign Currencies
Foreign currency transactions during the year have been translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to euro at the rate of exchange ruling at the financial year end date. Non monetary items that are measured at historic cost are translated at the foreign exchange rate ruling at the date of the transaction. Non monetary items measured at fair value are translated at the rate of exchange at the date of valuation. The resulting profits and losses are taken to the Consolidated Income Statement.

The assets and liabilities of foreign undertakings are translated at the rate of exchange ruling at the year end date. The results of foreign undertakings are translated at the average monthly rates prevailing during the year. The exchange difference arising on the retranslation of opening net assets is recognised in the Consolidated Statement of Comperhensive Income and accumulated in reserves. All other translation differences are taken to the Consolidated Income Statement.

The principal exchange rates used for the translation of results, cash flows, and assets and liabilities into Euro were as follows:

	2015	2014	2015	2014
	€1 to STG£	€1 to STG£	€1 to STG£	€1 to US$
Average	0.72585	0.80612	1.1095	1.3285
Year End	0.73720	0.81143	1.08663	1.21008

Impairment of Assets
Where there is objective evidence that recoverable amounts of an asset is less than its carrying value the carrying amount of the asset is reduced to its recoverable amount resulting in its impairment loss. Impairment losses are recognised immediately in the income statement, with the exception of losses on previously re-valued tangible fixed assets, which are recognised in other comprehensive income to the extent of any previously re-valued increase accumulated in equity, in respect of that asset.

Where the circumstances causing an impairment of an asset no longer apply, then the impairment is reversed through the income statement, except for impairments on previously re-valued tangible assets, which are treated as revaluation increases to the extent that the revaluation was recognised in equity.

The recoverable amount of tangible fixed assets, goodwill and other intangible fixed assets is the higher of the fair value less costs to sell and its value in use. The value in use of those assets is the present value of cash flows expected to be derived from those assets. This is determined by reference to the present value of the future cash flows of the Society which is considered by the directors to be a single cash generating unit.

Judgements and Key Sources of Estimation Uncertainty
In application of the Society's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estiamtes and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods. The following are the Society's key sources of estimation uncertainty:

Going Concern
The directors have prepared budgets and cash flows for a period of at least twelve months from the date of approval of the financial statements which demonstrate that there is no material uncertainty regarding the Society`s ability to continue as a going concern.

Impairment of Trade Debtors
The Society trades with a large and varied number of customers on credit terms. Some debts due may not be paid through the default of a small number of customers. The Society uses estimates based on historic experience and current information in determining the level of debts for which an impairment charge is required. The level of impairment required is reviewed on an ongoing basis. The total amount of trade debtors at financial year end is disclosed in note 17.

Impairment of Stocks
The Society holds inventories at financial year end as disclosed in note 16. The directors are of the view that an adequate charge has been made to reflect the possibility of stocks being sold at less than cost. However, this estimate is subject to inherent uncertainty.

Useful Lives of Tangible Fixed Assets
Long-lived assets comprising mainly of property, plant and machinery and intangible assets represent a significant portion of total assets. The annual depreciation and amortisation charge depends primarily on the estimated lives of each type of asset and, in certain circumstances, estimates of residual values. The directors regularly review these useful lives and change them if necessary to reflect current conditions. In determining these useful lives management consider technological change, patterns of consumption, physical condition, and expected economic utilisation of the assets. Changes in the useful lives can have a significant impact on the depreciation and amortisation charge for the financial year. The net book value of tangible fixed assets subject to depreciation at the financial year end is disclosed in note 14.

Goodwill
The Society establishes a reliable estimate of the useful life of goodwill on business considerations. This estimate is based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating unit to which the goodwill is attributable, any legal regulatory or contractual provisions that can limit useful life and assumpions that market participants would consider in respect of similar businesses.

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

3. Changes to Disclosures and Comparative Figures

In preparing the Financial Statements for 2015, if necessary, changes to the comparative 2014 figures would be made in order to maintain consistency with the nature of the figures being reported for 2015.

4. Revenue

All revenue activities were wholly undertaken in the Republic of Ireland.

	2015	2014
	€	€
Classes of Turnover:		
Creamery	53,416,957	58,041,372
Mill	17,105,021	17,023,243
Stores	38,471,509	38,343,518
Other	14,651	13,864
	109,008,138	113,421,997

5. Trade Bonus

	2015	2014
	€	€
Milk Bonus	526,096	930,328
Mill Bonus	442,777	239,253
Stores Bonus	173,838	121,645
	1,142,711	1,291,226

The milk bonus represents the following: (a) 0.14 cent per litre (0.6 cent per gallon) price support paid on all milk supplied between June and October - in total €127K (2014: 1 cent per litre (4.54 cent per gallon) price support paid on all milk supplied in May 2014 - in total €220K) plus (b) 0.25 cent per litre (1.135 cent per gallon) of milk supplied in the calendar year 2015 where purchases from the Society were greater than 7 cent per litre (2014: 0.50 cent per litre (2.27 cent per gallon) of milk supplied in the calendar year 2014 where purchases from the Society were greater than 7 cent per litre); 0.125 cent per litre (0.567 cent per gallon) where purchases were less than 7 cent per litre and greater than 5 cent per litre (2014: 0.25 cent per litre (1.13 cent per gallon) where purchases were less than 5 cent per litre and greater than 5 cent per litre); no bonus applied where purchases were less than 5 cent per litre (2014: no bonus applied where purchases were less than 5 cent per litre) - in total this amounts to €399K (2014: €710K) - this 2015 bonus to be paid on the basis of milk solids.

The mill bonus represents €10.00 per tonne on compound ruminant feed for 2015 (2014: €5.00) and €2.50 per tonne on feed straights (2014: €2.50) and €2.50 per tonne on pig feed (2014: €2.50).

The stores bonus represents €7.50 per tonne on fertilizer purchases in 2015 (2014: €5.00).

6. Employees

The average number of employees during the year, analysed by category, was as follows:

	2015	2014
	Number	Number
Production/Operations	163	160
Sales	2	2
Administration	20	20
	185	182

The aggregate payroll costs of these employees were as follows:

	2015	2014
	€	€
Wages and Salaries	6,574,627	6,385,368
Social Welfare Costs	684,999	663,794
Pension and Related Costs	455,848	405,107
Other Costs	599	1,393
	7,716,073	7,455,662

7. Other Operating Costs/(Profits)

	2015 €	2014 €
Distribution & Selling Costs	1,185,116	1,323,088
Administrative Overhead	1,365,656	1,264,332
Depreciation	996,186	999,079
Amortisation of Goodwill	147,530	147,500
Profit on Sale of Tangible Fixed Assets	(114,787)	(90,812)
	3,579,701	3,643,187

The Profit on Sale of Tangible Fixed Assets is derived from the sale of the Bantry branch plus land in Bantry (2014: the sale of the Colomane branch) and the trade-in or disposal of vehicles.

8. Operating Profit

Operating profit is stated after charging/(crediting):

	2015 €	2014 €
Depreciation Charge:		
… Depreciation of Owned Assets (Note 14)	836,429	847,775
… Depreciation of Assets Held Under Finance Leases (Note 14)	159,757	151,304
Amortisation and Impairment of Intangibles (Note 13)	147,500	147,500

9. Investment and Other Income

	2015 €	2014 €
Profit on Sale of Listed Securities	86,057	46,966
Fair Value Adjustment of Investments	(1,690,852)	2,310,870
Investment Income	491,909	578,824
Impairment in Book Value of Foreign Investment Property	(998,841)	(540,018)
Profit on Disposal of Unlisted Investments	70,494	111,567
Rental and Other Income	655,708	1,008,199
	(1,385,525)	3,516,408
Share of Associate		
Investment Income	2,106,819	46,392
Other Finance Expense	(28,274)	(83,021)
	2,078,545	(36,629)
	693,020	3,479,779

10. Interest Payable and Similar Charges

	2015 €	2014 €
Interest Payable - Society & Subsidiary	238,893	254,750
Share of Associate & Joint Venture		
Interest Payable	550,236	539,628
	789,129	794,378

11. Taxation

	2015 €	2014 €
Domestic Current Year Tax		
Corporation Tax on Profit for the Year	232,979	887,486
Adjustment in respect of Prior Years	-	-
Total Current Tax	232,979	887,486
Domestic Deferred Tax		
Deferred Tax on Fair Value of Investments	(578,834)	158,103
Timing Differences on Pension Scheme	-	-
Domestic Tax on Profits on Ordinary Activities	(345,855)	1,045,589
Share of Tax of Associate Company	1,742,805	634,770
Share of Tax of Joint Venture	12,939	12,956
Profit and Loss Account	1,409,889	1,693,315
Factors Affecting the Tax Charge for the Year:		
Profit on Ordinary Activities before Taxation	6,940,945	12,856,940
Less Share of Profit in Associates and Joint Ventures	(7,370,985)	(8,130,387)
Add/(Less) Share of Loss/(Profit) in Foreign Subsidiary	563,355	(155,929)
Profit on Ordinary Activities before Taxation (excluding Profits from Associates, Joint Venture and Subsidiaries)	133,315	4,570,624
Standard Tax Rate	12.50%	12.50%
Expected Tax	16,664	571,329
Actual Tax Charge	232,979	887,486
Difference	216,315	316,157
Effects of:		
Movement of Fair Value of Investments Not Taxed	211,358	(59,910)
Depreciation in Excess of Capital Allowances	57,700	57,033
Tax Rate Difference on Passive Income	11,006	11,105
Franked Investment Income not Taxed	(32,530)	(28,281)
Allowable Expenses	(49,766)	(17,682)
Tax Rate Difference on Chargeable Gains	18,547	400,877
Losses Used	-	(46,985)
	216,315	316,157

12. Dividends Paid

	2015 €	2014 €
Dividend of one cent per share on shares issued as at 31 December 2014 (2014: one cent per share on shares issued as at 31 December 2013).	61,804	62,504
Share of Associate		
6.5% annual coupon on 'B' Ordinary Shares	204,199	204,053
	266,003	266,557

13. Intangible Assets

	Goodwill €
Cost	
At 1 January 2015	2,950,200
Additions	-
At 31 December 2015	2,950,200
Amortisation	
At 1 January 2015	393,340
Amortised during the year	147,500
At 31 December 2015	540,840
Net Book Value	
At 31 December 2015	2,409,360
At 31 December 2014	2,556,860

Goodwill arose on the acquisition of GWB Trading Ltd in 2012 and is being amortised over the estimate of useful life of 20 years, in accordance with the Society`s accounting policy. At the financial year end date the remaining amortisation period is 16.3 years.

14. Tangible Assets

	Investment Property €	Land & Buildings €	Machinery & Fixtures €	Transport Vehicles €	Total €
Cost					
At 1 January 2015	12,745,841	12,992,667	11,640,217	3,520,037	40,898,762
Additions	-	822,954	3,177,721	328,605	4,329,280
Provision for Impairment in Value	(998,841)	-	-	-	(998,841)
Disposals	-	(367,210)	(15,998)	(104,932)	(488,140)
At 31 December 2015	11,747,000	13,448,411	14,801,940	3,743,710	43,741,061
Accumulated Depreciation					
At 1 January 2015	-	6,087,959	9,989,581	2,886,288	18,963,828
Profit and Loss Charge	-	233,422	430,447	332,317	996,186
Disposals	-	(20,000)	(15,998)	(102,451)	(138,449)
At 31 December 2015	-	6,301,381	10,404,030	3,116,154	19,821,565
Net Book Value					
At 31 December 2015	11,747,000	7,147,030	4,397,910	627,556	23,919,496
At 31 December 2014	12,745,841	6,904,708	1,650,636	633,749	21,934,934

14. Tangible Assets (cont.)

Freehold land which is not depreciated is included in land and buildings.

The investment property was valued at its fair value, in accordance with accepted industry methodology, by independent external professional valuers, Henderson & Co., London. Hypothekenbank Frankfurt AG (owned by Commerzbank) holds the title deeds to the investment property in respect of the Bank Loan to Drinagh Co-Opeartive Limited GmbH (a wholly owned subsidiary of the Society). There is no other security in place in respect of this loan.

The title deeds to the Society's other properties are deposited with Allied Irish Banks, plc. In addition, Allied Irish Banks plc holds a fixed charge over specific land and premises of the Society and a floating charge over all the assets of the Society.

Included in Transport Vehicles and Machinery and Fixtures are leased assets as follows:

	Leased Assets
	€
Cost	
At 1 January 2015	1,162,950
Additions	1,801,188
Disposals	(76,000)
At 31 December 2015	2,888,138
Accumulated Depreciation	
At 1 January 2015	809,159
Profit and Loss Charge	159,757
Disposals	(76,000)
At 31 December 2015	892,916
Net Book Value	
At 31 December 2015	1,995,222
At 31 December 2014	353,791

15. Financial Assets

		2015	2014
Investment in Associated Undertaking	(a)	€	€
At Cost		2,085,073	2,085,073
Group Share of Post Acquisition Net Assets		58,631,906	49,676,558
Loan to Associated Undertakings		6,908,647	6,908,647
		67,625,626	58,670,278
Investment in Joint Venture Undertaking	(b)		
At Cost		50	50
Group Share of Post Acquisition Net Liabilities		(825,582)	(839,397)
Loan to Joint Venture		323,000	323,000
		(502,532)	(516,347)
Listed Securities	(c)	10,033,150	12,726,888
Unlisted Investments	(c)	4,657,296	3,578,007
		81,813,540	74,458,826

15. Financial Assets (cont.)

(a) Investment in Associated Undertaking

The investment in the associated undertaking comprises a 34.91% (2014: 34.88%) interest in Carbery Creameries Limited, which is engaged in the development, management and supply of cheeses, alcohol and select food ingredients plus 40% (2014: 40%) in Shinagh Estates Limited, which is a holding investment company. During 2014 under Carbery's Milk Supply Share Scheme, the 'B' Ordinary Shares increased by 60,415, thereby increasing the shareholding % of Drinagh Co-operative Ltd. During 2013 the Society invested €2,000,000 in acquiring ordinary shares in Carbery Investments (Drinagh) Limited, a subsidiary of Carbery Creameries Limited. These shares do not carry any voting rights until after the seventh anniversary of allotment.

The loan to the associated undertakings comprises an interest free loan for €6,908,647 (2014: €6,908,647) to Carbery Creameries Ltd with no fixed repayment term (it is subordinated to the rights of the associate's bankers).

(b) Investment in Joint Venture Undertaking

The investment in Joint Venture represents a 50% (2014: 50%) share in Drinlis Properties Limited, a company engaged in property investment.

The loan to the joint venture undertaking is an interest free loan with no fixed repayment term.

(c) Other Financial Investments

	Listed Investments €	Unlisted Investments €
Cost		
At 1 January 2015	12,726,888	3,711,347
Additions/(Disposals)	158,770	(19,193)
Revaluation	(2,852,508)	1,098,482
At 31 December 2015	10,033,150	4,790,636
Provision for Diminution in Value		
At 1 January 2015	-	133,340
Increase in Provision for Year	-	-
At 31 December 2015	-	133,340
Net Book Value		
At 31 December 2015	10,033,150	4,657,296
At 31 December 2014	12,726,888	3,578,007

The listed investments, all of which are equity investments listed on recognised stock exchanges, are measured at fair value through the income statement in line with the Society`s accounting policy. The fair value was determined with reference to bid price at the financial year end date.

Included in the unlisted investments are shares in One51 plc for which a grey market exists. These unlisted investments, are measured at fair value through the income statement in line with the Society`s accounting policy. The fair value was determined with reference to bid price at the financial year end date).

In the opinion of the Board of Directors, the value of the Society's other Unlisted Investments is not less than cost.

15. Financial Assets (cont.)

(d) Subsidiary Companies

Name	*Principal Activities*	*Group Interest*	*Address of Registered Office*
Drinagh Sales Limited	Retailing	100%	Drinagh, Co. Cork
Drinagh Co-Operative GmbH	Property investment	100%	Leipzig, Germany
G.W.B. Trading Limited	Dormant	100%	Drinagh, Co. Cork

16. Stocks

	2015 €	2014 €
Finished Goods	7,683,421	7,503,125
Raw Materials	177,643	196,799
Expense Stocks	210,580	247,010
	8,071,644	7,946,934

Stocks considered obsolete are written down to net realisable value. The amount of the write down is €344,943 (2014 €396,104) in the financial year.

17. Debtors

	2015 €	2014 €
Trade Debtors	11,644,688	11,058,534
Carbery Creameries Limited	11,969,688	12,796,886
Withholding Tax	130,198	121,629
Prepayments and Accrued Income	481,370	941,173
	24,225,944	24,918,222

All debtors are due within 1 year. All trade debtors are due within the Society`s normal terms, which is 30 days. Trade debtors are shown net of impairment of doubtful debts.

18. Creditors: amounts falling due within one year

	2015 €	2014 €
Bank Overdraft	355,535	1,493,579
Bank Loans (Note 19)	200,000	200,000
Lease Liability (Note 19)	435,253	115,993
Trade Creditors & Accruals	9,119,448	8,663,158
Corporation Tax	(268,182)	23,798
Others Taxes and Social Welfare:		
PAYE/PRSI	200,311	237,282
	10,042,365	10,733,810

The repayment terms of trade creditors vary from on demand and ninety days. No interest is payable on trade creditors. Trade creditors include an amount of €3.9M (2014: €4.3M) in respect of goods for which ownership is not passed until payment is made.

Tax and social insurance are subject to terms of the relevant legislation. Interest accrues on late payment however no interest was due at the financial period end.

The terms of the accruals are based on the underlying contracts and other amounts included within creditors not covered by specific note disclosures are unsecured, interest free and repayable on demand.

19. Creditors: amounts falling due after more than one year

	2015 €	2014 €
Bank Loan	8,250,000	8,450,000
less amount falling due within one year (note 18)	(200,000)	(200,000)
	8,050,000	8,250,000

The overdraft provided by Allied Irish Bank Plc. is secured by a floating charge over all assets of the Society and is repayable on demand.

The loan is provided by Hypothekenbank Frankfurt AG (owned by Commerzbank) and is secured on a property acquired in Germany by Drinagh Co-Operative GmbH. It is without recourse to that company or Drinagh Co-Operative Limited.

	2015 €	2014 €
Lease Liability	2,033,829	391,843
less amount falling due within one year (note 18)	(435,253)	(115,993)
	1,598,576	275,850
Repayable as follows:		
Between two and five years	1,598,576	275,850
After five years	-	-
	1,598,576	275,850
Total amounts falling due after more than one year	9,648,576	8,525,850

The effective rate of interest on the leases was 2.66% (2014: 2.98%). The conditions of the leases allow the lessor the right to take possession of the asset if the covenants regarding repayment of the leases are not complied with.

20. Provision for Liabilities

	2015 €	2014 €
Deferred Taxation		
At 1 January 2015	4,435,842	4,277,739
Charged to income statement	(557,966)	760,342
Utilised in the financial year	(20,868)	(602,239)
At 31 December 2015	3,857,008	4,435,842

21. Pensions

Defined Benefit Schemes

The Irish Co-Operative Societies Pension Scheme

The Society participates in an industry-wide Irish Co-Operative Societies' Pension Scheme. This is a multi-employer defined benefit scheme. However, as the underlying assets and liabilities attributable to individual employers cannot be identified on a consistent and reasonable basis, the Society is accounting for the pension scheme as if it were a defined contribution scheme. This is in accordance with the rules of FRS102 section 28.11.

The most recent full actuarial valuation of the Irish Co-operative Societies' Pension Scheme was carried out on 1st July 2014. The report is available for inspection by Scheme members but is not available to the public.

The most recent actuarial funding certificate in April 2015 confirmed that the Scheme satisfied the minimum funding standard set out in the Pensions Act. A funding standard reserve certificate effective April 2015 confirmed that the Scheme had sufficient additional resources to satisfy the funding standard reserve requirement set out in the Pensions Act.

The Scheme Actuary's Statement also confirms that he is satisfied that he would have been able to certify that the Scheme satisfied the funding standard and the funding standard reserve set out in the Pensions Act as at 30th June 2015.

The financial assumptions relating to the return on investment, the rate of increase in pensionable pay or salaries, and price inflation are outlined in the actuarial valuation report. The current contribution rate is 15.3% of pensionable pay (10.3% employer and 5% employee) for contributory members, and 7% of pensionable pay (employer) for non-contributory members.

The Dairy Executives' Pension Fund

The Society participates in an industry-wide Dairy Executives' Pension Scheme. This is a multi-employer defined benefit scheme. However, as the underlying assets and liabilities attributable to individual employers cannot be identified on a consistent and reasonable basis, the Society is accounting for the pension scheme as if it were a defined contribution scheme. This is in accordance with the rules of FRS102 section 28.11.

The most recent actuarial valuation of the Dairy Executives' Pension Fund was carried out on 31st March 2013. The report is available for inspection by scheme members but is not available to the public. The Scheme did not satisfy the Funding Standard as at the valuation date of 31st March 2015. An Actuarial Statement confirming this outcome is included in the Trustee Annual Report to 31st March 2015.

The Pensions Authority made an order dated 14th July under Section 50 of the Pensions Act 1990 directing the Trustees of the Scheme to reduce benefits in the Scheme as per the Trustees' application. The Trustees subsequently implemented the benefit reductions with an effective date of 13th August 2015.

The Actuary has confirmed that he is reasonably satisfied that, had he undertaken an assessment at 13th August 2015, the Scheme would have been expected to satisfy the funding standard and funding standard reserve requirements as at 1st April 2021, which is the later date specified by the Pensions Authority for meeting the funding standard under Section 49(3B) of the Pension Act. The proposal has been agreed by the sponsoring employers and the Trustees.

The financial assumptions relating to the return on investment, the rate of increase in pensionable pay or salaries, and price inflation are outlined in the actuarial valuation report. Effective February 28th 2015 the Society no longer contributes to the Scheme.

Defined Contribution Pension Schemes

The Society operates defined contribution pension schemes for some of its employees which require contributions to be made to separately administered funds. The contributions payable by the Society are charged to operating profit in the year in which they relate and amounted to €321,792 (2014: €252,708).

22. Called up Share Capital

Allotted, called up and fully paid shares of €1 each:	2015 €	2014 €
At 1 January	6,269,562	6,315,908
Bonus Shares Issued (see below)	68,296	73,228
Subscribed for during the year	9,900	9,690
Shares cancelled during the year	(116,035)	(129,264)
At 31 December	6,231,723	6,269,562

During the year the Society issued the following bonus shares:

	2015 €	2014 €
Based on trading with the Society for 2014 (2014: for 2013):	68,296	73,228

23. Other Reserves

	Capital Reserves €	Redemption Reserve €	Fair Value Investment Reserve €	Total €
As at 1st January 2015	27,748,292	24,983	9,006,087	36,779,362
Currency Translation Gain on Net Assets of Associate	3,003,993	-	-	3,003,993
Bonus on Share Redemption	-	(16,461)	-	(16,461)
Transfer from/(to) Profit & Loss Account	-	-	(1,175,198)	(1,175,198)
As at 31st December 2015	30,752,285	8,522	7,830,889	38,591,696

The capital reserve represents pre-acquisition profits of associates plus currency transaltion gains/(losses) on net assets of associates over time.

During 2013, €50,000 was transferred to a Redemption Reserve to enable on a first come first served basis the issue of one bonus share is respect of every one of the first five hundred shares or part thereof held at 31st December 2012 to members who cancel their membership of the Society.

The Fair Value Investment Reserve represents the un-realised profits derived from re-stating at fair value those investments which can be reliably measured as such.

24. Net Cash Flows from Operating Activities

	2015 €	2014 €
Consolidated Profit for the Financial year	5,531,056	11,163,625
Adjustments for:		
Share of Operating Results of Associate and Joint Venture	(5,842,677)	(8,706,643)
Investment & Other Income	(693,020)	(3,479,779)
Interest Payable & Similar Charges	789,129	794,378
Taxation charge in the income statement	1,409,889	1,693,315
Depreciation of Tangible Fixed Assets	996,186	999,079
Profit on Sale of Tangible Fixed Assets	(114,787)	(90,812)
Amortisation of Goodwill	147,500	147,500
Tax paid on operating activities (note 25)	(449,472)	(198,830)
Increase in Stocks	(124,711)	(91,349)
Decrease/(Increase) in Debtors	692,278	(1,275,885)
Increase/(Decrease) in Creditors	419,319	(1,244,497)
Net Cash Inflow/(Outflow) from Operating Activities	2,760,690	(289,898)

25. Tax Paid

	2015 €	2014 €
Tax Paid on Operating Activities	449,472	198,830
Tax Paid on Investing Activities (Disposal of Listed Investments)	75,487	629,762
	524,959	828,592

26. Components of cash and cash equivalents

	2015 €	2014 €
Cash and Bank and In Hand	1,342,477	1,413,663
Bank Overdraft	(355,535)	(1,493,579)
	986,942	(79,916)

27. Related Party Transactions

Members of the Board of Directors and their families trade with the Society on a normal commercial basis. The level of purchases from and sales to the members of the Board of Directors and their families by the Society amounted to €1,655,258 (2014: €1,809,466) and €704,324 (2014: €794,429) respectively. At 31 December trading balances amounted to €198,406 (2014: €233,802).

Total sales to Carbery Creameries Limited for the year were €53,116,688 (2014: €57,861,608).

Board members who attend monthly, special, audit committee and investment committee meetings receive a fee of €150 per full day meeting attended plus mileage allowance (both of which are subjected to PAYE, PRSI and Levies in arriving at the net amount paid). Board members who attend other meetings (including certain courses) on Society business receive the same fee and are re-imbursed for expense outlay incurred. Board members who attend relevant continuing education courses have associated costs re-imbursed.

In 2015 there were 12 monthly meetings, 2 special meetings, 4 audit committee meetings, 1 renumeration committee meeting and 1 investment committee meeting. The following schedule sets out the total number of meetings for which Board members received a fee plus the total amount which was paid to the Board members (before the deduction of PAYE, PRSI and Levies) associated with those meetings, attendance at courses and any other re-imbursed expenditure including continuing education courses.

Board Member	No. of Meetings	€	Also a Member of:
Patrick Burke (to June '15)	8	1,272	Audit Committee to June '15
Richard Connell	17	3,417	Audit & Remuneration Committees
David Connolly	15	4,795	Investment & Remuneration Committees
Derry Connolly	18	2,971	Audit & Remuneration Committees
Jerry Hegarty	13	2,223	
Mary Hayes	13	2,437	Investment Committee
Ian Kingston	15	2,497	Investment Committee
Michéal Leahy	18	3,051	Audit Committee
Patrick McCarthy	14	2,247	
Donie O'Donovan (from June'15)	6	954	
James O'Donovan	13	2,145	
Jerome O'Mahony (from June'15)	7	1,123	Remuneration Committee
John O'Mahony	14	2,478	
Jerry O'Neill (to June '15)	9	1,417	Audit Committee to June '15
T.J. Sullivan	14	3,255	
		36,282	

Key Management Personnel Compensation

Board members as listed above and senior employees who have authority and responsibility for planning, directing and controlling the activities of the Society are considered to be key management personnel. Total remuneration in respect of key management personnel in 2015 amounted to €735,351 (2014: €704,877).

28. Capital Commitments

Future capital expenditure approved by the Board of Directors but not provided for in these financial statements is as follows:

	2015 €	2014 €
Contracted for	1,283,000	1,865,000
Authorised but not Contracted for	77,000	1,215,000

29. Financial Instruments

The analysis of the carrying amounts of the financial instruments of the Society required under section 11 of FRS 102 is as follows:

	2015 €	2014 €
Financial Assets at Fair Value through the Income Statement		
Listed fixed asset investments	10,033,150	12,726,888
Unlisted fixed asset investments	3,515,141	2,416,659
Financial Assets that are Equity Instruments Measured at Cost less Impairment		
Unlisted fixed asset investments	1,142,155	1,161,348
Financial Assets that are Debt Instruments Measured at Amortised Cost		
Trade debtors (including Carbery balance)	23,614,377	23,855,420
Other debtors	130,198	121,629
Financial Liabilities Measured at Amortised Cost		
Bank and other loans	8,605,535	9,943,579
Trade creditors	9,119,448	8,663,158

30. Contingent Liabilities

A capital contribution received from a supplier of €192K is repayable under certain conditions as set out in the agreement with that supplier.

31. Events after the Balance Sheet Date

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

32. Transition to Financial Reporting Standard 102

The period ended 31 December 2015 is the first year that the Society has presented its results in compliance with Irish GAAP as set out in Financial Reporting Standard 102. The financial statements for the year ended 31 December 2014 were prepared in compliance with the previous version on Irish GAAP (old GAAP). The date of transition to Financial Reporting Standard 102 was 1 January 2014. Set out below is a reconciliation of profit for the financial period ended 31 December 2014, the total equity as at 1 January 2014 and 31 December 2014 between these figures as previously reported under old GAAP and as now reported under Financial Reporting Standard No. 102.

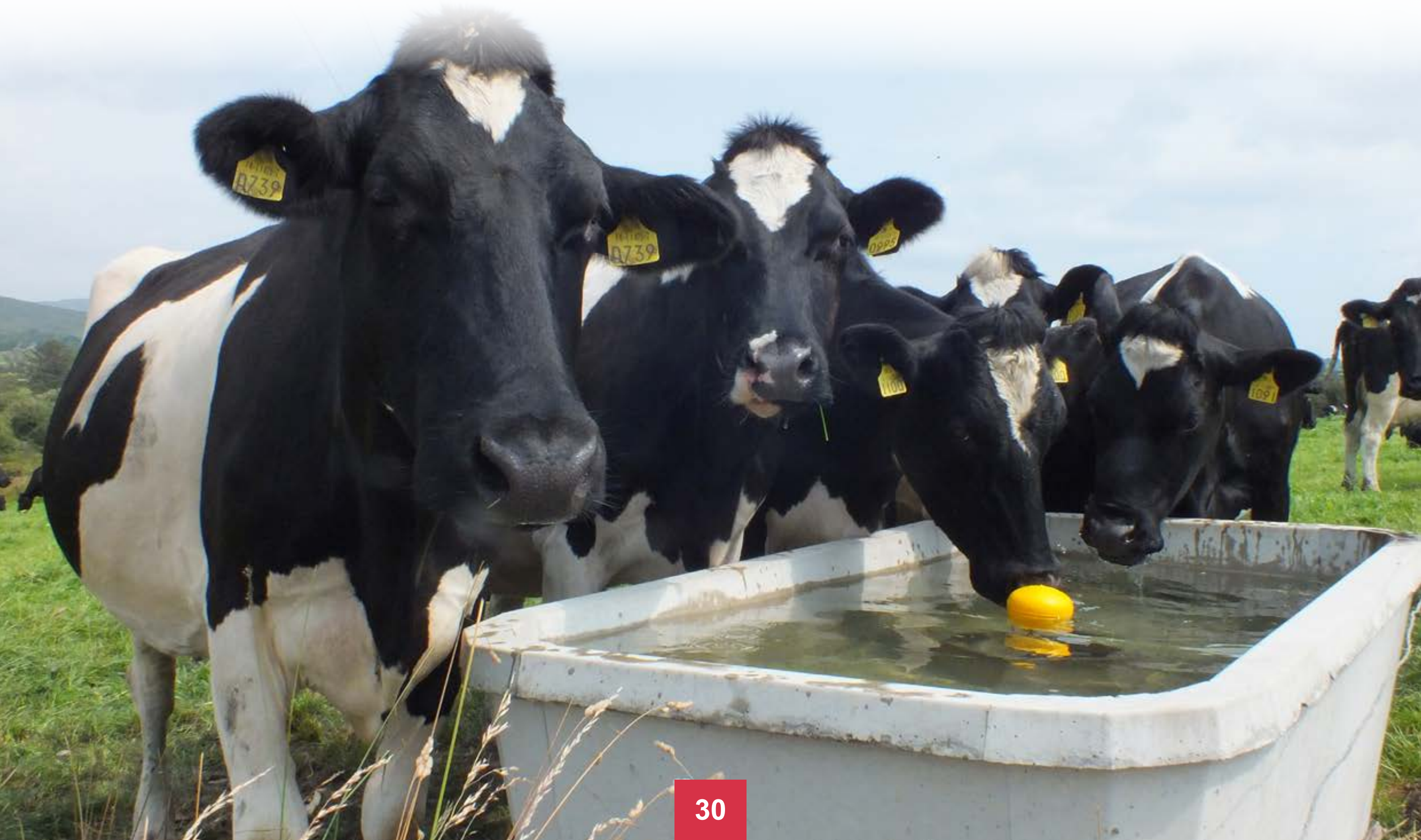
Reconciliation of Consolidated Equity	At 1 January 2014 €	At 31 December 2014 €
Equity Shareholders Funds (as previously stated under Irish GAAP)	89,183,835	100,509,365
Adjustments from FRS102:		
Re-statement of Associates	296,657	18,485
Fair Value of Investments net of Deferred Tax	8,684,917	9,006,087
Equity Shareholders Funds (as re-stated under FRS 102)	98,165,409	109,533,937

Reconciliation of Consolidated Profit and Loss for the year:	Year ended 31 December 2014
Profit for the Year (as previously stated)	10,913,959
Adjustments from FRS102:	
Re-statement of Associates	(71,504)
Fair Value of Investments	321,170
Profit for the Year (as restated)	11,163,625

33. Approval of the Financial Statements

The financial statements were approved by the Board of Directors on 22nd April 2016.

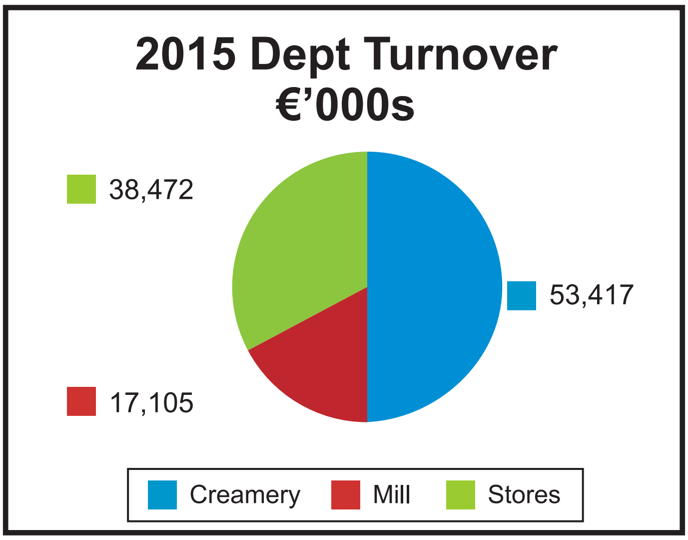
APPENDICES

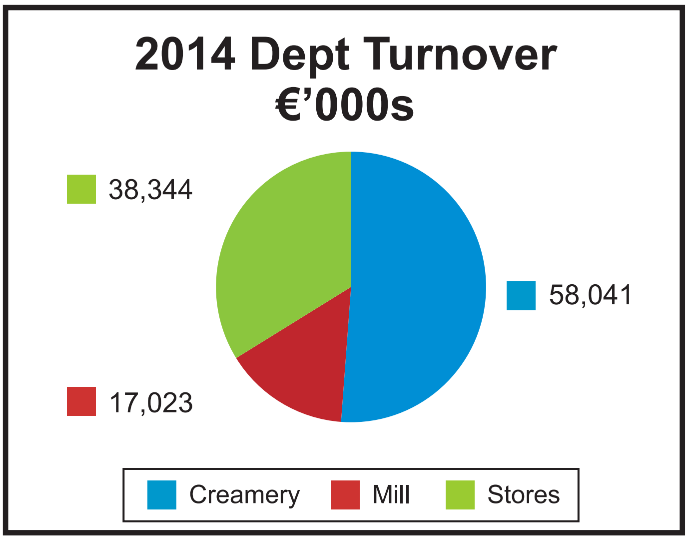


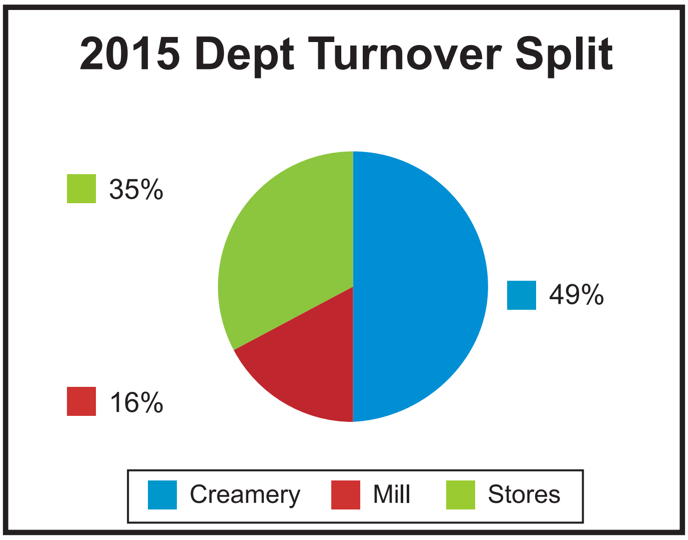
Appendix I

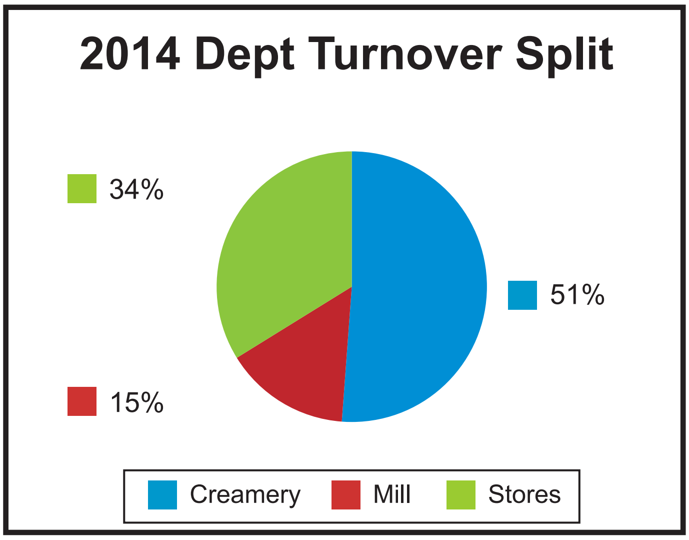
Group Turnover

	2015	2014
	€	€
Creamery	53,416,957	58,041,372
Mill	17,105,021	17,023,243
Stores	38,471,509	38,343,518
Other Turnover	14,651	13,864
	109,008,138	113,421,997



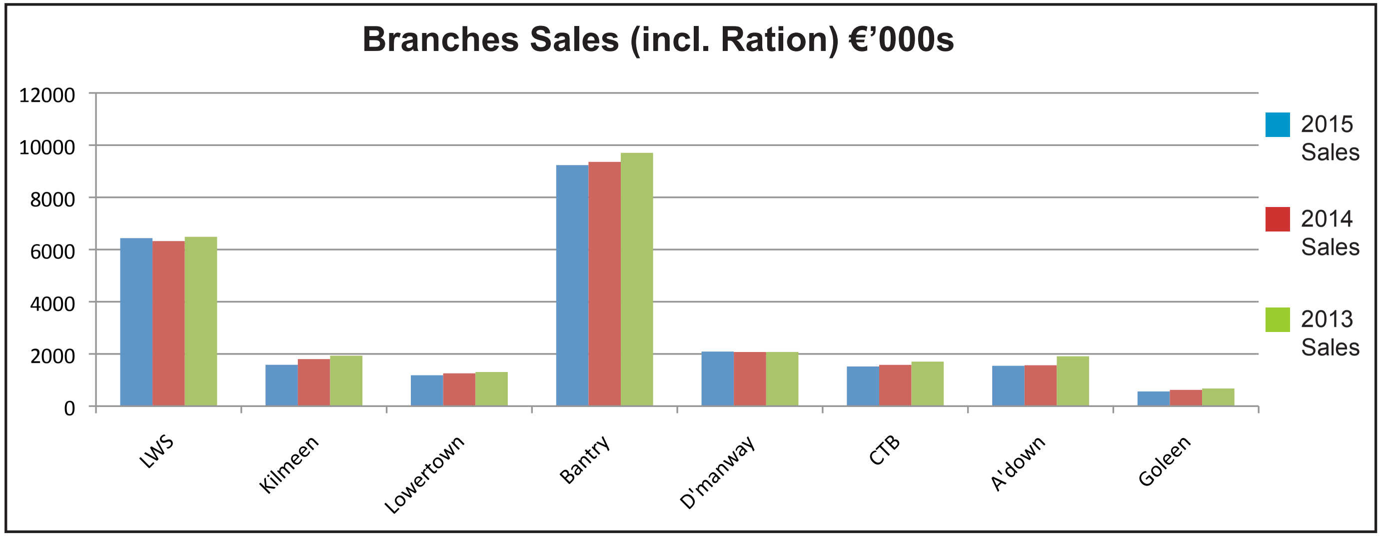


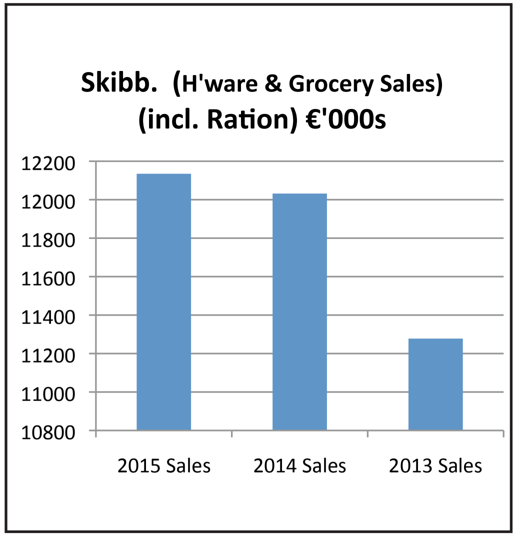


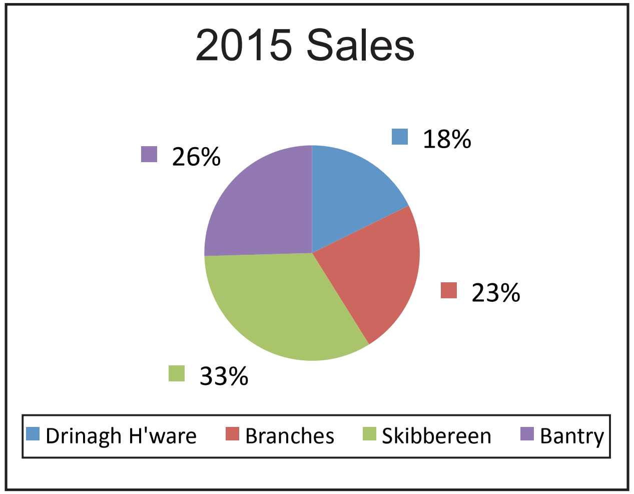


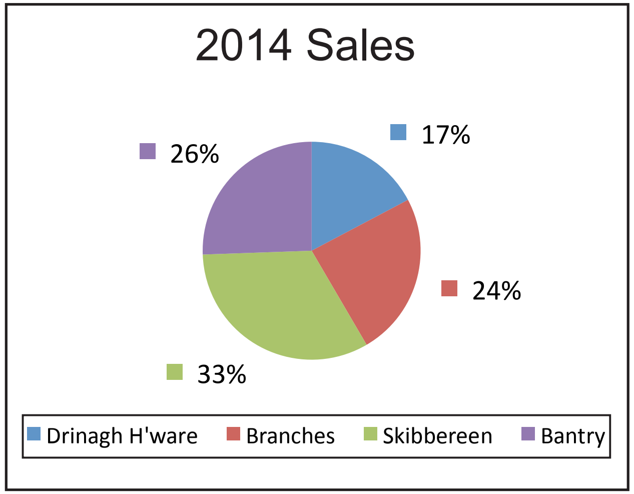
Appendix I contd/....

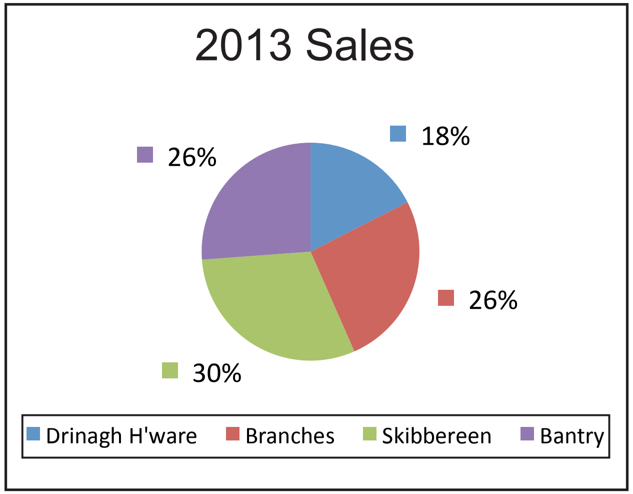
Group Turnover - Branch Sales (incl. Ration)











Appendix II

Operating Costs Analysis

	2015	2014
	€	€
Production Costs		
Packaging	171,758	197,456
Fuel & Oil	83,035	153,292
Electricity	453,989	459,532
Laboratory Expenses	14,851	28,266
Cleaning, Protective Clothing & Pest Control	118,546	133,124
Maintenance, Repairs & Parts	659,145	545,160
	1,501,324	1,516,830
Administrative Overhead		
Rates & Insurance	409,998	404,794
Advertising, Printing & Stationery	190,392	179,146
Computer Services	109,407	96,108
Postage & Telephone	116,268	116,631
Audit, Legal & Consultancy	297,645	265,867
Committee Expenses	38,776	37,653
Sundries	45,330	41,400
Subscriptions	130,100	122,733
Provision for Bad Debts	27,740	-
	1,365,656	1,264,332

Appendix III **Operating Profit + Share of Operating Results of Associate & Joint Venture**

	2015					
	Drinagh Co-Operative Ltd. €	Carbery €	Drinlis Properties €	Shinagh Estates €	German Subsidiary €	Total €
Operating Results	1,227,654	5,665,653	43,630	133,394	(33,277)	7,037,054

	2014					
	Drinagh Co-Operative Ltd. €	Carbery €	Drinlis Properties €	Shinagh Estates €	German Subsidiary €	Total €
Operating Results	1,533,434	8,509,545	68,236	128,862	(68,538)	10,171,539

Appendix IV **Investment & Other Income**

	2015					
	Drinagh Co-Operative Ltd. €	Carbery €	Drinlis Properties €	Shinagh Estates €	German Subsidiary €	Total €
Income/(Losses) from Investments	648,460	2,106,819	-	-	(998,841)	1,756,438
Fair Value Adjustment	(1,690,852)	-	-	-	-	(1,690,852)
Other Income	40,769	-	-	-	-	40,769
Rental Income	60,343	-	-	-	554,596	614,939
Other Finance Income	-	(28,274)			-	(28,274)
	(941,280)	2,078,545	-	-	(444,245)	693,020

	2014					
	Drinagh Co-Operative Ltd. €	Carbery €	Drinlis Properties €	Shinagh Estates €	German Subsidiary €	Total €
Income/(Losses) from Investments	737,357	46,392	-	-	(540,018)	243,731
Fair Value Adjustment	2,310,870	-	-	-	-	2,310,870
Other Income	69,082	-	-	-	-	69,082
Rental Income	68,208	-	-	-	870,909	939,117
Other Finance Income	-	(83,021)			-	(83,021)
	3,185,517	(36,629)	-	-	330,891	3,479,779

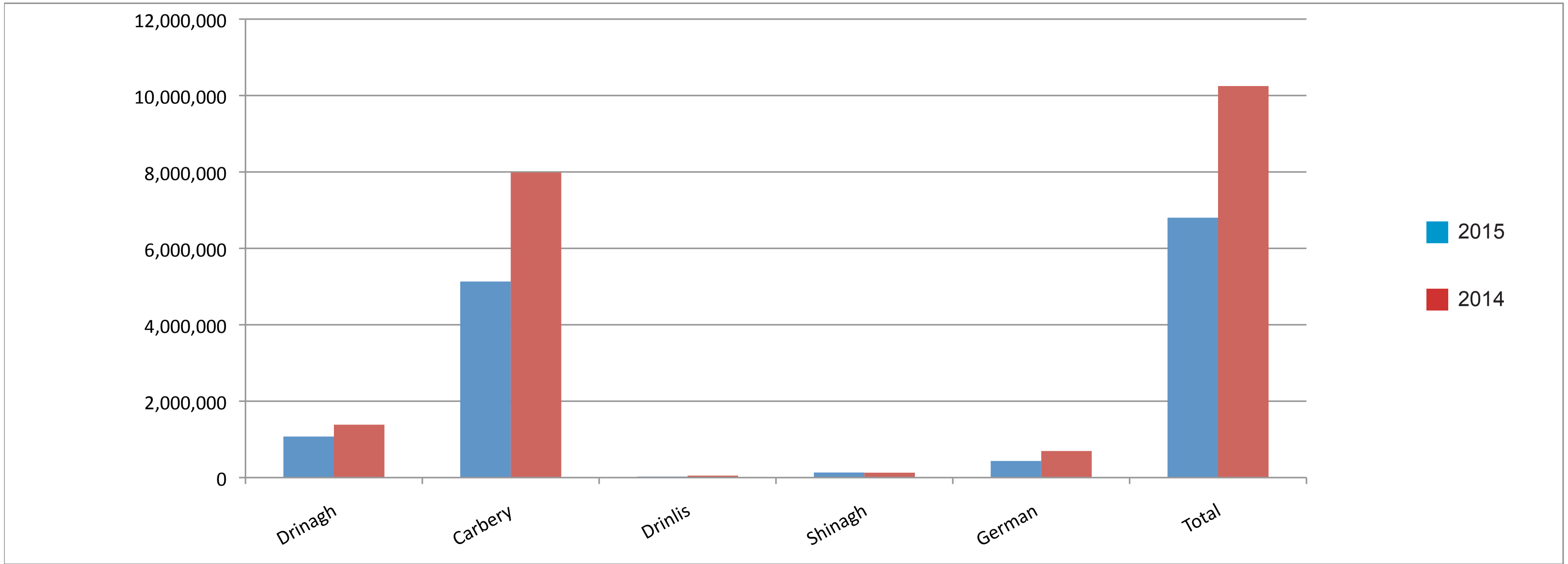
Appendix V

Interest Payable & Similar Charges

	2015					2014				
	Drinagh Co-Operative Ltd.	Carbery	Drinlis Properties	German Subsidiary	Total	Drinagh Co-Operative Ltd.	Carbery	Drinlis Properties	German Subsidiary	Total
	€	€	€	€	€	€	€	€	€	€
Bank Interest & Charges	153,059	533,360	16,876	85,834	789,129	148,326	523,214	16,414	106,424	794,378

Appendix VI

Operating Profit/(Loss) less Interest Payable & Similar Charges



Appendix VII — Movement in Profit & Loss Account

	2015						2014					
	Drinagh Co-Operative Ltd. €	Carbery €	Drinlis Properties €	Shinagh Estates €	German Subsidiary €	Total €	Drinagh Co-Operative Ltd. €	Carbery €	Drinlis Properties €	Shinagh Estates €	German Subsidiary €	Total €
Operating Results (App III)	1,227,654	5,665,653	43,630	133,394	(33,277)	7,037,054	1,533,434	8,509,545	68,236	128,862	(68,538)	10,171,539
Investment & Other Income	(941,280)	2,078,545	-	-	(444,245)	693,020	3,185,517	(36,629)	-	-	330,891	3,479,779
Interest Payable & Similar Charges	(153,059)	(533,360)	(16,876)	-	(85,834)	(789,129)	(148,326)	(523,214)	(16,414)	-	(106,424)	(794,378)
Taxation	345,855	(1,723,997)	(12,939)	(18,808)	-	(1,409,889)	(1,045,589)	(612,501)	(12,956)	(22,269)	-	(1,693,315)
Profit after Tax	479,170	5,486,841	13,815	114,586	(563,356)	5,531,056	3,525,036	7,337,201	38,866	106,593	155,929	11,163,625
Dividends	(61,804)	(204,199)	-	-	-	(266,003)	(62,504)	(204,053)	-	-	-	(266,557)
Retained Profit for the Year	417,366	5,282,642	13,815	114,586	(563,356)	5,265,053	3,462,532	7,133,148	38,866	106,593	155,929	10,897,068
Actuarial Gain/(Loss) in Respect of Pension Scheme	-	642,266	-	-	-	642,266	-	(2,221,041)	-	-	-	(2,221,041)
Deferred Tax on Actuarial (Gain)/Loss	-	(80,283)	-	-	-	(80,283)	-	257,072	-	-	-	257,072
Bonus on Share Redemption	-	-	-	-	-	-	-	-	-	-	-	-
Fair Value Investment Reserve Movement	1,175,198	-	-	-	-	1,175,198	(321,170)	-	-	-	-	(321,170)
Share of Hedge Instrument	-	-	-	-	-	-	-	-	-	-	-	-
Redemption Reserve Movement	-	(7,858)	-	-	-	(7,858)	-	11,143	-	-	-	11,143
Issue of Bonus Shares	(68,296)	-	-	-	-	(68,296)	(73,228)	-	-	-	-	(73,228)
Movement in Profit & Loss Account	1,524,268	5,836,767	13,815	114,586	(563,356)	6,926,080	3,068,134	5,180,322	38,866	106,593	155,929	8,549,844

Appendix VIII — Annual Comparatives

		2015	2014	2013	2012	2011
<u>Financial</u>						
Turnover	€'000	109,008	113,422	119,189	96,976	90,751
Consolidated Profit for the Year after Tax	€'000	5,531	11,164	8,598	4,968	4,207
Shareholders Funds	€'000	118,235	109,534	89,184	82,017	80,166
<u>Statistical</u>						
Number of Milk Suppliers	No.	591	593	605	620	625
Milk Intake	Gallons (Mill.)	36.41	33.02	31.85	30.33	31.41
Average Butterfat	%	4.03	3.95	3.94	3.94	3.88
Average Protein	%	3.48	3.43	3.41	3.36	3.38

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