

ANNUAL REPORT

AND ACCOUNTS 2020



BOARD OF DIRECTORS & OTHER INFORMATION

Chairman Edward Carr

Vice Chairman Martin Callanan

Board

Noel Armitage
Patrick Brennan
Matt Cleary
Richard Collins
Padraig Coughlan
Sean Daly
Patrick Donnellan
Eoin Doorley
Sean Fahy
Seamus Finn
Michael Flaherty
John Grace
Michael Kennedy
John D. Mannion
John Moylan
Sean C. Ryan

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.

2020 KEY Highlights



REVENUES

2020 €278.4m
2019 €265.6m



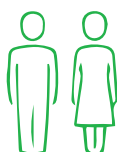
OPERATING PROFIT

2020 €2.68m
2019 €1.04m



SHAREHOLDERS' FUNDS

2020 €49.4m
2019 €49.6m



EBITDA EARNINGS BEFORE INTEREST TAXES AND AMORTIZATION

2020 €10.4m
2019 €7.5m



MILK PROCESSED

2020 450m lt.
2019 422m

Contents

	Page
Chairman's Address	5 - 6
Chief Executive's Review	7 - 8
Directors' Responsibilities Statement	9
Auditor's Report	10 - 12
Income Statement	13
Statement of Financial Position	14
Statement of Changes in Equity	15
Statement of Cash Flows	16 - 17
Notes to the Financial Statements	18 - 42



Edward Carr, Chairman

Chairman's ADDRESS

As I take this opportunity to reflect on 2020, very few could have envisaged at the beginning of the year that by March we would be in the grip of a worldwide pandemic. The lockdown measures taken all over the world in response to the COVID-19 continue to have profound consequences for business.

We have seen that agri and dairy processing businesses have continued to operate as they have been deemed essential. Unfortunately, businesses that mainly supply the hotel and catering industry have been hit particularly hard.

Thankfully for us dairy farmers, fears of a sharp COVID-19 related drop on milk price were averted due to commodity prices gradually recovering from mid-year. The average price paid in 2020 was 34.37cent/litre. On a positive note, input prices were favourable at farm level with feed, fertiliser and energy all cheaper than in 2019.

Liquid Milk

2020 continued to be a very challenging year for the liquid milk business at Arrabawn. Even with a very modern and efficient liquid milk processing plant and very committed farmers supplying top quality milk all year round, the contract system operated by the multiples makes it very difficult to get sufficient margins for the society. It is an industry issue that needs to be addressed so that into the future there is an acceptable margin for the dairy farmer producer and the processing co-op.



Dairy Processing

After two years of major investment, our new casein plant and effluent treatment plant became fully operational during the 2020 season. Both plants were commissioned without any major issues and this was testament to the high standards of planning, construction and implementation at local level. As a result, we now see larger quantities of the dairy farmers' milk being processed into higher value product. With the new entrance being developed, the ingredients site will become more accessible for hauliers into the future as well and will enhance the surrounding area.

Agri Trading

In 2020 our Agri-Trading business performed exceptionally well with significant growth in all areas of the business. As an essential service, our stores continued to operate during the lockdown with extra health and safety measures in place. This has contributed to an increased customer base. We welcome these customers to our shops and stores and hope that our products and services will meet their expectations.

We continue to reward our suppliers who trade with Arrabawn through the Loyalty Scheme and Bonus Feed Share Scheme.

The key points from our financial results are as follows:



Turnover for the year 2020 was €278m

E.B.I.T.D.A. €10.4m

Operating Profit €2.68m

The Average Milk Price was 34.37c/ltr.

I want to thank our management, staff and everybody involved in Arrabawn during 2020. COVID-19 posed a serious risk to milk processing and business continuity. The detailed protocols that were put in place across all parts of the business proved to be extremely effective and to come through the year with no confirmed case of Covid was a testament to the relentless efforts of all staff members.

To the Board and Representative Committee, I thank you for the support and loyalty that you continue to give the society. While Zoom and Microsoft Teams have become the norm for communicating, your patience during this time has to be commended. We had two Board retirements during the year in Gerry Hoade and Michael Egan and I want to thank them for their sterling service and commitment to Arrabawn over many years and wish them well into the future.

Edward Carr

Chairman.





Conor Ryan, Chief Executive

Chief Executive's REVIEW

2020 was a year that brought unexpected challenges. COVID-19 created issues that were impossible to foresee for pretty much everyone. Once again, the agri sector underlined its invaluable contribution to Society, keeping the supply chain turning. In keeping with that, dairy producers and processors demonstrated great adaptability and resilience in working through the difficulties and we are grateful to everyone who kept the wheels of the Co-op turning in this unprecedented period.

Due to milk growth, steady dairy prices and exceptional trade in the retail stores, turnover in 2020 grew by €12.8m.

EBITDA of €10.4m was achieved, which was an increase of €2.9m on the previous year. Net debt was reduced by €3m year on year. Due to challenges in our liquid milk plant in the second 6 months of the year, exceptional charges of €1.1m applied due to a restructure and product recall costs. Operating profit of €2.68m was achieved before this exceptional item, which is an increase of €1.64m on the previous year.

Critically for our members, average milk price paid was 34.37c/litre, which was an increase of .61c/litre over 2019.

Business Overview

The organic growth of the Co-op's milk supply continues apace, with own milk supply in 2020 showing a 6.6% increase from 2019. Last year also saw the completion of a 3-year capital investment programme that commenced in 2018, with both the Casein & Effluent plants completed and commissioned on time and within budget. The new casein plant is set to be the lead plant in 2021, enabling a significant re-direction of milk into casein. The completion of this project and in particular the upgrading of our IPPC licence to ensure compliance with all environmental standards were significant milestones. The commissioning of both the casein plant and the effluent treatment plant in a very busy year was a great achievement by the team in Nenagh. The site also achieved ISO 150001 certification.

It was a satisfactory year in our Ingredients division where milk price held up far better than expected given all the negative sentiment due to the Covid pandemic. We had a comfortable year, with the new plant being commissioned slightly ahead of schedule, giving us increased capacity in line with strong milk growth in quarters 3 and 4 in particular.

The Liquid division on the other hand had a challenging year due to loss of some volume in the annual contracts. In a market where consumption is at best static, the annual battle for volume makes for a very difficult market.

The Agri division enjoyed an extremely strong year. Feed and fertiliser sales were supported by very strong stores trading in hardware, garden items and other agricultural inputs. Considerable growth was evident across our retail stores and it was pleasing to see so many new customers do business with us.

Farm Programmes

The Teagasc farm programme was temporarily suspended due to COVID-19 but we continued working on the Bord Bia SDAS roll out and by year end almost all our suppliers have been audited and approved. The importance of this programme is becoming more critical each year as the need to ensure we are all working towards sustainable dairying is in everyone's interest. The ASSAP programme also continues to be part of our effort in driving towards a more sustainable future.

Conclusion

In an unprecedented year, I would like to thank all members of the Board and the Representative Committee for their support and adaption of new technologies during 2020. All the regular meetings continued through use of MS Teams technology, which was embraced by all. We are grateful to the management and staff for their excellent efforts in embracing new ways of working during 2020. As 2021 progresses we will hopefully see a return to more normal ways of doing business.

Conor Ryan

Chief Executive



Arrabawn Co-Operative Society Limited

Directors' responsibilities statement Year ended 31/12/20

The Board of Directors are responsible for preparing the Directors' report and the 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, and promulgated by the Institute of Chartered Accountants in Ireland 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 Act 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 Act 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 31/12/20

Opinion

We have audited the financial statements of Arrabawn Co-Operative Society Limited for the year ended 31/12/20 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 Act, 1893 to 2018 and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the society as at 31/12/20 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

We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) 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 society'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.

Arrabawn Co-Operative Society Limited

Independent auditor's report to the shareholders of Arrabawn Co-Operative Society Limited (continued) Year ended 31/12/20

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 31/12/20

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

25/02/21

Arrabawn Co-Operative Society Limited

Income Statement

Year ended 31/12/20

	Note	2020 €	2019 €
Turnover	4	278,368,814	265,555,424
Cost of sales		(214,826,328)	(204,392,182)
Gross profit		63,542,486	61,163,242
Operating selling & distribution costs		(49,817,366)	(50,057,940)
Administrative expenses		(11,062,134)	(10,108,543)
Other operating income	5	20,028	42,308
Operating profit/(loss)	6	2,683,014	1,039,067
Exceptional Items	8	(1,021,836)	(1,400,778)
Loss on financial assets at fair value through profit or loss		(284,986)	(164,088)
Income from other financial assets	9	437,022	4,606
Interest payable and similar charges	10	(1,749,344)	(1,658,289)
Profit/(loss) on ordinary activities before taxation		63,870	(2,179,482)
Tax on profit/(loss) on ordinary activities	11	40,714	549,651
Profit/(loss) for the financial year and total comprehensive income		104,584	(1,629,831)

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 18 to 42 form part of these financial statements.

Statement of Financial Position

Year ended 31/12/20

	Note	2020 €	2019 €
Fixed assets			
Intangible assets	13	1,516,197	1,853,030
Tangible assets	14	69,570,784	66,872,986
Financial assets	15	1,561,115	2,596,299
		<u>72,648,096</u>	<u>71,322,315</u>
Current assets			
Stocks	16	15,519,115	16,866,182
Debtors	17	32,970,234	33,715,786
Cash at bank and in hand	18	7,145,938	3,869,123
		<u>55,635,287</u>	<u>54,451,091</u>
Creditors: amounts falling due within one year	19	<u>(43,716,179)</u>	<u>(43,433,958)</u>
Net current assets		<u>11,919,108</u>	<u>11,017,133</u>
Total assets less current liabilities		<u>84,567,204</u>	<u>82,339,448</u>
Creditors: amounts falling due after more than one year	20	<u>(35,029,708)</u>	<u>(32,471,748)</u>
Provisions for liabilities	25	<u>(114,592)</u>	<u>(301,417)</u>
Net assets		<u><u>49,422,904</u></u>	<u><u>49,566,283</u></u>
Capital and reserves			
Called up share capital presented as equity	27	10,524,708	10,289,030
Other reserves	29	1,630,059	1,560,901
Profit and loss account	29	37,268,137	37,716,352
Shareholders funds		<u><u>49,422,904</u></u>	<u><u>49,566,283</u></u>

These Financial Statements were approved by the Board of Directors on 25/02/21
and signed on behalf of the Board by: Edward Carr, Chairman and Martin Callanan, Vice Chairman.

The notes on pages 18 to 42 form part of these financial statements.

Statement of Changes in Equity

Year ended 31/12/20

	Called up share capital €	Reserve for own shares held €	Other reserves €	Profit and loss account €	Total €
At 01/01/2019	9,589,635	404,354	1,900,752	39,528,277	51,423,018
Profit/(loss) for the year	-	-	-	(1,629,831)	(1,629,831)
Total comprehensive income for the year	-	-	-	(1,629,831)	(1,629,831)
Issue of shares	14,239	-	-	-	14,239
Issue of bonus shares	339,851	-	(339,851)	-	-
Share & loan stock interest	-	-	-	(182,094)	(182,094)
Redemption of shares	(59,049)	-	-	-	(59,049)
Conversion of debt to equity	404,354	(404,354)	-	-	-
Total investments by and distributions to owners	699,395	(404,354)	(339,851)	(182,094)	(226,904)
At 31/12/19 and 01/01/20	10,289,030	-	1,560,901	37,716,352	49,566,283
Profit/(loss) 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	10,524,708	-	1,630,059	37,268,137	49,422,904

Statement of Cash Flows

Year ended 31/12/20

	2020 €	2019 €
Cash flows from operating activities		
Profit/(loss) for the financial year	104,584	(1,629,831)
<i>Adjustments for:</i>		
Depreciation of tangible assets	7,581,847	6,346,078
Amortisation of grant	(328,870)	(301,277)
Amortisation of intangible assets	336,833	336,833
Loss/(Gain) on financial assets at fair value through profit or loss	284,986	164,088
Income from other financial assets	(437,022)	(4,606)
Other interest receivable and rental income	-	(22,742)
Interest payable and similar charges	1,749,344	1,658,289
(Gain)/loss on disposal of tangible assets	(319,078)	(41,220)
Loss on disposal of Business Premises (Exceptional)	-	1,400,778
Loss on Business Operations (Exceptional)	1,021,836	-
Tax on profit/(loss) on ordinary activities	(40,714)	(549,651)
<i>Changes in:</i>		
Stocks	1,347,067	855,408
Trade and other debtors	587,886	2,361,036
Trade and other creditors	1,990,887	(538,578)
Tax relief at source not paid	1,500	2,074
Cash payments re: Exceptionals	(871,836)	-
Cash generated from operations	13,009,250	10,036,679
Interest paid	(1,952,143)	(1,891,661)
Rental Income received	-	22,742
Taxation Refunded	180,412	-
Taxation paid	(4,458)	(3,939)
Net cash from operating activities	11,233,061	8,163,821
Cash flows from investing activities		
Purchase of tangible assets	(10,505,322)	(21,360,741)
Proceeds from sale of tangible assets	493,586	948,334
Purchase of other investments	(199,269)	(303,092)
Proceeds from sale of other investments	1,386,489	347,134
Dividends received	-	4,606
Receipt of Capital Grant	721,062	-
Reclassification of Grant to Revenue	-	(210,827)
Net cash used in investing activities	(8,103,454)	(20,574,586)

Arrabawn Co-Operative Society Limited

Statement of Cash Flows (continued)

Year ended 31/12/20

		2020 €	2019 €
Cash flows from financing activities			
Issue of ordinary share capital		38,263	14,239
Redemption of ordinary share capital		(83,427)	(59,049)
Repayment of long term loan		(2,302,740)	(1,165,553)
Issue of long term loan		4,989,901	13,915,696
Issue / (Payment) of finance lease liabilities		(3,194)	(3,008)
Net cash from financing activities		<u>2,638,803</u>	<u>12,702,325</u>
Net increase/(decrease) in cash and cash equivalents		5,768,410	291,560
Cash and cash equivalents at beginning of year	18	<u>(11,360,697)</u>	<u>(11,652,257)</u>
Cash and cash equivalents at end of year	18	<u>(5,592,287)</u>	<u>(11,360,697)</u>

Notes to the Financial Statements

Year ended 31/12/20

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 2020. 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.

Notes to the Financial Statements (continued)

Year ended 31/12/20

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 five years.

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

Notes to the Financial Statements (continued)

Year ended 31/12/20

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.

Notes to the Financial Statements (continued)

Year ended 31/12/20

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.

Notes to the Financial Statements (continued)

Year ended 31/12/20

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.

Notes to the Financial Statements (continued)

Year ended 31/12/20

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.

Notes to the Financial Statements (continued)

Year ended 31/12/20

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. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised in finance costs in profit or loss in the period in which it arises.

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. The Society operates a variable pay scheme for employees. An expense is recognised in the consolidated income statement when the Society has a present legal or constructive obligation to make payments under the scheme as a result of past events and a reliable estimate of the obligation can be made.

Notes to the Financial Statements (continued)

Year ended 31/12/20

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-lived 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 company 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.

Notes to the Financial Statements (continued)

Year ended 31/12/20

(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

	2020 €	2019 €
Rental income	-	22,742
Commission receivable	20,028	19,566
	<u>20,028</u>	<u>42,308</u>

6. Operating profit/(loss)

Operating profit/(loss) is stated after charging/(crediting):

	2020 €	2019 €
Amortisation of intangible assets	336,833	336,833
Depreciation of tangible assets	7,581,847	6,346,078
Amortisation of capital grants	(328,870)	(301,277)
(Gain) on disposal of tangible assets	(319,078)	(41,220)
General Operating, Selling & Distribution Costs	24,548,926	23,960,829
Fuel & Power	6,790,399	7,630,487
Wages & Salaries (Note 7)	<u>18,478,041</u>	<u>18,466,624</u>

Notes to the Financial Statements (continued)

Year ended 31/12/20

7. Staff costs

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

	2020 Number	2019 Number
Production & Administration	401	402

The aggregate payroll costs incurred during the year were:

	2020 €	2019 €
Wages and salaries	16,022,117	16,043,155
Social insurance costs	1,740,851	1,753,078
Other retirement benefit costs	715,073	670,391
	<u>18,478,041</u>	<u>18,466,624</u>

8. Exceptional items

	2020 €	2019 €
Loss on Disposal of Business Premises (Non Operating)	-	(1,400,778)
Loss on Business Operations (Operating)	(1,021,836)	-
	<u>(1,021,836)</u>	<u>(1,400,778)</u>

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

	2020 €	2019 €
Gain on disposal - listed	437,022	-
Dividends received	-	4,606
	<u>437,022</u>	<u>4,606</u>

Notes to the Financial Statements (continued)

Year ended 31/12/20

10. Interest payable and similar charges

	2020 €	2019 €
Bank loans and overdrafts	1,748,695	1,657,457
Other loans made to the company:		
Finance leases and hire purchase contracts	649	832
	<u>1,749,344</u>	<u>1,658,289</u>

11. Tax on profit/(loss) on ordinary activities

Major components of tax (income)

	2020 €	2019 €
Current tax:		
Irish current tax expense/(income)	146,111	(18,308)
Deferred tax:		
Origination and reversal of timing differences	(92,780)	(477,194)
Fair value adjustment - FRS 102	(94,045)	(54,149)
Total deferred tax (Note 24)	<u>(186,825)</u>	<u>(531,343)</u>
Tax on profit/(loss) on ordinary activities	<u>(40,714)</u>	<u>(549,651)</u>

Reconciliation of tax (income)

The tax assessed on the profit/(loss) on ordinary activities for the year is lower than (2019: lower than) the standard rate of corporation tax in Ireland of 12.50% (2019: 12.50%).

	2020 €	2019 €
Profit/(loss) on ordinary activities before taxation	<u>63,870</u>	<u>(2,179,482)</u>
Profit/(loss) on ordinary activities by rate of tax	7,984	(272,435)
Effect of expenses not deductible / (allowable) for tax purposes	(98,550)	(199,176)
Effect of revenue exempt from tax	-	(576)
Research & Development tax credit	-	(5,685)
Adjustment in respect of previous periods	-	(20,473)
Tax on passive income at higher rate	143,887	2,843
Fair value adjustments re: FRS 102	(94,035)	(54,149)
Tax on profit/(loss) on ordinary activities	<u>(40,714)</u>	<u>(549,651)</u>

Arrabawn Co-Operative Society Limited

Notes to the Financial Statements (continued)

Year ended 31/12/20

12. Share & Loan Stock Interest (Note 29)

	2020	2019
	€	€
Share Interest	202,799	182,094
	<u>202,799</u>	<u>182,094</u>

The directors recommend a payment of share interest for 2020 of 2% (2019 - 2%).

Notes to the Financial Statements (continued)

Year ended 31/12/20

13. Intangible assets

Cost

At 01/01/20 and 31/12/20

Amortisation

At 01/01/20

Charge for the year

At 31/12/20

Carrying amount

At 31/12/20

Goodwill	Patents, Trade Brands & Licences	Total
€	€	€
2,694,519	3,102,500	5,797,019
1,795,822	2,148,167	3,943,989
163,333	173,500	336,833
1,959,155	2,321,667	4,280,822
735,364	780,833	1,516,197

Cost

At 01/01/19 and 31/12/19

Amortisation

At 01/01/19

Charge for the year

At 31/12/19

Carrying amount

At 31/12/19

Goodwill	Trade Brands	Total
€	€	€
2,694,519	3,102,500	5,797,019
1,632,489	1,974,667	3,607,156
163,333	173,500	336,833
1,795,822	2,148,167	3,943,989
898,697	954,333	1,853,030

Notes to the Financial Statements (continued)

Year ended 31/12/20

14. Tangible assets

	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	44,603,552	76,468	125,312,755	5,270,878	1,276,513	176,540,166
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	19,145,826	30,068	81,715,206	4,801,769	1,276,513	106,969,382
Carrying amount						
At 31/12/20	25,457,726	46,400	43,597,549	469,109	-	69,570,784

	Freehold property	Long leasehold property	Plant and machinery	Motor vehicles	Leased Assets	Total
	€	€	€	€	€	€
Cost						
At 01/01/19	37,482,355	76,468	107,523,692	5,527,460	1,276,513	151,886,488
Additions	7,990,193	-	11,637,264	86,606	-	19,714,063
Disposals	(2,992,311)	-	(809,216)	(328,550)	-	(4,130,077)
At 31/12/19	42,480,237	76,468	118,351,740	5,285,516	1,276,513	167,470,474
Depreciation						
At 01/01/19	18,011,697	23,950	72,056,353	4,547,416	1,276,513	95,915,929
Charge for the year	835,030	3,059	5,168,260	339,729	-	6,346,078
Disposals	(593,357)	-	(807,392)	(263,770)	-	(1,664,519)
At 31/12/19	18,253,370	27,009	76,417,221	4,623,375	1,276,513	100,597,488
Carrying amount						
At 31/12/19	24,226,867	49,459	41,934,519	662,141	-	66,872,986

Notes to the Financial Statements (continued)
Year ended 31/12/20

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 31/12/20

Plant and
machinery

€

26,088

At 31/12/19

Plant and
machinery

€

28,703

Notes to the Financial Statements (continued)

Year ended 31/12/20

15. Financial assets

	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>

	Other investments other than loans	Total
	€	€
Cost		
At 01/01/19	2,804,429	2,804,429
Additions	303,092	303,092
Disposals	(347,134)	(347,134)
Fair value adjustments	(164,088)	164,088
At 31/12/19	<u>2,596,299</u>	<u>2,596,299</u>
Provision for diminution in value		
At 01/01/19 and 31/12/19	-	-
Carrying amount		
At 31/12/19	<u>2,596,299</u>	<u>2,596,299</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.

Notes to the Financial Statements (continued)

Year ended 31/12/20

Listed investments

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

At 31/12/20

Carrying value

Market value

Stock exchange value

Other investments other than loans	Total
€	€
28,339	28,339
28,339	28,339
28,339	28,339

At 31/12/19

Carrying value

Market value

Stock exchange value

904,205	904,205
904,205	904,205
904,205	904,205

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 (2019: €593,315).

Investments in group undertakings

	Registered office	Nature of business	Class of share	Shares held	
				2020 %	2019 %
Subsidiary undertakings					
Arra Co-Operative Society Ltd	Stafford St., Nenagh, Co. Tipperary.	Agri Co-Op	Ordinary	100	100

16. Stocks

Raw materials and consumables

Finished goods and goods for resale

Expense Stocks

2020 €	2019 €
2,787,605	2,820,335
10,440,840	11,980,834
2,290,670	2,065,013
15,519,115	16,866,182

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

Notes to the Financial Statements (continued)

Year ended 31/12/20

17. Debtors

	2020 €	2019 €
Trade debtors	31,734,761	32,265,413
Other debtors	1,235,473	1,450,373
	<u>32,970,234</u>	<u>33,715,786</u>

The fair value of trade and other receivables approximate to their carrying amounts. Trade debtors are stated after provisions for impairments of €1,877,133 (2019: €1,968,156).

18. Cash and cash equivalents

	2020 €	2019 €
Cash at bank and in hand	7,145,938	3,869,123
Bank overdrafts	(12,738,225)	(15,229,820)
	<u>(5,592,287)</u>	<u>(11,360,697)</u>

The bank and cash balance contain no restricted cash.

19. Creditors: amounts falling due within one year

	2020 €	2019 €
Bank loans and overdrafts	15,540,219	17,521,488
Trade creditors	27,229,946	25,344,691
Obligations under finance leases	3,387	4,021
Tax and social insurance:		
PAYE and social welfare	528,192	481,394
Corporation tax	143,510	(180,055)
Government grants (Note 23)	270,925	262,419
	<u>43,716,179</u>	<u>43,433,958</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

	2020 €	2019 €
Bank loans and overdrafts	33,967,639	31,790,805
Obligations under finance leases	5,472	8,032
Government grants (Note 23)	1,056,597	672,911
	<u>35,029,708</u>	<u>32,471,748</u>

Notes to the Financial Statements (continued)

Year ended 31/12/20

21. Details of indebtedness - Loans

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

Indebtedness repayable other than by instalments:

Bank loans < 1 year

Bank loans 2-5 year

Banks loans > 5 year

2020 €	2019 €
2,801,994	2,291,668
33,474,633	31,110,097
493,006	680,708
<u>36,769,633</u>	<u>34,082,473</u>

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:

Not later than 1 year

Later than 1 year and not later than 5 years

2020 €	2019 €
(3,387)	(4,021)
(5,472)	(8,032)
<u>(8,859)</u>	<u>(12,053)</u>

Notes to the Financial Statements (continued)

Year ended 31/12/20

23. Government grants

	2020 €	2019 €
At 01/01/20	935,330	1,447,434
Grants received or receivable	721,062	-
Grants reclassified as revenue	-	(210,827)
Released to the profit or loss	(328,870)	(301,277)
At 31/12/20	<u>1,327,522</u>	<u>935,330</u>

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

	2020 €	2019 €
Recognised in creditors:		
Deferred government grants due within one year	270,925	262,419
Deferred government grants due after more than one year	1,056,597	672,911
	<u>1,327,522</u>	<u>935,330</u>

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

24. Deferred tax

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

	2020 €	2019 €
Included in provisions (note 25)	<u>114,592</u>	<u>301,417</u>

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

	2020 €	2019 €
Accelerated capital allowances / tax losses	(92,780)	(477,194)
Fair value adjustment of financial assets	(94,045)	(54,149)
	<u>(186,825)</u>	<u>(531,343)</u>

Notes to the Financial Statements (continued)

Year ended 31/12/20

25. Provisions

	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	114,592	114,592

	Deferred tax (note 24)	Total
	€	€
At 01/01/19	832,760	832,760
Charges against provision	(477,194)	(477,194)
Fair Value Adjustment - FRS102	(54,149)	(54,149)
At 31/12/19	301,417	301,417

26. Employee benefits

The amount recognised in profit or loss in relation to the total pension charge was €715,073 (2019:€670,391). Contributions of €83,416 were due to the schemes by the Society at 31 December 2020. 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 made 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. 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 and confirmed 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 and confirmed 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. 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.

Notes to the Financial Statements (continued)

Year ended 31/12/20

27. Share capital

Issued, called up and fully paid

Amounts presented in equity:

Ordinary shares of € 1.00 each (2019: € 1.00)

2020		2019	
Number	€	Number	€
10,524,708	10,524,708	10,289,030	10,289,030

Share movements

Ordinary shares:

At 01/01/20
 Bonus Issues from Bonus Reserves (Note 29)
 Issued during the year
 Redeemed during the year
 At 31/12/20

Number	€
10,289,030	10,289,030
280,842	280,842
38,263	38,263
(83,427)	(83,427)
10,524,708	10,524,708

All ordinary shares are fully paid up.

Notes to the Financial Statements (continued)

Year ended 31/12/20

28. Loan Stock

Redeemable Loan Stock
Convertible Loan Stock

2020
€

2019
€

-
-
-
-

28. 1 Redeemable Loan Stock

Opening Balance
Loan Stock issued
Loan Stock Redeemed
Closing Balance

2020
€

2019
€

-
-
-
-

28. 2 Convertible Loan Stock

Opening Balance
Loan Stock issued during the year
Loan Stock Converted to Shares (note 27)
Closing Balance

2020
€

2019
€

-
-
-
-
404,354
-
(404,354)
-

29. Reserves

At 31/12/19
as previously stated

At 01/01/20

Bonus issue of shares
Profit for the year
Transfer Bonus Reserve
Share & Loan Interest paid

At 31/12/20

Profit and Loss Account €	Special Share Reserve €	Capital Reserve €	General Reserve €	Bonus Share Reserve €	Total €
37,716,352	1,117,322	268,206	159,293	16,080	39,277,253
37,716,352	1,117,322	268,206	159,293	16,080	39,277,253
-	-	-	-	(280,842)	(280,842)
104,584	-	-	-	-	104,584
(350,000)	-	-	-	350,000	-
(202,799)	-	-	-	-	(202,799)
37,268,137	1,117,322	268,206	159,293	85,238	38,898,196

Notes to the Financial Statements (continued)

Year ended 31/12/20

30. Financial commitments

(a) Capital Commitments

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

	2020 € million	2019 € million
Contracted but not provided for	1.58	2.26
Authorised but not contracted for	1.10	0.50

31. Contingent assets and liabilities

Grants received of €7,878,159 (2019: €7,157,097) under agreements between the society and Enterprise Ireland may become repayable should certain circumstances set out in the agreements occur.

32. 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)	
	2020	2019	2020	2019
	€	€	€	€
Milk Purchases from Committee Members	4,359,379	3,697,486	(194,764)	(174,233)
Purchases by Committee Members	1,167,088	1,096,834	254,664	235,938

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:

	2020 Number	2019 Number
Board of Directors	18	18
Senior Management Team	14	15
	€	€
Directors Fees & Expenses	117,777	170,251
Key management compensation		
Salaries and other short-term employee benefits	1,798,272	2,048,324

Notes to the Financial Statements (continued)

Year ended 31/12/20

33. 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.

34. 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.

35. Approval of financial statements

The board of directors approved these financial statements for issue on 25 February 2021.

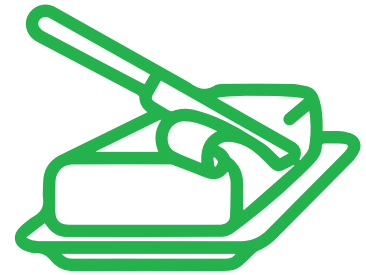
MILK STATISTICS



OWN SUPPLIERS

2020 436.82m/Lt.

2019 410.28m/Lt.



AVERAGE BUTTERFAT

2020 4.22%

2019 4.19%



AVERAGE PROTEIN

2020 3.53%

2019 3.52%



AVERAGE PRICE

2020 34.37c/Lt.

2019 33.76c/Lt.



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