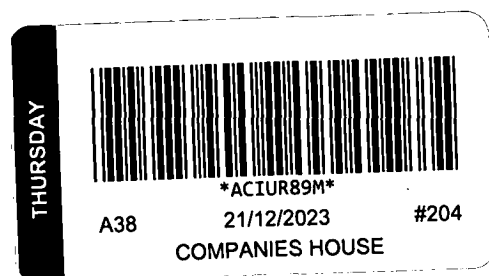


Registered number: 03388324

ORGANIC MILK SUPPLIERS CO-OPERATIVE LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**



ORGANIC MILK SUPPLIERS CO-OPERATIVE LIMITED

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ORGANIC MILK SUPPLIERS CO-OPERATIVE LIMITED

COMPANY INFORMATION

Directors

N A Kennedy
M J Anthony

Company secretary

Prima Secretary Limited

Registered number

03388324

Registered office

501 Parkway
Worle
Weston-super-Mare
Somerset
BS22 6WA

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
2 Glass Wharf
Bristol
BS2 0FR

ORGANIC MILK SUPPLIERS CO-OPERATIVE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The directors present the Strategic Report of Organic Milk Suppliers Co-operative Limited (the "Company" or "Omsco") for the year ended 31 March 2023.

Summary

The transition from what was a very difficult 2021/22, into the new trading year 2022/23 was not made any easier due to the challenges presented by the Ukrainian conflict. The conflict significantly impacted the supply chain costs for many industries and the dairy sector was not insulated from this, with all inputs, especially feed and fuel for organic farmers and fertilizer for conventional, all coming under significant pressure.

To compound this, the market moved with a high degree of volatility, with dairy businesses securing critical price increases from the market at differing speeds. This created disruption in the supply chains and specifically into the retail space where some of our customers operate.

However, even with this volatility, the Company exited the year in a better place than it entered with the strategy to work closer with partners to promote the messaging surrounding the benefits of the organic dairy to the environment continuing. This is seen as being a key part of the business strategy in 2023/24, in order to maintain the sustainable milk price being paid to Members at the year-end.

In a process of continued improvement, the business will look to enhance relationships with new and existing customers to take advantage of potential new, added-value, products and markets both in the UK and overseas for organic dairy products to maintain the organic return for Members.

Internal cost efficiencies continue to be pursued as the business looks to match the cost structure to the ongoing development and strategy. A constant analysis of costs is in place, and it is anticipated that administration/overhead costs will reduce further in 2023/24 by in the region of 20% to give a leaner, more efficient operation.

A combination of working with our partners on appropriate pricing levels, driving cost efficiencies in the Company's operations and developing further opportunities to add value to our Members' milk, will result in a sustainable return for them, thus protecting the organic milk pool now and in the long-term.

Commercial Environment

The Company entered the 2022/23 trading year with a number of challenges it had to deal with, as all businesses looked to reshape and adapt to volatile trading conditions of the previous year caused by Brexit, COVID and the Ukrainian conflict.

The trading implications of COVID diminished in 2022/23, with no significant impact seen on the operations of the business during the year. Companies are looking to hopefully move on from the pandemic and the Company will be operationally more resilient to any potential future reoccurrence.

As commented in last year's strategic report, Brexit had a negative impact on the trade conducted with Europe and the 2022/23 trading year has continued to decline. The business has yet to see any positive developments as a result of Brexit, with any potential new markets yet to appear and the export of some products still inhibited.

The main impact in 2022/23 came from the market pressures caused by the Ukrainian conflict. The unprecedented increase in costs relating to energy and commodities placed significant stress on the supply chains in the industry.

As the business exited the 2022/23 trading year, the opportunity to seek further price increases from customers had lessened as the market slowed, however, costs on farm for Members had seen no measurable reduction.

ORGANIC MILK SUPPLIERS CO-OPERATIVE LIMITED

STRATEGIC REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2023

Strategy and Trading Risks

The increase in prices to customers and the increased costs of production for our Members has not changed the strategy of the Company. The overall strategy of spreading the risk, by not being overly reliant on any one part of the business has continued, seeing it pursue a blend of brokerage and own product sales the latter including the successful launch during the year of the Grass Roots Dairy Co. brand in the UK.

Omsco continues to work with customer partners to supply quality organic dairy products from its national milk pool. The cheese business continues to develop, with the PWAB status of the product enabling it to supply the US market, with both the Kingdom Organic and British Organic Dairy Company (BODC) brands seeing strong growth. In the UK, the Grass Roots Dairy Co. cheese is beginning to gain traction in selected outlets, accompanied by Grass Roots Dairy Co. butter which was launched towards the end of the 2022/23 trading year.

The Future

As well as the continuation of the strategy to develop a more balanced liquid/product business, Omsco will seek to pursue the creation of sustainable partnerships in all aspects of its operations.

Communicating the benefits of the organic farming system is considered fundamental to developing partnerships with customers. The statistics and data from Omsco Members will be key to illustrating the benefits of the organic dairy to health and wellbeing, and the environment. The development of the COMPASS (Championing Organic Management of Pasture, Animals and Soils Sustainably) data collection tool will go a long way to achieving this.

Creating and maintaining partnerships with suppliers is seen as a critical factor for the Company to maximise the return of potential new markets that value the principles and ethics of UK organic standards.

To ensure that potential opportunities are identified and taken advantage of, the Company will continue to seek to employ the appropriate people and give them the support to carry out their duties and deliver on the strategy. The dedication and tenacity of the team through such a testing trading year was pivotal to the progression of the business and Omsco recognises and thanks them for their continued input.

Banking

The Company's long term banking facility established in 2019 continues to support the business. The Company is working closely with its bankers to ensure that the facility develops in line with the strategy to achieve a balanced business with a number of income streams. The bank remains supportive of the strategy and the move to increase the messaging of the benefits of organic dairy.

The financial statements on pages 11 to 28 were approved by the Board of Directors on 6 July 2023 and signed on its behalf by:



N A Kennedy
Director

Date: 6 July 2023

ORGANIC MILK SUPPLIERS CO-OPERATIVE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The directors present their annual report and the audited financial statements for Organic Milk Suppliers Co-operative Limited (the "Company" or "Omsco") for the year ended 31 March 2023.

Principal activities

The principal activity of the Company is the processing and selling of organic milk and associated processed dairy products

Results and dividends

The loss for the financial year amounted to £78,000 (2022: profit £17,000).

The directors have not recommended a dividend (2022: £Nil).

Directors

The directors who served during the year and up to the date of signing the financial statements, unless otherwise stated, were:

D A J Williams	(resigned 31 March 2023)
A Grist	(resigned 13 June 2022)
N A Kennedy	
M J Anthony	(appointed 31 March 2023)

Going concern

The directors have considered the financial position of the Company and have concluded that the Company will continue to meet its liabilities as they fall due for the foreseeable future and hence the financial statements are prepared on a going concern basis.

Future developments

The future developments are included in the Strategic Report on page 3.

Post balance sheet events

The directors' do not have any post balance sheet events of significance to report on.

Financial risk management

In addition to the "Strategy and Trading Risks" highlighted in the Strategic Report, the Group looks to mitigate financial risk in the below areas.

Cash flow risk

The Board monitors the level of available cash in the business, working with banks and providers of finance to ensure that sufficient funds exist for working capital, payroll and tax requirements and payments to members.

Credit risk

Procedures are in place that monitor the credit status of both new and existing customers and the use of credit insurance is also in place to reduce the risk of unforeseen customer default.

ORGANIC MILK SUPPLIERS CO-OPERATIVE LIMITED

DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2023

Financial risk management (continued)

Currency risk

The business has a policy of using hedging instruments to mitigate movements of the US Dollar with sales of goods to the USA.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

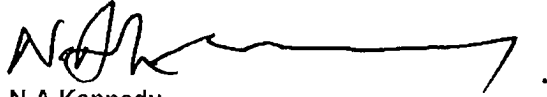
- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

ORGANIC MILK SUPPLIERS CO-OPERATIVE LIMITED
DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2023

The financial statements on pages 11 to 28 were approved by the Board of Directors on 6 July 2023 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'N A Kennedy', followed by a long horizontal line extending to the right.

N A Kennedy
Director

Date: 6 July 2023

ORGANIC MILK SUPPLIERS CO-OPERATIVE LIMITED

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF ORGANIC MILK SUPPLIERS CO-OPERATIVE LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Organic Milk Suppliers Co-operative Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 March 2023; the Profit and Loss Account, the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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 on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

ORGANIC MILK SUPPLIERS CO-OPERATIVE LIMITED

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF ORGANIC MILK SUPPLIERS CO-OPERATIVE LIMITED (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 March 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the 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 in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

ORGANIC MILK SUPPLIERS CO-OPERATIVE LIMITED

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF ORGANIC MILK SUPPLIERS CO-OPERATIVE LIMITED (continued)

Responsibilities for the financial statements and the audit (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management and those charged with governance to enquire of any known instances of non compliance with laws and regulations or fraud;
- Reading board minutes for evidence of breaches of laws and regulations and reading relevant correspondence;
- Challenging assumptions and judgements made by management in their significant accounting estimates;
- Identifying and testing journal entries, in particular journal entries posted with unexpected account combinations; and
- Incorporating unpredictability into the nature, timing and/or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

ORGANIC MILK SUPPLIERS CO-OPERATIVE LIMITED
INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF ORGANIC
MILK SUPPLIERS CO-OPERATIVE LIMITED (continued)

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Stephen Patey (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol

Date: 28 July 2023

ORGANIC MILK SUPPLIERS CO-OPERATIVE LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 £'000	2022 £'000
Turnover	4	67,042	77,630
Cost of sales		(65,749)	(76,422)
Gross profit		1,293	1,208
Administrative expenses		(1,105)	(1,120)
Operating profit	5	188	88
Interest payable and similar expenses	8	(295)	(64)
(Loss)/profit before taxation		(107)	24
Tax on (loss)/profit	9	29	(7)
(Loss)/profit for the financial year		(78)	17

The notes on pages 15 to 28 form part of these financial statements.

ORGANIC MILK SUPPLIERS CO-OPERATIVE LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023


	Note	2023 £'000	2022 £'000
(Loss)/profit the financial year		(78)	17
Other comprehensive income for the financial year			
Effective portion of changes in fair value of cash flow hedges	18	57	5
Other comprehensive income for the financial year		57	5
Total comprehensive (expense)/income for the financial year		(21)	22

The notes on pages 15 to 28 form part of these financial statements.

ORGANIC MILK SUPPLIERS CO-OPERATIVE LIMITED**REGISTERED NUMBER: 03388324****BALANCE SHEET****AS AT 31 MARCH 2023**

	Note	2023 £'000	2022 £'000
Fixed assets			
Intangible assets	10	12	12
Tangible assets	11	27	47
Investments	12	61	57
		100	116
Current assets			
Stock	13	6,869	4,244
Debtors: amounts falling due within one year	14	11,146	10,054
Cash at bank and in hand	15	60	119
		18,075	14,417
Creditors: amounts falling due within one year	16	(16,158)	(12,490)
Net current assets		1,917	1,927
Total assets less current liabilities		2,017	2,043
Creditors: amounts falling due after more than one year	17	(61)	(56)
Provisions for liabilities			
Deferred taxation	19	—	(10)
Net assets		1,956	1,977
Capital and reserves			
Called up share capital	20	1	1
Capital redemption reserve	21	16	16
Cashflow hedge reserve	21	—	(57)
Profit and loss account	21	1,939	2,017
Total shareholders' funds		1,956	1,977

The financial statements on pages 11 to 28 were approved by the Board of Directors on 6 July 2023 and signed on its behalf by:



N A Kennedy
Director

The notes on pages 15 to 28 form part of these financial statements.

ORGANIC MILK SUPPLIERS CO-OPERATIVE LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023

	Called up share capital £'000	Capital redemption reserve £'000	Cashflow hedge reserve £'000	Profit and loss account £'000	Total shareholders' funds £'000
At 1 April 2021	1	16	(62)	2,000	1,955
Comprehensive income for the financial year					
Profit for the financial year	–	–	–	17	17
Effective portion of changes in fair value of cash flow hedges	–	–	5	–	5
Other comprehensive income for the financial year	–	–	5	–	5
Total comprehensive income for the financial year	–	–	5	17	22
At 31 March 2022 and 1 April 2022	1	16	(57)	2,017	1,977
Comprehensive expense for the financial year					
Loss for the financial year	–	–	–	(78)	(78)
Effective portion of changes in fair value of cash flow hedges	–	–	57	–	57
Other comprehensive income for the financial year	–	–	57	–	57
Total comprehensive expense for the financial year	–	–	57	(78)	(21)
At 31 March 2023	1	16	–	1,939	1,956

The notes on pages 15 to 28 form part of these financial statements.

ORGANIC MILK SUPPLIERS CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

1 General information

The principal activity of Organic Milk Suppliers Co-operative Limited (the "Company" or "Omsco") is the processing and selling of organic milk and associated processed dairy products.

The Company is a private company limited by shares and is incorporated and domiciled in the United Kingdom. The address of its registered office is 501 Parkway, Worle, Weston-super-Mare, Somerset, BS22 6WA.

2 Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. (see note 3).

The following principal accounting policies have been applied consistently throughout the year:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d); the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Omsco Group Limited as at 31 March 2023 and these financial statements may be obtained from 501 Parkway, Worle, Weston-super-Mare, Somerset, BS22 6WA.

2.3 Going concern

The directors have considered the financial position of the Company and have concluded that the Company will continue to meet its liabilities as they fall due for the foreseeable future and hence the financial statements are prepared on a going concern basis.

2.4 Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to customers for goods supplied during the year and is recognised at the point at which the risks and rewards of ownership transfer to the customer.

ORGANIC MILK SUPPLIERS CO-OPERATIVE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2023

2 Accounting policies (continued)

2.5 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.6 Tangible assets

Tangible assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Where parts of an item of tangible assets have different useful lives, they are accounted for as separate items of tangible assets.

The Company assesses at each reporting date whether tangible assets are impaired.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. Leased assets are depreciated over the shorter of the lease term and their useful lives.

Depreciation is provided on the following basis:

Leasehold property improvements	– Period of the lease
Plant and equipment	– 4 years
Furniture and fixtures	– 7 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Profit and Loss Account.

2.7 Investments

These are separate financial statements of the Company. Investments in subsidiaries are measured at cost less accumulated impairment.

2.8 Stocks

The directors considered it appropriate to change the basis upon which stock values are calculated due to the volatility of milk costs and processing fees during the year.

Stocks continue to be stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Valuation is based on the actual in-month raw material and processing costs, combined with an allocation of overhead and transport costs based on normal operating capacity.

ORGANIC MILK SUPPLIERS CO-OPERATIVE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2023

2 Accounting policies (continued)

2.9 Debtors

Trade and other debtors are recognised initially at transaction price, less attributable transaction costs.

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash balances.

2.11 Financial instruments

The Company has elected to apply the provisions of Sections 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' (where applicable) of FRS 102 to all of its financial instruments.

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and Loss Account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an 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.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The Company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

2.12 Creditors

Trade and other creditors are recognised initially at transaction price plus attributable transaction costs.

ORGANIC MILK SUPPLIERS CO-OPERATIVE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2023

2 Accounting policies (continued)

2.13 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and Loss account except where deferred in other comprehensive income as qualifying cash flow hedges.

2.14 Finance costs

Interest payable and similar charges include interest payable recognised in the Profit and Loss Account using the effective interest method, and net foreign exchange losses that are recognised in the Profit and Loss Account.

2.15 Operating leases: the Company as lessee

Payments (excluding costs for services and insurance) made under operating leases are recognised in the Profit and Loss Account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred.

2.16 Pensions

Defined contribution pension plan

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the Profit and Loss Account in the periods during which services are rendered by employees.

2.17 Interest income

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains. Interest income is recognised in the Profit and Loss Account using the effective interest method.

ORGANIC MILK SUPPLIERS CO-OPERATIVE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2023

2 Accounting policies (continued)

2.18 Provisions for liabilities

A provision is recognised in the Balance Sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

2.19 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date in the countries where the Company operates and generates income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

2.20 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

ORGANIC MILK SUPPLIERS CO-OPERATIVE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2023

3 Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgements

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

(i) Hedge accounting and consideration of the fair value of derivative financial instruments

The Company uses derivative financial instruments to hedge certain economic exposures in relation to movements in foreign exchange rates as compared with the position that was expected at the date the underlying transaction being hedged was entered into. The Company fair values its derivative financial instruments and records the fair value of those instruments on its Balance Sheet. No market prices are available for these instruments and consequently the fair values are derived using financial models based on counterparty information that is independent of the Company. There is also a judgement on whether an economic hedge relationship exists in order to achieve hedge accounting. Appropriate documentation has been prepared detailing the economic relationship between the hedging instrument and the underlying forecast transactions being hedged.

(ii) Processed dairy products

The Company has entered into sale and buy back arrangements as part of its dairy business. Given the nature of these contracts there is significant judgement involved as to what point to recognise revenue based on whether the risks and rewards of ownership have passed to the customer.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty are as follows:

Stock

The Company holds its stock at the lower of cost and net realisable value. The cost of stock is based on the actual in month price of milk purchased from members. Net realisable value is also an estimate given that the obtainable price for processed dairy products is dependant on the market in which they can be subsequently sold.

ORGANIC MILK SUPPLIERS CO-OPERATIVE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2023

4 Turnover

An analysis of turnover by class of business is as follows:

	2023 £'000	2022 £'000
Liquid milk	49,528	52,457
Processed dairy products	17,367	25,173
Other	147	—
	67,042	77,630

Analysis of turnover by country of destination:

	2023 £'000	2022 £'000
United Kingdom	60,419	60,925
Europe	3,035	6,610
Rest of the World	3,588	10,095
	67,042	77,630

5 Operating profit

The operating profit is stated after charging:

	2023 £'000	2022 £'000
Depreciation of tangible assets	23	27
Operating lease rentals	70	42

6 Auditors' remuneration

	2023 £'000	2022 £'000
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	22	26
Fees payable to the Company's auditors in respect of:		
Taxation compliance services - United Kingdom	6	7
All other services	4	4
	10	11

ORGANIC MILK SUPPLIERS CO-OPERATIVE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2023

7 Employees

Payroll costs, including directors' remuneration, were as follows:

	2023	2022
	£'000	£'000
Wages and salaries	435	438
Social security costs	47	45
Other pension costs	21	23
	503	506

Staff are employed by, and all staff costs are initially borne by, the Company and are then recharged to the Group undertaking.

All payroll costs relating to all directors are borne by the Company and recharged to the Group undertaking. 2 directors of the Group undertaking were also directors of the Company during the year.

These figures exclude amounts paid to directors as consultancy fees.

The average monthly number of employees during the year was as follows:

	2023	2022
	Number	Number
Administrative staff	7	7

8 Interest payable and similar expenses

	2023	2022
	£'000	£'000
Bank interest payable	107	56
Foreign exchange losses	188	8
	295	64

9 Tax on (loss)/profit

	2023	2022
	£'000	£'000
Corporation tax		
Adjustments in respect of prior years	(3)	6
Total current tax	(3)	6
Deferred tax		
Origination and reversal of timing differences	(20)	(2)
Impact of changes in tax rate	(6)	3
Total deferred tax	(26)	1
Total tax	(29)	7

ORGANIC MILK SUPPLIERS CO-OPERATIVE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2023

9 Tax on (loss)/profit

Factors affecting tax (credit)/charge for the year

The tax assessed for the year is lower than (2022: higher than) the standard rate of corporation tax in the UK of 19.00% (2022: 19.00%). The differences are explained below:

	2023 £'000	2022 £'000
(Loss)/profit before taxation	(107)	24
(Loss)/profit before taxation multiplied by standard rate of corporation tax of 19.00% (2022: 19.00%)	(20)	5
Effects of:		
Adjustments in respect of prior years	(3)	–
Tax rate changes	(6)	2
Total tax (credit)/charge for the financial year	(29)	7

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Act 2021 (published on 24 May 2021, with royal assent received on 10 June 2021). This confirmed an increase to the corporation tax rate to 25% with effect from 1 April 2023. Deferred taxes at the Balance Sheet date have been calculated based on the corporation tax rate of 25% that is enacted at the reporting date.

10 Intangible assets

	Trademarks £'000
Cost	
At 1 April 2022	12
At 31 March 2023	12
Accumulated amortisation	
At 1 April 2022	–
Amortisation charge	–
At 31 March 2023	–
Net book value	
At 31 March 2023	12
At 31 March 2022	12

ORGANIC MILK SUPPLIERS CO-OPERATIVE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2023

11 Tangible assets

	Leasehold property improvements £'000	Plant and equipment £'000	Furniture and fixtures £'000	Total £'000
Cost				
At 1 April 2022	24	222	58	304
Additions	–	–	3	3
At 31 March 2023	24	222	61	307
Accumulated depreciation				
At 1 April 2022	18	191	48	257
Charge for the year	3	13	7	23
At 31 March 2023	21	204	55	280
Net book value				
At 31 March 2023	3	18	6	27
At 31 March 2022	6	31	10	47

Security

There exists a charge over all assets of the Company including fixed assets in respect of banking facilities.

12 Investments

	Trade investments £'000
Cost	
At 1 April 2022	57
Additions	4
At 31 March 2023	61

13 Stocks

	2023 £'000	2022 £'000
Finished goods	6,869	4,244

ORGANIC MILK SUPPLIERS CO-OPERATIVE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2023

14 Debtors: amounts falling due within one year

	2023	2022
	£'000	£'000
Trade debtors	5,754	7,644
Amounts owed by group undertakings	5,297	2,344
VAT recoverable	6	14
Prepayments and accrued income	73	52
Deferred tax asset	16	–
	11,146	10,054

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

15 Cash at bank and in hand

	2023	2022
	£'000	£'000
Cash at bank and in hand	60	119

16 Creditors: amounts falling due within one year

	2023	2022
	£'000	£'000
Trade creditors	581	1,464
Amounts owed to group undertakings	10,934	8,023
Asset based lending facility	4,329	2,254
Corporation tax	–	7
Derivatives	–	57
Accruals and deferred income	314	685
	16,158	12,490

The asset based lending facility is secured on the trade debtors and stocks of the Company.

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

17 Creditors: amounts falling due after more than one year

	2023	2022
	£'000	£'000
Other creditors	61	56

ORGANIC MILK SUPPLIERS CO-OPERATIVE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2023

18 Financial instruments

	2023 £'000	2022 £'000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	11,051	9,988
Financial liabilities		
Derivative financial instruments measured at fair value through profit or loss held as part of a trading portfolio	–	(57)
Financial liabilities measured at amortised cost	(16,219)	(12,482)
	(16,219)	(12,539)

Financial assets measured at amortised cost comprise trade debtors and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise asset based lending facility, trade creditors, amounts owed to group undertakings, other creditors and accruals.

Hedge accounting

The following table indicates the periods in which the cash flows associated with cash flow hedging instruments are expected to occur as required by FRS 102.29(a) for the cash flow hedge accounting models.

The Company has exposure to foreign exchange risk from future foreign currency sales. A combination of forward exchange contracts and time options are used to mitigate the risk of fluctuating exchange rates and therefore protect member returns. The fair value of these instruments at 31 March 2023 is £Nil (2022: £57,000 unfavourable).

Fair values

The amounts for all financial assets and financial liabilities carried at fair value are as follows:

	2023 £'000	2022 £'000
Derivatives	–	57

ORGANIC MILK SUPPLIERS CO-OPERATIVE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2023

19 Deferred taxation

	2023 £'000
At beginning of year	10
Credited to profit and loss	(26)
At end of year	(16)

The provision for deferred taxation is made up as follows:

	2023 £'000	2022 £'000
Difference between accumulated depreciation and capital allowances	6	11
Short term timing differences	(1)	(1)
Losses	(21)	–
	(16)	10

20 Called up share capital

	2023 £'000	2022 £'000
Allotted, called up and fully paid		
2,130 (2022: 2,130) Ordinary shares of £0.50 each (2022: £0.50) each	1	1

Share rights

Ordinary shares provide full equal voting, dividend and distribution rights.

21 Reserves

Capital redemption reserve

The capital redemption reserve represents the nominal value of share capital allotted and subsequently repurchased by the Company, less any capital reductions made.

Profit and loss account

The Profit and Loss Account represents the accumulated profits, losses and distributions of the Company.

Cash flow hedge reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred. At 31st March 2023, no hedging instruments were in place.

ORGANIC MILK SUPPLIERS CO-OPERATIVE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2023

22 Pension commitments

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £21,000 (2022: £23,000)

23 Commitments under operating leases

At 31 March the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2023	2022
	£'000	£'000
Not later than 1 year	48	70
Later than 1 year and not later than 5 years	10	110
	58	180

24 Related party transactions

The Company is exempt from disclosing its related party transactions during the year ended 31 March 2023 as they are with a wholly owned subsidiary or with members of the same group.

25 Ultimate parent undertaking and controlling party

The shares of the Company are wholly owned by Omsco Group Limited.

The ultimate parent undertaking and the smallest and largest group to consolidate is Omsco Group Limited. Copies of Omsco Group Limited consolidated financial statements can be obtained from the 501 Parkway, Worle, Weston-super-Mare, Somerset, BS22 6WA.