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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 2017

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: 0330 109 3602

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
Lower Ground Floor, Fleetbank House, 2-6 Salisbury Square, London EC4Y 8JX

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

CERTIFICATION OFFICE
FOR TRADE UNIONS
& EMPLOYERS' ASSOCIATIONS
15 JUL 2018
RECEIVED

DAIRY UK LIMITED

Below is a complete list of the officers in post at the year ended 31 December 2017

N Whelan

T A Atherton

N A Kennedy

S M Hancock

A Fearnall

R B Graham

L R C Edwards

M G Hanley

A R McInnes

T K B Pietrangeli

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
191	5	0	2	198

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 Allen		26 January 2017
Director	P Giotz-Carlsen		14 April 2017
Director	R K O Kers		14 April 2017
Director	M J Gallacher		2 May 2017
Director	J R Neville		24 August 2017
Director	N J Byham		14 September 2017
Director	T D Dobbin CBE		14 September 2017
Director	J K Haywood		14 September 2017
Director		N Whelan	11 January 2017
Director		T A Atherton	26 January 2017
Director		N A Kennedy	26 January 2017
Director		S M Hancock	2 May 2017

REVENUE ACCOUNT/GENERAL FUND

(see notes 11 to 16)

Previous Year			£	£
	INCOME			
959,554	From Members	Subscriptions, levies, etc		1,035,022
21,079 632	Investment income	Interest and dividends (gross) Bank interest (gross) Other (specify)	37,290 2,621	
220,000	Other income	Rents received Insurance commission Consultancy fees Publications/Seminars	220,000 - - -	39,911
778,921 18,398 -		Miscellaneous receipts (See A) Gain on revaluation of investments Profit on sale of fixed assets	887,761 - 7,700	
1,017,319				1,115,461
1,998,584		TOTAL INCOME		2,190,394
	EXPENDITURE			
	Administrative expenses			
905,306 188,730		Remuneration and expenses of staff Occupancy costs Printing, Stationery, Post	927,642 190,376	
50,301 179,255 576,780		Telephones Legal and Professional fees Miscellaneous (see B)	49,533 169,548 655,503	
1,900,372	Other charges	Bank charges Depreciation Sums written off Affiliation fees Donations Conference and meeting fees Expenses Miscellaneous (specify)	30,441 144,661	1,992,602
34,815 133,092		Loss on revaluation of property Loss on revaluation of investments Actuarial loss net of deferred tax	- 3,104 25,000	
270,000 - 25,000 462,907 130,022	Taxation			203,206 (31,185)
2,233,257		TOTAL EXPENDITURE		2,164,623
(234,673)		Surplus/Deficit for year		25,771
7,508,497		Amount of fund at beginning of year		7,273,824
7,273,824		Amount of fund at end of year		7,299,595

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 2017

(see notes 19 and 20)

Previous Year		£	£
7,812,807	Fixed Assets (as at page 11)		7,822,392
	Investments (as per analysis on page 13)		
	Quoted		
462,477	Unquoted	473,167	
462,477	Total Investments		473,167
	Other Assets		
362,069	Sundry debtors	1,043,031	
450,725	Cash at bank and in hand	242,340	
	Stocks of goods		
	Others (specify)		
812,794	Total of other assets		1,285,371
9,088,078		TOTAL ASSETS	9,580,930
7,273,824		7,299,595	
	Fund (Account)		
	Fund (Account)		
	Fund (Account)		
	Revaluation Reserve		
	Liabilities		
	Loans		
	Bank overdraft		
58,572	Tax payable	140,414	
177,027	Sundry creditors	129,236	
520,881	Accrued expenses	985,096	
1,057,774	Provisions	1,026,589	
	Other liabilities		
9,088,078		TOTAL LIABILITIES	9,580,930
9,088,078		TOTAL ASSETS	9,580,930

FIXED ASSETS ACCOUNT

(see note 21)

	Land & Buildings	Fixtures & Fittings	Motor Vehicles & Equipment	Total
	£	£	£	£
COST OR VALUATION				
At start of period	7,810,364	102,956	68,945	7,982,265
Additions during period	-	5,391	34,635	40,026
Less: Disposals during period	-	(4,173)	(35,060)	(39,233)
Less: DEPRECIATION:				
Total to end of period	(32,145)	(90,015)	(38,506)	(160,666)
BOOK AMOUNT at end of period	7,778,219	14,159	30,014	7,822,392
Freehold	7,730,000			
Leasehold (50 or more years unexpired)				
Leasehold (less than 50 years unexpired)	48,219			
AS BALANCE SHEET	7,778,219	14,159	30,014	7,822,392

ANALYSIS OF INVESTMENTS

(see note 22)

		Other Funds £	
QUOTED	British Government & British Government Guaranteed Securities		
	British Municipal and County Securities		
	Other quoted securities (to be specified)		
	TOTAL QUOTED (as Balance Sheet)		
	*Market Value of Quoted Investments		
UNQUOTED	British Government Securities		
	British Municipal and County Securities		
	Mortgages		
	Other unquoted securities (to be specified)		
	462,471 6	Unit trust investments	473,161 6
	462,477	Investment in subsidiary	
		TOTAL QUOTED (as Balance Sheet)	473,167
	*Market Value of Unquoted Investments		

* 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?		<input checked="" type="checkbox"/> YES ✓	<input type="checkbox"/> NO
If YES name the relevant companies:			
COMPANY NAME Dairy Energy Savings Limited Dairy 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		<input checked="" type="checkbox"/> YES ✓	<input type="checkbox"/> 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?		<input checked="" type="checkbox"/> YES ✓	<input type="checkbox"/> 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	1,035,022		1,035,022
From Investments	39,911		39,911
Other Income (including increases by revaluation of assets)	1,115,461		1,115,461
Total Income	2,190,394		2,190,394
EXPENDITURE (including decreases by revaluation of assets)	2,164,623		2,164,623
Total Expenditure	2,164,623		2,164,623
Funds at beginning of year (including reserves)	7,273,824		7,273,824
Funds at end of year (including reserves)	7,299,595		7,299,595
ASSETS			
Fixed Assets			7,822,392
Investment Assets			473,167
Other Assets			1,285,371
		Total Assets	9,580,930
LIABILITIES		Total Liabilities	(2,281,335)
NET ASSETS (Total Assets less Total Liabilities)			7,299,595

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)

We confirm that the audit was carried out in accordance with the requirements of the Trade Union and Labour Relations (consolidation) Act 1992.

We hope this now completes your requirements

Yours faithfully


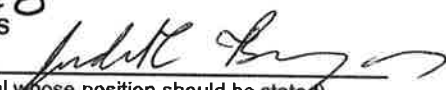


Kingston Smith LLP

SIGNATURES TO THE ANNUAL RETURN

(see notes 39 and 40)

including the accounts and balance sheet contained in the return.

Secretary's Signature:  Name: <u>KIRK HUNTER</u> Date: <u>10/7/2018</u>	^{CEO} Chairman's Signature:  (or other official whose position should be stated) Name: <u>JUDITH BRYANS</u> Date: <u>13/7/18</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.

THE CHECKLIST BELOW IS FOR GUIDANCE. A REPORT IS STILL REQUIRED EITHER SET OUT OVERLEAF OR BY WAY OF AN ATTACHED AUDITOR'S REPORT THAT COVERS THE ABOVE 1992 ACT REQUIREMENTS.

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
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
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
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 2017 in accordance with the Companies Act 2006 and our report dated 5 July 2018 is attached.

Signature(s) of auditor or auditors:		
Name(s):	Kingston Smith LLP	
Profession(s) or Calling(s):	Statutory Auditor	
Address(es):	Devonshire House 60 Goswell Road London EC1M 7AD	
Date:	6 July 2018	
Contact name and telephone number:	Janice Riches 020 7566 4000	

A

Dairy UK Limited
Year ended 31 December 2017
Miscellaneous receipts

Packaging services	474,219
Other project income	185,153
Directors services	99,010
Events	56,856
DTAS membership	23,058
Administration services	39,065
Other income	500
Trolley Sales	9,900
	<hr/>
	887,761
	<hr/>

B**Dairy UK Limited
Year ended 31 December 2017
Miscellaneous administrative expenses**

Other project expenditure	179,013
Repatriation services – trolleywise	226,394
Advertising	56,692
Computer running costs	5,714
Travelling, Accommodation and subsistence	75,233
Entertaining	52,076
Bank Charges	1,036
Staff welfare	900
Other expenses	58,445
	<hr/>
	655,503
	<hr/>

Dairy UK Limited

Directors' Report and Financial Statements
For the year ended 31 December 2017

Company Registration No. 01971245 (England and Wales)



Dairy UK Limited

Company Information

Directors	T A Atherton	(Appointed 26 January 2017)
	G D'Arcy	(Appointed 8 February 2018)
	A Fearnall	
	R B Graham	
	S M Hancock	(Appointed 2 May 2017)
	M G Hanley	
	N A Kennedy	(Appointed 26 January 2017)
	A R McInnes	
	R D Pearman	(Appointed 8 February 2018)
	T K B Pietrangeli	
	G M Taylor	
P Vernon		
N Whelan	(Appointed 11 January 2017)	
Chairman	P Vernon	
Chief executive officer	J A Bryans	
Secretary	K J Hunter	
Company number	01971245	
Registered office	6th Floor 210 High Holborn London WC1V 7EP	
Auditor	Kingston Smith LLP Devonshire House 60 Goswell Road London EC1M 7AD	

Dairy UK Limited

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Dairy UK Limited

Directors' Report

For the year ended 31 December 2017

The directors present their report and financial statements for the year ended 31 December 2017.

Principal activities

Dairy UK 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 pay a subscription which contributes to the costs of the organisation.

In 2017, Dairy UK carried out a range of high profile activities designed to promote dairy.

These included:

- Launching with AHDB Dairy, the first major dairy promotional campaign for many years. This initial year is a pilot programme which if successful in changing attitudes towards dairy will be extended for a further two years.
- Hosting in Belfast a highly successful World Dairy Summit on behalf of the IDF. Continuing engagement on global issues with Codex, WHO and FAO via the International Dairy Federation, the Global Dairy Platform and Dairy Sustainability Framework.
- Working with the UK Government and other stakeholders to understand the opportunities and risks for the industry arising from the UK's decision to leave the European Union.
- Maintaining a safe and secure dairy supply chain in the UK through the operation of a Due Diligence Scheme for dairy manufacturers and processors, Dairy Transport Assurance Scheme for processors and hauliers and MilkSure for processors and farmers.
- Focusing on a growth and development agenda for the industry working at all levels of Government including the devolved administrations.
- 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 products 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.
- Working with the Farmers Forum and stakeholders to develop strategies to maintain the high reputation of the industry in animal health and welfare.

Roll Container Repatriation Scheme

Dairy UK continues to operate a roll container repatriation scheme. Membership comprises 20 Dairy processors.

Final Salary Pension Scheme

Dairy UK 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.

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 UK Limited

Directors' Report (Continued)

For the year ended 31 December 2017

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 June 2018 DESL had entered into a sectoral agreement with the Government covering 91 sites and 63 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.

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 collected as agent and passed on to The Dairy Council, £450,000. The Dairy Council operates as a separate limited company with Dairy UK 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.

Dairy 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. The Dairy Marketing Forum has been principally concerned with the organisation of the highly successful Milk Race at Nottingham. In 2017 the company changed its name to Dairy Marketing Forum Limited. The company has been inactive.

Post balance sheet events

During 2018 the Board conducted a major review of the functions and operations of Dairy UK and its subsidiaries. This has led to a number of fundamental changes which will be announced by the Chairman at the Annual Dinner on 27th June. There are no substantial financial implications arising from the review.

Dairy UK Limited

Directors' Report (Continued)

For the year ended 31 December 2017

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

M Allen	(Resigned 26 January 2017)
T A Atherton	(Appointed 26 January 2017)
N J Byham	(Resigned 14 September 2017)
G D'Arcy	(Appointed 8 February 2018)
T D Dobbin CBE	(Resigned 14 September 2017)
L R C Edwards	(Resigned 8 February 2018)
A Fearnall	
M J Gallacher	(Resigned 2 May 2017)
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A R McInnes	
J R Neville	(Resigned 24 August 2017)
R D Pearman	(Appointed 8 February 2018)
T K B Pietrangeli	
G M Taylor	
P Vernon	
N Whelan	(Appointed 11 January 2017)

Auditor

A resolution proposing that Kingston Smlth LLP be reappointed as auditor of the company will be put to the Annual General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually 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 auditor is aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

By order of the board



K J Hunter

Secretary

28 June 2018

Dairy UK Limited

Directors' Responsibilities Statement

For the year ended 31 December 2017

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 including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' (FRS 102). 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 surplus or deficit 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

Independent Auditor's Report

To the Members of Dairy UK Limited

Opinion

We have audited the financial statements of Dairy UK Limited (the 'company') for the year ended 31 December 2017 which comprise the Income and Expenditure Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are Independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Dairy UK Limited

Independent Auditor's Report (Continued)

To the Members of Dairy UK Limited

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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 take advantage of the small companies exemption from the requirement to prepare a Strategic Report.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Dairy UK Limited

Independent Auditor's Report (Continued)

To the Members of Dairy UK Limited

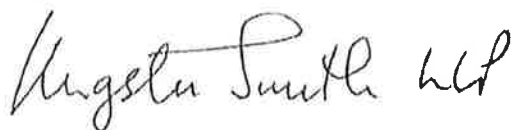
As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

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 for no purpose other than to draw to the attention of the company's members those matters we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and the company's members as a body, for our work, for this report, or for the opinions we have formed.



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

6 July 2018

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 2017

		2017	2016
		£	£
Turnover	3	1,823,773	1,640,905
Administrative expenses		(2,160,004)	(2,068,279)
Other operating income		99,010	97,570
Operating deficit		(237,221)	(329,804)
Income from fixed asset investments	6	220,000	220,000
Interest receivable and similar income	7	36,807	40,109
Fair value gain/(loss) on investment property		-	(270,000)
Surplus/(deficit) before taxation		19,586	(339,695)
Taxation	8	31,185	130,022
Surplus/(deficit) for the financial year		50,771	(209,673)

Dairy UK Limited

Statement of Comprehensive Income

For the year ended 31 December 2017

	Note	2017 £	2016 £
Surplus/(deficit) for the year		50,771	(209,673)
Other comprehensive expenditure			
Actuarial loss on defined benefit pension scheme	18	(25,000)	(25,000)
Movement on deferred tax relating to defined benefit pension scheme	18	-	-
Total comprehensive income/(expenditure) for the year		<u>25,771</u>	<u>(234,673)</u>

Dairy UK Limited

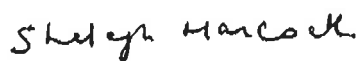
Balance Sheet

As at 31 December 2017

	Notes	2017	2016
Fixed assets			
Tangible assets	9	92,392	82,807
Investment properties	10	7,730,000	7,730,000
Investments	11	6	6
		<u>7,822,398</u>	<u>7,812,813</u>
Current assets			
Debtors	14	1,043,031	362,069
Investments	15	473,161	462,471
Cash at bank and In hand		242,340	450,725
		<u>1,758,532</u>	<u>1,275,265</u>
Creditors: amounts falling due within one year	16	<u>(1,254,746)</u>	<u>(756,480)</u>
Net current assets		<u>503,786</u>	<u>518,785</u>
Total assets less current liabilities		<u>8,326,184</u>	<u>8,331,598</u>
Provisions for liabilities			
Deferred tax liability		1,026,589	1,057,774
		<u>(1,026,589)</u>	<u>(1,057,774)</u>
Net assets		<u>7,299,595</u>	<u>7,273,824</u>
Reserves			
Accumulated fund		<u>7,299,595</u>	<u>7,273,824</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 28 June 2018 and are signed on its behalf by:



S M Hancock
Director

Company Registration No. 01971245

Dairy UK Limited

Statement of Changes in Equity For the year ended 31 December 2017

	Notes	Accumulated fund £
Balance at 1 January 2016		<u>7,508,497</u>
Year ended 31 December 2016:		
Deficit for the year		(209,673)
Other comprehensive expenditure: Actuarial loss on defined benefit scheme	18	<u>(25,000)</u>
Total comprehensive expenditure for the year		<u>(234,673)</u>
Balance at 31 December 2016		<u>7,273,824</u>
Year ended 31 December 2017:		
Surplus for the year		50,771
Other comprehensive expenditure: Actuarial loss on defined benefit scheme	18	<u>(25,000)</u>
Total comprehensive Income for the year		<u>25,771</u>
Balance at 31 December 2017		<u><u>7,299,595</u></u>

Dairy UK Limited

Notes to the Financial Statements

For the year ended 31 December 2017

1 Accounting policies

Company information

Dairy UK Limited is a private company limited by guarantee and is domiciled and incorporated in England and Wales. The registered office is 6th Floor, 210 High Holborn, London, WC1V 7EP. The liability of the members is limited to £10.

1.1 Accounting convention

These financial statements have been prepared in accordance with Section 1A of FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest pound.

The financial statements have been prepared under the historical cost convention, as modified by the recognition of investment properties and investments at fair value. The principal accounting policies adopted are set out below.

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 Revenue recognition

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT. The business income streams include the following:

Subscriptions

Subscriptions generally run for a period of one year. A membership subscription is payable either annually in advance or monthly by bankers standing order or direct debit.

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.

The Roll Container Repatriation Scheme

The Roll Container Repatriation Scheme is a vehicle by which individual members of the scheme can ensure that trolleys are repatriated back to the correct members after being used to transport produce.

Subscriptions for the scheme generally run for a period of one year. A membership subscription is payable either annually in advance or monthly by bankers standing order or direct debit.

Members are also charged a monthly fee based on the number of trolley returns in that month.

Dairy UK Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2017

1 Accounting policies (Continued)

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their expected useful lives on the following bases:

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

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is credited or charged to profit or loss.

1.5 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured using the fair value model and stated at its fair value at the reporting end date. The surplus or deficit on revaluation is recognised in the income and expenditure account.

1.6 Investments in subsidiaries

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

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

Dairy UK Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2017

1 Accounting policies

(Continued)

1.7 Impairment of fixed assets

At each reporting end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Current asset investments

Current asset investments are measured using the fair value model and are stated at their fair value at the reporting end date. Changes in fair value are recognised in profit or loss.

Fair value is based on quoted prices in an active market.

1.9 Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

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

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Dairy UK Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2017

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method.

Other financial assets, which constitute listed investments, are classified through profit or loss and are measured at fair value.

1.11 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income and expenditure account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income and expenditure account, except when it relates to items charged or credited directly to reserves, in which case the deferred tax is also dealt with in reserves. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

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

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

Dairy UK Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2017

1 Accounting policies

(Continued)

1.13 Retirement benefits

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from the company in independently administered funds.

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

Defined benefit pension scheme

Pension scheme assets are measured at fair value in accordance with the FRS 102 fair value hierarchy. Pension scheme liabilities are measured using the projected unit credit method and are discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability. Annually the company engages independent actuaries to calculate the obligation.

The balance recognised in the Balance Sheet in respect of the defined benefit pension scheme is the present value of the defined benefit obligation at the end of the reporting date, less the fair value of the scheme assets at the reporting date.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income together with the return on scheme assets, less amounts included in net interest.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of scheme assets. The cost is recognised in profit or loss as 'Other finance costs'.

Pension scheme surpluses, to the extent that they are considered recoverable, or deficits are recognised in full and presented within provisions.

1.14 Leases

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

1.15 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.

Dairy UK Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2017

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Deferred tax

Deferred tax assets are recognised for unused tax losses where the board consider that it is probable that taxable profit will be available against which the losses can be utilised. Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Defined benefit pension scheme

The company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. See note 18 for the disclosure relating to the defined benefit scheme.

3 Turnover

	2017	2016
	£	£
Class of business		
General membership subscriptions	1,035,022	959,554
Activities including the Roll Container Repatriation Scheme	603,597	583,290
Other activities and project income	185,154	98,061
	<u>1,823,773</u>	<u>1,640,905</u>

4 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2017	2016
	Number	Number
Total	<u>19</u>	<u>18</u>

Dairy UK Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2017

5	Directors' remuneration	2017	2016
		£	£
	Remuneration paid to directors	<u>22,923</u>	<u>25,660</u>
6	Income from fixed asset investments	2017	2016
		£	£
	Rent receivable	<u>220,000</u>	<u>220,000</u>
7	Interest receivable and similar income	2017	2016
		£	£
	Interest receivable and similar income includes the following:		
	Bank interest	2,621	632
	Other investment income	37,290	21,079
	(Loss)/gain on revaluation of investments	(3,104)	18,398
		<u>36,807</u>	<u>40,109</u>
8	Taxation	2017	2016
		£	£
	Current tax		
	Adjustments in respect of prior periods	-	(9,800)
	Deferred tax		
	Origination and reversal of timing differences (note 17)	<u>(31,185)</u>	<u>(120,222)</u>
	Total tax credit	<u>(31,185)</u>	<u>(130,022)</u>

Factors that may affect future tax charges

As at 31 December 2017, the company had, subject to any enquiry by HMRC, tax losses of £2,084,000 (2016: £2,050,886) available to carry forward against future profits of the same trade.

Dairy UK Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2017

9 Tangible fixed assets

	Leasehold Property	Plant and machinery etc	Total
	£	£	£
Cost			
At 1 January 2017	80,364	171,901	252,265
Additions	-	40,026	40,026
Disposals	-	(39,233)	(39,233)
At 31 December 2017	80,364	172,694	253,058
Depreciation and impairment			
At 1 January 2017	24,109	145,349	169,458
Depreciation charged in the year	8,036	22,405	30,441
Eliminated in respect of disposals	-	(39,233)	(39,233)
At 31 December 2017	32,145	128,521	160,666
Carrying amount			
At 31 December 2017	48,219	44,173	92,392
At 31 December 2016	56,255	26,552	82,807

10 Fixed asset investment property

	2017 £
Fair value	
At 1 January 2017 and 31 December 2017	7,730,000

The company's freehold was valued at £7,730,000 at 31 December 2017 (2016: £7,730,000) by an independent professional valuer, James Boatman Chartered Surveyors. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties.

The historical cost of the investment is £30,579 (2016: £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 2017

11 Fixed asset Investments

	2017	2016
	£	£
Investments	6	6

Shares in Group Undertakings

Shares in group undertakings are shown at cost, less any provisions for material continuing losses and impaired carrying value. Details of the company's subsidiary undertakings are set out below. All the subsidiary undertakings are incorporated in England and Wales and operate in the United Kingdom

12 Subsidiaries

Company	Country of registration or incorporation	Nature of business	Shares	% held
			Class	%
Subsidiary undertakings				
Dairy Energy Savings Limited	England and Wales	Adminlstration of dairy sector climate change agreement	Limited by guarantee	100
Dairy Marketing Forum Limited	England and Wales	Event promotion	Ordinary	100
DIAL (2004) Limited	England and Wales	Dormant	Ordinary	100
The British Cheese Board Limited	England and Wales	Dormant	Limited by guarantee	100
The Dairy Council	England and Wales	Promotion of health benefits of dairy products	Limited by guarantee	100
The National Dairymen's Association Limited	England and Wales	Dormant	Limited by guarantee	100

Dairy UK Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2017

12 Subsidiaries

(Continued)

Dairy 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 company is no longer trading pending securing future funding for further promotional campaigns.

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

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 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.

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 10) and one investment (see note 15) 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 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.

13 Financial Instruments

	2017	2016
	£	£
Carrying amount of financial assets		
Instruments measured at fair value through income or expenditure	473,161	462,471

14 Debtors

	2017	2016
	£	£
Amounts falling due within one year:		
Service charges due	918,396	193,260
Amounts due from group undertakings	5,814	3,777
Other debtors	86,331	132,542
	<u>1,010,541</u>	<u>329,579</u>
Amounts falling due after one year:		
Other debtors	32,490	32,490
	<u>32,490</u>	<u>32,490</u>
Total debtors	<u>1,043,031</u>	<u>362,069</u>

Dairy UK Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2017

15 Current asset Investments

	2017 £	2016 £
Unit trust Investments	473,161	462,471

Reconciliation of movements in fair value:

	2017 £	2016 £
Fair value		
At 1 January 2017	462,471	461,113
Additions	167,500	276,646
Disposals	(163,706)	(293,686)
Net gains or losses through fair value adjustments	(3,104)	18,398
At 31 December 2017	473,161	462,471

16 Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	129,236	177,027
Other taxation and social security	140,414	58,572
Other creditors	985,096	520,881
	1,264,746	756,480

Dairy UK Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2017

17 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Investment property £
Deferred tax (asset)/ liability at 1 January 2016	1,177,996
Deferred tax movements in prior year	
Credit to income and expenditure account	(120,222)
Deferred tax liability at 1 January 2017	1,057,774
Deferred tax movements in current year	
Credit to income and expenditure account	(31,185)
Deferred tax liability at 31 December 2017	1,026,589

A further deferred tax asset arises due to tax losses available to carry forward against future profits of the same trade. These deferred tax assets which amount to £397,363 (2016 - £389,668) have not been included in the financial statements.

18 Retirement benefit schemes

Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The charge to income and expenditure in respect of defined contribution schemes was £76,164 (2016 - £76,314).

Included in other creditors are outstanding contributions of £nil (2016 - £nil) relating to the defined contribution pension scheme.

Dairy UK Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2017

18 Retirement benefit schemes

(Continued)

Defined benefit schemes

The Company operates a defined benefit pension scheme in the UK. There is a separate trustee administered fund holding the pension scheme assets to meet long term pension liabilities. The scheme is closed to future accrual of benefits.

The pension schemes' assets are held separately from those of the company in separate trustee administered funds. The contributions are determined with the advice of an independent actuary on the basis of regular valuations.

The most recent actuarial valuation upon which the amounts included in the accounts are based, was carried out at 31 December 2016. Using this as a basis the actuarial valuation of the scheme has been updated to 31 December 2017 by an independent qualified actuary in accordance with section 28 of FRS 102.

As required by section 28 of FRS 102, the defined benefit liabilities have been measured using the projected unit method.

The company currently pays contributions at the rate of £25,000 (2016: £25,000) 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.

Key assumptions

The key financial assumptions used, in accordance with the instructions of the directors were:

	2017	2016
	%	%
Discount rate	2.44	2.77
RPI	3.24	3.29
CPI	2.24	2.29
Expected rate of increase of pensions in payment	3.17	3.21

No allowance has been made for cash commutations.

Dairy UK Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2017

18 Retirement benefit schemes

(Continued)

Mortality assumptions

The mortality assumption at 31 December 2017 uses 100% of mortality rates included in the standard tables known as S2PMA/S2PFA, year of birth CMI2015 projection with a long term improvement trend of 1.50% per annum for both males and females.

Assumed life expectations on retirement at age 65:

	2017 Years	2016 Years
Retiring today		
- Males	22.50	22.40
- Females	24.60	24.50
Retiring in 20 years		
- Males	24.70	24.60
- Females	26.90	26.80

Amounts recognised in the income and expenditure account:

	2017 £	2016 £
Interest on assets	420,000	420,000
Interest cost on liabilities	(420,000)	(420,000)
Total credited/(charged) to the other finance expenditure	-	-

Amounts recognised in other comprehensive income:

	2017 £	2016 £
Return on scheme assets excluding amounts included in net interest	1,913,000	2,440,000
Actuarial losses on scheme liabilities	(1,491,000)	(2,890,000)
Changes in effect of asset ceiling	(447,000)	425,000
Total expenditure recognised in other comprehensive income	(25,000)	(25,000)

Dairy UK Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2017

18 Retirement benefit schemes

(Continued)

The amounts included in the balance sheet arising from the company's obligations in respect of defined benefit schemes are as follows:

	2017 £	2016 £
Present value of defined benefit obligations	15,892,000	14,158,000
Fair value of scheme assets	(16,429,000)	(14,248,000)
Surplus in scheme	(537,000)	(90,000)
Asset not recognised due to asset ceiling	537,000	90,000
Total surplus recognised	-	-

Movements in the present value of defined benefit obligations:

	2017 £	2016 £
Liabilities at 1 January 2017	14,158,000	10,953,000
Benefits paid	(147,000)	(105,000)
Actuarial loss on scheme liabilities	1,491,000	2,890,000
Interest cost	390,000	420,000
At 31 December 2017	15,892,000	14,158,000

The defined benefit obligations arise from schemes which are wholly or partly funded.

Movements in the fair value of scheme assets:

	2017 £	2016 £
Fair value of assets at 1 January 2017	14,248,000	11,468,000
Return on scheme assets	1,913,000	2,440,000
Benefits paid	(147,000)	(105,000)
Contributions by the employer	25,000	25,000
Interest income	390,000	420,000
At 31 December 2017	16,429,000	14,248,000

The actual return on scheme assets for the year was a gain of £2,303,000 (2016 - £2,860,000).

Dairy UK Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2017

18 Retirement benefit schemes

(Continued)

The fair value of scheme assets at the reporting period end was as follows:

	2017	2016
	£	£
Equity Instruments	5,631,000	5,112,000
Debt Instruments	1,195,000	1,161,000
Cash	82,000	14,000
With profits assets	9,521,000	7,961,000
	<u>16,429,000</u>	<u>14,248,000</u>

19 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.

20 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	2017	2016
	£	£
Within one year	111,000	111,000
Between two and five years	92,500	203,500
	<u>203,500</u>	<u>314,500</u>

Dairy UK Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2017

21 Related party transactions

The total remuneration paid to directors for services to the company during the year was £16,923 (2016: £8,000) (Dr T D Dobbin CBE). £6,000 (2016: £Nil) has been set aside to be paid to Glanbia Cheese Limited in the event of a claim for chairman's services.

During the year Dairy UK Limited charged £93,018 (2016: £91,390) to Dairy Energy Savings Limited in relation to services provided in the year. At the year end £670 (2016: £670) was owed to the company by Dairy Energy Savings Limited.

During the year, levies of £450,000 (2016: £450,000) were collected by Dairy UK Limited and invoiced by The Dairy Council. In addition, Dairy UK Limited was charged £7,000 (2016: £7,000) for other services. Dairy UK Limited charged The Dairy Council £12,180 (2016: £11,940) in relation to services provided in the year. At the year end £5,144 (2016: £3,107) 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 2017 was £170,419 (2016: £157,876) and £18,448 (2016: £17,808) for salaries including employers' NIC and defined contribution pension costs respectively.

During the year, Dairy UK Limited charged £nil (2016: £3,000) to Dairy Marketing Forum Limited in relation to administration services.