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FORM AR27

Trade Union and Labour Relations (Consolidation) Act 1992

ANNUAL RETURN FOR AN EMPLOYERS' ASSOCIATION

Name of Employers' Association: Dairy UK Limited

Year ended: 31 December 2015

List No: 1588E

Head or Main Office:
6th Floor
210 High Holborn
London
WC1V 7EP

Website address (if available) www.dairyUK.org

Has the address changed during the year to which the return relates? Yes No (Tick as appropriate)

General Secretary: K J Hunter

Contact name for queries regarding the completion of this return: K J Hunter

Telephone Number: 0141 942 1447

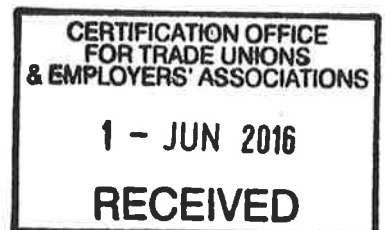
e-mail: khunter@dairyuk.org

PLEASE FOLLOW THE GUIDANCE NOTES IN THE COMPLETION OF THIS RETURN.
Any difficulties or problems in the completion of this return should be directed to the Certification Office as below or by telephone to: 020 7210 3734

The address to which returns and other documents should be sent are:

For Employers' Associations based in England and Wales:
Certification Office for Trade Unions and Employers' Associations
22nd Floor, Euston Tower, 286 Euston Road, London NW1 3JJ

For Employers' Associations based in Scotland:
Certification Office for Trade Unions and Employers' Associations
Melrose House, 69a George Street, Edinburgh EH2 2JG



DAIRY UK LIMITED

Below is a complete list of the officers in post at the year ended 31 December 2015:

M Allen
N J Byham
T D Dobbin CBE
L R C Edwards
A Fearnall
M J Gallacher
P Giotz-Carlsen
R B Graham
M G Hanley
J K Haywood
R K O Kers
A R McInnes
J R Neville
G M Taylor
P Vernon

RETURN OF MEMBERS

(see note 9)

NUMBER OF MEMBERS AT THE END OF THE YEAR				
Great Britain	Northern Ireland	Irish Republic	Elsewhere Abroad (including Channel Islands)	TOTALS
228	6	0	2	236

OFFICERS IN POST

(see note 10)

Please attach as an annexe to this form a complete list of all officers in post at the end of the year to which this form relates, with the title of each persons office.

CHANGE OF OFFICERS

Please complete the following to record any changes of officers during the twelve months covered by this return.

Title of Office	Name of Officer ceasing to hold office	Name of Officer Appointed	Date of Change
Director		M J Gallacher	25 June 2015
Director		R B Graham	18 September 2015
Director		A R McInnes	18 September 2015
Director		G M Taylor	25 June 2015
Director	K Allum		16 April 2015
Director	W G Keane		18 September 2015
Director	A J Smith		15 May 2015

REVENUE ACCOUNT/GENERAL FUND

(see notes 11 to 16)

Previous Year			£	£
	INCOME			
935,924	From Members	Subscriptions, levies, etc		998,256
16,518	Investment income	Interest and dividends (gross)	22,690	
1,148		Bank interest (gross)	698	
125		Other (Bond pricing error)	119	
				23507
220,000	Other income	Rents received	220,000	
		Insurance commission		
		Consultancy fees		
		Publications/Seminars		
593,789		Miscellaneous receipts (see A)	992,240	
813,789				1,212,240
1,767,504		TOTAL INCOME		2,234,003
	EXPENDITURE			
	Administrative expenses			
747,214		Remuneration and expenses of staff	888,605	
147,245		Occupancy costs	187,969	
37,834		Printing, Stationery, Post	31,417	
		Telephones		
129,252		Legal and Professional fees	140,416	
491,645		Miscellaneous (see B)	691,058	
1,553,190				1,939,465
	Other charges	Bank charges		
40,527		Depreciation	37,437	
		Sums written off		
107,543		Affiliation fees	114,398	
		Donations		
-		Conference and meeting fees	67,320	
		Expenses		
105,649		Miscellaneous – office move		
(22,000)		Pension finance (income)/costs	(41,000)	
(582,400)		Actuarial (gain)/loss	(201,600)	
(350,681)				(23,445)
13,800	Taxation			9,800
1,216,309		TOTAL EXPENDITURE		1,925,820
551,195		Surplus/Deficit for year		308,183
(158,407)		Amount of fund at beginning of year		392,788
392,788		Amount of fund at end of year		700,971

Dairy UK Limited
Year ended 31 December 2015
Miscellaneous receipts

A

Packaging services	491,319
Other project income	246,668
Directors services	93,190
Events	94,520
DTAS membership	21,879
Administration services	36,000
Other project income	8,664

992,240

Dairy UK Limited

B

Year ended 31 December 2015

Miscellaneous administrative expenses

Other project expenditure	246,668
Repatriation services - trolleywise	246,535
Advertising	43,173
Computer running costs	6,265
Travelling and subsistence	72,967
Entertaining	32,978
Bank charges	1,077
Staff welfare	600
Disposal of assets	- 4,513
Other expenses	45,308

691,058

ACCOUNTS OTHER THAN THE REVENUE ACCOUNT/GENERAL FUND

(see notes 17 to 18)

ACCOUNT 2 – Revaluation reserve		Fund Account	
Name of account:		£	£
Income	Unrealised gains on revaluation of investment property Investment income Other income (specify)		2,800,000
		Total Income	2,800,000
Expenditure	Administrative expenses Other expenditure (specify)		
		Total Expenditure	-
	Surplus (Deficit) for the year		2,800,000
	Amount of fund at beginning of year		5,169,421
	Amount of fund at the end of year (as Balance Sheet)		7,969,421

ACCOUNT 3		Fund Account	
Name of account:		£	£
Income	From members Investment income Other income (specify)		
		Total Income	
Expenditure	Administrative expenses Other expenditure (specify)		
		Total Expenditure	
	Surplus (Deficit) for the year		
	Amount of fund at beginning of year		
	Amount of fund at the end of year (as Balance Sheet)		

ACCOUNTS OTHER THAN THE REVENUE ACCOUNT/GENERAL FUND

(see notes 17 to 18)

ACCOUNT 4		Fund Account	
Name of account:		£	£
Income	From members Investment income Other income (specify)		
	Total Income		
Expenditure	Administrative expenses Other expenditure (specify)		
	Total Expenditure		
	Surplus (Deficit) for the year		
	Amount of fund at beginning of year		
	Amount of fund at the end of year (as Balance Sheet)		

ACCOUNT 5		Fund Account	
Name of account:		£	£
Income	From members Investment income Other income (specify)		
	Total Income		
Expenditure	Administrative expenses Other expenditure (specify)		
	Total Expenditure		
	Surplus (Deficit) for the year		
	Amount of fund at beginning of year		
	Amount of fund at the end of year (as Balance Sheet)		

ACCOUNTS OTHER THAN THE REVENUE ACCOUNT/GENERAL FUND

(see notes 17 to 18)

ACCOUNT 6		Fund Account	
Name of account:		£	£
Income	From members Investment income Other income (specify)		
	Total Income		
Expenditure	Administrative expenses Other expenditure (specify)		
	Total Expenditure		
	Surplus (Deficit) for the year		
	Amount of fund at beginning of year		
	Amount of fund at the end of year (as Balance Sheet)		

ACCOUNT 7		Fund Account	
Name of account:		£	£
Income	From members Investment income Other income (specify)		
	Total Income		
Expenditure	Administrative expenses Other expenditure (specify)		
	Total Expenditure		
	Surplus (Deficit) for the year		
	Amount of fund at beginning of year		
	Amount of fund at the end of year (as Balance Sheet)		

BALANCE SHEET AS AT 31 December 2015

(see notes 19 and 20)

Previous Year		£	£
5,319,330	Fixed Assets (as at page 11)		8,104,770
	Investments (as per analysis on page 13)		
9,925	Quoted (Market value £16,418)	9,925	
468,880	Unquoted	435,093	
478,805	Total Investments		445,018
	Other Assets		
314,951	Sundry debtors	500,023	
245,411	Cash at bank and in hand	424,721	
	Stocks of goods		
	Others (specify)		
560,362	Total of other assets		924,744
6,358,497	TOTAL ASSETS		9,474,532
392,788	Fund (Account)	700,971	
5,169,421	Revaluation Reserve	7,969,421	
	Liabilities		
	Loans		
	Bank overdraft		
32,162	Tax payable	79,772	
125,368	Sundry creditors	85,310	
365,158	Accrued expenses	639,058	
	Provisions		
273,600	Other liabilities		
6,358,497	TOTAL LIABILITIES		9,474,532
6,358,497	TOTAL ASSETS		9,474,532

FIXED ASSETS ACCOUNT

(see note 21)

	Land & Buildings	Fixtures & Fittings	Motor Vehicles & Equipment	Total
	£	£	£	£
COST OR VALUATION				
At start of period	5,272,706	90,874	73,954	5,437,534
Additions during period	5,232	2,598	16,150	23,980
Revaluation during period	2,800,000			2,800,000
Less: Disposals during period			(21,159)	(21,159)
Less: DEPRECIATION:				
Total to end of period	(15,589)	(80,797)	(39,199)	(135,585)
BOOK AMOUNT at end of period	8,062,349	12,675	29,746	8,104,770
Freehold	8,000,000			
Leasehold (50 or more years unexpired)				
Leasehold (less than 50 years unexpired)	62,349			
AS BALANCE SHEET	8,062,349	12,675	29,746	8,104,770

ANALYSIS OF INVESTMENTS

(see note 22)

		Other Funds £	
QUOTED	9,925	British Government & British Government Guaranteed Securities	9,925
		British Municipal and County Securities	
		Other quoted securities (to be specified)	
	9,925	TOTAL QUOTED (as Balance Sheet)	9,925
	16,818	*Market Value of Quoted Investments	16,418
UNQUOTED		British Government Securities	
		British Municipal and County Securities	
		Mortgages	
		Other unquoted securities (to be specified)	
	468,874	Unit trust investments	435,087
	6	Investment in subsidiary	6
468,880	TOTAL UNQUOTED (as Balance Sheet)	435,093	
478,878	*Market Value of Unquoted Investments	448,812	

* Market value of investments to be stated where these are different from the figures quoted in the balance sheet

ANALYSIS OF INVESTMENT INCOME (CONTROLLING INTERESTS)

(see notes 23 to 25)

Does the association, or any constituent part of the association, have a controlling interest in any limited company?		YES ✓	NO
If YES name the relevant companies:			
COMPANY NAME Dairy Energy Savings Limited Milk Marketing Forum Limited The Dairy Council The National Dairymen's Association Limited DIAL (2004) Limited The Milk Race Limited	COMPANY REGISTRATION NUMBER (if not registered in England & Wales, state where registered) 4062424 6429418 203597 328538 5172436 8438453		
INCORPORATED EMPLOYERS' ASSOCIATIONS			
Are the shares which are controlled by the association registered in the association's name		YES ✓	NO
If NO, please state the names of the persons in whom the shares controlled by the association are registered.			
COMPANY NAME	NAMES OF SHAREHOLDERS		
UNINCORPORATED EMPLOYERS ASSOCIATIONS			
Are the shares which are controlled by the association registered in the names of the association's trustees?		YES ✓	NO
If NO, state the names of the persons in whom the shares controlled by the association are registered.			
COMPANY NAME	NAMES OF SHAREHOLDERS		

SUMMARY SHEET

(see notes 26 to 35)

	All funds except Political Funds £	Political Funds £	Total Funds £
INCOME			
From Members	998,256		998,256
From Investments	23,507		23,507
Other Income (including increases by revaluation of assets)	4,012,240		4,012,240
Total Income	5,034,003		5,034,003
EXPENDITURE (including decreases by revaluation of assets)	1,925,820		1,925,820
Total Expenditure	1,925,820		1,925,820
Funds at beginning of year (including reserves)	5,562,209		5,562,209
Funds at end of year (including reserves)	8,670,392		8,670,392
ASSETS			
Fixed Assets			8,104,770
Investment Assets			445,018
Other Assets			924,744
		Total Assets	9,474,532
LIABILITIES		Total Liabilities	(804,140)
NET ASSETS (Total Assets less Total Liabilities)			8,670,392

NOTES TO THE ACCOUNTS

(see note 36)

All notes to the accounts must be entered on or attached to this part of the return.

See attached

ACCOUNTING POLICIES


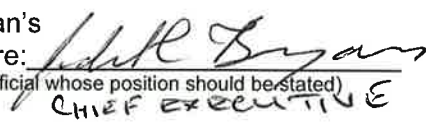
(see notes 37 and 38)

See attached

SIGNATURES TO THE ANNUAL RETURN

(see notes 39 and 40)

including the accounts and balance sheet contained in the return.

Secretary's Signature: <u></u> Name: <u>K J HUNTER</u> Date: <u>26/5/16</u>	Chairman's Signature: <u></u> (or other official whose position should be stated) CHIEF EXECUTIVE Name: <u>DR J BRYAN</u> Date: <u>26/5/16</u>
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CHECK LIST

(see note 41)

(please tick as appropriate)

IS THE RETURN OF OFFICERS ATTACHED? (see Page 3)	YES		NO	
HAS THE RETURN OF CHANGE OF OFFICERS BEEN COMPLETED? (see Page 3)	YES		NO	
HAS THE RETURN BEEN SIGNED? (see Note 38)	YES		NO	
HAS THE AUDITOR'S REPORT BEEN COMPLETED (see Note 39)	YES		NO	
IS A RULE BOOK ENCLOSED? (see Note 40)	YES		NO	
HAS THE SUMMARY SHEET BEEN COMPLETED (see Notes 6 and 25 to 34)	YES		NO	

AUDITOR'S REPORT

(see notes 42 to 47)

made in accordance with section 36 of the Trade Union and Labour Relations (Consolidation) Act 1992.

1. In the opinion of the auditors or auditor do the accounts they have audited and which are contained in this return give a true and fair view of the matters to which they relate?
(See section 36(1) and (2) of the 1992 Act and notes 43 and 44)

YES/NO

If "No" please explain below.

2. Have the auditors or auditor carried out such investigations in the preparation of their audit report as will enable them to form an opinion as to:
- (a) whether the trade union has kept proper accounting records in accordance with section 28 of the 1992 Act;
 - (b) whether it has maintained a satisfactory system of control over its transactions in accordance with the requirements of that section; and
 - (c) whether the accounts to which the report relates agree with the accounting records?
- (See section 36(3) of the 1992 Act, set out in note 43)

YES/NO

If "No" please explain below.

3. Are the auditors or auditor of the opinion that the union has complied with section 28 of the 1992 Act and has:
- (a) kept proper accounting records with respect to its transactions and its assets and liabilities; and
 - (b) established and maintained a satisfactory system of control of its accounting records, its cash holding and all its receipts and remittances.
- (See section 36(4) of the 1992 Act set out in note 43)

YES/NO

If "No" please explain below.

4. Please set out a copy of the report made by the auditors or auditor to the union on the accounts to which this AR27 relates. The report is to set out the basis upon which the audit has been conducted and/or such other statement as the auditor considers appropriate. Such a statement may be provided as a separate document.
(See note 45)

AUDITOR'S REPORT (continued)

Kingston Smith LLP audited the financial statements of the company for the year ended 31 December 2015 in accordance with the Companies Act 2006 and our report dated 17 May 2016 is attached.

Signature(s) of auditor or auditors:	<i>Kingston Smith LLP</i>	
Name(s):	Kingston Smith LLP	
Profession(s) or Calling(s):	Statutory Auditor	
Address(es):	Devonshire House 60 Goswell Road London EC1M 7AD	
Date:	<i>17 May 2016</i>	
Contact name and telephone number:	Janice Riches 020 7566 4000	

N.B. When notes to the accounts are referred to in the auditor's report a copy of those notes must accompany this return.

Dairy UK Limited

(A company limited by guarantee)

Directors' Report and Financial Statements

For the year ended 31 December 2015

Dairy UK Limited

Company Information

Directors	M Allen N J Byham T D Dobbin CBE L R C Edwards A Fearnall M J Gallacher (Appointed 25 June 2015) P Giotz-Carlsen R B Graham (Appointed 18 September 2015) M G Hanley J K Haywood R K O Kers A R McInnes (Appointed 18 September 2015) J R Neville G M Taylor (Appointed 25 June 2015) P Vernon
Chairman	T D Dobbin CBE
Chief executive officer	J A Bryans
Secretary	K J Hunter
Company number	01971245
Registered office	6th Floor 210 High Holborn London WC1V 7EP
Auditors	Kingston Smith LLP Devonshire House 60 Goswell Road London EC1M 7AD

Dairy UK Limited

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Statement of total recognised gains and losses	8
Balance sheet	9
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Dairy UK Limited

Directors' Report

For the year ended 31 December 2015

The directors present their report and financial statements for the year ended 31 December 2015.

Principal activities and business review

Dairy UK Limited

Dairy UK Limited is a trade association formed in October 2004 to give the dairy industry a strong and united voice and represent the interests of milk processors and producer co-operatives, dairy manufacturers, milkmen and dairy farmers throughout the UK. Members of Dairy UK Limited pay a subscription which contributes to the costs of the organisation.

In 2015, Dairy UK Limited continued to develop an ambitious agenda to defend, protect and promote dairy.

Key priorities and achievements include:

- Maintaining a safe and secure dairy supply chain in the UK through a Food Fraud and Contamination Risk Register for dairy manufacturers and processors;
- Focusing on a growth and development agenda for the industry with the implementation of industry-wide initiatives such as high level engagement in the Government's export drive;
- Working to ensure the UK dairy industry remains a leader in sustainability and environmental best practices via the Roadmap and other initiatives;
- In collaboration with The Dairy Council, defending British milk and dairy as nutrient-rich foods in a healthy and balanced diet;
- Enhanced engagement with policymakers and opinion formers, through the Dairy All-Party Group in Westminster and other initiatives throughout the devolved administrations to ensure politicians at all levels are properly briefed on dairy issues;
- Engagement in EU issues on policy, nutrition, supply chain integrity and sustainability directly with the Commission and also via the European Dairy Association;
- Engagement on global issues in the same areas as above with Codex, WHO and FAO via the International Dairy Federation, the Global Dairy Platform and Dairy Sustainability Framework.

Roll Container Repatriation Scheme

Dairy UK Limited continues to operate a roll container repatriation scheme. For the 6th year running the Scheme has been able to maintain subscriptions at an unchanged level. Membership remains at 21 Dairy processors.

Final Salary Pension Scheme

Dairy UK Limited operates a final salary pension scheme formed on the merger of its two previous schemes from 1 January 2011. The scheme is closed to new entrants and to future accrual.

Dairy UK Limited

Directors' Report (Continued)

For the year ended 31 December 2015

Going concern

After due consideration the Directors are of the opinion that the use of the going concern basis of accounting is appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the company to continue as a going concern.

Dairy Energy Savings Limited

Dairy Energy Savings Limited (DESL) was established as a wholly owned subsidiary of the company in order to enable members to take advantage of a reduced rate of Climate Change Levy. By April 2015 DESL had entered into a sectoral agreement with the Government covering 93 sites and 62 companies, agreeing to an energy efficiency target of 13.6%.

This activity covers its own costs and makes a net contribution towards the costs of Dairy UK Limited.

The Climate Change Agreement scheme which commenced on 1st April 2013 will run until 31st of March 2023, by which time its continuation and role will have been reviewed. DESL will remain the sector association for the next ten years with funding levels expected to remain broadly the same in real terms.

The Dairy Council

During the year, via a levy on its members' processing volumes in Great Britain, Dairy UK Limited collected as agent and passed on to The Dairy Council, £450,000. The Dairy Council operates as a separate limited company with Dairy UK Limited as its sole member.

The Dairy Council is a company limited by guarantee. Upon winding up, the liability of each member for payment of debts and liabilities, charges and expenses, shall not exceed £1.

Milk Marketing Forum Limited

With effect from 9 February 2010 the five £1 shares in the Milk Marketing Forum Limited, a private company limited by shares, were transferred from the ownership of member companies to Dairy UK Limited. The Milk Marketing Forum Limited has been principally concerned with the organisation of the highly successful Milk Race at Nottingham.

Post balance sheet events

There have been no significant developments since the date of the balance sheet.

Dairy UK Limited

Directors' Report (Continued)

For the year ended 31 December 2015

Directors

The following directors have held office since 1 January 2015:

M Allen	
K Allum	(Resigned 16 April 2015)
N J Byham	
T D Dobbin CBE	
L R C Edwards	
A Fearnall	
M J Gallacher	(Appointed 25 June 2015)
P Giotz-Carlsen	
R B Graham	(Appointed 18 September 2015)
M G Hanley	
J K Haywood	
W G Keane	(Resigned 18 September 2015)
R K O Kers	
A R McInnes	(Appointed 18 September 2015)
J R Neville	
A J Smith	(Resigned 15 May 2015)
G M Taylor	(Appointed 25 June 2015)
P Vernon	

Directors' and officers' liability insurance

During the year ended 31 December 2015 the company provided insurance cover for the directors and officers of the company.

Auditors

Kingston Smith LLP were appointed auditors to the company during the year. A resolution to re-appoint Kingston Smith LLP as auditors will be proposed at the forthcoming Annual General Meeting.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Dairy UK Limited

Directors' Report (Continued)

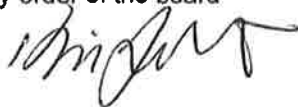
For the year ended 31 December 2015

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

By order of the board



K J Hunter

Secretary

13 May 2016

Dairy UK Limited

Independent Auditors' Report to the Members of Dairy UK Limited

We have audited the financial statements of Dairy UK Limited for the year ended 31 December 2015 which comprise the Income and Expenditure Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective January 2015) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Dairy UK Limited

Independent Auditors' Report to the Members of Dairy UK Limited (Continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and from preparing a strategic report.



Janice Riches (Senior Statutory Auditor)
for and on behalf of Kingston Smith LLP

17 May 2016

Chartered Accountants
Statutory Auditor

Devonshire House
60 Goswell Road
London
EC1M 7AD

Dairy UK Limited

Income and Expenditure Account

For the year ended 31 December 2015

	Notes	2015 £	2014 £
Turnover	2	1,897,306	1,529,713
Administrative expenses		(2,158,620)	(1,811,767)
Exceptional expenditure	4	-	(105,649)
Other operating income	3	93,190	110,507
Operating deficit	4	(168,124)	(277,196)
Income from fixed asset investments	5	220,000	220,000
Other Interest receivable	6	23,507	17,791
Other finance income	13	41,000	22,000
Surplus/(deficit) on ordinary activities before taxation		116,383	(17,405)
Tax on surplus/(deficit) on ordinary activities	7	(9,800)	(13,800)
Surplus/(deficit) for the year	14	106,583	(31,205)

Dairy UK Limited

Statement of Total Recognised Gains and Losses

For the year ended 31 December 2015

	2015	2014
	£	£
Surplus/(deficit) for the financial year	106,583	(31,205)
Unrealised surplus on revaluation of investment property	2,800,000	-
Actuarial gain on defined benefit pension scheme	270,000	728,000
Movement on deferred tax relating to defined benefit pension scheme	(68,400)	(145,600)
Total recognised gains and losses relating to the year	<u>3,108,183</u>	<u>551,195</u>

Dairy UK Limited

Balance Sheet

As at 31 December 2015

	Notes	2015		2014	
		£	£	£	£
Fixed assets					
Tangible assets	8	8,104,770		5,319,330	
Investments	9		6		6
		<u>8,104,776</u>		<u>5,319,336</u>	
Current assets					
Debtors	10	500,023		314,951	
Investments	11	445,012		478,799	
Cash at bank and in hand		424,721		245,411	
		<u>1,369,756</u>		<u>1,039,161</u>	
Creditors: amounts falling due within one year	12	<u>(804,140)</u>		<u>(522,688)</u>	
Net current assets			565,616		516,473
Total assets less current liabilities			<u>8,670,392</u>		<u>5,835,809</u>
Net assets excluding pension liability			8,670,392		5,835,809
Defined benefit pension scheme liability	13		-		(273,600)
Net assets including pension liability			<u>8,670,392</u>		<u>5,562,209</u>
Reserves					
Revaluation reserve	14	7,969,421		5,169,421	
Income and expenditure account	14	700,971		392,788	
Members' funds			<u>8,670,392</u>		<u>5,562,209</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and the Financial Reporting Standard for Smaller Entities (effective January 2015).

Approved by the Board for issue on 13 May 2016


E. Vernon
Director

Company Registration No. 01971245

Dairy UK Limited

Notes to the Financial Statements

For the year ended 31 December 2015

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention, modified to include the revaluation of investment properties, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015).

1.2 Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a small group. The company has therefore taken advantage of the exemption provided by section 398 of the Companies Act 2006 not to prepare group accounts.

1.3 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.4 Turnover

Turnover represents the invoiced value, net of Value Added Tax, of membership subscriptions and services provided to members.

A membership subscription is payable either annually in advance or monthly by bankers standing order or direct debit. An analysis of income for the year is shown in note 2.

A full member of the company must give not less than one year's notice in writing of resignation from membership. Membership income is accounted for on an accruals basis.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Leasehold improvements	Over the term of the lease
Plant and machinery	3 years straight line
Fixtures, fittings & equipment	15% per annum on a reducing balance basis
Motor vehicles	4 years straight line

1.6 Investment properties

Investment properties are accounted for as follows:

i) investment properties are revalued annually. The surplus or deficit is transferred to a revaluation reserve unless a deficit, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the income and expenditure account; and

ii) no depreciation is provided in respect of freehold investment properties.

Although the Companies Act would normally require the systematic annual depreciation of fixed assets, the directors believe that this policy of not providing depreciation is necessary in order for the financial statements to give a true and fair view since the current value of investment properties, and changes in that current value, are of prime importance rather than a calculation of systematic annual depreciation.

Dairy UK Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2015

1 Accounting policies

(Continued)

1.7 Current asset investments

Current asset investments are stated at the lower of cost and net realisable value.

1.8 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.9 Project accounting

Dairy UK Limited undertakes various projects, often in conjunction with other parties. These operate under terms whereby income received must only be used for specific project expenditure or returned to the contributor. Income received but not spent by the balance sheet date is carried forward as a creditor at the year end. Income and expenditure relating to each project is recognised in the year to which it relates.

1.10 Pensions and other post-retirement benefits

The company previously operated defined benefit schemes, and the amount charged to the income and expenditure account in respect of pension costs and other post retirement benefits was the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from the cost. The schemes have been closed to future accrual and there is now no regular cost charged to the income and expenditure account. The interest cost and expected return on assets are included within other finance income or costs.

Actuarial gains or losses arising from new valuations and from updating valuations to the balance sheet date are recognised in the Statement of Total Recognised Gains and Losses.

The present defined benefit scheme is funded with the assets held separately from the company in a separate trustee administered fund. Full actuarial valuations, by a professionally qualified actuary, are obtained at least every three years, and updated to reflect current conditions at each balance sheet date. The pension scheme assets are measured at fair value. The pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency. A pension scheme asset is recognised on the balance sheet only to the extent that the surplus may be recovered by future contributions or to the extent that the trustees have agreed a refund from the scheme at the balance sheet date. A pension scheme liability is recognised to the extent that the company has a legal or constructive obligation to settle the liability.

For defined contribution schemes the amount charged to the income and expenditure account in respect of pension costs and other post retirement benefits is the contribution payable in the year. Differences between contributions payable in the year and contributions actually paid are shown either as accruals or prepayments on the balance sheet.

Dairy UK Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2015

1 Accounting policies

(Continued)

1.11 Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events 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 the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Deferred tax which arises in respect of the defined benefit pension scheme assets and liabilities is deducted from those assets and liabilities in the balance sheet.

2 Turnover

	Turnover	
	2015	2014
	£	£
Class of business		
General membership subscriptions	998,256	935,924
Activities including the Roll Container Repatriation Scheme	652,382	593,789
Other activities and project income	246,668	-
	<u>1,897,306</u>	<u>1,529,713</u>

3 Other operating income

	2015	2014
	£	£
Management charges receivable	93,910	110,507
	<u>93,910</u>	<u>110,507</u>

4 Operating deficit

	2015	2014
	£	£
Operating deficit is stated after charging/(crediting):		
Depreciation of tangible assets	37,437	40,527
Auditors' remuneration	11,550	11,875
Directors' remuneration	34,250	35,000
Profit on disposal of fixed assets	(4,513)	(1,525)
Exceptional costs	-	105,649
	<u>-</u>	<u>105,649</u>

The costs incurred relating to the office move in 2014 were treated as an exceptional item as shown in the income and expenditure account.

Dairy UK Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2015

5	Income from fixed asset investments	2015	2014
		£	£
	Rent receivable less expenses	220,000	220,000
		<u>220,000</u>	<u>220,000</u>
6	Investment income	2015	2014
		£	£
	Bank interest	698	1,148
	Other investment income	22,809	16,643
		<u>23,507</u>	<u>17,791</u>
7	Taxation	2015	2014
		£	£
	Domestic current year tax		
	U.K. corporation tax	9,800	-
	Total current tax	<u>9,800</u>	<u>-</u>
	Deferred tax		
	Movement in deferred tax	-	13,800
	Total tax charge	<u>9,800</u>	<u>13,800</u>

As at 31 December 2015, the company had, subject to any enquiry by HMRC, tax losses of £2,034,938 (2014: 2,034,938) available to carry forward against future profits of the same trade. A deferred tax asset of £394,256 (2014: £406,988) in respect of these losses has not been recognised in the financial statements because of the uncertainty as to the timing of future profits.

At 31 December 2015 the freehold property has been valued to its market value of £8,000,000 (2014: £5,200,000). The potential liability to taxation which would arise if the property were disposed of at this valuation would be approximately £1,178,000 (2014: £623,000).

Dairy UK Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2015

8 Tangible fixed assets

	Freehold investment property £	Leasehold property £	Plant and machinery etc £	Total £
Cost or valuation				
At 1 January 2015	5,200,000	72,706	164,828	5,437,534
Additions	-	5,232	18,748	23,980
Revaluation	2,800,000	-	-	2,800,000
Disposals	-	-	(21,159)	(21,159)
At 31 December 2015	8,000,000	77,938	162,417	8,240,355
Depreciation				
At 1 January 2015	-	7,272	110,932	118,204
On disposals	-	-	(20,056)	(20,056)
Charge for the year	-	8,317	29,120	37,437
At 31 December 2015	-	15,589	119,996	135,585
Net book value				
At 31 December 2015	8,000,000	62,349	42,421	8,104,770
At 31 December 2014	5,200,000	65,434	53,896	5,319,330

The company's freehold was valued at £8,000,000 at 31 December 2015 (£5,200,000 at 31 December 2014) by an independent professional valuer, James Boatman Chartered Surveyors, on the basis of market value.

The historical cost of the investment is £30,579 (2014 -£30,579), and no depreciation has been charged on the property. The title of the freehold investment property remains with The National Dairyman's Association Limited. The property has been recognised in these financial statements because the beneficial interest in the property has been transferred to The Dairy Industry Association Limited, now Dairy UK Limited, on the merger.

A charge is held over the freehold investment property in favour of the Trustees of The Dairy UK Limited Pension Scheme for up to £1,700,000.

Dairy UK Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2015

9 Fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 January 2015 & at 31 December 2015	6
Net book value	
At 31 December 2015	6
At 31 December 2014	6

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares/control held Class	%
Subsidiary undertakings			
Milk Marketing Forum Limited	England and Wales	Ordinary	100.00
DIAL (2004) Limited	England and Wales	Ordinary	100.00
Dairy Energy Savings Limited	England and Wales	Limited by guarantee	100.00
The Dairy Council	England and Wales	Limited by guarantee	100.00
The National Dairymen's Association Limited	England and Wales	Limited by guarantee	100.00
The British Cheese Board Limited	England and Wales	Limited by guarantee	100.00

Dairy UK Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2015

9 Fixed asset investments

(Continued)

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

		Capital and reserves	Surplus/ (deficit) for the year
	Principal activity	2015	2015
		£	£
Milk Marketing Forum Limited	Event promotion	9,717	(31,997)
DIAL (2004) Limited	Dormant	1	-
Dairy Energy Savings Limited	Administration of dairy sector climate change agreement	65,446	(4,564)
The Dairy Council	Promotion of health benefits of dairy products	76,106	(55,964)
The National Dairymen's Association Limited	Dormant	-	-
The British Cheese Board Limited	Dormant	-	-

Dairy Energy Savings Limited enables participating companies from the dairy sector to take advantage of a reduced rate of Climate Change Levy, subject to the achievement of energy usage targets.

The National Dairymen's Association Limited acts as an agent for the company, because it still holds legal title to the freehold investment property (see note 8) and one investment (see note 11) disclosed in these financial statements. The beneficial interest was transferred to the Dairy Industry Association Limited, now Dairy UK Limited, on merger in 2002.

The Dairy Council acts as an agency on behalf of the entire dairy business in Great Britain promoting the health benefits of milk and dairy products. Dairy UK Limited is a material contributor to The Dairy Council via the levy it places on its members' processing volumes in Great Britain.

Milk Marketing Forum Limited is a not for profit organisation which initially commissioned the "Make Mine Milk" promotional campaign over its three year life and latterly the annual "Milk Race" and other related activities.

The British Cheese Board Limited became a subsidiary of Dairy UK Limited on 31 December 2014. It was agreed that British Cheese Board Limited's assets be transferred to Dairy UK Limited at this date. Dairy UK holds these funds which are ring fenced to carry out the British Cheese Board Limited's related activities. The company was dormant during the year.

DIAL (2004) Limited has not traded since incorporation and there are no plans to activate it.

Dairy UK Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2015

10 Debtors	2015	2014
	£	£
Trade debtors	345,715	129,872
Amounts owed by group undertakings	7,871	15,693
Other debtors	146,437	169,386
	<u>500,023</u>	<u>314,951</u>

Other debtors include an amount of £32,490 (2014: £32,490) which is due after more than one year relating to the rent deposit on the company's office at 210 High Holborn which is repayable at the end of the lease in 2024.

11 Current asset investments	2015	2014
	£	£
Unit trust investments	435,087	468,874
Quoted fixed interest securities - Government stocks	9,925	9,925
	<u>445,012</u>	<u>478,799</u>
Market valuation of investments	<u>465,230</u>	<u>495,696</u>

At 31 December 2015 the title of one of the investments, with a market value of £16,418 (2014: £16,818), remains with The National Dairymen's Association Limited. The beneficial interest was previously transferred to Dairy UK Limited on merger and therefore the investment is shown in these financial statements.

12 Creditors: amounts falling due within one year	2015	2014
	£	£
Trade creditors	85,310	125,368
Taxation and social security	79,772	32,162
Other creditors	639,058	365,158
	<u>804,140</u>	<u>522,688</u>

Dairy UK Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2015

13 Pensions and other post retirement benefits

Defined contribution

	2015 £	2014 £
Contributions payable by the company for the year	69,471	61,554

Defined benefit

The Company operates a defined benefit scheme in the UK. There is a separate trustee administered fund holding the pension scheme assets to meet long term pension liabilities. The results of a full actuarial valuation carried out at 31 December 2013 were updated to 31 December 2015 by a qualified actuary, independent of the scheme's sponsoring employer.

The company currently pays contributions at the rate of £25,000 (2014: £47,000) per annum. In addition, the company pays Pension Protection Fund levies, administration, trustee and legal expenses as they fall due.

The company's pension obligations in respect of the scheme are secured by a charge over the investment property up to £1,700,000.

The fair value of the scheme assets and the expected rate of return, the present value of the scheme liabilities and the resulting surplus/ (deficit) are shown below:

Value of scheme assets and liabilities

	2015 £	2014 £
Market value of assets	11,468,000	13,412,000
Present value of scheme liabilities	10,953,000	(13,754,000)
Surplus/(deficit) in scheme	515,000	(342,000)
Asset not recognised due to company's inability to effect return of the surplus	(515,000)	-
Related deferred tax asset	-	68,400
Net pension liability	-	(273,600)

Dairy UK Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2015

13 Pensions and other post retirement benefits

(Continued)

Movements in the year:

	2015 £	2014 £
Deficit in scheme at 1 January 2015	(342,000)	(1,139,000)
Expected return on scheme assets	493,000	669,000
Interest cost	(452,000)	(647,000)
Contributions by the company	31,000	47,000
Actuarial gains	785,000	728,000
	<u>515,000</u>	<u>(342,000)</u>
Surplus/(deficit) in scheme at 31 December 2015	<u>515,000</u>	<u>(342,000)</u>

Analysis of the amount credited to finance income/ charged to finance costs:

	2015 £	2014 £
Other finance costs: expected return on assets in the scheme	493,000	669,000
Other finance costs: interest costs	(452,000)	(647,000)
	<u>41,000</u>	<u>22,000</u>
Total finance income	<u>41,000</u>	<u>22,000</u>

Analysis of the amount recognised in statement of total recognised gains and losses:

	2015 £	2014 £
Difference between expected and actual return on assets	(582,000)	282,000
Experience gains arising from scheme liabilities	283,000	2,908,000
Effect of changes in assumptions underlying the present value of scheme liabilities	1,084,000	(2,462,000)
	<u>785,000</u>	<u>728,000</u>
Actuarial gains	<u>785,000</u>	<u>728,000</u>

The long term expected rate of return on cash is determined by reference to UK long dated government bond yields at the balance sheet dates. The long-term expected return on the insurance contracts is determined by reference to UK long dated government and corporate bond yields. The long term expected rate of return on equities and property is based on the rate of return of bonds with an allowance for out-performance.

The best estimate of contributions to be paid by the company to the scheme for the period commencing 1 January 2016 is £25,000 per annum. Expenses and PPF levies are payable in addition.

Dairy UK Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2015

14 Statement of movements on reserves

Revaluation reserve

	2015 £	2014 £
Balance at 1 January 2015	5,169,421	5,169,421
Revaluation of investment property during the year	2,800,000	-
Balance at 31 December 2015	<u>7,969,421</u>	<u>5,169,421</u>

Income and expenditure account

	2015 £	2014 £
Balance at 1 January 2015	392,788	(158,407)
Surplus/(deficit) for the year	106,583	(31,205)
Actuarial gains on defined benefit pension scheme	270,000	728,000
Movement on deferred tax relating to defined benefit pension scheme	(68,400)	(145,600)
Balance at 31 December 2015	<u>700,971</u>	<u>392,788</u>

Dairy UK Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2015

15 Financial commitments

At 31 December 2015 the company was committed to making the following annual payments under non-cancellable operating leases in the year to 31 December 2016:

	2015 £	2014 £
Operating leases which expire: In over five years	111,000	111,000

16 Company limited by guarantee

Dairy UK Limited is a company limited by guarantee and has no share capital. In the event of winding up, each member will be required to contribute up to £10 to the assets of the company.

17 Related party relationships and transactions

The total remuneration paid to directors for services to the company during the year was £26,250 (2014: £35,000) (Mr W G Keane). £8,000 was paid to United Dairy Farmers Limited in respect of the chairman's services.

During the year Dairy UK Limited charged £89,782 (2014: £89,033) to Dairy Energy Savings Limited in relation to services provided in the year. At the year end £552 (2014: £6,194) was owed to the company by Dairy Energy Savings Limited.

During the year, levies of £450,000 (2014: £450,000) were collected by Dairy UK Limited and invoiced by The Dairy Council. In addition, Dairy UK Limited was charged £10,000 (2014: £20,000) for other services. Dairy UK Limited charged The Dairy Council £11,700 (2014: £40,687) in relation to services provided in the year. At the year end £7,319 (2014: £9,499) was owed by The Dairy Council to the company.

The company employs staff and cross charges The Dairy Council for the cost of employees engaged in activities for that company. The charge to The Dairy Council in 2015 was £174,415 (2014: £124,881) and £17,151 (2014: £12,591) for salaries including employers' NIC and defined contribution pension costs respectively.

During the year, Dairy UK Limited charged £6,000 (2014: £12,291) to Milk Marketing Forum Limited in relation to administration services.