

## MEMBERS OF BOARD OF DIRECTORS AS AT 31<sup>st</sup> DECEMBER 2021

Drinagh:

Raymond Collins <sup>1,3</sup>

William Collins <sup>1</sup>

South West:

Michael John O'Donovan <sup>3</sup>

Peadar O'Driscoll

South:

Donie O'Donovan <sup>2</sup>

Jerome O'Mahony <sup>3</sup>

North:

John O'Mahony

Oliver Barry <sup>2</sup>

East:

Derry Scannell

John Hurley <sup>1</sup>

West:

Finn O'Mahony

Donal McCarthy <sup>2,3</sup>

Castletownbere:

TJ Sullivan <sup>3</sup>

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

## OTHER INFORMATION

Chairman:

Donal McCarthy

Vice-Chairman:

Raymond Collins

Chief Executive and Secretary:

Seamus Daly

Society number:

1723R

Bankers:

Allied Irish Banks plc,  
Dunmanway Branch, Co. Cork

Registered Office:

Drinagh, Co. Cork

Auditor:

Crowley & McCarthy  
Chartered Accountants  
& Registered Auditors  
Clonakilty, Co. Cork  
P85VF62

Solicitors:

Murphy, Long & Taaffe,  
Bandon  
Co. Cork

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As Chairman of the Society I am pleased to report on another successful year for Drinagh Co-Op in 2021. Despite the ongoing challenges of Covid-19, the Society has continued to grow and prosper. The positive rollout of the vaccine programme has given us hope for the future in regard to Covid. Unfortunately, we are now faced by the threats imposed on us by the war in Ukraine. Rising input costs including energy and supply chain issues have added significantly to the challenges ahead.

For the year under review, group turnover increased by 13% with milk volume up 3% and price up 10%; mill volume was similar to 2020 and price was up 12%; stores sales increased by 15% and pharmacy sales were up 6%. This contributed to a 24% increase in pre trade bonus operating results of the Society from €5.53 million in 2020 to €6.87 million in 2021.

Carbery reported another strong financial performance for 2021 across all divisions with operating profit increasing by 4.3% on 2020. The year marked the first full year of production in the new cheese facility. The production of mozzarella cheese allows Carbery to broaden its customer base and supply new markets. During the year, Carbery expanded its flavours business in the US with the acquisition of Innova Flavors in Chicago. Dairy markets made a strong recovery during the year and although cheese markets lagged behind butter and skim markets, milk price increased steadily throughout the year.

Carbery paid a bonus of 0.5 cents per litre on 2021 milk supplies at year end.

The performance of both Drinlis and Shinagh Estates continues to contribute positively to profit for the financial year. In addition, the Society's portfolio of investments continued to perform positively in 2021.

Milk supply increased by over 6.1 million litres to just under 220 million litres. Milk quality standards remain a top priority. Suppliers were required to move to chlorine free detergents for dairy washing routines from the start of the year. Despite removing chlorine, overall TBC levels improved, and all product continues to meet customer specifications.

The Society congratulates Mr. John Collins, Caheragh North, Drimoleague who was the Drinagh winner of the Carbery Milk Quality Awards. Congratulations also to William & Siobhan Kingston, Tooreen, Skibbereen who were finalists at the NDC and Kerrygold Quality Milk Awards.

The board approved a bonus of 0.8 cents per litre on 2021 milk supplies at year end. The average price paid on 2021 milk supplies was 39.59 cents per litre after levies and charges and before VAT.

The volume throughput in the mill was similar to 2020 levels. Rising raw material costs and increasing energy prices, especially towards year end added significantly to the costs of production. Substantial capital expenditure was carried out in the mill during the year. This included the addition of a cuber to further improve pellet quality and bulk mineral raw material storage bins to enhance automation in the mill. The board approved bonuses similar to previous years at year end to reward our loyal customers.

The stores division had a very successful year despite the ongoing challenge of the Covid-19 pandemic with record sales in both the agri and non agri ranges. The board approved a bonus of €15 per tonne on 2021 fertiliser purchases. Our pharmacy division continues to perform strongly. During the year our Bantry pharmacy successfully relocated to a new premises to increase the range of products available to our customers and to enhance their shopping experience.

The Society will celebrate its centenary next year. It has prospered over the last 100 years in the face of many difficult situations. It is well positioned to meet the challenges and opportunities that lie ahead. As I write this, the war in Ukraine is imposing difficulties for the Society that will require us all to work together and support each other so that our Co-Op will continue to grow and prosper.



I want to thank my fellow Board members for their support throughout the year. A special word of thanks to Mr. Oliver Barry, Mr. John O'Mahony and Mr. TJ Sullivan who are retiring from the board. I wish to acknowledge the significant contribution that they each made during their terms of office. I welcome their replacements, Mr. Joe Burke, Mr. Peter Kelly and Mr. James O'Donovan and look forward to working with them in their new roles.

I want to thank our shareholders, milk suppliers, customers, staff and management for their efforts during the year and for their continued dedication to the Society.

Donal McCarthy  
Chairman

A handwritten signature in black ink, appearing to read 'Donal McCarthy'.



**Drinagh Co-Operative Limited**  
**Directors Responsibilities Statement**  
**For the Year Ended 31 December 2021**

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 2021 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 has elected 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).

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 2021. 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 27 April 2022:

Donal McCarthy  
Chairman

Raymond Collins  
Vice Chairman



### **Opinion**

We have audited the financial statements of Drinagh Co-Operative Ltd (the 'Society') for the year ended 31 December 2021 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 to the financial statements, including the summary of significant accounting policies set out in note 3. The financial reporting framework that has been applied in their preparation is Irish Law and Accounting Standards including FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland (Irish Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the assets, liabilities and financial position of the Society as at 31 December 2021 and of its profit for the year ended; and
- have been prepared in accordance with Generally Accepted Accounting Practice in Ireland.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Society in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other 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**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt about the Societys ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the director with respect to going concern are described in the relevant sections of the report.

### **Other information**

The directors are responsible for other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Industrial and Provident Societies Act 1893 to 2021**

As required by section 13(2) of the Industrial and Provident Societies Act 1893 to 2021 we examined the balance sheets 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.

### **Respective responsibilities**

#### **Responsibilities of the Board of Directors for the financial statements**

As explained more fully in the Directors Responsibilities Statement, 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 the 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 company'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 company or to cease operations, or have no realistic alternative but to do so.

#### **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 (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the 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 IAASA's website at: [http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description of auditors responsibilities for audit.pdf](http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf). This description forms part of our auditor's report.

#### **The purpose of our audit work and to whom we owe our responsibilities**

Our report is made solely to the Society's members, as a body, in accordance with section 13 of the Industrial and Provident Societies Act 1893 to 2021. 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.

#### **Derry Crowley**

**For and on behalf of Crowley & McCarthy**

#### **Chartered Accountants**

Building G  
West Cork Technology Park  
Clonakilty  
Co Cork

27 April 2022

**Drinagh Co-Operative Limited**  
**Consolidated Income Statement For the Year Ended 31 December 2021**

	Notes	2021 €	2020 €
Turnover	5	171,918,258	151,834,376
Cost of sales		(146,792,280)	(129,037,028)
<b>Gross profit</b>		<u>25,125,978</u>	<u>22,797,348</u>
Production costs		(2,064,558)	(1,604,374)
Trade bonus	6	(4,215,199)	(4,009,512)
Wages and salaries	7	(10,001,209)	(9,755,602)
Other operating costs	8	(5,090,822)	(5,126,753)
<b>Operating profit</b>	9	<u>3,754,190</u>	<u>2,301,107</u>
Share of operating results of associate and joint venture		8,846,052	8,512,413
Investment and other income	10	1,949,304	566,668
Interest payable and similar expenses	11	(732,041)	(1,023,136)
<b>Profit on ordinary activities before tax</b>		<u>13,817,505</u>	<u>10,357,052</u>
Tax on profit on ordinary activities	12	(3,321,745)	(2,247,963)
<b>Profit for the financial year</b>		<u><u>10,495,760</u></u>	<u><u>8,109,089</u></u>

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

Signed on behalf of the Board of Directors on 27 April 2022:

Donal McCarthy  
**Chairman**

Raymond Collins  
**Vice Chairman**



**Drinagh Co-Operative Limited**  
**Consolidated Statement of Comprehensive Income**  
**For the Year Ended 31 December 2021**

	2021 €	2020 €
<b>Consolidated profit for the financial year</b>	10,495,760	8,109,089
<b>Other comprehensive income</b>		
Share of remeasurement profit/(loss) recognised on defined benefit schemes of associate	640,896	(124,707)
Share of movement on deferred tax relating to defined benefit scheme of associate	(95,809)	-
Redemption reserve movement of associate	43,086	(15,408)
Share of gain/(loss) of hedge instrument of associate	129,001	(116,484)
Share of currency translation differences on net assets of foreign investments of associate	3,062,136	(3,561,681)
<b>Total comprehensive income for the financial year</b>	<u>14,275,070</u>	<u>4,290,809</u>





**Drinagh Co-Operative Limited**  
**Consolidated Statement of Changes in Equity**  
**For the Year Ended 31 December 2021**

	Share Capital	Profit and Loss Account	Other Reserves (Note 24)	Total
	€	€	€	€
<b>Balance at 1 January 2020</b>	6,281,214	111,506,546	31,556,563	149,344,323
Profit for the year	-	8,109,089	-	8,109,089
Other comprehensive income	-	(140,115)	(3,678,165)	(3,818,280)
Total comprehensive income for the year	-	7,968,974	(3,678,165)	4,290,809
Transfer to fair value investment reserve	-	1,174,001	(1,174,001)	-
Transfer to redemption reserve	-	(150,000)	150,000	-
Issue of bonus shares	93,050	(69,999)	(23,051)	-
Dividends & share interest paid (note 13)	-	(110,325)	-	(110,325)
Shares subscribed for in the year	10,096	-	-	10,096
Shares cancelled during the year	(49,705)	-	-	(49,705)
<b>Balance at 31 December 2020</b>	6,334,655	120,319,197	26,831,346	153,485,198
Profit for the year	-	10,495,760	-	10,495,760
Other comprehensive income	-	588,173	3,191,137	3,779,310
Total comprehensive income for the year	-	11,083,933	3,191,137	14,275,070
Transfer to fair value investment reserve	-	(419,807)	419,807	-
Issue of bonus shares	95,318	(70,928)	(24,390)	-
Dividends & share interest paid (note 13)	-	(63,114)	-	(63,114)
Shares subscribed for in the year	7,275	-	-	7,275
Shares cancelled during the year	(52,675)	-	-	(52,675)
<b>Balance at 31 December 2021</b>	6,384,573	130,849,281	30,417,900	167,651,754



**Drinagh Co-Operative Limited**  
**Consolidated Statement of Financial Position**  
**as at 31 December 2021**

	Notes	2021		2020	
		€	€	€	€
<b>Fixed assets</b>					
Intangible assets	14	3,037,122		3,480,347	
Tangible assets	15	13,926,108		13,125,578	
Financial assets	16	108,949,120		97,393,585	
			<u>125,912,350</u>		<u>113,999,510</u>
<b>Current assets</b>					
Stocks	17	11,821,250		9,247,241	
Debtors	18	43,511,897		33,398,644	
Cash at bank and in hand		5,047,286		13,066,432	
			<u>60,380,433</u>		<u>55,712,317</u>
<b>Creditors: amounts falling due within one year</b>	19	(17,320,725)		(15,061,404)	
Net current assets			<u>43,059,708</u>		<u>40,650,913</u>
<b>Total assets less current liabilities</b>			<u>168,972,058</u>		<u>154,650,423</u>
<b>Creditors: amounts falling due after more than one year</b>	20	(568,861)		(620,559)	
<b>Provisions for liabilities</b>	21	(751,443)		(544,666)	
<b>Net assets</b>			<u><u>167,651,754</u></u>		<u><u>153,485,198</u></u>
<b>Capital and reserves</b>					
Called up share capital	22	6,384,573		6,334,655	
Other reserves	24	30,417,900		26,831,346	
Profit and loss reserves		130,849,281		120,319,197	
<b>Total equity</b>			<u><u>167,651,754</u></u>		<u><u>153,485,198</u></u>

Signed on behalf of the Board of Directors on 27 April 2022:

Donal McCarthy  
Chairman

Raymond Collins  
Vice Chairman



**Drinagh Co-Operative Limited**  
**Consolidated Statement of Cash Flows For the Year Ended 31 December 2021**

	Notes	2021		2020	
		€	€	€	€
<b>Net cash flows from operating activities</b>	<b>25</b>		(4,533,820)		943,334
<b>Cash flows from investing activities</b>					
Purchase of tangible fixed assets		(2,827,686)		(2,637,719)	
Purchase of investments		(1,682,574)		(276,469)	
Proceeds of sale of investments		1,609,139		19,897,191	
Proceeds of sale of fixed assets		37,800		53,100	
Investment income		194,454		303,750	
Taxation paid	<b>26</b>	(393,160)		(1,121,181)	
Rental and other income		132,319		463,598	
<b>Net cash flows from investing activities</b>			(2,929,708)		16,682,270
<b>Cash flows from financing activities</b>					
Redemption of ordinary shares		(52,675)		(49,705)	
Issue of ordinary shares		7,275		10,096	
New lease finance		405,365		391,325	
Repayment of borrowings		(445,389)		(7,612,468)	
Interest paid		(147,946)		(484,910)	
Equity dividend paid		(63,114)		(62,703)	
<b>Net cash flows from financing activities</b>			(296,484)		(7,808,365)
<b>Net (decrease)/increase in cash and cash equivalents</b>			(7,760,012)		9,817,239
Cash and cash equivalents at beginning of year			12,807,298		2,990,059
<b>Cash and cash equivalents at end of year</b>	<b>27</b>		<u>5,047,286</u>		<u>12,807,298</u>



## **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 34 constitute the Consolidated Financial Statements of Drinagh Co-operative Ltd for the financial year ended 31 December 2021.

Drinagh Co-Operative Ltd is a Society registered in the Republic of Ireland under the Industrial and Provident Societies Acts 1893 to 2021. 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.

### **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).

### **Currency**

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

## **2 Accounting convention and basis of preparation**

### **Accounting convention**

The financial statements have been prepared on the going concern basis and in accordance with the historical cost convention, modified to include certain financial instruments at fair value. They have been prepared in compliance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102").

### **Basis of consolidation**

The Consolidated Statement of Income, 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 2021 and also the Group's share of the post acquisition profits of associated undertakings and joint venture.

### **Changes to disclosures and comparative figures**

In preparing the Financial Statements for 2021, if necessary, changes to the comparative 2020 figures would be made in order to maintain consistency with the nature of the figures being reported for 2021.

## **3 Principal accounting policies**

### **3.1 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.

**3 Principal accounting policies**

**(Continued)**

**3.2 Intangible assets - goodwill**

Goodwill is recognised and measured as the excess of the cost paid on the acquisition of a business 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 economic 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.

**3.3 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 purchase 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 buildings 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.

**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:

Freehold land and buildings	Land is not depreciated. Buildings 2.5% to 7.5%
Plant and equipment	10% to 25%
Transport vehicles	25%



### **3 Principal accounting policies**

**(Continued)**

#### **3.4 Financial fixed assets**

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in the Consolidated Income Statement.

A subsidiary is an entity controlled by the Society. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the Society holds a long-term interest and where the Society has significant influence. The Society considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate. Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. In the parent Society consolidated financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the Society has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

Other financial assets including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and changes in fair value are recognised in the Consolidated Income Statement, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

#### **3.5 Impairment of fixed assets**

Where there is objective evidence that the recoverable amount of an asset is less than its carrying value the carrying amount of the asset is reduced to its recoverable amount resulting in an impairment loss. Impairment losses are recognised immediately in the Consolidated Income Statement, with the exception of losses on previously revalued tangible fixed assets, which are recognised in other comprehensive income to the extent of any previously recognised revaluation 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 Consolidated Income Statement, except for impairments on previously revalued 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 the cost to sell the asset and its value in use. The value in use of these assets is the present value of the 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.

#### **3.6 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.

**3 Principal accounting policies**

**(Continued)**

**3.7 Financial instruments**

The Society has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Society's 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.

***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.

***Share capital***

The share capital of the Society is presented as equity.

***Basic financial assets***

Basic financial assets, which include trade and other receivables, and cash and bank balances, are initially measured at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

***Other financial assets***

Other financial assets include trade debtors for goods sold to customers on short term credit which 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.

***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 Consolidated Income Statement.

***Unlisted investments***

The Society holds investments in unlisted equity shares of a number of entities. 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 Consolidated Income Statement.

**3 Principal accounting policies**

**(Continued)**

***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 assets that are measured at cost or amortised cost, including unlisted investments, loans, trade debtors and cash. If there is objective evidence of impairment, impairment losses are recognised in the Consolidated Income Statement in that financial year.

***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

***Classification of financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Society after deducting all of its liabilities.

***Basic financial liabilities***

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

***Loans 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 the market interest rate. 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 obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

***Derecognition of financial liabilities***

Financial liabilities are derecognised when, and only when, the Society's obligations are discharged, cancelled, or they expire.

***Equity instruments***

Equity instruments issued by the Society are recorded at the value of proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Society.



**3 Principal accounting policies**

**(Continued)**

**3.8 Taxation and deferred taxation**

The taxation expense represents the sum of the tax currently payable and deferred tax.

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 from 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.

**3.9 Provisions**

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

**3.10 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

### **3 Principal accounting policies**

**(Continued)**

#### **3.11 Retirement benefits**

The Society participates in the Irish Co-operative Societies Pension Scheme and the Dairy Executives Pension Fund, both of which are multi-employer defined benefit schemes providing benefits based on final pensionable salary, and operates a 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 Consolidated Statement of Comprehensive Income for the year in which they occur. Where it is not possible to identify the Society's share of the underlying assets and liabilities of this industry wide defined benefit scheme and as permitted by FRS 102, the scheme is accounted for as a defined contribution scheme.

Retirement benefit contributions in respect of defined contribution scheme for employees are charged to the Consolidated Income Statement as they become payable in accordance with the rules of the scheme. The assets are held separately from those of the Society in an independently administered fund. Differences between the amounts charged in the Consolidated Income Statement and payments made to the retirement benefit scheme are treated as assets or liabilities.

#### **3.12 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the Consolidated Statement of Financial Position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the Consolidated Income Statement so as to provide a constant periodic rate of interest on the remaining balance of the liability.

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.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

### 3 Principal accounting policies

(Continued)

#### 3.13 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 Comprehensive 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 liabilities into Euros were as follows:

	Average		Year End	
	2021	2020	2021	2020
€1 to STG £	0.85960	0.88970	0.84028	0.89903
€1 to USD \$	1.18270	1.14220	1.13260	1.22710
€1 to CAD \$	1.48260	1.53000	1.43930	1.56330
€1 to NOK kr	10.16330	10.72280	9.98880	10.47030
€1 to CHF fr	1.08110	1.07050	1.03310	1.08020

#### 3.14 Share interest and dividends

Financial share interest to the Society's equity shareholders is recognised as a liability of the Society when approved by the Society's shareholders. Interim share interest is recognised when paid.

#### 3.15 Debtors

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



#### **4 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 estimates 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:

##### ***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 18.

##### ***Impairment of stocks***

The Society holds inventories at financial year end as disclosed in note 17. 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 the Directors 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 15.

##### ***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 assumptions 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.

**5 Turnover and other revenue**

All revenue activities were wholly undertaken in the Republic of Ireland

	<b>2021</b>	<b>2020</b>
	€	€
<b>Turnover analysed by class of business</b>		
Creamery	90,026,793	79,261,700
Mill	27,530,148	24,741,329
Stores	54,340,643	47,813,596
Other	20,674	17,751
	<u>171,918,258</u>	<u>151,834,376</u>

**6 Trade bonus**

	<b>2021</b>	<b>2020</b>
	€	€
Milk bonus	2,834,563	2,719,780
Mill bonus	932,419	898,332
Stores bonus	448,217	391,400
	<u>4,215,199</u>	<u>4,009,512</u>

The milk bonus represents the following: 0.515 cent per litre on variable price milk supplied in the calendar year 2021 plus 0.80 cent per litre of milk supplied in the calendar year 2021 where purchases from the Society were greater than 7 cent per litre; 0.40 cent per litre where purchases were less than 7 cent per litre and greater than 5 cent per litre; no bonus applied where purchases were less than 5 cent per litre. (2020: 0.527 cent per litre on variable price milk supplied in the calendar year 2020 plus 0.80 cent per litre of milk supplied in the calendar year 2020 where purchases from the Society were greater than 7 cent per litre; 0.40 cent per litre where purchases were less than 7 cent per litre and greater than 5 cent per litre; no bonus applied where purchases were less than 5 cent per litre.)

The mill bonus represents €15.00 per tonne on compounded ruminant feed for 2021 (2020: €15.00), €10.00 per tonne on mixes (2020: €10.00), €5.00 per tonne on pig feed (2020: €5.00), and €2.50 per tonne on feed straights (2020: €2.50).

The stores bonus represents €15.00 per tonne on fertilizer purchases in 2021 (2020: €15.00).

## 7 Employees

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

	2021 Number	2020 Number
Production/Operations	192	185
Sales	2	2
Administration	23	23
	<u>217</u>	<u>210</u>

The aggregate payroll costs of these employees were as follows:

	2021 €	2020 €
Wages and salaries	8,628,525	8,326,358
Social welfare costs	896,826	874,453
Pension and related costs	475,858	554,791
	<u>10,001,209</u>	<u>9,755,602</u>

## 8 Other operating costs\ (profits)

	2021 €	2020 €
Distribution & selling costs	1,234,357	1,162,670
Administrative overhead	1,423,883	1,360,980
Depreciation	1,954,373	2,211,155
Amortisation of goodwill	443,225	443,225
Loss / (Profit) on sale of tangible fixed assets	34,984	(51,277)
	<u>5,090,822</u>	<u>5,126,753</u>

The loss (2020: profit) on sale of tangible fixed assets is derived from the trade-in or disposal of vehicles and related equipment and other equipment (2020: the trade-in or disposal of vehicles and other equipment).

## 9 Operating profit

	2021 €	2020 €
Operating profit is stated after charging/(crediting)		
Depreciation of owned assets (note 15)	1,444,430	1,730,553
Depreciation of assets held under finance leases (note 15)	509,943	480,602
Amortisation and impairment of intangibles (note 14)	443,225	443,225



**Drinagh Co-Operative Limited**  
**Notes to the Financial Statements For the Year Ended 31 December 2021**

**10 Investment and other income**

	<b>2021</b> €	<b>2020</b> €
Profit on sale of listed securities	10,352	473,841
Fair value adjustment of investments	1,018,937	344,391
Investment income	192,999	303,751
Book loss on sale of foreign investment property	(53,338)	(1,031,247)
Profit on disposal of unlisted investments	641,192	-
Rental and other income	132,319	463,598
	<u>1,942,461</u>	<u>554,334</u>
<b>Share of associate</b>		
Investment income	2,737	7,880
Other finance income	4,106	4,454
	<u>6,843</u>	<u>12,334</u>
	<u><u>1,949,304</u></u>	<u><u>566,668</u></u>

**11 Interest payable and similar expenses**

	<b>2021</b> €	<b>2020</b> €
Interest payable - Society & subsidiaries	147,946	484,910
<b>Share of associates and joint venture</b>		
Interest payable	584,095	538,226
	<u>732,041</u>	<u>1,023,136</u>

**12 Taxation**

	<b>2021</b> €	<b>2020</b> €
<b>Domestic current year tax</b>		
Corporation tax on profits for the year	933,271	1,608,647
Adjustments in respect of prior years	-	(7,198)
	<u>933,271</u>	<u>1,601,449</u>
Deferred tax on fair value of investments	206,777	(1,386,027)
	<u>1,140,048</u>	<u>215,422</u>
Domestic tax on profits on ordinary activities	1,140,048	215,422
Share of tax of associate companies	2,164,649	2,015,493
Share of tax of joint venture	17,048	17,048
	<u>3,321,745</u>	<u>2,247,963</u>
Amount charged to the Consolidated Income Statement	<u><u>3,321,745</u></u>	<u><u>2,247,963</u></u>

**12 Taxation**

**(Continued)**

**Factors affecting the tax charge for the year:**

	<b>2021</b>	<b>2020</b>
	€	€
Profit on ordinary activities before taxation	13,817,505	10,357,052
Less share of profit in associates and joint ventures	(8,268,800)	(7,986,521)
	<hr/>	<hr/>
Profit on ordinary activities before taxation (excluding profits from associates and joint venture)	5,548,705	2,370,531
Standard tax rate	12.50%	12.50%
Expected tax	693,588	296,316
Actual tax charge	1,140,048	215,422
	<hr/>	<hr/>
Difference	446,460	(80,894)
	<hr/> <hr/>	<hr/> <hr/>

**Effects of:**

Tax rate difference on revalued assets	273,059	(143,025)
Other tax adjustments	(1,252)	32,751
Prior year adjustment	-	(7,198)
Depreciation in excess of capital allowances	92,944	101,847
Tax rate difference on passive income	7,532	4,011
Franked investment income not taxed	-	(17,408)
Disallowable expenses	74,177	(51,872)
	<hr/>	<hr/>
	446,460	(80,894)
	<hr/> <hr/>	<hr/> <hr/>

**13 Dividends and share interest paid**

	<b>2021</b>	<b>2020</b>
	€	€
Dividend of one cent per share on shares issued as at 31 December 2020 (2020: one cent per share on shares issued as at 31 December 2019)	63,114	62,703
<b>Share of associate</b>		
6.5% annual coupon on 'B' ordinary shares	-	47,622
	<hr/>	<hr/>
	63,114	110,325
	<hr/> <hr/>	<hr/> <hr/>

**14 Intangible assets**

	<b>Goodwill</b> €
<b>Cost</b>	
At 1 January 2021 & 31 December 2021	5,907,445
<b>Amortisation</b>	
At 1 January 2021	2,427,098
Amortisation charged for the year	443,225
	2,870,323
At 31 December 2021	2,870,323
<b>Carrying amount</b>	
At 31 December 2021	3,037,122
	3,480,347
At 31 December 2020	3,480,347

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 10.3 years.

Goodwill arose on the acquisition of James O Sullivan (Chemist) Ltd and is being amortised over the estimate of useful life of 10 years, in accordance with the Society's accounting policy. At the financial year end date the remaining amortisation period is 4.7 years.

Goodwill arose on the acquisition of McCarthy's Pharmacy (Schull) Ltd and is being amortised over the estimate of useful life of 10 years in accordance with the Society's accounting policy. At the financial year end date the remaining amortisation period is 5.7 years.





**Drinagh Co-Operative Limited**  
**Notes to the Financial Statements For the Year Ended 31 December 2021**

**15 Tangible fixed assets**

	Freehold land and buildings €	Plant and equipment €	Transport vehicles €	Total €
<b>Cost</b>				
At 1 January 2021	15,388,284	17,474,571	5,981,823	38,844,678
Additions	789,654	1,260,480	777,552	2,827,686
Disposals	-	(121,728)	(303,000)	(424,728)
At 31 December 2021	<u>16,177,938</u>	<u>18,613,323</u>	<u>6,456,375</u>	<u>41,247,636</u>
<b>Depreciation and impairment</b>				
At 1 January 2021	7,445,547	13,925,915	4,347,638	25,719,100
Profit and loss charge	252,718	836,613	865,042	1,954,373
Disposals	-	(48,945)	(303,000)	(351,945)
At 31 December 2021	<u>7,698,265</u>	<u>14,713,583</u>	<u>4,909,680</u>	<u>27,321,528</u>
<b>Carrying amount</b>				
At 31 December 2021	<u>8,479,673</u>	<u>3,899,740</u>	<u>1,546,695</u>	<u>13,926,108</u>
At 31 December 2020	<u>7,942,737</u>	<u>3,548,656</u>	<u>1,634,185</u>	<u>13,125,578</u>

Included in Transport Vehicles are leased and previously leased assets as follows:

	<b>Leased Assets</b> €
<b>Cost</b>	
At 1 January 2021	4,248,901
Additions	443,165
Disposals	(72,500)
At 31 December 2021	<u>4,619,566</u>
<b>Depreciation and impairment</b>	
At 1 January 2021	3,312,949
Profit and loss charge	509,943
Disposals	(72,500)
At 31 December 2021	<u>3,750,392</u>
<b>Carrying amount</b>	
At 31 December 2021	<u>869,174</u>
At 31 December 2020	<u>935,952</u>

**Drinagh Co-Operative Limited**  
**Notes to the Financial Statements For the Year Ended 31 December 2021**

**15 Tangible fixed assets**

**(Continued)**

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

The title deeds to the Society's 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.

**16 Financial assets**

	Notes	2021 €	2020 €
<b>Investment in associated undertaking</b>	<b>(a)</b>		
At cost		85,073	85,073
Group share of post acquisition net assets		93,657,209	83,816,938
Loan to associated undertakings		6,908,647	6,908,647
		100,650,929	90,810,658
<b>Investment in joint venture undertaking</b>	<b>(b)</b>		
At cost		50	50
Group share of post acquisition net assets		23,760	(2,382)
Loan to joint venture		748,285	748,285
		772,095	745,953
<b>Other financial investments</b>	<b>(c)</b>		
Listed securities		6,652,318	4,475,014
Unlisted securities		873,778	1,361,960
		7,526,096	5,836,974
		108,949,120	97,393,585

**16 Financial assets**

**(Continued)**

**(a) Investment in associated undertaking**

The investment in the associated undertaking comprises a 34.22% (2020: 34.26%) interest in Carbery Creameries Limited, which is engaged in the development, management and supply of cheeses, alcohol and select food ingredients plus 40% (2020: 40%) in Shinagh Estates Limited, which is a holding investment company. During 2021 under Carbery's Milk Supply Share Scheme, the 'B' Ordinary Shares increased by 107,104, thereby decreasing the shareholding % of Drinagh Co-operative Ltd.

The loan to the associated undertakings comprises an interest free loan for €6,908,647 (2020: €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% (2020: 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**

	<b>Listed investments</b>	<b>Unlisted investments</b>
	€	€
<b>Cost or valuation</b>		
At 1 January 2021	4,567,846	1,361,960
Additions and disposals	1,100,719	(488,182)
Revaluations	983,753	-
	6,652,318	873,778
<b>Provision for diminution in value</b>		
At 1 January 2021	92,832	-
Decrease in provision for year	(92,832)	-
	-	-
<b>Carrying value</b>		
At 31 December 2021	6,652,318	873,778
At 31 December 2020	4,475,014	1,361,960



**16 Financial assets**

**(Continued)**

The listed investments, all of which are equity investments listed on recognised stock exchanges, are measured at fair value through the Consolidated 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.

**(d) Subsidiary Companies**

Name	Principal Activities	Group Interest	Address of Registered Office
Drinagh Sales Ltd	Dormant	100%	Drinagh, Co. Cork
G.W.B. Trading Ltd	Dormant	100%	Drinagh, Co. Cork
James O'Sullivan (Chemist) Ltd	Dormant	100%	Drinagh, Co. Cork
McCarthy's Pharmacy (Schull) Ltd	Dormant	100%	Drinagh, Co. Cork

**17 Stocks**

	2021 €	2020 €
Finished goods	10,940,916	8,500,313
Raw materials	581,950	507,457
Expense stocks	298,384	239,471
	<u>11,821,250</u>	<u>9,247,241</u>

Stocks considered obsolete are written down to net realisable value.

In the opinion of the directors, there are no material differences between the replacement cost of stock and the carrying amounts.

**18 Debtors**

	2021 €	2020 €
Trade debtors	11,377,081	9,439,439
Withholding tax	248,612	211,955
Carbery Creameries Limited	30,779,036	22,253,059
Prepayments and accrued income	1,107,168	1,494,191
	<u>43,511,897</u>	<u>33,398,644</u>

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.

**Drinagh Co-Operative Limited**  
**Notes to the Financial Statements For the Year Ended 31 December 2021**

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

	2021 €	2020 €
Bank overdraft	-	259,134
Lease liability (note 20)	367,172	355,498
Trade creditors & accruals	16,596,858	13,944,963
Corporation tax payable	33,174	183,649
Other taxation and social security	323,521	318,160
	<u>17,320,725</u>	<u>15,061,404</u>
Included in other taxation and social security creditors are the following amounts:		
PAYE/PRSI	<u>323,521</u>	<u>318,160</u>

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 €6.8M (2020: €5.3M) 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.

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

**20 Creditors: amounts falling due after more than one year**

	2021 €	2020 €
Lease Liability	936,033	976,057
less amount falling due within one year (note 19)	(367,172)	(355,498)
	<u>568,861</u>	<u>620,559</u>
Repayable as follows:		
Between two and five years	568,861	620,559
After five years	-	-
	<u>568,861</u>	<u>620,559</u>
Total amounts falling due after more than one year	<u>568,861</u>	<u>620,559</u>

The effective rate of interest on the leases was 1.45% (2020: 2.01%). 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.

**21 Provisions for liabilities**

	<b>2021</b>	<b>2020</b>
	€	€
<b>Deferred Taxation</b>		
At 1 January	544,666	1,930,693
Charged to Consolidated Income Statement	206,777	(1,386,027)
	<u>751,443</u>	<u>544,666</u>
At 31 December	<u>751,443</u>	<u>544,666</u>

**22 Called up share capital**

Allotted, called up and fully paid shares of €1 each:

	<b>2021</b>	<b>2020</b>
	€	€
At 1 January	6,334,655	6,281,214
Bonus shares issued (see below)	95,318	93,050
Subscribed for during the year	7,275	10,096
Shares cancelled during the year	(52,675)	(49,705)
	<u>6,384,573</u>	<u>6,334,655</u>
At 31 December	<u>6,384,573</u>	<u>6,334,655</u>

The ordinary shares have no right to fixed income.

During the year the Society issued the following bonus shares

	<b>2021</b>	<b>2020</b>
	€	€
Shares issued for redemption bonus	24,390	23,051
Based on trading with the Society for 2020 (2020: for 2019):	70,928	69,999
	<u>95,318</u>	<u>93,050</u>
	<u>95,318</u>	<u>93,050</u>



## 23 Retirement benefit schemes

### Defined Benefit Pension Schemes

The Society participates in the Irish Co-operative Societies' Pension Scheme and the Dairy Executives' Pension Fund, both of which are multi-employer defined benefit schemes. Contributions to the schemes are determined with the advice of independent professionally qualified actuaries on the basis of triennial valuations using the projected unit credit method. It is not possible to identify the Society's share of the underlying assets and liabilities of these industry wide defined benefit schemes and as permitted by FRS102, the schemes are accounted for as defined contribution schemes. Contributions to the Irish Co-operative Societies' Pension Scheme completed in April 2020 and in February 2015 contributions to the Dairy Executives' Pension Fund completed. All Society scheme members of both schemes were either retired members of the schemes or deferred members of the schemes at those completion dates.

The most recent full actuarial valuation of the Irish Co-operative Societies' Pension Scheme was carried out on 1st January 2020 and the most recent full actuarial valuation of the Dairy Executives Pension Fund was carried out on 31st March 2019. An Actuarial Funding Certificate was prepared separately for each scheme effective on the valuation date confirming the respective scheme satisfied the relevant Pensions Act 1990 funding standard. A Funding Standard Reserve Certificate was also prepared separately for each scheme effective on the respective valuation date confirming the respective scheme had sufficient additional assets to satisfy the relevant 1990 Pensions Act funding standard reserve. In the most recent annual funding update the Actuary's Statement dated 24th February 2022 for the Irish Co-operative Societies' Pension Scheme confirms that the actuary is satisfied that the Scheme continued to meet the Funding Standard and the Funding Standard Reserve as at 30th June 2021; the Actuary's statement dated 28th September 2021 for the Dairy Executives Pension Fund, confirms that the actuary is satisfied that the Scheme continued to meet the Funding Standard and the Funding Standard Reserve as at 31st March 2021.

### Defined Contribution Pension Schemes

The Society operates a 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 €359,968 (2020: €447,235).

## 24 Other reserves

	Capital reserves	Redemption reserve	Fair value investment reserve	Total
	€	€	€	€
At 1 January 2021	25,598,553	126,949	1,105,844	26,831,346
Currency translation gain on net assets of associate	3,191,137	-	-	3,191,137
Issue of bonus shares	-	(24,390)	-	(24,390)
Transfer from /(to) Profit & Loss Account	-	-	419,807	419,807
	<u>28,789,690</u>	<u>102,559</u>	<u>1,525,651</u>	<u>30,417,900</u>
At 31 December 2021	<u>28,789,690</u>	<u>102,559</u>	<u>1,525,651</u>	<u>30,417,900</u>

**24 Other reserves**

**(Continued)**

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

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.

**25 Net cash flows from operating activities**

	<b>2021</b>	<b>2020</b>
	<b>€</b>	<b>€</b>
Consolidated profit for the financial year	10,495,760	8,109,089
<b>Adjustments for:</b>		
Taxation charge in the Consolidated Income Statement	3,321,745	2,247,963
Interest payable & similar charges	732,041	1,023,136
Investment & other income	(1,949,304)	(566,668)
Share of operating results of associates and joint venture	(8,846,052)	(8,512,413)
Loss / (profit) on sale of tangible fixed assets	34,984	(51,277)
Depreciation of tangible fixed assets	1,954,373	2,211,155
Amortisation of goodwill	443,225	443,225
Tax paid on operating activities (note 26)	(690,586)	(452,125)
Increase in stocks	(2,574,009)	(289,161)
Increase in debtors	(10,113,253)	(5,660,356)
Increase in creditors	2,657,256	2,440,766
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(4,533,820)</b>	<b>943,334</b>

**26 Tax paid**

	<b>2021</b>	<b>2020</b>
	<b>€</b>	<b>€</b>
Tax paid on operating activities	690,586	452,125
Tax paid on investing activities	393,160	1,121,181
	<b>1,083,746</b>	<b>1,573,306</b>

**27 Components of cash and cash equivalents**

	<b>2021</b>	<b>2020</b>
	<b>€</b>	<b>€</b>
Cash at bank and in hand	5,047,286	13,066,432
Bank overdrafts	-	(259,134)
	<b>5,047,286</b>	<b>12,807,298</b>

## 28 Capital commitments

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

	2021 €	2020 €
Contracted for:	1,474,500	677,000
Authorised but not contracted for:	148,600	40,000

## 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:

	2021 €	2020 €
<b>Financial assets at fair value through the Consolidated Income Statement</b>		
Listed fixed asset investments	6,652,318	4,475,014
Unlisted fixed asset investments	-	949,995
<b>Financial assets that are equity instruments measured at cost less impairment</b>		
Unlisted fixed asset investments	873,778	411,965
<b>Financial assets that are debt instruments measured at amortised cost</b>		
Trade debtors (including Carbery balance)	42,156,117	31,692,498
Other debtors	248,612	211,955
<b>Financial liabilities measured at amortised cost</b>		
Bank and other loans	-	259,134
Trade creditors	16,596,858	13,944,963
Obligations under finance leases	936,033	976,057



### 30 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 €2,679,089 (2020: €2,558,910) and €1,119,302 (2020: €1,105,747) respectively. At 31 December 2021 trading balances amounted to €265,679 (2020: €242,694).

Total sales to Carbery Creameries Limited for the year were €88,572,517 (2020: €78,066,923).

Board members who attend monthly, special, audit committee, investment committee and remuneration committee meetings receive a fee of €200 per full day meeting attended plus mileage allowance (both of which are subjected to PAYE, PRSI and Levies, where applicable, 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 2021 there were 12 monthly meetings, 5 special meetings, 4 audit committee meetings and 2 remuneration committee meetings. 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:
Oliver Barry	17	3,523	Investment committee
Raymond Collins	22	4,690	Audit committee (from June 21), Investment committee (until June 21) & Remuneration committee (from June 21)
William Collins	24	5,110	Audit committee
Mary Hayes (until June 21)	8	1,600	
John Hurley	21	4,487	Audit committee (from June 21)
Michéal Leahy (until June 21)	8	1,600	
Donal McCarthy	23	5,103	Investment committee (from June 21) & Remuneration committee (from June 21)
Donie O'Donovan	19	4,067	Audit committee (until June 21) & Investment committee (from June 21)
Michael John O'Donovan	19	4,044	Remuneration committee
Peadar O'Driscoll (from June 21)	11	2,500	
Finn O'Mahony (from June 21)	6	1,402	
Jerome O'Mahony	21	4,400	Audit committee (until June 21) & Remuneration committee
John O'Mahony	16	3,330	
Derry Scannell	19	4,172	
TJ Sullivan	19	4,232	Investment committee (until June 21) & Remuneration committee
		<u>54,260</u>	

### 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 2021 amounted to €839,062 (2020: €914,363).

### 31 Events after the reporting date

The Directors note that the Russian invasion of Ukraine and the continuation of the Covid-19 pandemic together have a significant impact on the world economy and potentially this could extend to the operations of the group. At this time it is not possible to determine any lasting future impact but the Society will continue to manage the constraints and customer disruptions to the best of its ability and take all necessary steps to protect the health and well being of the workforce.

In March 2022, the loan to associated undertakings, referenced in note 16 above, was repaid in full.

In March 2022, Drinagh Co-operative Limited invested €6.9M in purchasing 5% cumulative redeemable preference shares in Carbery Investments (Drinagh) Limited.

### 32 Contingent liabilities

Drinagh Co-operative GmbH, which owned the investment property referenced in note 15 above, was sold in December 2020 and this sale has been accounted for in the Financial Statements of Drinagh Co-operative Ltd based on the agreed selling price. The contract for sale includes a clause stating that the final selling price would be established based on a final Balance Sheet of the Company, as at the closing date of sale. This Balance Sheet would be prepared subsequent to closing and would then subsequently be subject to agreement as between the two parties. The resultant agreed Balance Sheet may require either party to pay over a final sum to the other party. At the date of signing of these Financial Statements, the final Balance Sheet of Drinagh Co-operative GmbH has not been agreed as between both parties. It has been the subject of an arbitration process which concluded in favour of the purchaser. The outcome of this process is subject to dispute.

### 33 Analysis of changes in net funds/(debt)

	1 January 2021 €	Cash flows €	31 December 2021 €
Cash at bank and in hand	13,066,432	(8,019,146)	5,047,286
Bank overdrafts	(259,134)	259,134	-
	<u>12,807,298</u>	<u>(7,760,012)</u>	<u>5,047,286</u>
Obligations under finance leases	(976,057)	40,024	(936,033)
	<u>11,831,241</u>	<u>(7,719,988)</u>	<u>4,111,253</u>

### 34 Approval of financial statements

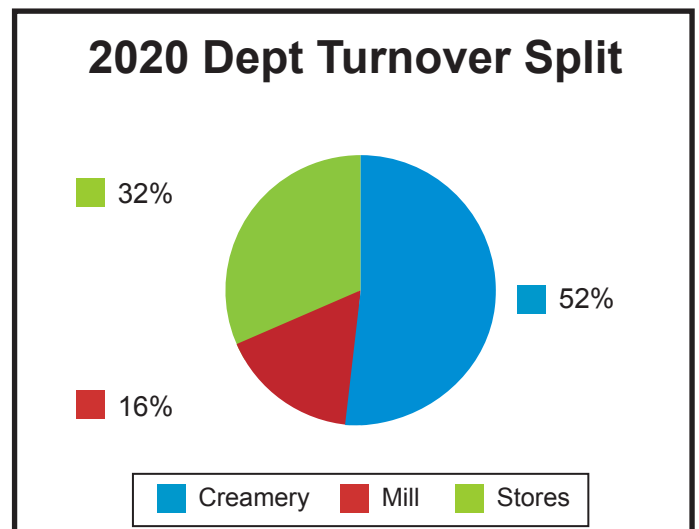
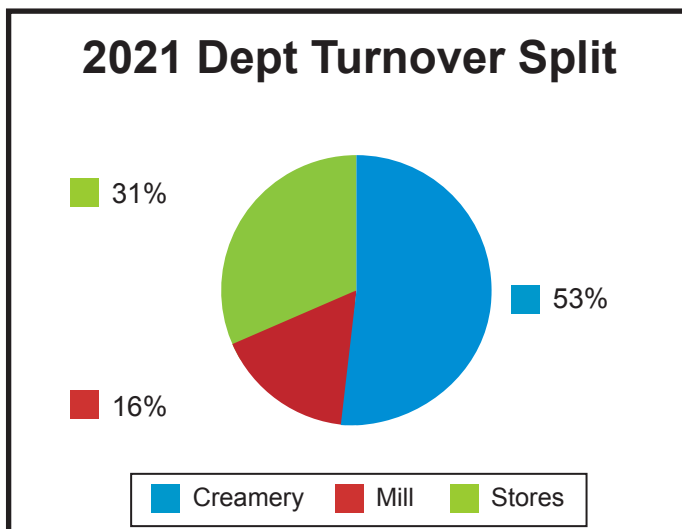
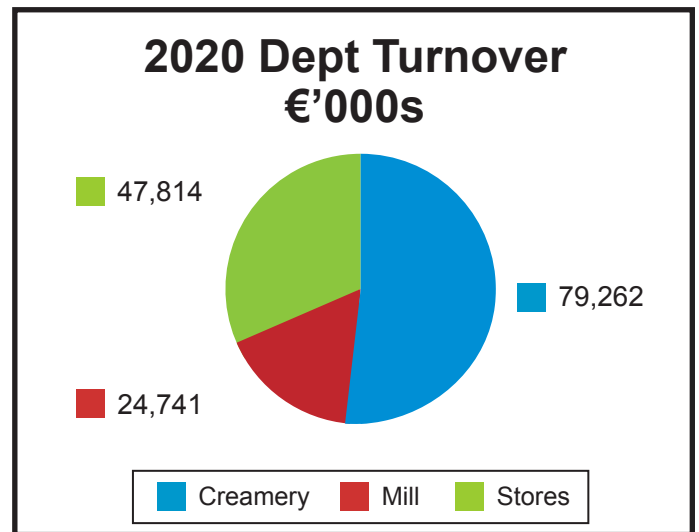
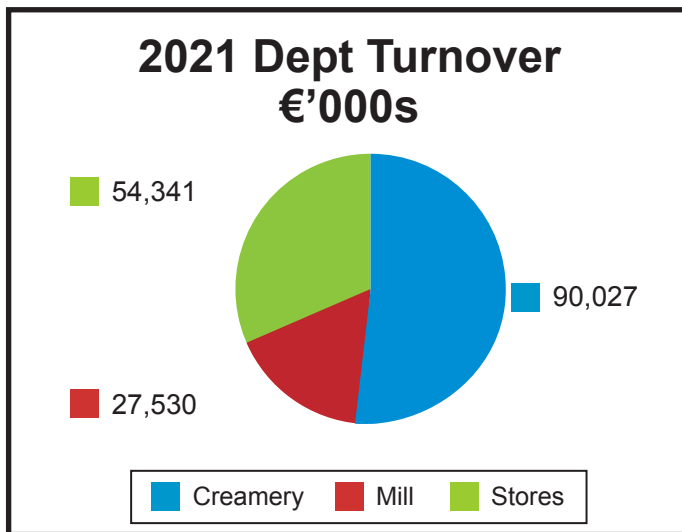
The Board of Directors approved the financial statements on the 27 April 2022.

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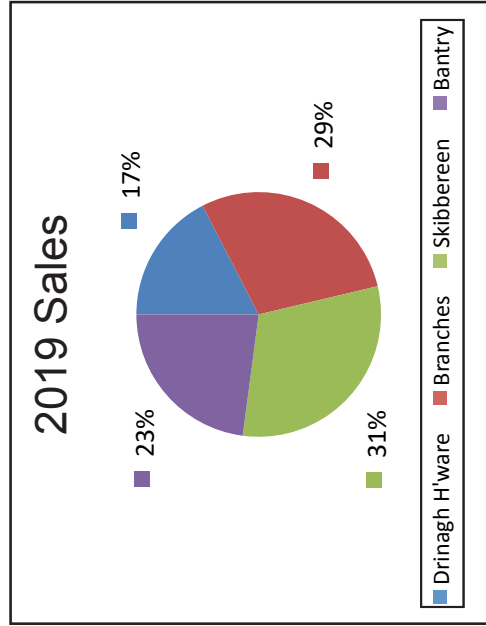
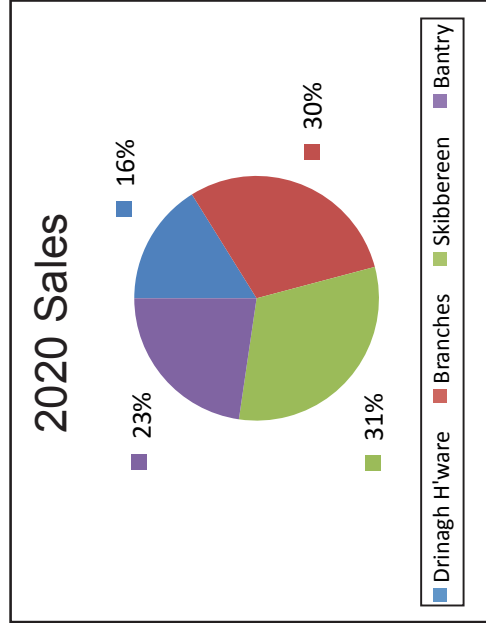
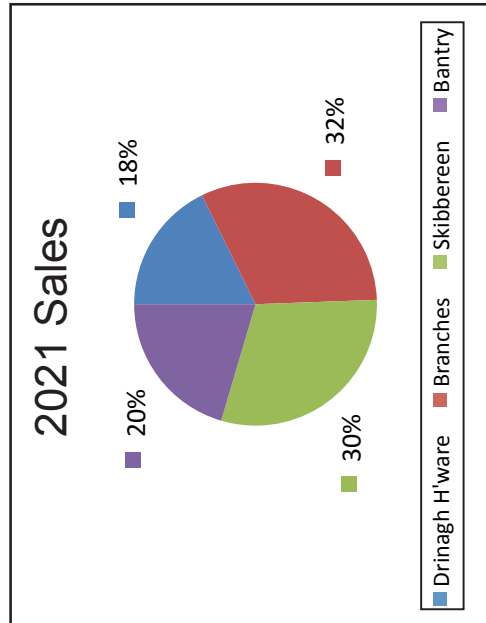
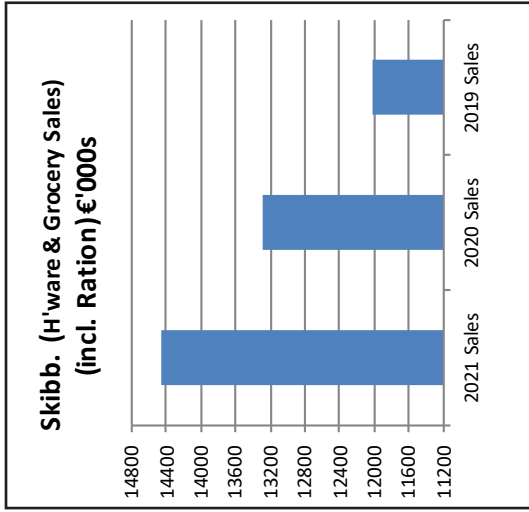
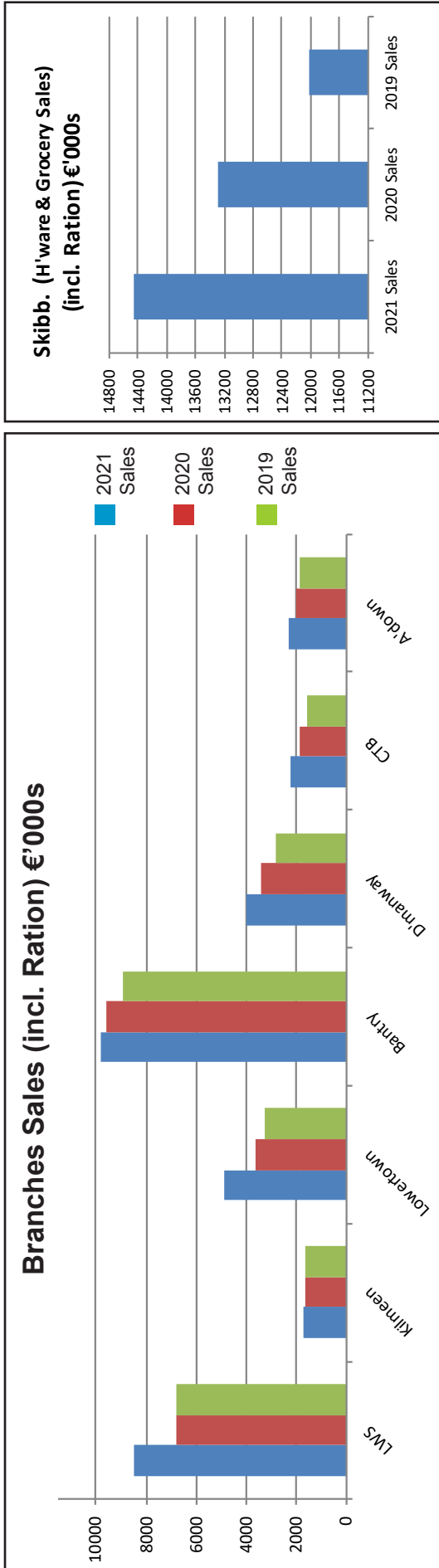
**Appendix I**  
**Group Turnover**

	2021 €	2020 €
Creamery	90,026,793	79,261,700
Mill	27,530,148	24,741,329
Stores	54,340,643	47,813,596
Other Turnover	20,674	17,751
	<u>171,918,258</u>	<u>151,834,376</u>





Appendix I contd/.... Group Turnover - Branch Sales (incl. Ration)



### Appendix II

#### Operating Costs Analysis

	2021	2020
	€	€
<u>Production Costs</u>		
Packaging	193,435	167,935
Fuel & Oil	78,774	92,368
Electricity	865,077	486,466
Laboratory Expenses	15,671	16,553
Cleaning, Protective Clothing & Pest Control	202,483	212,557
Maintenance, Repairs & Parts	709,118	628,495
	<u>2,064,558</u>	<u>1,604,374</u>
<u>Administrative Overhead</u>		
Rent, Rates & Insurance	466,507	396,870
Advertising, Printing & Stationery	120,498	162,618
Computer Services	244,443	221,411
Postage & Telephone	111,684	116,047
Audit, Legal & Consultancy	238,708	241,897
Committee Expenses	61,016	51,104
Sundries	57,697	48,414
Subscriptions	123,330	122,619
Provision for Bad Debts	-	-
	<u>1,423,883</u>	<u>1,360,980</u>

## APPENDICES

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

	2021					2020						
	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	3,754,190	8,695,044	43,190	107,818	-	12,600,242	2,587,488	8,357,753	68,189	86,471	(286,381)	10,813,520

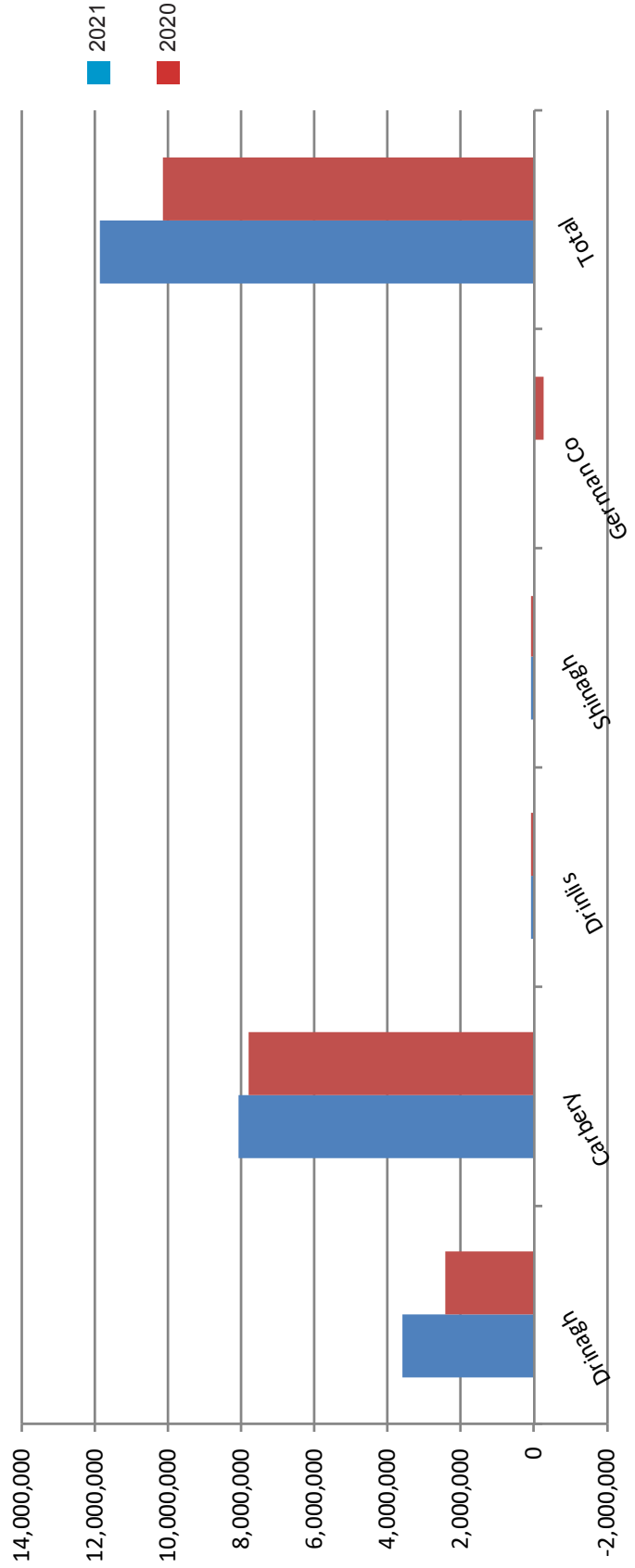
### Appendix IV Investment & Other Income

	2021					2020						
	Drinagh Co-Operative Ltd. €	Carbery €	Drinlis Properties €	Shinagh Estates €	German Subsidiary €	Total €	Drinagh Co-Operative Ltd. €	Carbery €	Drinlis Properties €	Shinagh Estates €	German Subsidiary €	Total €
Income/(Losses) from Investments	844,543	2,737	-	-	(53,338)	793,942	777,592	7,880	-	-	(1,031,247)	(245,775)
Fair Value Adjustment	1,018,937	-	-	-	-	1,018,937	344,391	-	-	-	-	344,391
Other Income	90,748	-	-	-	-	90,748	65,487	-	-	-	-	65,487
Rental Income	41,571	-	-	-	-	41,571	42,939	-	-	-	355,172	398,111
Other Finance Income	-	4,106	-	-	-	4,106	-	4,454	-	-	-	4,454
	1,995,799	6,843	-	-	(53,338)	1,949,304	1,230,409	12,334	-	-	(676,075)	566,668

Appendix V Interest Payable & Similar Charges

	2021					2020				
	Drinagh Co-Operative Ltd. €	Carbery €	Drinlis Properties €	German Subsidiary €	Total €	Drinagh Co-Operative Ltd. €	Carbery €	Drinlis Properties €	German Subsidiary €	Total €
Bank Interest & Charges	147,946	584,095	-	-	732,041	144,038	538,226	-	340,872	1,023,136

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





## APPENDICES

### Appendix VII

#### Movement in Profit & Loss Account

	2021					2020						
	Drinagh Co-Operative Ltd. €	Carbery €	Drinilis Properties €	Shinagh Estates €	German Subsidiary €	Total €	Drinagh Co-Operative Ltd. €	Carbery €	Drinilis Properties €	Shinagh Estates €	German Subsidiary €	Total €
Operating Results (App III)	3,754,190	8,695,044	43,190	107,818	-	12,600,242	2,587,488	8,357,753	68,189	86,471	(286,381)	10,813,520
Investment & Other Income (App IV)	1,995,799	6,843	-	-	(53,338)	1,949,304	1,230,409	12,334	-	-	(676,075)	566,668
Interest Payable & Similar Charges (App VI)	(147,946)	(584,095)	-	-	-	(732,041)	(144,038)	(538,226)	-	-	(340,872)	(1,023,136)
Taxation	(1,140,048)	(2,149,894)	(17,048)	(14,755)	-	(3,321,745)	(215,422)	(2,001,475)	(17,048)	(14,018)	-	(2,247,963)
Profit for the financial year	4,461,995	5,967,898	26,142	93,063	(53,338)	10,495,760	3,458,437	5,830,386	51,141	72,453	(1,303,328)	8,109,089
Dividends	(63,114)	-	-	-	-	(63,114)	(62,703)	(47,622)	-	-	-	(110,325)
Retained Profit for the Year	4,398,881	5,967,898	26,142	93,063	(53,338)	10,432,646	3,395,734	5,782,764	51,141	72,453	(1,303,328)	7,998,764
Remeasurement Gain/ (Loss) in Respect of Defined Benefit Pension Scheme	-	640,896	-	-	-	640,896	-	(124,707)	-	-	-	(124,707)
Deferred Tax on Actuarial (Gain)/Loss	-	(95,809)	-	-	-	(95,809)	-	-	-	-	-	-
Fair Value Investment Reserve Movement	(419,807)	-	-	-	-	(419,807)	1,174,001	-	-	-	-	1,174,001
Share of Hedge Instrument	-	-	-	-	-	-	-	-	-	-	-	-
Redemption Reserve Movement	-	43,086	-	-	-	43,086	(150,000)	(15,408)	-	-	-	(165,408)
Issue of Bonus Shares	(70,928)	-	-	-	-	(70,928)	(69,999)	-	-	-	-	(69,999)
Movement in Profit & Loss Account	3,908,146	6,556,071	26,142	93,063	(53,338)	10,530,084	4,349,736	5,642,649	51,141	72,453	(1,303,328)	8,812,651

### Appendix VIII

#### Annual Comparatives

Financial	2021	2020	2019	2018	2017	
Turnover	€000	171,918	151,834	142,758	148,448	134,988
Consolidated Profit for the Year after Tax	€000	10,496	8,109	10,720	5,781	9,955
Shareholders' Funds	€000	167,652	153,485	149,344	137,803	130,864
<b>Statistical</b>						
Number of Milk Suppliers	No.	536	536	540	555	566
Milk Intake	Litres (Mill.)	219.8	213.7	204.9	197.9	186.5
Average Butterfat	%	4.22	4.2	4.13	4.14	4.07
Average Protein	%	3.51	3.52	3.55	3.50	3.50