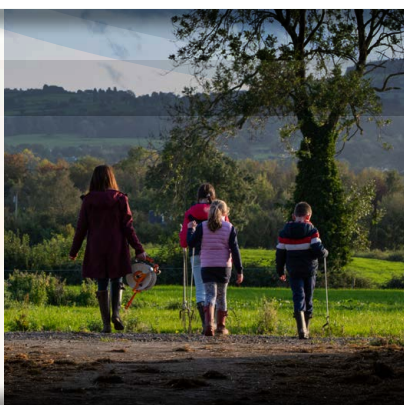




Arrabawn

Together we grow

ANNUAL REPORT AND ACCOUNTS **2023**



Board of Directors

& OTHER INFORMATION

Chairman	Edward Carr
Vice Chairman	Padraig Coughlan
Board	Noel Armitage Martin Callanan Eamonn Cleary Richard Collins Sean Daly Patrick Donnellan Barry Donnelly Keith Donovan Eoin Doorley Seamus Finn John Grace Kevin Grace Liam Grady John D. Mannion John Moylan Sean C. Ryan Gerry Boyle (Independent Director)
Chief Executive	Conor Ryan
Group Head of HR & Company Secretary	Billy Walsh
Chief Financial Officer	Mícheál O'Kelly

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.

2023 KEY Highlights



REVENUES

2023 €403m
2022 €505m

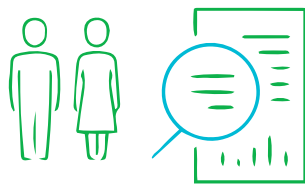


OPERATING PROFIT

2023 €10.8m
2022 €9.6m

SHAREHOLDERS' FUNDS

2023 €77.3m
2022 €65.8m



EBITDA EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTIZATION



2023 €19.1m
2022 €18.1m



MILK PROCESSED

2023 509m lt.
2022 530m lt.

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Chairman's ADDRESS

2023 overall was a challenging year for farmers. We had to deal with difficult weather conditions, particularly in the second half of the year, and persistently high input costs. At the same time, there was a large decline in farm gate returns, bolstered only by a competitive milk price from Arrabawn.

The adverse weather conditions posed significant challenges, impacting on milk yields, production of solids and also made harvesting quality silage and crops very difficult.

As we look towards the future, both economic and environmental sustainability at factory and farm level is being challenged.

2023 saw the reduction in the Ireland nitrates derogation from 250 to 220 kgs/hectare. A further decrease in the nitrate's derogation would have huge implications for the family farm model and also processing co-ops. This will have a knock-on impact for rural based businesses, including our co-op retail stores.



Ireland's grass-based agriculture system is renowned internationally for the quality meat and milk products it is capable of producing, providing investment, real jobs and activity in rural Ireland.

Our government officials and consumers must recognise the indispensable role farmers play in sustaining the economy and providing food security.

Despite facing unwarranted criticism, farmers remain steadfast in their commitment to raising rigorous animal welfare and environmental stewardship standards. The majority of Irish farmers drive biodiversity and encourage nature to thrive while also providing quality food for millions of people worldwide.

The key points from our financial results 2023 are as follows:

- Turnover for 2023 was €403m down from €505m in 2022.
- Operating profit €10.8m an increase of €1.2m from 2022.
- EBITDA €19.1m an increase of €1m from 2022.
- Net Debt €10.3m decreased from €24.1m in 2022.

Dairy Processing

The milk supply volume at our processing plant in Nenagh was slightly back on the previous year, mainly due to poor weather conditions.

Our new casein plant continues to produce high value quality products, combining brilliantly with our butter plant, which produces product sold under the Kerrygold brand. With good returns from the high-quality product produced the co-op was able to pay a very competitive milk price of 43.77c/lit during 2023.

With the new entrance and milk intake area at our headquarters now almost complete, the processing facility at Nenagh is now of a very high, modern international standard, at a level required to be viable in today's hugely competitive environment.



Agri Trading Division

The Agri Trading Division continues to grow its customer base, in particular, with more of our milk suppliers choosing and enjoying the benefits of doing business with the Co-op. To reward supplier loyalty, the co-op provides bonus shares on feed purchases and has a loyalty scheme in place.

During the past year, because of the extremely high input prices, the Board also implemented a feed rebate of €30/tonne.

I would like to compliment the team in the agri division as 2023 was a difficult year for pricing because of the reductions from the highs of 2022. At all times our customers were provided with competitively priced inputs.

Appreciation

On behalf of the Board, I would like to commend all Arrabawn employees for their efforts in delivering another very successful financial year for the organisation. I would like also to acknowledge the staff who transitioned from Arrabawn as a result of our exit from liquid milk at Kilconnell during the past year. On behalf of the Board, I thank them for all the years of commitment to the organisation and wish them all well in the new roles they have taken on.

During 2023 we had two Board retirements in Michael Flaherty and Matt Cleary, I would like to thank both for their commitment and sterling service to Arrabawn over many years. And finally, I thank the Board and Representative Committee for the time and loyalty they have given to the organisation over the past year, and we all look forward to another prosperous year for the organisation and farming families during 2024.

Edward Carr
Chairman.



Chief Executive's R E V I E W

2023 has proved to be one of the most successful in the history of Arrabawn. Despite falling markets across all commodities, we paid a top milk price while growing our profits year on year. Thanks to good cash generation and use of sale funds, debt was reduced to pre ingredients plant expansion levels.

Sustainability is a key objective for Arrabawn. For example, as we continue work on the Ingredients' site in Nenagh, a key focus of which is adding value to our suppliers' milk, we also have plans to reduce water consumption on site by a third as part of our overall sustainability strategy. This is one of several projects currently being worked on or close to completion that will not alone reduce our overall carbon footprint but that of our suppliers. These projects have been identified to ensure we meet our emissions targets and our customers' requirement to work with suppliers with excellent sustainability metrics.

Also, at farm level we have put together clear objectives to encourage our members to reduce their carbon emissions, the first step on a sustainability payment journey and one that will be updated and enhanced as opportunities arise in the future.

Working with our farmers and improving the quality of the catchments is a vital role for the co-operative. Our involvement with the ASSAP programme is a step in the right direction and in 2023 we committed more resources and investment to ensure we as a co-operative do all we can to improve the water quality in the rivers and lakes in our area.

Our manufacturing business has benefited from a substantial investment over the last number of years and in 2023 we continued upgrading our site with the opening of the new entrance, intake bays, CIP and wash bays. Additional capacity has been included in the factory and in the coming year we hope to complete the upgrades to the plant. Our capacity and ability to produce a range of dairy ingredients on the Nenagh site allows us to widen our network of customers and markets.

The sale of the liquid business in Kilconnell was completed in 2023 and we would like to thank all those staff who worked in this business with us. The process was slower than expected and it is a credit to everyone involved that the business was run professionally up to the final day. An arrangement has



been agreed with the purchaser to allow farmers with liquid contracts to continue supplying winter milk.

In our Agri business, the completion of the extension to the Feed Mill in Limerick during the year allows us to better serve our customers and increases the overall capacity of the mill. While overall, the feed and fertiliser markets dropped in price month by month over the early part of the year, we ensured, through careful purchasing, that our customers were not exposed to the excessively high prices at other times. All our other categories in the retail division showed excellent growth.

The mean gender pay gap at Arrabawn was 5.8% in 2023. This was reduced from 8.9% in 2022.

I would like to thank all the staff, the board and representative committee for their support in 2023.

Conor Ryan
Chief Executive.





Sustainability

Arrabawn places a strong emphasis on environmental responsibility, implementing sustainable practices and programmes across its operations. Animal welfare and sustainable farming methods are among the key priorities, ensuring the health and well-being of dairy herds while minimising the environmental impact.

Arrabawn is also dedicated to supporting local farmers and communities on their sustainability journey. It works closely with its network of dairy farmers, providing them with resources and supports, including through a range of programmes, to maintain high standards of quality and sustainability in parallel.

Overall, Arrabawn is very much recognised for its commitment to producing high-quality dairy products in an environmentally responsible and socially conscious manner, making it a trusted choice for consumers domestically and internationally.

As part of its ongoing sustainability focus, Arrabawn has engaged external experts to

measure its Carbon Footprint since 2022 to inform its decarbonisation strategy moving forward. The metric is underscoring the Co-Op's performance in this key area, already revealing a decrease in Greenhouse Gas emissions by 2.2% from 2022 to 2023. Carbon abatement was most significant in direct emissions, with a decrease of 9.5% in Scope 1 (direct emissions from our own activity) and 7.5% in Scope 2 (electricity we purchase). The improvement in emissions reduction showcases Arrabawn's ongoing commitment to sustainability.

The ongoing survey illustrates also that 89% of our total emissions occurs on the farm, yet the average for Arrabawn suppliers is below the national average. To help make further inroads here, Arrabawn has developed a sustainability farm strategy for its milk suppliers to help further reduce indirect emissions over time as part of the organisation's decarbonisation efforts.

Enhancing our sustainability is a Co-Op wide effort, from our suppliers to our staff and our facilities. We appreciate the efforts of all on this collective journey.

Arrabawn Year on Year Comparison of GHG emissions by Scope.

Emission Source	2022 (tCO ₂ -e)	2023 (tCO ₂ -e)	Decrease (%)
Scope 1	30,484	27,585	9.5%
Scope 2	10,238	9,475	7.5%
Scope 3	443,195	436,032	1.6%
TOTAL tCO₂-e	483,917	473,092	2.2%

Audit and Risk Committee Report

Committee Membership

The Arrabawn Audit and Risk Committee was formed for the first time in 2023. Currently, the Committee is made up of four non-executive directors and two independent non-executive Committee members as follows:

- Barry Donnelly (Committee Chair)
- Eoin Doorley
- John Mannion
- Gerry Boyle (Independent Director)
- Seamus Holohan (Independent Non-Executive Committee Member)
- Aidan Horan (Independent Non-Executive Committee Member)

Michael O'Brien acts as Secretary to the Committee.

Committee Responsibilities

The Committee's role, authority, duties, and scope are set out in its terms of reference which was reviewed and approved by the Board in July 2023. The Board may, on occasion, request assistance from the Audit and Risk Committee on specific matters. In accordance with its Terms of Reference, the Audit and Risk Committee has oversight of a wide range of matters including:

- Financial Reporting – The Committee shall advise the Board on the accounting policies and monitor the integrity of the financial statements, reviewing and reporting to the Board on significant financial reporting issues and judgements which they contain.
- The Committee shall review the adequacy and effectiveness of the internal control systems including financial controls and the control environment and control procedures.
- The Committee shall monitor and assess the Co-op's risk management systems including ongoing reviews of the Co-op's risk registers and mitigating activities.
- The Committee shall review the adequacy and security of the Co-op's arrangements for staff to raise concerns in confidence about possible wrongdoing in financial reporting or other matters and ensure appropriate follow-up action.
- The Committee shall consider reports and updates from management in relation of the adequacy and effectiveness of the Co-op's policies and compliance management systems and their consistency with compliance programmes.
- The Committee shall monitor and review the effectiveness of the internal audit function in the context of the Co-op's overall risk management system.
- The Committee shall oversee the relationship with the external auditor.

Committee Meetings

During the year, the Committee held five meetings. The Chair of the Committee reported to the Board following Committee meetings. The chief executive officer, the chief financial officer, the outsourced internal audit firm and the external audit partner were invited to attend meetings, where attendance was required to discuss specified matters. At each meeting, the Committee has a separate discussion in the absence of management. In performance of their duties, the Audit and Risk Committee members have unrestricted access to both the internal auditors and the external auditors. Periodic updates of the work of the Audit and Risk Committee are provided to the Board to facilitate the Board's informed assessment of the Co-op's internal control system and risk management framework.



Summary of Committee Activity

In addition to the matters set out in its Terms of Reference, referred to above, the Committee conducted the following key activities in 2023:

- Appointment of outsourced internal audit firm and oversight of first internal audit assignment. RBK were successful in a competitive tender process and have been awarded the contract for the next three years. Internal audit operates in accordance with requisite professional standards and consistent with an approved charter. In 2023 Internal Audit undertook the first audit assignment. This assignment focused on the Agri trading division and specifically looked and purchases and sales of animal feed and fertiliser. The internal audit work programme for 2024 was approved at the Committee meeting on 27 February 2024 and the programme agreed and deliverables will be monitored by the Committee at its meetings during 2024.
- During 2023 the Committee reviewed the corporate risk register which had been updated by senior management and considered the updated risk management policy for the Society. The Committee welcome the formal establishment of an executive risk Committee which includes the CEO and other senior management members. Risk management will be a regular agenda item for the Committee in 2024.
- Consistent with good practice standards and norms, the Committee will undertake an effectiveness review in Q4, 2024. The review will focus on the performance of the Committee, in the context of its responsibilities, the overall processes around meetings and documentation, and reporting to the board as well as the role and contribution of members within the Committee.

Arrabawn Co-Operative Society Limited

Directors' responsibilities statement Year ended 31/12/23

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 2021 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 2021 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 2021.

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

Padraig Coughlan
Vice - Chairman

Arrabawn Co-Operative Society Limited

Independent auditor's report to the shareholders of Arrabawn Co-Operative Society Limited Year ended 31/12/23

Opinion

We have audited the consolidated financial statements of Arrabawn Co-Operative Society Limited for the year ended 31/12/23 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 2021 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 31/12/23 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 2021.

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 31/12/23

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 2021 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 31/12/23

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. 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 Audit Firm
23 Silver Street
Nenagh
Co. Tipperary

29/02/24

Arrabawn Co-Operative Society Limited

Income statement Year ended 31/12/23

	Note	2023			2022		
		Continuing operations €	Discontinued operations €	Total €	Continuing operations €	Discontinued operations €	Total €
Turnover	4	370,855,971	31,792,257	402,648,228	454,771,962	49,982,213	504,754,175
Cost of sales		(290,224,719)	(21,922,131)	(312,146,850)	(359,671,292)	(41,405,396)	(401,076,688)
Gross profit		80,631,252	9,870,126	90,501,378	95,100,670	8,576,817	103,677,487
Operating selling & distribution costs		(57,709,501)	(8,660,990)	(66,370,491)	(69,577,581)	(11,572,570)	(81,150,151)
Administrative expenses		(12,291,127)	(1,115,092)	(13,406,219)	(11,187,269)	(1,785,532)	(12,972,801)
Other operating income	5	40,459	-	40,459	34,756	-	34,756
Operating profit	6	10,671,083	94,044	10,765,127	14,370,576	(4,781,285)	9,589,291
Exceptional Items	8		4,320,160	4,320,160		-	-
Gain on financial assets at fair value through profit or loss		46,014	-	46,014	9,918	-	9,918
Income from other financial assets	9	19,115	-	19,115	10,073	-	10,073
Interest payable and similar charges	10	(3,042,280)	(42)	(3,042,322)	(1,965,353)	(247)	(1,965,600)
Profit on ordinary activities before taxation		7,693,932	4,414,162	12,108,094	12,425,214	(4,781,532)	7,643,682
Tax on profit on ordinary activities	11	(1,253,805)	(551,596)	(1,805,401)	(980,126)	-	(980,126)
Profit for the financial year and total comprehensive income		6,440,127	3,862,566	10,302,693	11,445,088	(4,781,532)	6,663,556

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

These financial statements were approved by the board of directors on 29/02/24 and signed on behalf of the board by:

Edward Carr
Chairman

Padraig Coughlan
Vice Chairman

The notes on pages 19 to 40 form part of these financial statements.

Arrabawn Co-Operative Society Limited

**Statement of financial position
31/12/23**

	Note	2023		2022	
		€	€	€	€
Fixed assets					
Intangible assets	13		331		842,531
Tangible assets	14		64,758,445		63,851,032
Financial assets	15		1,059,376		1,061,724
			<u>65,818,152</u>		<u>65,755,287</u>
Current assets					
Stocks	16		20,784,683		42,919,129
Debtors	17		35,374,473		46,200,441
Cash at bank and in hand	18		14,121,275		12,061,685
			<u>70,280,431</u>		<u>101,181,255</u>
Creditors: amounts falling due within one year	19		<u>(36,352,721)</u>		<u>(71,809,741)</u>
Net current assets			<u>33,927,710</u>		<u>29,371,514</u>
Total assets less current liabilities			<u>99,745,862</u>		<u>95,126,801</u>
Creditors: amounts falling due after more than one year	20		(22,221,857)		(29,300,974)
Provisions for liabilities	25		(207,377)		(49,277)
Net assets			<u><u>77,316,628</u></u>		<u><u>65,776,550</u></u>
Capital and reserves					
Called up share capital presented as equity	27		19,554,569		17,468,233
Loan stock	28		1,719,949		1,707,271
Other reserves	29		1,683,066		1,671,735
Profit and loss account	29		54,359,044		44,929,311
Shareholders funds			<u><u>77,316,628</u></u>		<u><u>65,776,550</u></u>

These financial statements were approved by the board of directors on 29/02/24 and signed on behalf of the board by:

Edward Carr
Chairman

Padraig Coughlan
Vice Chairman

The notes on pages 19 to 40 form part of these financial statements.

Arrabawn Co-Operative Society Limited

Statement of changes in equity Year ended 31/12/23

	Called up share capital €	Reserve for own shares held €	Other reserves €	Profit and loss account €	Total €
At 01/01/2022	10,791,845	-	1,673,827	39,086,569	51,552,241
Profit for the year	-	-	-	6,663,556	6,663,556
Total comprehensive income for the year	-	-	-	6,663,556	6,663,556
Issue of shares	50,621	-	-	-	50,621
Issue of bonus shares	352,092	-	(352,092)	-	-
Share & loan stock interest	-	-	-	(470,814)	(470,814)
Redemption of shares	(85,688)	-	-	-	(85,688)
Transfer bonus reserve	-	-	350,000	(350,000)	-
Conversion of debt to equity	6,359,363	-	-	-	6,359,363
Convertible loan stock issued	-	1,707,271	-	-	1,707,271
Total investments by and distributions to owners	6,676,388	1,707,271	(2,092)	(820,814)	7,560,753
At 31/12/22 and 01/01/23	17,468,233	1,707,271	1,671,735	44,929,311	65,776,550
Profit for the year	-	-	-	10,302,693	10,302,693
Total comprehensive income for the year	-	-	-	10,302,693	10,302,693
Issue of shares	26,518	-	-	-	26,518
Issue of bonus shares	488,669	-	(488,669)	-	-
Share & loan stock interest	-	-	-	(372,960)	(372,960)
Redemption of shares	(136,122)	-	-	-	(136,122)
Transfer bonus reserve	-	-	500,000	(500,000)	-
Conversion of debt to equity	1,707,271	(1,707,271)	-	-	-
Convertible loan stock issued	-	1,719,949	-	-	1,719,949
Total investments by and distributions to owners	2,086,336	12,678	11,331	(872,960)	1,237,385
At 31/12/23	19,554,569	1,719,949	1,683,066	54,359,044	77,316,628

Arrabawn Co-Operative Society Limited

Statement of cash flows
Year ended 31/12/23

	2023	2022
	€	€
Cash flows from operating activities		
Profit for the financial year	10,302,693	6,663,556
<i>Adjustments for:</i>		
Depreciation of tangible assets	8,149,018	8,257,345
Amortisation of grant	(193,598)	(193,598)
Amortisation of intangible assets	252,667	336,833
(Gain) on financial assets at fair value through profit or loss	(46,014)	(9,918)
Income from other financial assets	(19,115)	(10,073)
Interest payable and similar charges	3,042,322	1,965,600
(Gain) on disposal of tangible assets	(25,000)	(25,500)
(Gain) on disposal of discontinued operations (Exceptional)	(4,320,160)	-
Tax on profit on ordinary activities	1,805,401	980,126
Rental income	(11,000)	(9,167)
<i>Changes in:</i>		
Stocks	22,134,446	(21,914,750)
Trade and other debtors	10,839,811	(4,644,616)
Trade and other creditors	(29,410,177)	18,915,495
Tax relief at source not paid	1,500	1,500
Cash receipts / payments re: Exceptionals	5,291,051	-
Cash generated from operations	27,793,845	10,312,833
Interest paid	(3,387,323)	(2,415,162)
Rental Income received	11,000	9,167
Taxation paid	(2,227,684)	(282,673)
Net cash from operating activities	<u>22,189,838</u>	<u>7,624,165</u>
Cash flows from investing activities		
Purchase of tangible assets	(10,095,699)	(6,384,371)
Proceeds from sale of tangible assets	25,000	25,500
Purchase of other investments	(96,455)	-
Proceeds from sale of other investments	144,817	176,784
Dividends received	5,272	10,073
Receipt of Capital Grant	45,596	-
Net cash used in investing activities	<u>(9,971,469)</u>	<u>(6,172,014)</u>

Arrabawn Co-Operative Society Limited

Statement of cash flows (continued)
Year ended 31/12/23

		2023 €	2022 €
Cash flows from financing activities			
Issue of ordinary share capital		1,733,789	6,409,984
Redemption of ordinary share capital		(136,122)	(85,688)
Net Issue of convertible loan stock		1,719,949	1,707,271
Repayment of long term loan		(6,801,540)	(2,803,126)
Conversion of loan stock to shares		(1,707,271)	-
Issue / (Payment) of finance lease liabilities		(1,919)	(3,591)
Net cash (used in)/from financing activities		<u>(5,193,114)</u>	<u>5,224,850</u>
Net increase/(decrease) in cash and cash equivalents		7,025,255	6,677,001
Cash and cash equivalents at beginning of year	18	<u>7,059,051</u>	<u>382,050</u>
Cash and cash equivalents at end of year	18	<u><u>14,084,306</u></u>	<u><u>7,059,051</u></u>

Arrabawn Co-Operative Society Limited

Notes to the financial statements Year ended 31/12/23

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. On the 30th September 2023, the society ceased production in its dairy processing plant at its premises in Kilconnell, Co. Galway.

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 2021.

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 2023. 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 31/12/23

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 31/12/23

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 31/12/23

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.

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 31/12/23

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 31/12/23

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 31/12/23

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 31/12/23

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 31/12/23

(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

	2023	2022
	€	€
Rental income	11,000	9,167
Commission receivable	29,459	25,589
	<u>40,459</u>	<u>34,756</u>

6. Operating profit

Operating profit is stated after charging/(crediting):

	2023	2022
	€	€
Amortisation of intangible assets	252,667	336,833
Depreciation of tangible assets	8,149,018	8,257,345
Amortisation of capital grants	(193,598)	(193,598)
(Gain) on disposal of tangible assets	(25,000)	(25,500)
General Operating, Selling & Distribution Costs	30,966,187	32,024,257
Fuel & Power	17,024,304	30,162,398
Wages & Salaries (Note 7)	<u>18,380,000</u>	<u>18,963,496</u>

Arrabawn Co-Operative Society Limited

Notes to the financial statements (continued) Year ended 31/12/23

7. Staff costs

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

	2023	2022
	Number	Number
Production & Administration	350	370

The aggregate payroll costs incurred during the year were:

	2023	2022
	€	€
Wages and salaries	16,020,309	16,551,709
Social insurance costs	1,721,250	1,740,595
Other retirement benefit costs	638,441	671,192
	<u>18,380,000</u>	<u>18,963,496</u>

8. Exceptional items

	2023	2022
	€	€
Gain on the disposal of Liquid Milk Division	4,320,160	-

On the 30th September 2023, the society discontinued its operation of the Liquid Milk trading division. The divisions intellectual property assets were disposed of to an independent third party within the Co-operative Dairy industry.

9. Income from other financial assets

	2023	2022
	€	€
Dividends received	19,115	10,073

10. Interest payable and similar charges

	2023	2022
	€	€
Bank loans and overdrafts	3,042,280	1,965,353
Other loans made to the company:		
Finance leases and hire purchase contracts	42	247
	<u>3,042,322</u>	<u>1,965,600</u>

Arrabawn Co-Operative Society Limited

Notes to the financial statements (continued)
Year ended 31/12/23

11. Tax on profit on ordinary activities

Major components of tax expense

	2023	2022
	€	€
Current tax:		
Irish current tax expense	1,647,301	937,661
Deferred tax:		
Origination and reversal of timing differences	142,916	39,192
Fair value adjustment - FRS 102	15,184	3,273
Total deferred tax (Note 24)	<u>158,100</u>	<u>42,465</u>
Tax on profit on ordinary activities	<u><u>1,805,401</u></u>	<u><u>980,126</u></u>

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2022: higher than) the standard rate of corporation tax in Ireland of 12.50% (2022: 12.50%).

	2023	2022
	€	€
Profit on ordinary activities before taxation	<u>12,108,094</u>	<u>7,643,682</u>
Profit on ordinary activities by rate of tax	1,513,512	955,460
Effect of expenses not (allowable) / deductible for tax purposes	(274,331)	21,886
Effect of revenue exempt from tax	(2,389)	(1,259)
Adjustment in respect of previous periods	454	(380)
Tax on passive income at higher rate	1,375	1,146
Capital gains tax on exceptional item	551,596	-
Fair value adjustments re: FRS 102	15,184	3,273
Tax on profit on ordinary activities	<u><u>1,805,401</u></u>	<u><u>980,126</u></u>

12. Share & Loan Stock Interest (Note 29)

	2023	2022
	€	€
Share Interest	372,960	213,760
Loan Stock Interest	-	257,054
	<u><u>372,960</u></u>	<u><u>470,814</u></u>

The directors recommend a payment of share interest for 2023 of 2% (2022 - 2%).

Arrabawn Co-Operative Society Limited

Notes to the financial statements (continued)
Year ended 31/12/23

13. Intangible assets

	Goodwill	Patents, Trade Brands & Licences	Total
	€	€	€
Cost			
At 01/01/23	2,694,519	3,102,500	5,797,019
Disposals	(2,694,519)	(2,600,000)	(5,294,519)
At 31/12/23	<u>-</u>	<u>502,500</u>	<u>502,500</u>
Amortisation			
At 01/01/23	2,285,821	2,668,667	4,954,488
Charge for the year	122,500	130,167	252,667
Disposals	(2,408,321)	(2,296,665)	(4,704,986)
At 31/12/23	<u>-</u>	<u>502,169</u>	<u>502,169</u>
Carrying amount			
At 31/12/23	<u>-</u>	<u>331</u>	<u>331</u>

	Goodwill	Trade Brands	Total
	€	€	€
Cost			
At 01/01/22	2,694,519	3,102,500	5,797,019
Disposals	-	-	-
At 31/12/22	<u>2,694,519</u>	<u>3,102,500</u>	<u>5,797,019</u>
Amortisation			
At 01/01/22	2,122,488	2,495,167	4,617,655
Charge for the year	163,333	173,500	336,833
Disposals	-	-	-
At 31/12/22	<u>2,285,821</u>	<u>2,668,667</u>	<u>4,954,488</u>
Carrying amount			
At 31/12/22	<u>408,698</u>	<u>433,833</u>	<u>842,531</u>

Arrabawn Co-Operative Society Limited

Notes to the financial statements (continued)
Year ended 31/12/23

14. Tangible assets

	Freehold property	Long leasehold property	Plant and machinery	Motor vehicles	Leased Assets	Total
	€	€	€	€	€	€
Cost						
At 01/01/23	45,245,514	76,468	135,352,623	4,940,363	1,276,513	186,891,481
Additions	238,646	-	8,859,029	41,582	-	9,139,257
Disposals	-	-	(730,226)	(739,681)	-	(1,469,907)
At 31/12/23	<u>45,484,160</u>	<u>76,468</u>	<u>143,481,426</u>	<u>4,242,264</u>	<u>1,276,513</u>	<u>194,560,831</u>
Depreciation						
At 01/01/23	21,472,542	36,186	95,530,267	4,724,941	1,276,513	123,040,449
Charge for the year	1,189,633	3,059	6,860,275	96,051	-	8,149,018
Disposals	-	-	(651,867)	(735,214)	-	(1,387,081)
At 31/12/23	<u>22,662,175</u>	<u>39,245</u>	<u>101,738,675</u>	<u>4,085,778</u>	<u>1,276,513</u>	<u>129,802,386</u>
Carrying amount						
At 31/12/23	<u>22,821,985</u>	<u>37,223</u>	<u>41,742,751</u>	<u>156,486</u>	<u>-</u>	<u>64,758,445</u>

	Freehold property	Long leasehold property	Plant and machinery	Motor vehicles	Leased Assets	Total
	€	€	€	€	€	€
Cost						
At 01/01/22	44,830,613	76,468	128,923,801	4,957,786	1,276,513	180,065,181
Additions	414,901	-	6,428,822	119,260	-	6,962,983
Disposals	-	-	-	(136,683)	-	(136,683)
At 31/12/22	<u>45,245,514</u>	<u>76,468</u>	<u>135,352,623</u>	<u>4,940,363</u>	<u>1,276,513</u>	<u>186,891,481</u>
Depreciation						
At 01/01/22	20,295,883	33,127	88,634,715	4,679,549	1,276,513	114,919,787
Charge for the year	1,176,659	3,059	6,895,552	182,075	-	8,257,345
Disposals	-	-	-	(136,683)	-	(136,683)
At 31/12/22	<u>21,472,542</u>	<u>36,186</u>	<u>95,530,267</u>	<u>4,724,941</u>	<u>1,276,513</u>	<u>123,040,449</u>
Carrying amount						
At 31/12/22	<u>23,772,972</u>	<u>40,282</u>	<u>39,822,356</u>	<u>215,422</u>	<u>-</u>	<u>63,851,032</u>

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:

	Plant and machinery
	€
At 31/12/23	<u>18,243</u>
At 31/12/22	<u>20,858</u>

Arrabawn Co-Operative Society Limited

Notes to the financial statements (continued)
Year ended 31/12/23

15. Financial assets

	Other investments other than loans	Total
	€	€
Cost		
At 01/01/23	1,061,724	1,061,724
Additions	96,455	96,455
Disposals	(144,817)	(144,817)
Fair value adjustments	46,014	46,014
At 31/12/23	<u>1,059,376</u>	<u>1,059,376</u>
Provision for diminution in value		
At 01/01/23 and 31/12/23	-	-
Carrying amount		
At 31/12/23	<u>1,059,376</u>	<u>1,059,376</u>

	Other investments other than loans	Total
	€	€
Cost		
At 01/01/22	1,228,590	1,228,590
Disposals	(176,784)	(176,784)
Fair value adjustments	9,918	9,918
At 31/12/22	<u>1,061,724</u>	<u>1,061,724</u>
Provision for diminution in value		
At 01/01/22 and 31/12/22	-	-
Carrying amount		
At 31/12/22	<u>1,061,724</u>	<u>1,061,724</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 31/12/23

Listed investments

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

	Other investments other than loans	Total
	€	€
At 31 December 2023		
Carrying value	185,544	185,544
Market value	185,544	185,544
Stock exchange value	185,544	185,544
At 31/12/22		
Carrying value	43,075	43,075
Market value	43,075	43,075
Stock exchange value	43,075	43,075

The listed investments are listed on the Irish Stock Exchange. The cost of listed investments included above are €98,891 (2022: €2,436).

Investments in group undertakings

	Registered office	Nature of business	Class of share	Shares held	
				2023 %	2022 %
Subsidiary undertakings					
Arra Co-Operative Society Ltd	Stafford St., Nenagh, Co. Tipperary.	Agri Co-Op	Ordinary	100	100

16. Stocks

	2023 €	2022 €
Raw materials and consumables	4,407,732	6,926,785
Finished goods and goods for resale	14,548,043	33,136,549
Expense Stocks	1,828,908	2,855,795
	20,784,683	42,919,129

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 31/12/23

17. Debtors

	2023 €	2022 €
Trade debtors	32,455,605	43,643,766
Other debtors	2,918,868	2,556,675
	<u>35,374,473</u>	<u>46,200,441</u>

The fair value of trade and other receivables approximate to their carrying amounts. Trade debtors are stated after provisions for impairments of €1,884,837 (2022: €1,811,790).

18. Cash and cash equivalents

	2023 €	2022 €
Cash at bank and in hand	14,121,275	12,061,685
Bank overdrafts	(36,969)	(5,002,634)
	<u>14,084,306</u>	<u>7,059,051</u>

The bank and cash balance contain no restricted cash.

19. Creditors: amounts falling due within one year

	2023 €	2022 €
Bank loans and overdrafts	2,974,917	7,807,257
Trade creditors	32,618,752	62,469,607
Obligations under finance leases	-	1,919
Tax and social insurance:		
PAYE and social welfare	349,121	541,019
Corporation tax	220,083	796,341
Government grants (Note 23)	189,848	193,598
	<u>36,352,721</u>	<u>71,809,741</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

	2023 €	2022 €
Bank loans and overdrafts	21,422,396	28,357,261
Government grants (Note 23)	799,461	943,713
	<u>22,221,857</u>	<u>29,300,974</u>

Arrabawn Co-Operative Society Limited

**Notes to the financial statements (continued)
Year ended 31/12/23**

21. Details of indebtedness - Loans

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

	2023	2022
	€	€
Indebtedness repayable other than by instalments:		
Bank loans < 1 year	2,937,948	2,804,623
Bank loans 2-5 year	21,326,820	28,151,813
Banks loans > 5 year	95,576	205,448
	<u>24,360,344</u>	<u>31,161,884</u>

Terms and conditions of bank debt

The society has borrowed the above loans which have maturity dates that range between 2024 - 2029 and are subject to interest rates that range between 2% - 5%.

22. Obligations under finance leases

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

	2023	2022
	€	€
Not later than 1 year	<u>-</u>	<u>(1,919)</u>

Arrabawn Co-Operative Society Limited

Notes to the financial statements (continued)
Year ended 31/12/23

23. Government grants

	2023 €	2022 €
At 01/01/23	1,137,311	1,330,909
Grants received or receivable	45,596	-
Released to the profit or loss	(193,598)	(193,598)
At 31/12/23	<u>989,309</u>	<u>1,137,311</u>

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

	2023 €	2022 €
Recognised in creditors:		
Deferred government grants due within one year	189,848	193,598
Deferred government grants due after more than one year	799,461	943,713
	<u>989,309</u>	<u>1,137,311</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 conditions.

24. Deferred tax

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

	2023 €	2022 €
Included in provisions (note 25)	<u>207,377</u>	<u>49,277</u>

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

	2023 €	2022 €
Accelerated capital allowances / tax losses	142,916	39,192
Fair value adjustment of financial assets	15,184	3,273
	<u>158,100</u>	<u>42,465</u>

Arrabawn Co-Operative Society Limited

Notes to the financial statements (continued) Year ended 31/12/23

25. Provisions

	Deferred tax (note 24)	Total
	€	€
At 01/01/23	49,277	49,277
Charges against provision	142,916	142,916
Fair Value Adjustment - FRS102	15,184	15,184
At 31/12/23	207,377	207,377

	Deferred tax (note 24)	Total
	€	€
At 01/01/22	6,812	6,812
Charges against provision	39,192	39,192
Fair Value Adjustment - FRS102	3,273	3,273
At 31/12/22	49,277	49,277

26. Employee benefits

The amount recognised in profit or loss in relation to the total pension charge was €638,441 (2022: €671,192). Contributions of €90,953 were due to the schemes by the Society at 31 December 2023. 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 2023. 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 2023 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 2023 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. 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.

Arrabawn Co-Operative Society Limited

Notes to the financial statements (continued)
Year ended 31/12/23

27. Share capital

Issued, called up and fully paid

Amounts presented in equity:

Ordinary shares of € 1.00 each (2022: € 1.00)

2023		2022	
Number	€	Number	€
19,554,569	19,554,569	17,468,233	17,468,233

Share movements

Ordinary shares:

	Number	€
At 01/01/23	17,468,233	17,468,233
Bonus Issues from Bonus Reserves (Note 28)	488,669	488,669
Issued during the year	26,518	26,518
Conversion of Loan Stock to Shares	1,707,271	1,707,271
Redeemed during the year	(136,122)	(136,122)
At 31/12/23	19,554,569	19,554,569

All ordinary shares are fully paid up.

28. Loan Stock

Convertible Loan Stock

2023	2022
€	€
1,719,949	1,707,271
1,719,949	1,707,271

28.1 Convertible Loan Stock

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

2023	2022
€	€
1,707,271	-
1,719,949	1,707,271
(1,707,271)	-
1,719,949	1,707,271

Arrabawn Co-Operative Society Limited

Notes to the financial statements (continued)
Year ended 31/12/23

29. Reserves

	Profit and Loss Account €	Special Share Reserve €	Capital Reserve €	General Reserve €	Bonus Share Reserve €	Total €
At 31/12/22 as previously stated	44,929,311	1,117,322	268,206	159,293	126,914	46,601,046
At 01/01/23	44,929,311	1,117,322	268,206	159,293	126,914	46,601,046
Bonus issue of shares	-	-	-	-	(488,669)	(488,669)
Profit for the year	10,302,693	-	-	-	-	10,302,693
Transfer Bonus Reserve	(500,000)	-	-	-	500,000	-
Share & Loan Interest paid	(372,960)	-	-	-	-	(372,960)
At 31/12/23	<u>54,359,044</u>	<u>1,117,322</u>	<u>268,206</u>	<u>159,293</u>	<u>138,245</u>	<u>56,042,110</u>

30. Financial commitments

(a) Capital Commitments

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

	2023 € million	2022 € million
Contracted but not provided for	5.55	7.70
Authorised but not contracted for	4.44	-

31. Contingent assets and liabilities

Grants received of €8,228,545 (2022: €8,182,949) under agreements between the society and Enterprise Ireland may become repayable should certain circumstances set out in the agreements occur.

Arrabawn Co-Operative Society Limited

Notes to the financial statements (continued) Year ended 31/12/23

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)	
	2023 €	2022 €	2023 €	2022 €
Milk Purchases from Committee Members	5,480,096	7,590,355	(131,471)	(278,111)
Purchases by Committee Members	2,095,984	2,199,247	481,958	235,635

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:

	2023	2022
Board of Directors	Number	Number
	19	19
Senior Management Team	13	14
	€	€
Directors Fees & Expenses	324,177	236,115
Key management compensation		
Salaries and other short-term employee benefits	1,975,274	2,001,482

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.

35. Approval of financial statements

The board of directors approved these financial statements for issue on 29 February 2024.

MILK

STATISTICS



OWN SUPPLIERS

2023 476.83m/lit.
2022 485.73m/lit.



AVERAGE BUTTERFAT

2023 4.33%
2022 4.31%



AVERAGE PROTEIN

2023 3.50%
2022 3.51%



AVERAGE PRICE

2023 43.77c/lit.
2022 60.57c/lit.



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