



**ANNUAL
REPORT
AND ACCOUNTS
2021**

Board of Directors

& OTHER INFORMATION



Chairman	Edward Carr
Vice Chairman	Martin Callanan
Board	Noel Armitage Matt Cleary Richard Collins Padraig Coughlan Sean Daly Patrick Donnellan Barry Donnelly Keith Donovan Eoin Doorley Seamus Finn Michael Flaherty John Grace Michael Kennedy John D. Mannion John Moylan Sean C. Ryan Gerry Boyle (Independent Director)
Chief Executive	Conor Ryan
Secretary	Billy Walsh

Auditors

McKeogh Gallagher Ryan,
23 Silver Street,
Nenagh,
Co. Tipperary.

Solicitors

Patrick F. Treacy & Co.,
29 Pearse Street,
Nenagh,
Co. Tipperary.

Principal Bankers

Allied Irish Banks plc.
Bank of Ireland plc.

Registered Office

Nenagh,
Co. Tipperary.

2021 KEY Highlights



REVENUES

2021 €340m
2020 €278m

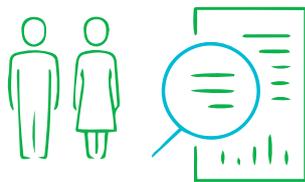


OPERATING PROFIT

2021 €4.09m
2020 €2.68m

SHAREHOLDERS' FUNDS

2021 €51.6m
2020 €49.4m



EBITDA EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTIZATION



2021 €12.5m
2020 €10.4m



MILK PROCESSED

2021 498m lt.
2020 450m lt.

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Chairman's ADDRESS

2021 was another successful year for Arrabawn and also the farming community. While the Covid pandemic continued to be the main topic of concern, fortunately the Co-op management had structures and protocols in place that proved extremely effective. Milk processing and Agri trading were able to continue with reasonable normality. Dairy markets continued to strengthen as the year progressed and the Society ended 2021 paying an average milk price of 40.17 cent per litre. This was very welcome at farm level as production costs were on the increase during the year but, with favourable weather conditions and good grass growth, it was a successful year for dairying.

As we look to the future, the biggest challenge facing all of us is the environmental targets which have been put in place by Government. Since the abolition

of quotas in 2015, the Irish Agri Food sector has seen phenomenal growth, particularly dairying. This has delivered a significant boost across rural Ireland from the spin off of this expansion. As farmers and members of the dairy industry we all enjoyed being part of this evolution. However, going forward, the sustainability of our industry needs to be protected.

Whatever regulations are put in place, it is important that the family farm model is protected and afforded options to grow in a sustainable manner and that new blood is allowed to continue to join the dairy industry. Our country has a strong competitive advantage in food production and its important that we protect this by being both economically strong and sustainable going forward.

The key points from our financial results are as follows:

- Turnover for the year 2021 was €340m up from €278m in 2020

- E.B.I.T.D.A. €12.5m an increase of €2.1m on 2020

- Operating Profit €4.09m an increase of €1.4m on 2020

- Net Debt €33.6m a reduction of €8.8m on 2020

- The Average Milk Price was 40.17c/ltr versus 34.37c/ltr in 2020

Agri Trading

2021 was a very successful year for our Agri Trading division. Thanks to our designation as an essential service during Covid, our business continued to not only operate but expand its customer base. Arrabawn and Dan O'Connor Feeds offer quality products at competitive prices to assist you on your farms.

As a reward for your loyalty to the organisation, Feed Bonus Shares and a Loyalty Bonus Scheme are in place.

Dairy Processing

As milk volumes continue to grow during 2021, we were fortunate to have the major capital investment completed at the processing plant in Nenagh. As a result of the investment, most of our milk supply is now being manufactured into butter, which is sold under the Kerrygold brand, and casein, which is also a high value product. The new plant is producing high quality product that is being very well received all over the world.

Liquid Milk

Fresh milk products continue to be a very competitive low-margin business, which is not helped by the tender system operated by the multiples. Our plant is well managed, modern, and efficient but challenges continue in an increasingly challenging and competitive market.

I would like to thank our management, staff and all involved in Arrabawn during 2021. As can be seen by our financial results, it was a very successful year for the organisation. An excellent achievement despite market and covid challenges.

To the Board and Representative Committee, I thank you for the support and loyalty you have given to the organisation. Thankfully we are all getting back to in-house meetings and normality largely restored after the pandemic. During the past year the Board and Rules Sub Committee put a lot of work into restructuring the Representative Committee. The aim here is to ensure all areas of the Society are fairly represented into the future.

During the past year we had two Board retirements in Patrick Brennan and Sean Fahy. I would like to thank both for the sterling service and commitment they gave to Arrabawn over many years and wish them and their families well into the future.

Edward Carr

Chairman





Chief Executive's REVIEW

Arrabawn enjoyed a strong year in 2021. With the help of the recently commissioned plant, we had good growth in milk supply which was all processed efficiently. We have recorded the highest ever turnover in the history of the co-op and the highest ever EBITDA figure. This has helped bring about a significant reduction in our debt levels and further strengthens our balance sheet. The investment programme of the previous two years has borne fruit and this, supported by strong sales in both the retail and feed side of the business, was very welcome. Overall, we saw growth in milk volumes coupled with an improved price per litre during the year as supply globally was slightly constrained because of both weather and environmental concerns. The overhanging threat of Covid during the year put additional pressure on farmers and processors and we are very grateful for the full co-operation we got to ensure our business continued as normal.

Arrabawn completed the first and most important stage of the €30 million capital expansion programme at our manufacturing plant in Nenagh. Our initial focus was on ensuring we built in capacity in both processing and effluent treatment. Last year we followed that up by commencing the site development phase of the programme, with demolition of the front end of the site to free up space for car parking and making way for the new entrance, which we will commence

this year along with the upgrade of the milk intake and milk reception area.

The development of new markets and customers was very encouraging and continued product development remains a key priority for this area of the business.

Arrabawn's involvement with Moorepark and the Dairy Processing Technology Centre (DPTC) gives us access to excellent R&D facilities and teams to help improve our processes and add value to our product range, a worthwhile investment that allows our own team to interact on various projects annually.

The liquid milk business regained volumes during the year, but the market remains challenging. Lack of price increases and continued cost increases make the business difficult. Despite these challenges we have continued to explore opportunities and seek out ways of improving the efficiency of the business. Continued contraction of the customer base and ongoing movement of trade into the major retailers is changing the business model and despite a good year for retailers in general the food service aspect of the business had a difficult time due to covid. Many of our customers found themselves reopening and then due to outbreaks forced to close for a second or third time.

The Agri Business was one area where we found the retail spend to be very strong due to customers, farmers and householders having time and disposable income to enable them do work. Retail sales of hardware, both Agri and household along with paint saw exceptionally strong growth. This was supplemented by good sales of feed and fertiliser where we saw significant increase in our sales. During the year we were delighted to invest in enhancements at a number of our stores that also enabled expansion of product range. Further plans are on stream to invest in increasing the capacity of our feed mill. The Agri team has also been working on this project during 2021 with the hope of completing the plan in 2022.

Respecting the environment is a very important focus for Arrabawn, as is working with our suppliers to ensure that we are adhering to best practise. As custodians of the land, our members do a fantastic job in respecting the environment and we must always be proactive in encouraging our members to do so. We must also ensure we verify those actions and involve ourselves in the programmes such as ASSAP to ensure water quality is of the highest possible standard in our area. In 2021 we agreed to become involved with Teagasc in the Signpost Programme, with four of our suppliers working with Teagasc

advisers and co-op staff to implement best practice at farm level in terms of our environmental obligations. Application of the Teagasc MACC curve practices at farm level and continued monitoring of the carbon emissions of these farms is of huge assistance. Further dissemination of the learnings from the monitor farms to all our members will be of critical importance in helping us all to continue to grow and have the licence to grow our businesses into the future.

Finance packages to our members have been an important service over the last four/ five years. The excellent package launched by Finance Ireland has been very well received by many of our members. Bank of Ireland launched a similar scheme in 2021 with Arrabawn and this also has had good uptake.

To all members of our Board and Representative Committee, I would like to acknowledge your support and help during the year in ensuring Arrabawn moved forward. To the management and staff of the co-op, in what were at times difficult circumstances, a big thank you also.

Conor Ryan
Chief Executive



Arrabawn Co-Operative Society Limited

Directors' responsibilities statement Year ended 31/12/21

The Board of Directors are responsible for preparing the Directors' report and the consolidated financial statements in accordance with applicable Irish law and regulations.

The Industrial and Provident Societies Acts, 1893 to 2018 require the Board of Directors to prepare financial statements, in accordance with accounting standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" issued by the Financial Reporting Council for each financial year which give a true and fair view of the state of affairs of the Society and of its profit or loss for that period.

In preparing these financial statements, the Board of Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with FRS 102 The financial reporting standard applicable in the UK and Republic of Ireland; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the society will continue in business.

The directors are responsible for ensuring that the society keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the society, enable the assets, liabilities, financial position and profit or loss of the society to be determined with reasonable accuracy, enable them to ensure the financial statements and director's report comply with the Industrial and Provident Societies Acts 1893 to 2018 and enable the financial statements to be audited. The Board is also responsible for safeguarding the assets of the society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors, are also responsible for preparing the Annual Report that complies with the requirements of the Industrial and Provident Societies Acts 1893 to 2018.

The Board of Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board:

Edward Carr
Chairman

Martin Callanan
Vice - Chairman

Arrabawn Co-Operative Society Limited

Independent auditor's report to the shareholders of Arrabawn Co-Operative Society Limited Year ended 31/12/21

Opinion

We have audited the consolidated financial statements of Arrabawn Co-Operative Society Limited for the year ended 31/12/21 which comprise the income statement, statement of financial position, statement of changes in equity, statement of cash flows and related notes. The relevant financial reporting framework that has been applied in their preparation is the Industrial and Provident Societies Acts 1893 to 2018 and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

In our opinion the consolidated financial statements:

- give a true and fair view of the assets, liabilities and financial position of the society as at 31/12/21 and of its profit for the year then ended; and
- have been properly prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been properly prepared in accordance with the requirements of section 13 of the Industrial and Provident Societies Act, 1893 to 2018.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) 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 society in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the society's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

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.

Arrabawn Co-Operative Society Limited

Independent auditor's report to the shareholders of Arrabawn Co-Operative Society Limited (continued) Year ended 31/12/21

Opinion on other matters prescribed by the Industrial and Provident Societies Act

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the society were sufficient to permit the financial statements to be readily and properly audited. The financial statements are in agreement with the accounting records.

Respective responsibilities

Responsibilities of directors for the financial statements

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

In preparing the financial statements, the directors are responsible for assessing the society's ability to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going concern basis of accounting unless management either intends to liquidate the society or to cease operation, or has 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 (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As required by section 13(2) of the Industrial and Provident Societies Act, 1893 to 2018 we examined the balance sheets showing the receipts and expenditure, funds and effects of the Society, and verified the same with books, deeds, documents, accounts and vouchers relating thereto, and found them to be correct, duly vouched, and in accordance with law.

Arrabawn Co-Operative Society Limited

Independent auditor's report to the shareholders of Arrabawn Co-Operative Society Limited (continued) Year ended 31/12/21

Further information regarding the scope of our responsibilities as auditor

As part of an audit in accordance with ISAs (Ireland), 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 purpose of expressing an opinion on the effectiveness of the society'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 society'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 society 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities with the Group to express an opinion on the (consolidated) financial statements. The group auditor is responsible for the direction, supervision and performance of the group audit. The group auditor remains solely responsible for the audit opinion.

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.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the society's members, as a body, in accordance with section 14 of the Industrial and Provident Societies Act, 1893 to 2018. Our audit work has been undertaken so that we might state to the society's members those matters we are required to state to them in an auditors report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the society and the society's members as a body, for our audit work, for this report, or for the opinions we have formed.

McKeogh Gallagher Ryan
Chartered Accountants & Statutory Auditors
23 Silver Street
Nenagh
Co. Tipperary

24/02/22

Arrabawn Co-Operative Society Limited

Income statement Year ended 31/12/21

	Note	2021 €	2020 €
Turnover	4	340,025,020	278,368,814
Cost of sales		(262,776,437)	(214,826,328)
Gross profit		<u>77,248,583</u>	<u>63,542,486</u>
Operating selling & distribution costs		(60,484,569)	(49,817,366)
Administrative expenses		(12,699,552)	(11,062,134)
Other operating income	5	22,896	20,028
Operating profit	6	<u>4,087,358</u>	<u>2,683,014</u>
Exceptional Items	8	-	(1,021,836)
Gain / (loss) on financial assets at fair value through profit or loss		4,818	(284,986)
Income from other financial assets	9	2,055	437,022
Interest payable and similar charges	10	(1,686,191)	(1,749,344)
Profit on ordinary activities before taxation		<u>2,408,040</u>	<u>63,870</u>
Tax on profit on ordinary activities	11	(34,353)	40,714
Profit for the financial year and total comprehensive income		<u><u>2,373,687</u></u>	<u><u>104,584</u></u>

All the activities of the society are from continuing operations.

The society has no other recognised items of income and expenses other than the results for the year as set out above.

The notes on pages 16 to 39 form part of these financial statements.

Arrabawn Co-Operative Society Limited

Statement of financial position Year ended 31/12/21

	Note	2021 €	2020 €
Fixed assets			
Intangible assets	13	1,179,364	1,516,197
Tangible assets	14	65,145,394	69,570,784
Financial assets	15	1,228,590	1,561,115
		<u>67,553,348</u>	<u>72,648,096</u>
Current assets			
Stocks	16	21,004,379	15,519,115
Debtors	17	41,555,825	32,970,234
Cash at bank and in hand	18	7,711,574	7,145,938
		<u>70,271,778</u>	<u>55,635,287</u>
Creditors: amounts falling due within one year	19	<u>(53,966,459)</u>	<u>(43,716,179)</u>
Net current assets		16,305,319	11,919,108
Total assets less current liabilities		83,858,667	84,567,204
Creditors: amounts falling due after more than one year	20	(32,299,614)	(35,029,708)
Provisions for liabilities	25	(6,812)	(114,592)
Net assets		<u>51,552,241</u>	<u>49,422,904</u>
Capital and reserves			
Called up share capital presented as equity	27	10,791,845	10,524,708
Other reserves	28	1,673,827	1,630,059
Profit and loss account	28	39,086,569	37,268,137
Shareholders funds		<u>51,552,241</u>	<u>49,422,904</u>

These Financial Statements were approved by the Board of Directors on 24/02/22
and signed on behalf of the Board by: Edward Carr, Chairman and Martin Callanan, Vice Chairman.

The notes on pages 16 to 39 form part of these financial statements.

Arrabawn Co-Operative Society Limited

Statement of changes in equity Year ended 31/12/21

	Called up share capital €	Reserve for own shares held €	Other reserves €	Profit and loss account €	Total €
At 01/01/2020	10,289,030	-	1,560,901	37,716,352	49,566,283
Profit for the year	-	-	-	104,584	104,584
Total comprehensive income for the year	-	-	-	104,584	104,584
Issue of shares	38,263	-	-	-	38,263
Issue of bonus shares	280,842	-	(280,842)	-	-
Share & loan stock interest	-	-	-	(202,799)	(202,799)
Redemption of shares	(83,427)	-	-	-	(83,427)
Transfer bonus reserve	-	-	350,000	(350,000)	-
Total investments by and distributions to owners	235,678	-	69,158	(552,799)	(247,963)
At 31/12/20 and 01/01/21	10,524,708	-	1,630,059	37,268,137	49,422,904
Profit for the year	-	-	-	2,373,687	2,373,687
Total comprehensive income for the year	-	-	-	2,373,687	2,373,687
Issue of shares	44,100	-	-	-	44,100
Issue of bonus shares	306,232	-	(306,232)	-	-
Share & loan stock interest	-	-	-	(205,255)	(205,255)
Redemption of shares	(83,195)	-	-	-	(83,195)
Transfer bonus reserve	-	-	350,000	(350,000)	-
Total investments by and distributions to owners	267,137	-	43,768	(555,255)	(244,350)
At 31/12/21	10,791,845	-	1,673,827	39,086,569	51,552,241

Arrabawn Co-Operative Society Limited

Statement of cash flows Year ended 31/12/21

	2021 €	2020 €
Cash flows from operating activities		
Profit for the financial year	2,373,687	104,584
<i>Adjustments for:</i>		
Depreciation of tangible assets	8,303,816	7,581,847
Amortisation of grant	(301,404)	(328,870)
Amortisation of intangible assets	336,833	336,833
(Gain) / Loss on financial assets at fair value through profit or loss	(4,818)	284,986
Income from other financial assets	(2,055)	(437,022)
Interest payable and similar charges	1,686,191	1,749,344
(Gain) on disposal of tangible assets	(18,977)	(319,078)
Loss on Business Operations (Exceptional)	-	1,021,836
Tax on profit on ordinary activities	34,353	(40,714)
<i>Changes in:</i>		
Stocks	(5,485,264)	1,347,067
Trade and other debtors	(8,585,591)	587,886
Trade and other creditors	15,295,434	1,990,887
Tax relief at source not paid	1,500	1,500
Cash payments re: Exceptionals	50,000	(871,836)
Cash generated from operations	13,683,705	13,009,250
Interest paid	(1,872,199)	(1,952,143)
Taxation Refunded	-	180,412
Taxation paid	(147,670)	(4,458)
Net cash from operating activities	<u>11,663,836</u>	<u>11,233,061</u>
Cash flows from investing activities		
Purchase of tangible assets	(3,531,328)	(10,505,322)
Proceeds from sale of tangible assets	44,706	493,586
Purchase of other investments	-	(199,269)
Proceeds from sale of other investments	337,343	1,386,489
Dividends received	2,055	-
Receipt of Capital Grant	304,791	721,062
Net cash used in investing activities	<u>(2,842,433)</u>	<u>(8,103,454)</u>

Arrabawn Co-Operative Society Limited

Statement of cash flows (continued) Year ended 31/12/21

	Note	2021 €	2020 €
Cash flows from financing activities			
Issue of ordinary share capital		44,100	38,263
Redemption of ordinary share capital		(83,195)	(83,427)
Repayment of long term loan		(2,804,623)	(2,302,740)
Issue of long term loan		-	4,989,901
Payment of Finance Lease liabilities		(3,348)	(3,194)
Net cash (used in)/from financing activities		<u>(2,847,066)</u>	<u>2,638,803</u>
Net increase in cash & cash equivalents		5,974,337	5,768,410
Cash and cash equivalents at beginning of year	18	<u>(5,592,287)</u>	<u>(11,360,697)</u>
Cash and cash equivalents at end of year	18	<u>382,050</u>	<u>(5,592,287)</u>

Arrabawn Co-Operative Society Limited

Notes to the financial statements Year ended 31/12/21

1. General Information

Arrabawn Co-operative Society Limited is primarily engaged in the manufacture and sale of animal feedstuffs, the processing and sale of milk and derivative products and the sale of agri-goods from branches throughout the region. The society operates its dairy processing plants at its premises at Stafford Street, Nenagh, Co. Tipperary and Kilconnell, Co. Galway. The animal feed production plant is at Ballysimon Road, Limerick.

The Society is an Industrial and Provident Society registered and domiciled in Ireland. The Society is tax resident in Ireland.

The entity financial statements comply with Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Industrial and Provident Societies Acts, 1893 to 2018.

2. Accounting policies

Basis of preparation

The financial statements have been prepared on the going concern basis, under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities through profit or loss.

The financial statements are prepared in euros, which is the functional currency of the entity.

Consolidation

The consolidated financial statements incorporate the financial statements of Arrabawn Co-Operative Society Limited ("the Society") and its subsidiaries for the year ended 31 December 2021. All intra - group transactions, balances, income and expenses are eliminated on consolidation.

Turnover

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer, usually on despatch of the goods; the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Interest Income

Interest Income is recognised using the effective interest method.

Exceptional items

Exceptional items are disclosed separately in the financial statements in order to provide further understanding of the financial performance of the entity. They are material items of income or expense that have been shown separately because of their nature or amount.

Arrabawn Co-Operative Society Limited

Notes to the financial statements (continued) Year ended 31/12/21

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in capital and reserves. In this case, tax is recognised in other comprehensive income or directly in capital and reserves, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other 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. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Currency

The financial statements are presented in euro, which is the society's functional and presentation currency. Foreign currency transactions are initially translated in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to profit or loss. Non-Monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Operating leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight line basis over the period of the lease.

Goodwill

Goodwill arises on business acquisitions and represents the excess of the cost of the acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities of the acquired business.

Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. It is amortised on a straight line basis over its useful life. Where a reliable estimate of the useful life of goodwill or intangible assets cannot be made, the life is presumed not to exceed ten years.

Goodwill is reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

Arrabawn Co-Operative Society Limited

Notes to the financial statements (continued) Year ended 31/12/21

Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at a revalued amount, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

Intangible assets acquired as part of a business combination are recorded at the fair value at the acquisition date.

Amortisation

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

Goodwill	15 years
Patents, trademarks and licences	10 to 15 years

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Tangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated depreciation and impairment losses.

Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in capital and reserves, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in capital and reserves in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in capital and reserves in respect of that asset, the excess is recognised in profit or loss.

Arrabawn Co-Operative Society Limited

Notes to the financial statements (continued) Year ended 31/12/21

Depreciation

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

Land	Not Depreciated
Freehold and leasehold properties	25 years
Plant and machinery	10 years
Motor vehicles	5 years
Leased assets	Not Depreciated

The Society's policy is to review the remaining useful life and residual value of tangible fixed assets. If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of tangible assets, the depreciation is revised prospectively to reflect the new estimates.

Impairment

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

When it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the society are assigned to those units.

Financial assets

Financial assets are initially recorded at cost, and subsequently stated at cost less any provision for diminution in value. Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

Stocks

Stocks comprise consumable items and goods held for resale. Cost is calculated on a first in first out basis and includes all costs of purchase, costs of conversion and other costs incurred in bringing the stocks to their present location and condition. Net realisable value comprises the actual or estimated selling price less all further costs to completion and to be incurred in marketing, selling and distribution.

Arrabawn Co-Operative Society Limited

Notes to the financial statements (continued) Year ended 31/12/21

Trade Debtors

Trade Debtors are recognised initially at transaction price and subsequently at amortised cost less any provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the society will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. All movements in the level of the provision required are recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

Trade Creditors

Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Hire purchase and finance leases

Assets held under finance leases are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Arrabawn Co-Operative Society Limited

Notes to the financial statements (continued) Year ended 31/12/21

Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the society will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised using the accrual model and the performance model.

Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the society recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income and not deducted from the carrying amount of the asset.

Under the performance model, where the grant does not impose specified future performance-related conditions on the recipient, it is recognised in income when the grant proceeds are received or receivable. Where the grant does impose specified future performance-related conditions on the recipient, it is recognised in income only when the performance-related conditions have been met. Where grants received are prior to satisfying the revenue recognition criteria, they are recognised as a liability.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event; it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised in finance costs in profit or loss in the period it arises.

Arrabawn Co-Operative Society Limited

Notes to the financial statements (continued) Year ended 31/12/21

Financial instruments

A financial asset or a financial liability is recognised only when the society becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Employee benefits

Contributions to defined contribution pension plans are recognised as an expense in the period in which the related service is provided.

Short term benefits, including wages and salaries, paid holiday arrangements and other similar non-monetary benefits are recognised as an expense in the financial year in which employees provide the related service.

Arrabawn Co-Operative Society Limited

Notes to the financial statements (continued) Year ended 31/12/21

3. Critical accounting judgements and estimates

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Judgements and estimates are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgement in applying the entity's accounting policies

There are no judgements, apart from those involving estimates, involved in the preparation of financial statements.

(b) Critical accounting estimates and assumptions

The society makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Establishing useful economic lives for depreciation purposes of tangible fixed assets

Long-life assets, consisting primarily of Tangible fixed assets, comprise a significant portion of the total assets. The annual depreciation charge depends primarily on the estimated useful economic lives of each type of asset and estimates of residual values. The society regularly review these asset useful economic lives and change them as necessary to reflect current thinking on remaining lives in light of prospective economic utilisation and physical condition of the assets concerned. Changes in asset useful lives can have a significant impact on depreciation and amortisation charges for the period. Detail of the useful economic lives is included in the accounting policies.

(ii) Impairment of stocks

The society sells dairy products, agri products and DIY products and is subject to changing demands due to trend changes. As a result it is necessary to consider the recoverability of the carrying amount of stock at the end of each financial year. When calculating any stock impairment, the society considers the nature and condition of the stock, current estimated selling prices, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials. The level of provision required is reviewed on an on-going basis.

(iii) Impairment of debtors

The society makes an estimate of the recoverable value of trade and other debtors. The society uses estimates based on historical experience in determining the level of debts, which the society believes, will not be collected. These estimates include such factors as the current credit rating of the debtor, the ageing profile of debtors and historical experience. Any significant reduction in the level of customers that default on payments or other significant improvements that resulted in a reduction in the level of bad debt provision would have a positive impact on the operating results. The level of provision required is reviewed on an on-going basis.

Arrabawn Co-Operative Society Limited

Notes to the financial statements (continued) Year ended 31/12/21

(iv) Provisions

The society makes provisions for legal and constructive obligations, which it knows to be outstanding at year-end. These provisions are generally made based on historical or other pertinent information, adjusted for recent trends where relevant. However, they are estimates of the financial costs of events that may not occur for some years. As a result of this and the level of uncertainty attaching to the financial outcomes, the actual outturn may differ significantly from that estimated.

4. Turnover

The whole of the turnover is attributable to the principal activity of the society wholly undertaken in Ireland.

5. Other operating income

	2021 €	2020 €
Commission receivable	<u>22,896</u>	<u>20,028</u>

6. Operating profit

Operating profit is stated after charging/(crediting):

	2021 €	2020 €
Amortisation of intangible assets	336,833	336,833
Depreciation of tangible assets	8,303,816	7,581,847
Amortisation of capital grants	(301,404)	(328,870)
(Gain) on disposal of tangible assets	(18,977)	(319,078)
General Operating, Selling & Distribution Costs	26,063,680	24,548,926
Fuel & Power	16,217,086	6,790,399
Wages & Salaries (Note 7)	<u>18,203,803</u>	<u>18,478,041</u>

Arrabawn Co-Operative Society Limited

Notes to the financial statements (continued) Year ended 31/12/21

7. Staff costs

The average number of persons employed by the society during the year, was as follows:

	2021 Number	2020 Number
Production & Administration	371	401

The aggregate payroll costs incurred during the year were:

	2021 €	2020 €
Wages and salaries	15,812,180	16,022,117
Social insurance costs	1,693,140	1,740,851
Other retirement benefit costs	698,483	715,073
	<u>18,203,803</u>	<u>18,478,041</u>

8. Exceptional items

	2021 €	2020 €
Loss on Business Operations (Operating)	-	(1,021,836)

The costs associated with the operating loss on business operations are as a result of a plant production issue in October 2020 and restructuring costs within the business.

9. Income from other financial assets

	2021 €	2020 €
Gain on disposal - listed	-	437,022
Dividends received	2,055	-
	<u>2,055</u>	<u>437,022</u>

10. Interest payable and similar charges

	2021 €	2020 €
Bank loans and overdrafts	1,685,699	1,748,695
Other loans made to the company:		
Finance leases and hire purchase contracts	492	649
	<u>1,686,191</u>	<u>1,749,344</u>

Arrabawn Co-Operative Society Limited

Notes to the financial statements (continued) Year ended 31/12/21

11. Tax on profit on ordinary activities

Major components of tax expense/(income)

	2021 €	2020 €
Current tax:		
Irish current tax expense	142,133	146,111
Deferred tax:		
Origination and reversal of timing differences	(109,370)	(92,780)
Fair value adjustment - FRS 102	1,590	(94,045)
Total deferred tax (Note 24)	<u>(107,780)</u>	<u>(186,825)</u>
Tax on profit on ordinary activities	<u>34,353</u>	<u>(40,714)</u>

Reconciliation of tax expense/(income)

The tax assessed on the profit on ordinary activities for the year is lower than (2020: lower than) the standard rate of corporation tax in Ireland of 12.50% (2020: 12.50%).

	2021 €	2020 €
Profit on ordinary activities before taxation	<u>2,408,040</u>	<u>63,870</u>
Profit on ordinary activities by rate of tax	301,005	7,984
Effect of expenses not deductible / (allowable) for tax purposes	(90,083)	(98,540)
Utilisation of tax losses	(134,296)	-
Research & Development tax credit	(44,297)	-
Adjustment in respect of previous periods	434	-
Tax on passive income at higher rate	-	143,887
Fair value adjustments re: FRS 102	1,590	(94,045)
Tax on profit on ordinary activities	<u>34,353</u>	<u>(40,714)</u>

12. Share & Loan Stock Interest (Note 28)

	2021 €	2020 €
Share Interest	<u>205,255</u>	<u>202,799</u>
	<u>205,255</u>	<u>202,799</u>

The directors recommend a payment of share interest for 2021 of 2% (2020 - 2%).

Arrabawn Co-Operative Society Limited

Notes to the financial statements (continued) Year ended 31/12/21

13. Intangible assets

	Goodwill	Patents, Trade Brands & Licences	Total
	€	€	€
Cost			
At 01/01/21 and 31/12/21	2,694,519	3,102,500	5,797,019
Amortisation			
At 01/01/21	1,959,155	2,321,667	4,280,822
Charge for the year	163,333	173,500	336,833
At 31/12/21	<u>2,122,488</u>	<u>2,495,167</u>	<u>4,617,655</u>
Carrying amount			
At 31/12/21	<u>572,031</u>	<u>607,333</u>	<u>1,179,364</u>

	Goodwill	Trade Brands	Total
	€	€	€
Cost			
At 01/01/20 and 31/12/20	2,694,519	3,102,500	5,797,019
Amortisation			
At 01/01/20	1,795,822	2,148,167	3,943,989
Charge for the year	163,333	173,500	336,833
At 31/12/20	<u>1,959,155</u>	<u>2,321,667</u>	<u>4,280,822</u>
Carrying amount			
At 31/12/20	<u>735,364</u>	<u>780,833</u>	<u>1,516,197</u>

Arrabawn Co-Operative Society Limited

Notes to the financial statements (continued) Year ended 31/12/21

14. Tangible assets

	Freehold property	Long leasehold property	Plant and machinery	Motor vehicles	Leased Assets	Total
	€	€	€	€	€	€
Cost						
At 01/01/21	44,603,552	76,468	125,312,755	5,270,878	1,276,513	176,540,166
Additions	227,061	-	3,618,670	58,425	-	3,904,156
Disposals	-	-	(7,624)	(371,517)	-	(379,141)
At 31/12/21	<u>44,830,613</u>	<u>76,468</u>	<u>128,923,801</u>	<u>4,957,786</u>	<u>1,276,513</u>	<u>180,065,181</u>
Depreciation						
At 01/01/21	19,145,826	30,068	81,715,206	4,801,769	1,276,513	106,969,382
Charge for the year	1,150,057	3,059	6,923,173	227,527	-	8,303,816
Disposals	-	-	(3,664)	(349,747)	-	(353,411)
At 31/12/21	<u>20,295,883</u>	<u>33,127</u>	<u>88,634,715</u>	<u>4,679,549</u>	<u>1,276,513</u>	<u>114,919,787</u>
Carrying amount						
At 31/12/21	<u>24,534,730</u>	<u>43,341</u>	<u>40,289,086</u>	<u>278,237</u>	<u>-</u>	<u>65,145,394</u>

	Freehold property	Long leasehold property	Plant and machinery	Motor vehicles	Leased Assets	Total
	€	€	€	€	€	€
Cost						
At 01/01/20	42,480,237	76,468	118,351,740	5,285,516	1,276,513	167,470,474
Additions	2,231,521	-	7,981,535	83,432	-	10,296,488
Disposals	(108,206)	-	(1,020,520)	(98,070)	-	(1,226,796)
At 31/12/20	<u>44,603,552</u>	<u>76,468</u>	<u>125,312,755</u>	<u>5,270,878</u>	<u>1,276,513</u>	<u>176,540,166</u>
Depreciation						
At 01/01/20	18,253,370	27,009	76,417,221	4,623,375	1,276,513	100,597,488
Charge for the year	994,110	3,059	6,318,505	266,173	-	7,581,847
Disposals	(101,654)	-	(1,020,520)	(87,779)	-	(1,209,953)
At 31/12/20	<u>19,145,826</u>	<u>30,068</u>	<u>81,715,206</u>	<u>4,801,769</u>	<u>1,276,513</u>	<u>106,969,382</u>
Carrying amount						
At 31/12/20	<u>25,457,726</u>	<u>46,400</u>	<u>43,597,549</u>	<u>469,109</u>	<u>-</u>	<u>69,570,784</u>

Arrabawn Co-Operative Society Limited

Notes to the financial statements (continued) Year ended 31/12/21

Obligations under finance leases

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

At 31/12/21

Plant and
machinery

€

23,473

At 31/12/20

Plant and
machinery

€

26,088

Arrabawn Co-Operative Society Limited

Notes to the financial statements (continued) Year ended 31/12/21

15. Financial assets

	Other investments other than loans	Total
	€	€
Cost		
At 01/01/21	1,561,115	1,561,115
Additions	-	-
Disposals	(337,343)	(337,343)
Fair value adjustments	4,818	4,818
At 31/12/21	<u>1,228,590</u>	<u>1,228,590</u>
Provision for diminution in value		
At 01/01/21 and 31/12/21	-	-
Carrying amount		
At 31/12/21	<u>1,228,590</u>	<u>1,228,590</u>

	Other investments other than loans	Total
	€	€
Cost		
At 01/01/20	2,596,299	2,596,299
Additions	199,269	199,269
Disposals	(949,467)	(949,467)
Fair value adjustments	(284,986)	284,986
At 31/12/20	<u>1,561,115</u>	<u>1,561,115</u>
Provision for diminution in value		
At 01/01/20 and 31/12/20	-	-
Carrying amount		
At 31/12/20	<u>1,561,115</u>	<u>1,561,115</u>

In the opinion of the board, the value of investments is not less than as shown above. Included in other Investments other than loans are listed investments and other investments. All other investments outside of listed investments are measured at Cost less impairment.

Arrabawn Co-Operative Society Limited

Notes to the financial statements (continued) Year ended 31/12/21

Listed investments

Included in financial assets are the following amounts in relation to listed investments:

	Other investments other than loans €	Total €
At 31 December 2021		
Carrying value	33,156	33,156
Market value	33,156	33,156
Stock exchange value	33,156	33,156
At 31/12/20		
Carrying value	28,339	28,339
Market value	28,339	28,339
Stock exchange value	28,339	28,339

The listed investments are listed on the Irish Stock Exchange and Canadian Securities Exchange. In December 2018, IPL Plastic Leaders (previous One51 plc) were floated and listed on the Canadian Securities Exchange. The cost of listed investments included above are €2,436 (2020: €2,436).

Investments in group undertakings

	Registered office	Nature of business	Class of share	Shares held	
				2021 %	2020 %
Subsidiary undertakings					
Arra Co-Operative Society Ltd	Stafford St., Nenagh, Co. Tipperary.	Agri Co-Op	Ordinary	100	100

16. Stocks

	2021 €	2020 €
Raw materials and consumables	4,025,958	2,787,605
Finished goods and goods for resale	14,634,882	10,440,840
Expense Stocks	2,343,539	2,290,670
	21,004,379	15,519,115

The net replacement of stock is not expected to be materially different from that shown above.

Arrabawn Co-Operative Society Limited

Notes to the financial statements (continued) Year ended 31/12/21

17. Debtors

	2021 €	2020 €
Trade debtors	39,619,156	31,734,761
Other debtors	1,936,669	1,235,473
	<u>41,555,825</u>	<u>32,970,234</u>

The fair value of trade and other receivables approximate to their carrying amounts. Trade debtors are stated after provisions for impairments of €1,811,790 (2020: €1,877,133).

18. Cash and cash equivalents

	2021 €	2020 €
Cash at bank and in hand	7,711,574	7,145,938
Bank overdrafts	(7,329,524)	(12,738,225)
	<u>382,050</u>	<u>(5,592,287)</u>

The bank and cash balance contain no restricted cash.

19. Creditors: amounts falling due within one year

	2021 €	2020 €
Bank loans and overdrafts	10,134,147	15,540,219
Trade creditors	43,006,575	27,229,946
Obligations under finance leases	3,594	3,387
Tax and social insurance:		
PAYE and social welfare	489,072	528,192
Corporation tax	139,473	143,510
Government grants (Note 23)	193,598	270,925
	<u>53,966,459</u>	<u>43,716,179</u>

Trade creditors include amounts owing to suppliers who have a reservation of title clause in their contracts of sale.

20. Creditors: amounts falling due after more than one year

	2021 €	2020 €
Bank loans and overdrafts	31,160,387	33,967,639
Obligations under finance leases	1,916	5,472
Government grants (Note 23)	1,137,311	1,056,597
	<u>32,299,614</u>	<u>35,029,708</u>

Arrabawn Co-Operative Society Limited

Notes to the financial statements (continued) Year ended 31/12/21

21. Details of indebtedness - Loans

Loans repayable, included within creditors, are analysed as follows:

	2021	2020
	€	€
Indebtedness repayable other than by instalments:		
Bank loans < 1 year	2,804,623	2,801,994
Bank loans 2-5 year	30,818,481	33,474,633
Banks loans > 5 year	341,906	493,006
	33,965,010	36,769,633
	33,965,010	36,769,633

Terms and conditions of bank debt

The society has borrowed the above loans which have variant repayment dates and are subject to variant interest rates.

22. Obligations under finance leases

The total future minimum lease payments under finance lease agreements are as follows:

	2021	2020
	€	€
Not later than 1 year	(3,594)	(3,387)
Later than 1 year and not later than 5 years	(1,916)	(5,472)
	(5,510)	(8,859)
	(5,510)	(8,859)

Arrabawn Co-Operative Society Limited

Notes to the financial statements (continued) Year ended 31/12/21

23. Government grants

	2021	2020
	€	€
At 01/01/21	1,327,522	935,330
Grants received or receivable	304,791	721,062
Released to the profit or loss	(301,404)	(328,870)
At 31/12/21	<u>1,330,909</u>	<u>1,327,522</u>

The amounts recognised in the financial statements for government grants are as follows:

	2021	2020
	€	€
Recognised in creditors:		
Deferred government grants due within one year	193,598	270,925
Deferred government grants due after more than one year	1,137,311	1,056,597
	<u>1,330,909</u>	<u>1,327,522</u>

Grants received by the Society may be repayable in certain circumstances as outlined in the Grant Agreements. Grants awarded were capital in nature and there are no outstanding unfulfilled

24. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2021	2020
	€	€
Included in provisions (Note 25)	<u>6,812</u>	<u>114,592</u>

The deferred tax credit for the year (Note 11) consists of the tax effect of timing differences in respect of:

	2021	2020
	€	€
Accelerated capital allowances / tax losses	(109,370)	(92,780)
Fair value adjustment of financial assets	1,590	(94,045)
	<u>(107,780)</u>	<u>(186,825)</u>

Arrabawn Co-Operative Society Limited

Notes to the financial statements (continued) Year ended 31/12/21

25. Provisions

	Deferred tax (Note 24)	Total
	€	€
At 01/01/21	114,592	114,592
Charges against provision	(109,370)	(109,370)
Fair Value Adjustment - FRS102	1,590	1,590
At 31/12/21	<u>6,812</u>	<u>6,812</u>

	Deferred tax (Note 24)	Total
	€	€
At 01/01/20	301,417	301,417
Charges against provision	(92,780)	(92,780)
Fair Value Adjustment - FRS102	(94,045)	(94,045)
At 31/12/20	<u>114,592</u>	<u>114,592</u>

Arrabawn Co-Operative Society Limited

Notes to the financial statements (continued) Year ended 31/12/21

26. Employee benefits

The amount recognised in profit or loss in relation to the total pension charge was €698,483 (2020:€715,073). Contributions of €91,998 were due to the schemes by the Society at 31 December 2021. These have been paid by the Society since the year end.

Defined contribution plans

The Society operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the society in an independently administered fund. The pension cost charge includes the contributions payable by the society to this scheme for the year.

The Irish Co-operative Societies Pension Scheme

The Society participates in an industry-wide Irish Co-operative Societies Pension Scheme. This is a multi-employer defined benefit pension scheme. As the society's share of the underlying assets and liabilities cannot be identified on a consistent and reasonable basis, the scheme is accounted for as a defined contribution scheme. The most recent full actuarial valuation of the Irish Co-Operative Societies' Pension Scheme was carried out on 1st January 2020. The report is available for inspection by Scheme members but is not available to the public. The Scheme satisfied the statutory Funding Standard and Funding Standard Reserve requirements at the valuation date. An Actuarial Funding Certificate was prepared with an effective date of 1st January 2020 confirming that the Scheme satisfied the Funding Standard set out in Section 44(1) of the Pensions Act, 1990 at that effective date. A Funding Standard Reserve Certificate was also prepared with an effective date of 1st January 2020 confirming that the Scheme held sufficient additional assets to satisfy the funding Standard Reserve set out in Section 44(2) of the Pensions Act, 1990 at that effective date. In the most recent annual funding update, the Actuary's Statement dated 12th February 2021 confirms that the Actuary is satisfied that the Scheme continued to meet the Funding Standard and the Funding Standard Reserve as at 30th June 2020. The financial assumptions relating to the return on investment, the rate of increase in pensionable pay or salaries, and price inflation are outlined in the actuarial valuation report.

27. Share capital

Issued, called up and fully paid

Amounts presented in equity:

Ordinary shares of € 1.00 each (2020: € 1.00)

2021		2020	
Number	€	Number	€
10,791,845	10,791,845	10,524,708	10,524,708

Arrabawn Co-Operative Society Limited

Notes to the financial statements (continued) Year ended 31/12/21

Share movements

Ordinary shares:

	Number	€
At 01/01/21	10,524,708	10,524,708
Bonus Issues from Bonus Reserves (Note 28)	306,232	306,232
Issued during the year	44,100	44,100
Redeemed during the year	(83,195)	(83,195)
At 31/12/21	<u>10,791,845</u>	<u>10,791,845</u>

All ordinary shares are fully paid up.

28. Reserves

	Profit and Loss Account €	Special Share Reserve €	Capital Reserve €	General Reserve €	Bonus Share Reserve €	Total €
At 31/12/20 as previously stated	37,268,137	1,117,322	268,206	159,293	85,238	38,898,196
At 01/01/21	37,268,137	1,117,322	268,206	159,293	85,238	38,898,196
Bonus issue of shares	-	-	-	-	(306,232)	(306,232)
Profit for the year	2,373,687	-	-	-	-	2,373,687
Transfer Bonus Reserve	(350,000)	-	-	-	350,000	-
Share & Loan Interest paid	(205,255)	-	-	-	-	(205,255)
At 31/12/21	<u>39,086,569</u>	<u>1,117,322</u>	<u>268,206</u>	<u>159,293</u>	<u>129,006</u>	<u>40,760,396</u>

29. Financial commitments

(a) Capital Commitments

At the year end the society had the following commitments for capital expenditure:

	2021 € million	2020 € million
Contracted but not provided for	2.18	1.58
Authorised but not contracted for	<u>2.20</u>	<u>1.10</u>

Arrabawn Co-Operative Society Limited

Notes to the financial statements (continued) Year ended 31/12/21

30. Contingent assets and liabilities

Grants received of €8,182,949 (2020: €7,878,159) under agreements between the society and Enterprise Ireland may become repayable should certain circumstances set out in the agreements occur.

31. Related party transactions

In the ordinary course of business, as farmers, the Committee members trade with the society on standard commercial terms. During the year the Society entered into the following transactions with related parties:

	Transaction value		Balance owed by/(owed to)	
	2021	2020	2021	2020
	€	€	€	€
Milk Purchases from Committee Members	5,528,823	4,359,379	(231,432)	(194,764)
Purchases by Committee Members	1,455,439	1,167,088	306,818	254,664

Key management includes the Board of Directors, all members of the Society Management including the Society Secretary. The compensation paid or payable to key management for employee services is shown below:

	2021	2020
	Number	Number
Board of Directors	19	18
Senior Management Team	14	14
	€	€
Directors Fees & Expenses	153,347	117,777
Key management compensation		
Salaries and other short-term employee benefits	1,998,475	1,798,272

32. Securities and guarantees

The Society's bank facilities comprise a combination of bank overdraft, bank factored debt, term debt and a bond guarantee. The bank overdraft, term loan facilities and bond guarantee provided to the society by Allied Irish Bank and Bank of Ireland are secured by fixed and floating debentures over the assets of the society. The debentures incorporate specific charges over land and buildings. The bank factored debt is secured on certain trade debtors of the Society.

33. Events after the end of the reporting period

There have been no significant events affecting the society since the year end that require reporting in the financial statements. The Directors are continuously monitoring developments in relation to Covid-19 and assessing the potential impact of the pandemic on the society. At present, it does not appear that this will be significant.

Arrabawn Co-Operative Society Limited

Notes to the financial statements (continued) Year ended 31/12/21

34. Approval of financial statements

The board of directors approved these financial statements for issue on 24 February 2022.

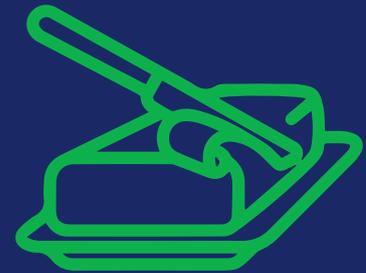
MILK

STATISTICS



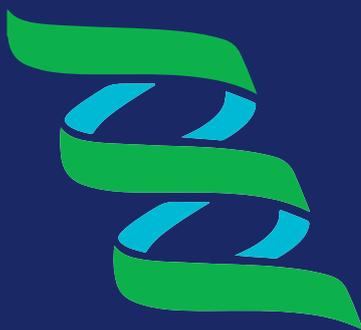
OWN SUPPLIERS

2021 466.034m/lt.
2020 436.82m/lt.



AVERAGE BUTTERFAT

2021 4.27%
2020 4.22%



AVERAGE PROTEIN

2021 3.52%
2020 3.53%



AVERAGE PRICE

2021 40.17c/lt.
2020 34.37c/lt.



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