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FORM AR27

Trade Union and Labour Relations (Consolidation) Act 1992

ANNUAL RETURN FOR AN EMPLOYERS' ASSOCIATION

Name of Employers' Association:

Year ended:

List No:

Head or Main Office:

Website address (if available)

Has the address changed during the year to which the return relates? (Tick as appropriate)

General Secretary:

Contact name for queries regarding the completion of this return:

Telephone Number:

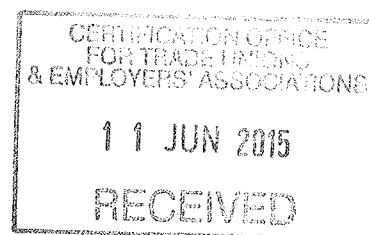
e-mail:

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 2JJ



Dairy UK Limited
Y/e 31 December 2014
Officers in post at the end of the year

M Allen	Director
K Allum	Director
N J Byham	Director
T D Dobbin	Director
L R C Edwards	Director
A Fearnall	Director
P Giotz-Carlsen	Director
M Hanley	Director
J Haywood	Director
W G Keane	Director
R K O Kers	Director
J Neville	Director
A J Smith	Director
P Vernon	Director
K J Hunter	Company Secretary

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
254	6	0	2	262

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		A Fearnall	22 August 2014
Director		P Giotz-Carlsen	1 August 2014
Director		M Hanley	14 March 2014
Director	P T P Allin		16 May 2014
Director	P Lauritzen		31 July 2014
Director	A S Rodda		19 September 2014

REVENUE ACCOUNT/GENERAL FUND

(see notes 11 to 16)

Previous Year			£	£
	INCOME			
936,990	From Members	Subscriptions, levies, etc		935,924
9,653	Investment income	Interest and dividends (gross)	16,518	
1,316		Bank interest (gross)	1,148	
658,569		Other - disposal of investments	125	
669,538	Other income	Rents received	220,000	17,791
218,890		Insurance commission		
		Consultancy fees		
		Publications/Seminars		
580,261		Miscellaneous receipts (specify) See A	593,789	
799,151				813,789
2,405,679	TOTAL INCOME			1,767,504
	EXPENDITURE			
	Administrative expenses			
857,159		Remuneration and expenses of staff	747,214	
129,750		Occupancy costs	147,245	
38,746		Printing, Stationery, Post	37,834	
		Telephones		
136,775		Legal and Professional fees	129,252	
504,363		Miscellaneous (specify) See B	491,645	
1,666,793	Other charges	Bank charges		1,553,190
34,442		Depreciation	40,527	
		Sums written off		
111,190		Affiliation fees	107,543	
		Donations		
		Conference and meeting fees		
		Expenses		
660,697	Miscellaneous (specify) – office move (2013 – re-structuring costs)	105,649		
37,000	Pension finance (income) / costs	(22,000)		
(169,600)	Actuarial (gain) / loss	(582,400)		
673,729	Taxation			(350,681)
2,000				13,800
2,342,522	TOTAL EXPENDITURE			1,216,309
63,157	Surplus/Deficit for year			551,195
(221,564)	Amount of fund at beginning of year			(158,407)
(158,407)	Amount of fund at end of year			392,788

Dairy UK Limited
Y/e 31 December 2014
Miscellaneous receipts

A

Co-tenants	9,160
Administration services	29,400
Packaging services	497,342
Events	26,192
Commissions & sales	354
DTAS membership	19,050
MMF Administration	<u>12,291</u>
	<u>593,789</u>

Dairy UK Limited
Y/e 31 December 2014
Miscellaneous administrative expenses

B

Travelling & subsistence	57,136
Catering	17,667
Other office expenses	4,748
Publications	6,812
Public relations	49,196
Packaging services	285,096
Events	23,141
Scotland office	5,171
Milk Industry magazine	9,050
Disposal of assets	(1,525)
Northern Ireland office	35,153
	<hr/>
	491,645
	<hr/>

ACCOUNTS OTHER THAN THE REVENUE ACCOUNT/GENERAL FUND

(see notes 17 to 18)

ACCOUNT 2		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 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 2014

(see notes 19 and 20)

Previous Year		£	£
5,255,529	Fixed Assets (as at page 11)		5,319,330
	Investments (as per analysis on page 13)		
9,925	Quoted (Market value £16,818)	9,925	
477,360	Unquoted	468,880	
487,285	Total Investments		478,805
	Other Assets		
271,919	Sundry debtors	314,951	
260,700	Cash at bank and in hand	245,411	
	Stocks of goods		
	Others (specify)		
532,619	Total of other assets		560,362
6,275,433	TOTAL ASSETS		6,358,497
(158,407)	Fund (Account)	392,788	
5,169,421	Revaluation Reserve	5,169,421	
	Liabilities		
	Loans		
	Bank overdraft		
32,601	Tax payable	32,162	
110,934	Sundry creditors	125,368	
209,684	Accrued expenses	365,158	
	Provisions		
911,200	Other liabilities	273,600	
6,275,433	TOTAL LIABILITIES		6,358,497
6,275,433	TOTAL ASSETS		6,358,497

FIXED ASSETS ACCOUNT

(see note 21)

	Land & Buildings	Fixtures & Fittings	Motor Vehicles & Equipment	Total
	£	£	£	£
COST OR VALUATION				
At start of period	5,236,218	77,748	141,888	5,455,854
Additions during period	72,706	5,668	25,954	104,328
Less: Disposals during period	(36,218)	(24,087)	(62,343)	(122,648)
Less: DEPRECIATION:				
Total to end of period	(7,272)	(45,429)	(65,503)	(118,204)
BOOK AMOUNT at end of period	5,265,434	13,900	39,996	5,319,330
Freehold	5,200,000			
Leasehold (50 or more years unexpired)				
Leasehold (less than 50 years unexpired)	65,434			
AS BALANCE SHEET	5,265,434	13,900	39,996	5,319,330

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
	17,290	*Market Value of Quoted Investments	16,818
UNQUOTED		British Government Securities	
		British Municipal and County Securities	
		Mortgages	
		Other unquoted securities (to be specified)	
	477,354	Unit trust investments	468,874
	6	Investments in subsidiary	6
477,360	TOTAL QUOTED (as Balance Sheet)	468,880	
473,086	*Market Value of Unquoted Investments	478,878	

* 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 <input checked="" type="checkbox"/>	NO <input type="checkbox"/>
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 <input checked="" type="checkbox"/>	NO <input type="checkbox"/>
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 <input checked="" type="checkbox"/>	NO <input type="checkbox"/>
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	935,924		935,924
From Investments	17,791		17,791
Other Income (including increases by revaluation of assets)	813,789		813,789
Total Income	1,767,504		1,767,504
EXPENDITURE (including decreases by revaluation of assets)	1,216,309		1,216,309
Total Expenditure	1,216,309		1,216,309
Funds at beginning of year (including reserves)	5,011,014		5,011,014
Funds at end of year (including reserves)	5,562,209		5,562,209
ASSETS			
Fixed Assets			5,319,330
Investment Assets			478,805
Other Assets			560,362
		Total Assets	6,358,497
LIABILITIES		Total Liabilities	(796,288)
NET ASSETS (Total Assets less Total Liabilities)			5,562,209

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


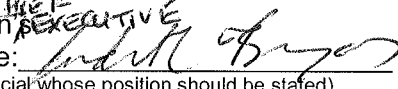
(see notes 37 and 38)

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>KIRK HOWICK</u> Date: <u>8/6/15</u>	Chairman ^{CHIEF EXECUTIVE} Signature: <u></u> (or other official whose position should be stated) Name: <u>JUDITH BERGANS</u> Date: <u>2/6/15</u>
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CHECK LIST

(see note 41)

(please tick as appropriate)

IS THE RETURN OF OFFICERS ATTACHED? (see Page 3)	YES	<input checked="" type="checkbox"/>	NO	
HAS THE RETURN OF CHANGE OF OFFICERS BEEN COMPLETED? (see Page 3)	YES	<input checked="" type="checkbox"/>	NO	
HAS THE RETURN BEEN SIGNED? (see Note 38)	YES	<input checked="" type="checkbox"/>	NO	
HAS THE AUDITOR'S REPORT BEEN COMPLETED (see Note 39)	YES	<input checked="" type="checkbox"/>	NO	
IS A RULE BOOK ENCLOSED? (see Note 40)	YES	<input checked="" type="checkbox"/>	NO	
HAS THE SUMMARY SHEET BEEN COMPLETED (see Notes 6 and 25 to 34)	YES	<input checked="" type="checkbox"/>	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 under the provisions of the Companies Act 2006.
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 under the provisions of the Companies Act 2006.
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 considered in accordance with the provisions of the Companies Act 2006.
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)
See separate document.

Dairy UK Limited

Independent auditor's report to the members of Dairy UK Limited

Year ended 31 December 2014

We have audited the report and financial statements of Dairy UK Limited for the year ended 31 December 2014 which comprise the income and expenditure account, statement of total recognised gains and losses, balance sheet 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 April 2008) (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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the 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 auditor

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the report and 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 report and 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 report and financial statements

An audit involves obtaining evidence about the amounts and disclosures in the report and financial statements sufficient to give reasonable assurance that the report and 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 report and financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited report and 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.

Dairy UK Limited

Independent auditor's report to the members of Dairy UK Limited (continued)

Year ended 31 December 2014

Opinion on report and financial statements

In our opinion the report and financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its deficit 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.

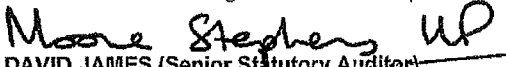
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the report and financial statements are prepared is consistent with the report and financial statements.

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 report and 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 report and financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies exemptions from the requirement to prepare a strategic report.


DAVID JAMES (Senior Statutory Auditor)
for and on behalf of MOORE STEPHENS LLP
Chartered Accountants and Statutory Auditor
London

15 May 2015

AUDITOR'S REPORT (continued)

Moore Stephens LLP audited the financial statements of the company for the year ended 31 December 2014 in accordance with the Companies Act 2006 and our report dated 15 May 2015 is attached.

Signature(s) of auditor or auditors:	<i>Moore Stephens LLP</i>	
Name(s):	Moore Stephens LLP	
Profession(s) or Calling(s):	Statutory Auditor	
Address(es):	Russell Square House 10-12 Russell Square London WC1B 5LF	
Date:	<i>9/6/15</i>	
Contact name and telephone number:	David James 0207 509 9000	

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

Dairy UK Limited

Notes to the report and financial statements

Year ended 31 December 2014

1. Accounting policies

Basis of accounting

The report and financial statements have been 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 April 2008).

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.

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 given in note 2 below.

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.

Expenditure recovered

The office occupied by the company is shared with Dairy Energy Savings Limited, The Dairy Council Limited and Milk Marketing Forum Limited. All expenditure relating to this building and common office services was borne initially by the company and then recharged in proportion to the benefit received by the co-tenants.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold Improvements	-	over residue of lease
Plant & Machinery	-	over 3 years
Fixtures & Fittings	-	15% per annum
Motor Vehicles	-	over 4 years

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.

Operating lease agreements

Costs in respect of operating leases are charged on a straight-line basis over the lease term.

Dairy UK Limited

Notes to the report and financial statements

Year ended 31 December 2014

1. Accounting policies (continued)

Pension costs 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 and losses arising from new valuations and from updating valuations to the balance sheet 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 reduced 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 as either accruals or prepayments in the balance sheet.

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

All of the company's turnover arose from activities inside the UK. The contributions of the various activities of the company are set out below:

	2014	2013
	£	£
General membership subscriptions	935,924	936,990
Other activities including the Roll Container Repatriation Scheme	593,789	580,261
	<u>1,529,713</u>	<u>1,517,251</u>

Dairy UK Limited

Notes to the report and financial statements

Year ended 31 December 2014

3. Other operating income

	2014 £	2013 £
Management charges receivable	<u>110,507</u>	<u>55,839</u>

4. Operating deficit

Operating deficit is stated after charging/(crediting):

	2014 £	2013 £
Staff pension contributions	61,554	54,675
Depreciation of owned fixed assets	40,527	34,442
Profit on disposal of fixed assets	(1,525)	(13,288)
Auditor's fees	11,875	9,750
Costs relating to the office move	<u>105,649</u>	<u>—</u>

The costs incurred relating to the office move from 93 Baker Street to 210 High Holborn have been treated as an exceptional item as shown in the Income and Expenditure Account.

5. Directors' remuneration

The directors' aggregate remuneration, including pension contributions, in respect of qualifying services was:

	2014 £	2013 £
Aggregate remuneration	<u>35,000</u>	<u>26,250</u>

6. Profit on disposal of current asset investments

During the prior year the company disposed of part of its current asset portfolio for a profit of £658,569.

7. Income from fixed asset investments

	2014 £	2013 £
Rent receivable less expenses	<u>220,000</u>	<u>218,890</u>

Dairy UK Limited

Notes to the report and financial statements

Year ended 31 December 2014

8. Interest receivable

	2014 £	2013 £
Bank interest receivable	1,148	1,316
Other investment income	16,643	9,653
	<u>17,791</u>	<u>10,969</u>

9. Other finance income/(costs)

	2014 £	2013 £
Net finance income/(costs) in respect of the defined benefit pension scheme	<u>22,000</u>	<u>(37,000)</u>

10. Taxation on ordinary activities

(a) Analysis of charge in the year

	2014 £	2013 £
Deferred tax:		
Origination and reversal of timing differences	<u>13,800</u>	<u>2,000</u>

(b) Factors affecting current tax charge

The tax assessed on the deficit on ordinary activities for the year is at a higher rate than the standard rate of corporation tax in the UK of 20% (2013 - 20%).

	2014 £	2013 £
Deficit on ordinary activities before taxation	<u>(17,405)</u>	<u>(104,443)</u>
Deficit on ordinary activities multiplied by rate of tax	(3,481)	(20,889)
Expenses not deductible for tax purposes	8,868	358
Capital allowances for period in excess of depreciation	2,337	(7,815)
Unrelieved tax losses	9,292	78,135
Chargeable gains indexation allowance	-	(46,216)
Dividend income not taxable	(3,260)	(1,628)
Group relief surrendered	51	133
Pension contributions	(13,807)	(2,078)
Total current tax (note 10(a))	<u>-</u>	<u>-</u>

Dairy UK Limited

Notes to the report and financial statements

Year ended 31 December 2014

10. Taxation on ordinary activities (*continued*)

(c) Factors that may affect future tax charges

As at the 31 December 2014, the company had, subject to any enquiry by HM Revenue & Customs, tax losses of £2,034,938 (2013: £1,988,477) available to carry forward against future profits of the same trade. A deferred tax asset of £406,988 (2013: £397,695) 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 2014 the freehold property has been valued to its market value of £5,200,000 (2013: £5,200,000). The potential liability to taxation which would arise if the property were disposed of at this valuation would be approximately £623,000 (2013: £630,000).

11. Tangible fixed assets

	Freehold Investment Property £	Leasehold Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Total £
Cost or valuation						
At 1 Jan 2014	5,200,000	36,218	51,065	77,748	90,823	5,455,854
Additions	--	72,706	8,220	5,668	17,734	104,328
Disposals	--	(36,218)	(27,740)	(24,087)	(34,603)	(122,648)
At 31 Dec 2014	5,200,000	72,706	31,545	59,329	73,954	5,437,534
Depreciation						
At 1 Jan 2014	--	36,218	41,659	63,400	59,048	200,325
Charge for the year	--	7,272	9,565	6,116	17,574	40,527
On disposals	--	(36,218)	(27,740)	(24,087)	(34,603)	(122,648)
At 31 Dec 2014	--	7,272	23,484	45,429	42,019	118,204
Net book value						
At 31 Dec 2014	5,200,000	65,434	8,061	13,900	31,935	5,319,330
At 31 Dec 2013	5,200,000	--	9,406	14,348	31,775	5,255,529

The company's freehold investment property was valued at £5,200,000 as at 31 December 2014 by the directors having regard to professional advice and on the basis of market value.

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

Dairy UK Limited

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Year ended 31 December 2014

12. Investments

	Shares in subsidiary undertakings
	£
Cost	
At 1 January 2014 and 31 December 2014	<u>6</u>
Net book value	
At 31 December 2014 and 31 December 2013	<u>6</u>

At the year end the company had the following subsidiary undertakings; the figures shown are based on draft financial statements subject to approval by the respective boards of directors but are not expected to change:

Dairy Energy Savings Limited, a company incorporated and registered in England, is a 100% subsidiary of the company. It was incorporated in 2000 and is limited by guarantee. It 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.

Valuation under Equity Method of accounting:

	2014 £	2013 £
Share of net assets of Dairy Energy Savings Limited	<u>70,010</u>	<u>72,698</u>
Represented by:		
1 January	72,698	75,798
Share of loss	(2,688)	(3,100)
31 December	<u>70,010</u>	<u>72,698</u>

During the year Dairy UK Limited charged £89,033 (2013: £46,380) to Dairy Energy Savings Limited in relation to services provided in the year. At the year end £6,194 (2013: £5,785) was owed by Dairy Energy Savings Limited to the company.

DIAL (2004) Limited, a company incorporated and registered in England, is a subsidiary of the company. It was incorporated in 2004. The company has not traded since incorporation and there are no plans to activate it. The company has net assets of £1.

The National Dairymen's Association Limited, a dormant company limited by guarantee, is also a subsidiary of the company. 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 11) and one investment (see note 14) 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, a company limited by guarantee and incorporated and registered in England is a 100% subsidiary of the company. 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 and during the year contributions of £450,000 were collected by Dairy UK Limited (2013: £450,000) and invoiced by The Dairy Council. In addition, Dairy UK Limited was charged £20,000 (2013: £20,000) for other services. Dairy UK Limited charged The Dairy Council £40,687 (2013: £23,780) in relation to services provided in the year. At the year end £9,499 (2013: £24,915) was owed by The Dairy Council to the company.

Dairy UK Limited

Notes to the report and financial statements

Year ended 31 December 2014

12. Investments (continued)

Valuation under Equity Method of accounting

	2014 £	2013 £
Share of net assets of The Dairy Council	<u>132,070</u>	<u>66,199</u>
Represented by:		
1 January	66,199	66,000
Share of profit	65,871	199
31 December 2014	<u>132,070</u>	<u>66,199</u>

Milk Marketing Forum Limited is a company incorporated and registered in England. Dairy UK holds 100% of the ordinary shares. During the year Dairy UK charged £12,291 (2013: £17,000) to Milk Marketing Forum Limited in relation to administration services.

Milk Marketing Forum Limited commenced trading in October 2009 and 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.

Valuation under Equity Method of accounting

	2014 £	2013 £
Share of net assets of Milk Marketing Forum Limited	<u>41,719</u>	<u>295,398</u>
Represented by:		
1 January	295,403	1,041,592
Share of (loss)	(253,684)	(746,194)
31 December	<u>41,719</u>	<u>295,398</u>

13. Debtors

	2014 £	2013 £
Trade debtors	129,872	147,745
Amounts owed by group undertakings	15,693	30,700
VAT recoverable	14,694	—
Other debtors	154,692	93,474
	<u>314,951</u>	<u>271,919</u>

Dairy UK Limited

Notes to the report and financial statements

Year ended 31 December 2014

13. Debtors (continued)

The debtors above include the following amounts falling due after more than one year:

	2014	2013
	£	£
Other debtors	<u>32,490</u>	<u>-</u>

Other debtors includes a rent deposit of £42,841 (2013 - £42,841) for the lease of property at 93 Baker Street, repayable to Dairy UK Limited at the end of 2014. Discussions are in place with the landlord to receive these funds back now the lease has expired. In addition to this, other debtors also includes a rent deposit for the new property at 210 High Holborn of £32,490 (2013 - Nil) which is repayable at the end of the lease in 2024.

14. Investments

	2014	2013
	£	£
Unit trust investments	468,874	477,354
Quoted fixed interest securities - Government stocks	<u>9,925</u>	<u>9,925</u>
	<u>478,799</u>	<u>487,279</u>
Aggregate market value of investments	<u>495,696</u>	<u>490,616</u>

At 31 December 2014 the title of one of the investments, with a market value of £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. A tax liability of approximately £1,000 would arise if the investment was sold at the market value shown above. No tax is expected to be payable in the foreseeable future on this investment, however the tax liability has been recognised on the investments disposed of in the previous year.

15. Creditors: amounts falling due within one year

	2014	2013
	£	£
Trade creditors	125,368	110,934
PAYE and social security	32,162	23,088
VAT	-	9,513
Accruals and deferred income	<u>365,158</u>	<u>209,684</u>
	<u>522,688</u>	<u>353,219</u>

16. Pensions and other post-retirement benefits

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 preliminary results of a full actuarial valuation carried out at 31 December 2013 were updated to 31 December 2014 by a qualified actuary, independent of the scheme's sponsoring employer. The major assumptions used by the actuary are shown below.

Dairy UK Limited

Notes to the report and financial statements

Year ended 31 December 2014

Pensions and other post-retirement benefits (continued)

The company currently pays contributions at the rate of £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:

	2014 £	2013 £	2012 £
Total market value of assets	13,412,000	13,718,000	13,050,000
Present value of scheme liabilities	<u>(13,754,000)</u>	<u>(14,857,000)</u>	<u>(14,411,000)</u>
Deficit in the scheme	(342,000)	(1,139,000)	(1,361,000)
Related deferred tax asset	68,400	227,800	272,200
Net pension liability	<u>(273,600)</u>	<u>(911,200)</u>	<u>(1,088,800)</u>

An analysis of the movements in surplus/(deficit) during the year are shown below:

	2014 £	2013 £
At 1 January		
Total other finance income/(costs)	(1,139,000)	(1,361,000)
Actuarial gain	22,000	(37,000)
Contributions	728,000	212,000
	47,000	47,000
At 31 December	<u>(342,000)</u>	<u>(1,139,000)</u>

An analysis of the defined benefit cost follows:

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

	31 December 2014 £	31 December 2013 £
Other finance costs: expected return on assets in the scheme	669,000	616,000
Other finance costs: interest costs	<u>(647,000)</u>	<u>(653,000)</u>
Total finance income/(costs)	<u>22,000</u>	<u>(37,000)</u>

Dairy UK Limited

Notes to the report and financial statements

Year ended 31 December 2014

16. Pensions and other post-retirement benefits (*continued*)

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

	31 December 2014 £	31 December 2013 £
Difference between expected and actual return on assets	282,000	456,000
Experience gains arising from scheme liabilities	2,908,000	-
Effect of changes in assumptions underlying the present value of scheme liabilities	(2,462,000)	(244,000)
Actuarial gains	<u>728,000</u>	<u>212,000</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 2015 is £47,000. However with effect from 31 March 2015 a new schedule of contributions has been agreed at £25,000 per annum. Expenses and PPF levies are payable in addition.

17. Commitments under operating leases

At 31 December 2014 the company had aggregate annual commitments under non-cancellable operating leases as set out below.

	2014 £	2013 £
Operating leases which expire:		
Within one year	-	64,755
After more than five years	111,000	-
	<u>111,000</u>	<u>64,755</u>

18. 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.

Dairy UK Limited

Notes to the report and financial statements

Year ended 31 December 2014

19. Revaluation reserve

	2014 £	2013 £
Balance brought forward	5,169,421	4,969,421
Revaluation of fixed assets	—	200,000
Balance carried forward	<u>5,169,421</u>	<u>5,169,421</u>

20. Income and expenditure account

	2014 £	2013 £
Balance brought forward	(158,407)	(221,564)
Deficiency for the financial year	(31,205)	(106,443)
Defined benefit pension scheme	582,400	169,600
Balance carried forward	<u>392,788</u>	<u>(158,407)</u>

22. Post balance sheet events

The British Cheese Board Limited became a subsidiary organisation of Dairy UK Limited with effect from midnight on 31 December 2014. The company is now charged with the responsibility for representing the promotional interests of the industry on cheese. It was agreed that The British Cheese Board Limited's remaining assets be transferred to the company once all outstanding liabilities have been met. The company has agreed that these funds will be ring fenced for The British Cheese Board Limited related cheese activities.

A Memorandum of Agreement has been concluded with The British Cheese Board Limited setting out how the proposed new arrangements will operate.