

Dairygold Food Ingredients (UK) Limited
Annual report and financial statements
for the financial year ended 31 December 2022

Registered number: 01514948

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DAIRYGOLD FOOD INGREDIENTS (UK) LIMITED
REPORTS AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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DAIRYGOLD FOOD INGREDIENTS (UK) LIMITED
DIRECTORS AND PROFESSIONAL ADVISORS

DIRECTORS

Mr C. Galvin
Mr J. O'Gorman (resigned 31/12/2022)
Mr P. Clancy (resigned 13/01/2023)
Mr S. O'Brien (appointed 04/01/2023)
Mr G. O'Dwyer (appointed 13/01/2023)

SECRETARY

Ms. A. Fogarty

REGISTERED OFFICE

Lancaster Fields
Crewe Gates Farm Industrial Estate
Crewe
Cheshire
CW1 6FU

INDEPENDENT AUDITOR

PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm.
One Bank Place
Charlotte's Quay
Limerick
Ireland

BANKERS

Allied Irish Bank Group (UK) Plc.
City Business Centre
25 Finsbury Square
London
EC2A 1DS

SOLICITORS

Osborne Clarke Partnership
2 Temple Back East
Temple Quay
Bristol
BS1 6EG

DAIRYGOLD FOOD INGREDIENTS (UK) LIMITED

STRATEGIC REPORT

The Directors present their strategic report on the Company for the financial year ended 31 December 2022

Review of the business

The Company is a wholly owned subsidiary of Dairygold Holdings (UK) Limited whose ultimate parent undertaking is Dairygold Co-Operative Society Limited a society registered in the Republic of Ireland under the Industrial and Provident Societies Acts 1893 to 2021

The Company carries on business as suppliers and processors of cheese and cheese products to the manufacturing, wholesale and retail trades. There have not been any significant changes in the Company's principal activities during the year under review and the Directors are not aware, at the date of this report, of any likely changes in the Company's activities

The Directors primarily measure the performance and development of the business by reference to turnover and profitability, and these are considered to be the Key Performance indicators (KPI's) of the business. As shown in the Company's Statement of Comprehensive Income on page 12, the Company's turnover has increased by 50.5% compared to the prior year, principally due to increased sales pricing, which was required to offset the 54.7% increase in cost of sales. Operating profit has increased by 56.4% to £3,575,615 (2021: £2,285,939) which predominantly is a result of increased volume and continuation of tight cost control implemented as a result of Covid trading

The Statement of Financial Position shows an increase in net assets at the year-end of 15.0% to £15,647,956 (2021: £13,601,986). The movement in shareholders' funds is consistent with the retained profit for the current year, as there were no dividends paid (2021: £nil).

Section 172(1) statement

From the perspective of the board, the directors are satisfied that the matters which it is responsible for considering under Section 172(1) of the Companies Act 2006 ('s172') have been considered to an appropriate extent. These include addressing:

- the issues, factors and stakeholders, the directors consider relevant in complying with section 172(1) (a) to (f) and how they have formed that opinion;
- the main methods the directors have used to engage with stakeholders and understand the issues to which they must have regard; and
- information on the effect that regard on the Company's decisions and strategies during the financial year

The Company is a wholly owned subsidiary of Dairygold Holdings (UK) Limited whose ultimate parent undertaking is Dairygold Co-Operative Society Limited, a society registered in the Republic of Ireland under the Industrial and Provident Societies Acts 1893 to 2018. The Company seeks to maintain a reputation for high standards of business conduct with all stakeholders. The board of directors of Dairygold Food Ingredients (UK) Limited, together with the board of its parent society, are satisfied they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Companies Act, 2006) in the decisions taken during the year ended 31 December 2022 as follows

Employee engagement

The company uses a variety of methods to enable all of its employees to understand the performance of the company and of their own operating site. These include briefing groups, meetings with employee representatives and company newsletters. Employees are consulted on a wide range of issues affecting their current and future interests, and particularly on changes affecting their company. Employee surveys are used to gain valuable feedback. A colleague representative group is in place to facilitate regular communication with colleagues on a range of topics. A monthly management meeting and onward team cascade process ensures that regular business information is shared and two-way dialogue is encouraged for all colleagues in all parts of the Company. These processes are subject to continual review and improvement. Our employment policies are regularly reviewed to ensure they are simple, helpful and trusted to enable an honest and transparent employment culture. A robust induction procedure ensures communication and understanding of policies from day one and regular updates are communicated as required.

Equal opportunities

Dairygold is opposed to all forms of unlawful and unfair discrimination, recognising that the provision of equal opportunities in the workplace is good management practice and good business sense. Equal opportunities means that those who work for us can reach their full potential. The Company is committed to equality of opportunity amongst its employees. Recruitment, pay and conditions, training and career development policies are based solely on ability, without regard to gender, race, age, disablement, marital status or religion. To this end, in late 2022 we engaged all colleagues to complete a 'Culture Survey' the results of which are being used to inform a refresh of our DE&I policy.

Learning and development

Dairygold Food Ingredients (UK) Limited are committed to ensuring that all colleagues are provided with the necessary training to enable them to perform their roles safely, to the highest standards and in accordance with relevant company policy and procedures. We ensure that appropriate documentation and procedures exist to support a regular review of training needs and delivery of appropriate training and development activities. Succession Planning ensures that colleague performance and potential can be realised through targeted development activity. Mandatory development is planned to ensure compliance with relevant statutory obligations.

Health and safety

Dairygold Food Ingredients (UK) Limited fully recognises and complies with the duties placed upon it under the Health and Safety at Work Act 1974 and all other relevant legislation to ensure a safe and healthy working environment. It also recognises the duty it has not only to staff, but also to customers, visitors and contractors and to any others who may be affected by its activities. The company uses risk assessment principles to manage Health and Safety risks. The company has a central Health and Safety and Environmental team who provide support to the UK sites.

Community involvement

Dairygold Food Ingredients (UK) Limited has two manufacturing sites in the UK. The company endeavours to be a 'good neighbour' in positively exercising its responsibilities towards the wider community.

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Ethical trading

The company's Code of Ethics and Business Conduct policy is built on its core values and highlights the principles that guide 'how it does business'. The company's leadership and management team have an obligation to understand and consider this, and ensure they both act in a manner that avoids any improper, illegal or unethical actions and also to champion this behaviour within the teams they manage. The company's code of practise is not limited to the policies and procedures which the company is committed to delivering, but also to ensuring that when its customers buy its products they are buying goods produced without exploitation and in acceptable working conditions and that the company conducts its business with integrity and respect. Through these relationships, the company aims to provide customer confidence in its products, ensuring they are of a consistent high quality and that everyone in the supply chain is treated with honesty, fairness and respect.

Environmental responsibility and Sustainability

The company continues to recognise that its operations have a direct and indirect impact on both the wider environment and the environments in which it operates. The company has created a comprehensive sustainability strategy that has ten mission critical goals contained within four overarching strategic pillars: we are 'All In' for the Planet, Humanity, The Future of Food, and Together. The strategy contains clear roadmaps, actions and initiatives and a comprehensive governance and reporting structure to ensure that we track our progress against our baseline position on each element of our journey to Carbon Net Zero.

Principal risks and uncertainties

Competitive pressure in the food manufacturing and retail sector is a continuing risk for the Company, which could result in the Company losing sales to its competitors. The Company manages this risk by providing a range of add-on services and support to its customers in the form of technical support, customer service, new product development, market trends and knowledge. The business is a commodity business and the Company seeks to manage this risk through its integration with the Group. Commodity product prices are based on the market benchmarks with inflationary changes being passed on to customers at agreed price cycles.

The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the Statement of Financial Position are net of allowances for doubtful receivables. The risk and its potential impact on cash flow, is carefully managed by way of credit scoring, credit insurance and close control of receivable balances.

The UK vote to leave the EU continues to present a challenge to the Company and the Dairygold Co-Operative Society Limited group. A substantial portion of the Company's raw materials comes from Ireland and the potential cost of import tariffs have the potential to make Irish imports uncompetitive in the UK.

The United Kingdom ("UK") left the European Union ("EU") on 31 January 2020, which saw the UK leave the EU institutions but remained under most EU rules. Following on from the United Kingdom ("UK") leaving the European Union in 2020, the Board has determined that, as the existing relationship continues and no adjustments are deemed necessary in the financial statements for the year ended 31 December 2022.

The COVID-19 situation has matured and while the situation continues to be monitored, its potential to have a significant impact on the business has lessened.

The ongoing war in Ukraine and the resulting disruption, including to supply chains, will significantly affect both the availability and cost of a large range of inputs. The resulting inflation, which is already being felt at farm and factory level, will create challenges for profitability in the entire value chain. This is an evolving and uncertain situation that we will continue to monitor.

Future developments

Regarding future prospects, the Directors consider that the Company remains competitive and is well placed to leverage its product quality and delivery capability.

Dairygold's UK business is heavily dependent on the foodservice and hospitality sectors and faced very challenging market environments throughout the COVID-19 pandemic. However, in 2022 the business performed in line with expectations, delivering a good return while also being a strategically important route to market for Dairygold cheese. The food service sector has continued to recover from the effects of COVID-19 and expectations are that demand in this sector will revert to pre-pandemic levels in the medium term.

Dairygold continues to support its UK businesses with the capital investment required to further develop and grow. To that end, 2022 saw the completion of a £2m capital investment programme at its cheese formatting facility in Crewe with the commissioning of robotic packing equipment to deliver improved productivity and product quality. Further investment has been earmarked for Crewe, to reinforce the site's market leading position in cheese formatting and placing the business in an excellent position to deliver on its growth ambition. In addition, potential acquisition opportunities are being explored to further develop and grow the business.

In 2022, Dairygold Co-Operative Society carried out a Strategic Review, across all its operations including Dairygold Food Ingredients (UK) Limited, to reflect, align and reconnect its strategic direction, taking into account the shifts in consumer trends and preferences, global market dynamics and the increased focus on the environment and sustainability. The Senior Leadership Team, along with colleagues from across the business completed this review, to determine the future ambition and direction for the Society and group, as result Dairygold will focus its efforts across its five key strategic pillars, of core business stability, business growth and margin improvement, sustainability and environmental impact, people and culture and financial delivery and governance.

Approved by the Board of Directors
and signed on behalf of the Board

Ms A. Fogarty
Group Company Secretary

Date

Anna Fogarty

16 June 2023

DAIRYGOLD FOOD INGREDIENTS (UK) LIMITED
DIRECTORS' AND SECRETARY REPORT

The Directors present their annual report on the affairs of the Company, together with the audited financial statements and auditors' report for the financial year ended 31 December 2022

In preparing this Directors' Report the Directors have complied with S414C(11) of the Companies Act 2006 by including certain disclosures required by S416(4) within the Strategic Report

Going concern

The Directors have a reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in note 2 in the notes to financial statements.

Future developments

Details regarding future developments can be found in the Strategic Report on Page 5.

Dividends

No dividends were paid during the year and there is no recommendation to pay a dividend (2021: £nil).

Directors and secretary

The Directors, who served throughout the year except as noted, were as follows:

Mr C Galvin	
Mr J O'Gorman	Resigned 31st December 2022
Mr P Clancy	Resigned 13th January 2023
Mr S O'Brien	Appointed 4th January 2023
Mr G O'Dwyer	Appointed 13th January 2023

Ms A. Fogarty as secretary

Directors' indemnities

None

Political donations

In the current year the Company made no political donations (2021: £nil).

Business relationships

The company's statement of engagement with suppliers, customers and others in a business relationships with the company is set out as part of the s172(1) statement in the Strategic Report.

Disclosure of information to auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

So far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and

The Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Financial risk management

The Company's operations expose it to a variety of financial risks that include credit risk, liquidity and cashflow risk. The Company in conjunction with its ultimate parent undertaking, Dairygold Co-Operative Society Limited, has in place a risk management programme that seeks to manage the financial exposures of the Company.

The policies are set by the board of Directors and are implemented by the Company's finance department. Dairygold has a policy and procedures manual that sets out specific guidelines to manage credit risk and other financial risks and circumstances where it would be appropriate to use financial instruments to manage these.

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DAIRYGOLD FOOD INGREDIENTS (UK) LIMITED
DIRECTORS' AND SECRETARY REPORT

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Credit risk

The Company has implemented policies that require appropriate credit checks on third party customers before credit sales are made

Liquidity & cashflow risk

The Company is equity financed and has no external debt. Sufficient funds are made available to the Company for operations and planned expansions through intercompany funding

Research and Development

The Company did not engage in any research and development during the financial year.

Disclosure exemptions

Dairygold Food Ingredients (UK) Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Dairygold Food Ingredients (UK) Limited is consolidated in the financial statements of its ultimate parent undertaking, Dairygold Co-Operative Society Limited, which may be obtained from its registered office at Clonmel Road, Mitchelstown, Co. Cork, Ireland. Exemptions have been taken in these separate Company financial statements in relation to disclosures concerning financial instruments, presentation of a cash flow statement and remuneration of key management personnel

Streamlined Energy & Carbon Reporting Scheme (SECR)

The company is committed to taking steps to reduce emissions by further improving energy efficiency across both of our sites

The following data is for the year ending 31 December 2022 the GHG Emission scope relevant to the company are

Scope 1 Direct Emissions

- From greenhouse gas sources owned or controlled by the company. This relates to natural gas and fugitive emissions from refrigerants used in the offices and production sites

Scope 2 Energy Indirect Emissions

- This refers to emissions from electricity used in the offices and production sites

Scope 3 Other Indirect Emissions

- This refers to emissions from fossil fuels (diesel/petrol) used by our delivery vehicles and mileage expenses claims during the year

Emissions	2022 Emissions (tCO2e)	Intensity (tCO2e/t produced)	% of total
Scope 1 Emissions			
Natural Gas	335	0.011	24%
Scope 2 Emissions			
Electricity	620	0.020	44%
Scope 3 Emissions			
Fossil fuels	441	0.014	32%

Actual energy consumption amounts to 1,835,745 kWh of gas 3,206,892 kWh of electricity and 170,740 litres of fossil fuels

Intensity Metrics:

2022 Emission (tCO2e)	1,396
Total volume (tonnes) produced	30,974
Total tCO2e/volume (tonnes) produced	0.045

Methodology

To measure our GHG emissions from operations, we have used the GHG Protocol Corporate Accounting and Reporting Standard which provides requirements and guidance for companies and other organizations and BEIS' Greenhouse Gas conversion factors for company reporting, published in June 2022

Independent auditor

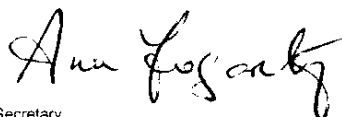
The auditors PricewaterhouseCoopers has indicated its willingness to continue in office and a resolution concerning its re-appointment will be proposed at the Annual General Meeting

Events since the financial year end

The ongoing war in Ukraine and the resulting disruption, including to supply chains, continues to affect both the availability and cost of a large range of inputs. The resulting inflation, which is already being felt at farm and factory level, will create challenges for profitability in the entire value chain. This remains an evolving and uncertain situation that we will continue to monitor

Approved by the Board of Directors
and signed on behalf of the Board

Ms A. Fogarty
Group Company Secretary



Date

16 June 2023

DAIRYGOLD FOOD INGREDIENTS (UK) LIMITED
DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the group and the company 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 group and company and of the profit or loss of the group for that period

In preparing these financial statements, the Directors are required to

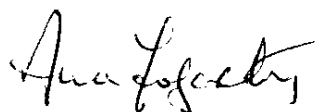
- select suitable accounting policies and then apply them consistently
- make judgements and accounting estimates that are reasonable and prudent
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements, 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 group and company and hence for taking reasonable steps for the prevention and the 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

Approved by the Board of Directors
and signed on behalf of the Board

Ms A Fogarty
Group Company Secretary



Date

16 June 2023



Independent auditors' report to the members of Dairygold Food Ingredients (UK) Limited

Report on the audit of the financial statements

Opinion

In our opinion, Dairygold Food Ingredients (UK) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared 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)); 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, which comprise:

- the statement of financial position as at 31 December 2022;
 - the statement of comprehensive income for the year then ended;
 - 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.

Reporting on other information

The other information comprises all of the information in the Annual report and financial statements 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' and secretary's 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' and Secretary Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' and secretary report for the year ended 31 December 2022 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' and secretary 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.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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 the operations of Dairygold Food Ingredients (UK) Limited, 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 manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates and significant one-off or unusual transactions. Audit procedures performed by the engagement team included:



discussions with management, in respect of risk of fraud and any known or suspected instances of non-compliance with laws and regulation and fraud and reviewing Board Minutes;

- confirmation with those charged with governance in respect of risk of fraud and any known or suspected instances of non-compliance with laws and regulations;
- consideration of the overall control environment and the processes and controls in place in the company, including procedures to achieve compliance with relevant laws and regulations;
- testing of journal entries posted throughout the period and at period end; and
- evaluating management's judgements for appropriateness and indicators of bias based on our knowledge and understanding of the business and the requirements of the reporting framework, the evidence obtained from our detailed audit procedures and assessing events occurring up to the date of the auditor's report.

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.

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.

Maria O'Connell (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Auditors
Limerick, Ireland
27 June 2023

DAIRYGOLD FOOD INGREDIENTS (UK) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
Turnover - continuing operations	4	127,540,337	84,767,556
Cost of sales		(107,571,884)	(69,514,682)
Gross profit		19,968,453	15,252,874
Operating expenses - distribution		(1,961,946)	(1,809,511)
Operating expenses - administration		(14,430,892)	(11,157,424)
Operating profit		3,575,615	2,285,939
Interest payable and similar charges	5	(595,463)	(616,809)
Profit on ordinary activities before taxation	6	2,980,152	1,669,130
Taxation charge on profit on ordinary activities	10	(934,182)	(405,420)
Profit for the financial year		2,045,970	1,263,710

The Company had no recognised gains or losses for the financial year or the preceding year other than those dealt with in the statement of comprehensive income

The above results are derived from continuing operations

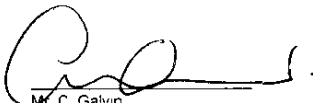
DAIRYGOLD FOOD INGREDIENTS (UK) LIMITED
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

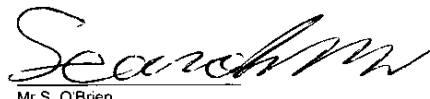
	Notes	2022 £	2021 £
Fixed assets			
Intangible assets	11	155,730	188,971
Tangible assets	12	12,777,481	10,183,128
Financial assets	13	-	-
		<u>12,933,211</u>	<u>10,372,100</u>
Current assets			
Stocks	14	48,116,959	30,388,847
Debtors falling due within one year	15	21,080,283	14,584,715
Cash at bank and in hand	16	3,286,780	1,661,809
		<u>72,484,022</u>	<u>46,635,371</u>
Creditors - (amounts falling due within one year)	17	<u>(69,443,829)</u>	<u>(43,347,422)</u>
Net current assets		<u>3,040,193</u>	<u>3,287,949</u>
Total assets less current liabilities		<u>15,973,404</u>	<u>13,660,049</u>
Provision for other liabilities	18	<u>(325,448)</u>	<u>(58,063)</u>
Net assets		<u>15,647,956</u>	<u>13,601,986</u>
Capital and reserves			
Called up share capital	20	100	100
Profit and loss account		<u>15,647,856</u>	<u>13,601,886</u>
Shareholders' funds		<u>15,647,956</u>	<u>13,601,986</u>

The note on pages 15 to 25 are an integral part of the financial statements

The financial statements of Dairygold Food Ingredients (UK) Limited (registered number 01514948) on pages 12 to 25 were approved by the board of directors and authorised for issue on 16th June 2023

Signed on behalf of the Board of Directors


Mr C Galvin
Director


Mr S O'Brien
Director

Date

16 June 2023

DAIRYGOLD FOOD INGREDIENTS (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Share capital £	Profit and loss account £	Shareholders' equity £
At 1 January 2021	100	12,338,176	12,338,276
Profit for the financial year	-	1,263,710	1,263,710
At 31 December 2021	100	13,601,886	13,601,986
Profit for the financial year	-	2,045,970	2,045,970
At 31 December 2022	100	15,647,856	15,647,956

DAIRYGOLD FOOD INGREDIENTS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the financial year.

a. General information and basis of accounting

Dairygold Food Ingredients (UK) Limited is a Company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is Lancaster Fields, Crewe Gates Farm Industrial Estate, Crewe, Cheshire, CW1 6FU. The nature of the Company's operations and its principal activities are set out in the strategic report on page 4.

The financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' (FRS 102) and the Companies Act 2006.

The functional currency of Dairygold Food Ingredients (UK) Limited is considered to be sterling because that is the currency of the primary economic environment in which the Company operates. The financial statements are prepared in sterling which is the presentational currency of the Company.

Dairygold Food Ingredients (UK) Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Dairygold Food Ingredients (UK) Limited is consolidated in the financial statements of its ultimate parent undertaking, Dairygold Co-Operative Society Limited, whose consolidated financial statements may be obtained from its registered office at Clonmel Road, Mitchelstown, Co. Cork, Ireland. The Society has taken advantage of the following available exemptions on the basis that it is a qualifying entity and the consolidated financial statements include the relevant disclosures:

- (i) Exemption from the requirement of FRS 102 paragraph 33.7 to disclose key management personnel compensation in total
- (ii) Exemption from the requirement of FRS 102 paragraph 3.17(d) to present a statement of cash flows
- (iii) Exemption from the financial instrument disclosure requirements of section 11 and section 12

b. Group financial statements

The Company's ultimate parent undertaking is Dairygold Co-Operative Society Limited, a Society registered in the Republic of Ireland. The Company has taken advantage of the exemption provided by section 401 of the Companies Act 2006 not to prepare group financial statements. These financial statements therefore provide information about the Company and not the Group.

c. Tangible assets

Tangible assets are stated at cost less accumulated depreciation. Cost comprises the purchase price including legal and brokerage fees, import duties, any costs directly attributable to bringing the asset to the location and condition necessary for it to operate in the manner intended by management, including non-refundable purchase taxes after deductions made for discounts and rebates. Own costs are capitalised where relevant and where the criteria for capitalisation is met.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset less estimated residual value over its expected useful life by equal instalments at the following rates:

Buildings	4% per annum
Fixtures, plant and machinery	10 – 25% per annum
Motor vehicles	25% per annum

Tangible assets in the course of construction are carried at cost less any recognised impairment loss. Depreciation of these assets commences when they are commissioned and ready for their intended use.

The carrying value of tangible assets is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable. Impairment is assessed by comparing the carrying value of an asset with its recoverable amount (being the higher of its fair value less costs to sell and its value in use). Fair value less costs to sell is defined as the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less costs of disposal.

Repairs, maintenance and minor inspection costs are expensed as incurred.

Value in use is defined as the present value of the future cash flows obtainable through continued use of an asset including those to be realised on its eventual disposal.

Derecognition

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

1 Accounting policies (continued)**d. Intangible assets**

Costs incurred on the acquisition of computer software are capitalised as intangible assets, as are costs directly associated with developing computer software programmes. Costs incurred on the signing of contracts for listings of product are capitalised as intangible assets.

Computer software costs and listing fees recognised as assets are written off over their estimated useful lives by annual instalments at the following annual rates:

Computer software	10 – 25% per annum
-------------------	--------------------

Amortisation is included in "operating expenses - administration" in the Statement of Comprehensive Income.

Where factors such as technological advancement or changes in market price indicate the residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect new circumstances.

The assets are reviewed for impairment if the above factors indicate the carrying amount may be impaired.

e. Stocks

Stocks are valued at the lower of cost and estimated selling price less costs to sell. Stock are recognised as an expense in the period in which the related revenue is recognised.

Costs in the case of raw materials, goods for resale and expense stocks comprise the purchase price including transport and other directly attributable costs. These are valued on a first in, first out basis.

Costs in the case of finished goods comprise direct material and labour costs and an appropriate proportion of manufacturing overhead based on normal production levels. These are valued using the weighted average cost formula.

Estimated selling price less costs to sell represents the estimated selling price less costs to completion and all appropriate holding, selling and distribution expenses. Provision is made for obsolete, slow moving or defective items where appropriate.

At the end of each reporting period stocks are assessed for impairment. If an item of stock is impaired the identified stock is reduced to its selling price less cost to complete and sell and an impairment charge is recognised in the profit and loss account. Where a reversal of the impairment is required the impairment charge is reversed up to the original impairment loss and recognised as a credit in the profit and loss account.

f. Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Current tax assets and liabilities are offset only where the Company has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

g. Deferred Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at statement of financial position date. Timing differences are differences between the Company's taxable profits and its 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.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is considered that it is more likely than not that there will be suitable future taxable profits from which the underlying timing differences can be deducted.

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

The tax expense or income is presented in the same component of the statement of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

1 Accounting policies (continued)**h. Turnover**

Turnover is measured at the fair value of the consideration received/receivable for the sale of goods to external customers net of value added tax, rebates and discounts.

The Company recognises turnover when the amount can be reliably measured, when it is probable that future economic benefit will flow to the Company and when specific criteria have been met for each of the Company's activities.

Turnover from sale of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer. This generally arises on delivery or in accordance with specific terms and conditions agreed with customers.

Rebates and discounts are provided for based on agreements or contracts with customers and accumulated experience. Rebates and discounts are recorded in the same period as the original turnover.

When the expected receipt of turnover is deferred beyond normal credit terms, then it is discounted back to its present value.

i. Exceptional items

The Company classifies certain one-off charges or credits that have a material impact on the company's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the company.

j. Government Grants

Government grants for the Coronavirus Job Retention Scheme are recognised at fair value in the comprehensive statement of income and are netted against the employee related costs for those employees on the scheme.

k. Employee benefits

The Company provides a range of benefits to employees, including short term employee benefits such as annual bonus arrangements and paid holiday arrangements and post-employment benefits (in the form of defined contribution pension plans).

(i) Short term employee benefits

Short term employee benefits, including wages and salaries, paid holiday arrangements and other similar non-monetary benefits, are recognised as an expense in the financial year in which employees render the related service. The Company operates an annual bonus plan for employees. An expense is recognised in the statement of comprehensive income when the Company has a present legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

(ii) Post-employment benefits

The Company operates a money purchase (defined contribution) pension scheme. Contributions payable to this scheme are charged to the statement of comprehensive income in the year to which they relate. These contributions are invested separately from the Company's assets.

Difference between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the statement of financial position.

l. Foreign currency

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into the profit and loss account for the financial year.

m. Leasing and hire purchase commitments

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged on a straight line basis over the lease term, even if the payments are not made on such a basis.

n. Financial fixed assets

Investments in subsidiary undertakings are carried at cost less provision for permanent diminution in value.

o. Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits on call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

1 Accounting policies (continued)**p. Provisions and contingencies****(i) Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to the obligation, and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations might be small.

In particular

- restructuring provisions are recognised when the Company has a detailed, formal plan for the restructuring and has raised a valid expectation in those affected by either starting to implement the plan or announcing its main features to those affected and therefore has a legal or constructive obligation to carry out the restructuring; and
- provision is not made for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

(ii) Contingencies

Contingent liabilities are not recognised, except those acquired in a business combination. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

q. Financial instruments

The Company has chosen to adopt sections 11 and 12 of FRS 102 in respect of financial instruments. Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instruments.

(i) Financial assets

Basic financial assets, including trade and other debtors, cash and cash equivalents, short-term deposits and investments in corporate bonds, are initially recognised at transaction price (including transaction costs) unless the arrangement constitutes a financing transaction. Where the arrangement constitutes a financing transaction the resulting financial asset is initially measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument.

Trade and other debtors, cash and cash equivalents, investments in corporate bonds and financial assets from arrangements which constitute financing transactions are subsequently measured at amortised cost using the effective interest method.

At the end of each financial year financial assets measured at amortised cost are assessed for objective evidence of impairment. If there is objective evidence that a financial asset measured at amortised cost is impaired an impairment loss is recognised in profit or loss. The impairment loss is the difference between the financial asset's carrying amount and the present value of the financial asset's estimated cash inflows discounted at the asset's original effective interest rate.

If, in a subsequent financial year, the amount of an impairment loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognised the previously recognised impairment loss is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment loss not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of ownership of the financial asset are transferred to another party or (c) control of the financial asset has been transferred to another party who has the practical ability to unilaterally sell the financial asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies and preference shares, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction. Where the arrangement constitutes a financing transaction the resulting financial liability is initially measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Trade and other creditors, bank loans, loans from fellow group companies, preference shares and financial liabilities from arrangements which constitute financing transactions are subsequently carried at amortised cost, using the effective interest method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as due within one year if payment is due within one year or less. If not, they are presented as falling due after more than one year. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

q. Financial instruments (continued)**(iii) Offsetting**

Financial assets and liabilities are offset and the net amounts presented in the financial statements 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

r. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

s. Related party transactions

The Company discloses transactions with related parties which are not wholly owned within the same group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the company financial statements.

2 Going concern

The Directors have considered the basis of preparation of the financial statements for the financial year ended 31 December 2022. The financial statements have been prepared on the basis that the Company is a going concern. The Company had net current assets of £3,040,193 (2021: £3,267,949) at the financial year end. Included therein is £53,652,383 (2021: £34,694,410) which is payable to other group companies. The Company has received confirmation from its parent Society, Dairygold Co-Operative Society Limited, that the parent undertaking and its subsidiary companies will not seek repayment of any amounts owing to them at the financial year end in such a manner that would impact the ability of the Company to meet its other financial obligations as they fall due for a period of not less than 12 months from the date of signing the financial statements. Additionally the Company has received confirmation from Dairygold Co-Operative Society Limited that the parent undertaking and its subsidiary companies provide the necessary financial support to enable the Company to continue to meet its liabilities for a period of not less than 12 months from the date of signing the company's financial statement.

The war in Ukraine has resulted in global supply chain challenges and elevated inflation. The Company, including Dairygold Co-Operative Society Limited, is dealing with this volatility and is ensuring continuity of product supply to its Customers. As the future of the war continues to be highly uncertain the Company continues to closely monitor this challenging environment.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the financial statements.

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and 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 on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both future and current periods.

Critical judgements in applying the Company's accounting policies

There are no critical judgements in applying the company's accounting policies.

Key sources of estimation uncertainty**Stock**

Included in notes 6 and 14 is the impairment of stock recognised as an expense. Estimated selling price less costs to sell represents the Company's best estimate of the selling price that will be achieved in the market less costs in relation to completion and appropriate holding, selling and distribution expenses.

Useful economic lives

The useful economic lives of tangible assets are key assumptions concerning the future at the reporting date. In determining these estimates the Company has considered: the expected usage of the asset, expected physical wear and tear, technical and commercial obsolescence and any other limits on the use of assets. See note 12 for further details.

DAIRYGOLD FOOD INGREDIENTS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

4 Turnover	2022 £	2021 £
<i>Geographical analysis</i>		
UK	122,885,768	81,927,401
Ireland	2,156,468	1,205,759
Rest of Europe	2,498,101	1,634,396
The turnover derived from the sale of goods	127,540,337	84,767,556

5 Interest payable and similar charges	2022 £	2021 £
<i>Interest payable and similar charges</i>		
On intercompany loans	595,463	616,809
	595,463	616,809

All interest payable is in respect of a loan owed to a fellow subsidiary undertaking (note 17). The interest payable on the loan payable to Dairygold Finance DAC (a fellow Dairygold Co-operative Society Limited Group company) is at a rate based on the cost of funds to Dairygold Finance DAC.

6 Profit on ordinary activities before taxation	2022 £	2021 £
Profit on ordinary activities before taxation is arrived at after charging/(crediting):		
Depreciation of tangible assets (note 12)	948,330	750,171
Amortisation of intangible assets (note 11)	34,759	26,124
Operating lease rentals	94,305	115,773
Movement in stock provision (note 14)	342,241	115,578
Movement in debtor provision (note 15)	169,647	89,765
Foreign exchange losses	7,764	33,800

7 Auditors' remuneration

Fees payable to PricewaterhouseCoopers for the audit of the Company's annual financial statements were £25,000 (2021: £25,000).

8 Employees

The average monthly number of employees was	2022 Number	2021 Number
Office and Management	78	75
Cheese Handling	56	54
	134	129

The aggregate payroll costs of these employees were as follows:

	2022 £	2021 £
Wages and salaries	5,683,887	4,747,037
Social welfare costs	625,034	526,901
Pension costs (note 22)	188,434	171,371
	6,497,355	5,445,309

Payroll costs are paid centrally by the Parent Society for administrative purposes and charged to the Company on a monthly basis.

DAIRYGOLD FOOD INGREDIENTS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

9 Directors' remuneration and transactions

Directors' emoluments for the current and prior years were borne by a fellow group undertaking with no recharge made to this Company. It is not practical to allocate total remuneration for each Director to this entity.

10 Taxation charge on profit on ordinary activities

The tax charge comprises	2022 £	2021 £
Current tax on profit		
UK corporation tax charge for the year	666,797	505,372
Adjustments in respect of previous periods	-	(129,952)
Total current tax	666,797	375,420
Deferred tax:		
Origination and reversal of timing differences	267,385	30,000
Adjustment in respect of previous periods	-	-
Effect of changes in tax rates	-	-
Total deferred tax (see note 20)	267,385	30,000
Taxation charge on profit	934,182	405,420

Tax assessed for the year is higher (2021 higher) than the Standard rate of corporation tax in the UK for the year ended 31 December 2022 of 19% (2021 19%)

The differences are explained below

	2022 £	2021 £
Profit before taxation	2,980,152	1,669,130
Tax on profit on ordinary activities before taxation at standard UK corporation tax rate	566,229	317,135
Effects of		
- Expenses allowable/not deductible for tax purposes	100,568	209,375
- Adjustments to tax charges in respect of previous periods	267,385	(129,952)
- Effects of changes in tax rates	-	8,862
	934,182	405,420

In the Spring Budget 2023, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19% as previously enacted). This new law was substantively enacted on 24th May 2021. In the Autumn Statement in November 2022, the government confirmed the increase in corporation tax rate to 25% from April 2023 will go ahead. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

DAIRYGOLD FOOD INGREDIENTS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

11 Intangible assets

	Software Development £
Cost	
At 1 January 2022	261,072
Additions	1,518
At 31 December 2022	262,590
Accumulated amortisation	
At 1 January 2022	72,101
Charge for the year	34,759
At 31 December 2022	106,860
Net book value	
At 31 December 2022	155,730
At 31 December 2021	188,971

12 Tangible assets

	Freehold Land and Buildings £	Plant and Machinery £	Motor Vehicles £	Total £
Cost				
At 1 January 2022	7,147,878	15,039,850	6,914	22,194,642
Additions	310,299	3,232,383	-	3,542,682
Disposals	-	(141,943)	-	(141,943)
At 31 December 2022	7,458,177	18,130,290	6,914	25,595,381
Accumulated depreciation				
At 1 January 2022	2,145,880	9,858,720	6,914	12,011,514
Charge for the year	275,845	672,485	-	948,330
Disposals	-	(141,943)	-	(141,943)
At 31 December 2022	2,421,725	10,389,262	6,914	12,817,901
Net book value				
At 31 December 2022	5,036,452	7,741,028	-	12,777,480
At 31 December 2021	5,001,998	5,181,130	-	10,183,128

13 Financial assets

The unlisted shares in group companies comprise in the following wholly owned subsidiaries

	Country of incorporation or principal business address	Principal activity	Holding	%
	Dan Dairies (UK) Limited	England & Wales	Dormant Ordinary shares	100%
Cost			2022	2021
As at 1 January and 31 December			£	£
			6,307,468	6,307,468
Provisions for impairment				
As at 1 January and 31 December			6,307,468	6,307,468
Carrying value				
As at 31 December			-	-

The subsidiary did not trade during the current and previous financial years

DAIRYGOLD FOOD INGREDIENTS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

14 Stocks	2022	2021
	£	£
Raw materials	46,263,109	29,328,421
Finished goods and goods for resale	1,853,850	1,060,426
	<u>48,116,959</u>	<u>30,388,847</u>

There is no material difference between the above amounts and the replacement cost of stocks. Stocks are stated after provisions for impairment of £925,052 (2021: £582,811).

15 Debtors: (amounts falling due within one year)	2022	2021
	£	£
Amounts falling due within one year:		
Trade debtors	20,460,458	14,130,463
Amounts owed by group undertakings	3,125	10,791
Prepayments	380,924	220,473
VAT	235,776	222,988
	<u>21,080,283</u>	<u>14,584,715</u>

Amounts owed by group undertakings are unsecured, interest free and are repayable on demand. Trade debtors are stated after provisions for impairment of £900,945 (2021: £731,298).

16 Cash at bank and in hand	2022	2021
	£	£
Cash at bank and in hand	3,286,780	1,661,809
	<u>3,286,780</u>	<u>1,661,809</u>

17 Creditors: (amounts falling due within one year)	2022	2021
	£	£
Trade creditors	8,476,865	5,018,654
Other taxation and social security	155,587	160,097
Corporation tax	114,101	27,293
Deferred revenue	889,975	747,880
Accruals	6,154,918	2,699,088
Amounts owed to group undertakings	53,652,383	34,694,410
	<u>69,443,829</u>	<u>43,347,422</u>

Amounts owed to Group undertakings include a loan payable to Dairygold Finance DAC (a fellow Dairygold Co-Operative Society Limited Group company) in the amount of £18,386,893 which is unsecured. The interest on this loan is calculated at a rate of LIBOR plus 2.5%. The loan is repayable on 31 December 2023 or the repayment schedule can be varied by Dairygold Finance DAC by giving 30 days written notice. All other amounts owed to other group undertakings are unsecured, interest free, have no fixed repayment date and are repayable on demand.

18 Provision for other liabilities	2022	2021
	£	£
Deferred tax (note 19)	325,448	58,063
At 31 December	<u>325,448</u>	<u>58,063</u>

DAIRYGOLD FOOD INGREDIENTS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

19 Deferred Tax liability	2022 £	2021 £
At 1 January	58,063	28,063
Charged to statement of comprehensive income for the year	267,385	30,000
At 31 December	325,448	58,063

Deferred tax	2022 £	2021 £
Fixed asset timing differences	775,248	471,982
Short term timing differences	(449,800)	(413,919)
Deferred tax liability	325,448	58,063

20 Called-up share capital and reserves	2022 £	2021 £
Authorised, allocated, called-up and fully-paid 100 ordinary shares of £1 each	100	100

The profit and loss reserve represents cumulative profits and losses of the Company

21 Financial commitments

Total future minimum lease payments under non-cancellable operating leases are as follows

	2022		2021	
	Land and buildings £	Other £	Land and buildings £	Other £
- within one year	42,000	81,186	-	122,458
- between one and five years	168,000	113,512	-	255,003
- over five years	189,000	-	-	-
	399,000	194,698	-	377,461

22 Employee benefits

Defined contribution schemes

The Company operates defined contribution retirement benefit schemes for all qualifying employees

The total expense charged in the year ended 31 December 2022 was £188,434 (2021: £171,371). Amounts accrued as at 31 December 2022 were £36,669 (2021: £36,052)

23 Capital commitments

Future investments and capital expenditure approved by the board and not yet provided for in the financial statements amounted to £3.3m (2021: £1.95m)

24 Group membership

The immediate parent undertaking and controlling party of the Company is Dairygold Holdings (UK) Limited and its ultimate parent undertaking and ultimate controlling party is Dairygold Co-operative Society Limited, a Society registered in the Republic of Ireland. The financial statements of Dairygold Food Ingredients (UK) Limited are incorporated in the consolidated financial statements of its ultimate parent and can be obtained at the registered office of Dairygold Co-operative Society Limited, at Clonmel Road, Co. Cork, Ireland

The largest and smallest group of companies of which the Company is a member that produces consolidated financial statements is Dairygold Co-operative Society Limited

DAIRYGOLD FOOD INGREDIENTS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

25 Related party transactions

The Company has availed of the exemption from disclosure of transactions with other group companies as permitted by FRS 102

26 Securities and guarantees

The Company has provided guarantees on funds advanced to the Dairygold Co-operative Society Limited group. All funds are secured by fixed and floating charges on the assets of the Company. Allied Irish Banks PLC has provided an unlimited warehouse guarantee for the liabilities of the company.

27 Events since the end of the financial year

The ongoing war in Ukraine and the resulting disruption, including to supply chains, will significantly affect both the availability and cost of a large range of inputs. The resulting inflation, which is already being felt at farm and factory level, will create challenges for profitability in the entire value chain. This is an evolving and uncertain situation that we will continue to monitor.

There are no other events since the end of the financial year that require reporting in the financial statements.