

FORM AR27

Trade Union and Labour Relations (Consolidation) Act 1992

ANNUAL RETURN FOR AN EMPLOYERS' ASSOCIATION

Name of Employers' Association: Dairy UK Limited

Year ended: 31 December 2013

List No: 1588

Head or Main Office: 93 Baker Street
London
W1U 6QQ

Website address (if available) www.dairyUK.org

Has the address changed during the year to which the return relates? Yes No (Tick as appropriate)

General Secretary: K J Hunter

Contact name for queries regarding the completion of this return: K J Hunter

Telephone Number: 0141 942 1447

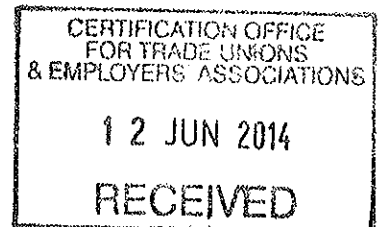
e-mail: khunter@dairyuk.org

PLEASE FOLLOW THE GUIDANCE NOTES IN THE COMPLETION OF THIS RETURN.
Any difficulties or problems in the completion of this return should be directed to the Certification Office as below or by telephone to: 020 7210 3734

The address to which returns and other documents should be sent are:

For Employers' Associations based in England and Wales:
Certification Office for Trade Unions and Employers' Associations
22nd Floor, Euston Tower, 286 Euston Road, London NW1 3JJ

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



(Revised February 2011)

RETURN OF MEMBERS

(see note 9)

NUMBER OF MEMBERS AT THE END OF THE YEAR				
Great Britain	Northern Ireland	Irish Republic	Elsewhere Abroad (including Channel Islands)	TOTALS
324	7	0	2	333

OFFICERS IN POST

(see note 10)

Please attach as an annexe to this form a complete list of all officers in post at the end of the year to which this form relates, with the title of each persons office. See attached

CHANGE OF OFFICERS

Please complete the following to record any changes of officers during the twelve months covered by this return.

Title of Office	Name of Officer ceasing to hold office	Name of Officer Appointed	Date of Change
Director		P T P Allin	16 January 2013
Director		W G Keane	1 April 2013
Director		A S Rodda	15 November 2013
Director		N J Byham	20 September 2013
Director	N Kennedy		13 March 2013
Director	B Plumb		20 September 2013
Director	R J Ward		16 January 2013
Director	W G Keane		16 January 2013

Dairy UK Limited
Y/e 31 December 2013
Officers in post at the end of the year

T D Dobbin	Director
A J Smith	Director
M Allen	Director
P Lauritzen	Director
P Vernon	Director
J Haywood	Director
J Neville	Director
K Allum	Director
L R C Edwards	Director
W G Keane	Director
R K O Kers	Director
P T P Allin	Director
A S Rodda	Director
N J Byham	Director
K J Hunter	Company Secretary

REVENUE ACCOUNT/GENERAL FUND

(see notes 11 to 16)

Previous Year		£	£
	INCOME		
1,179,325	From Members Subscriptions, levies, etc		936,990
10,650	Investment income Interest and dividends (gross)	9,653	
1,295		Bank interest (gross)	1,316
		Disposal of investments	658,569
11,945	Other income Rents received		669,538
217,500		Insurance commission	218,890
		Consultancy fees	
699,757		Publications/Seminars	
917,257	Miscellaneous receipts (specify) See A	580,261	
2,108,527	TOTAL INCOME		799,151
	EXPENDITURE		2,405,679
	Administrative expenses		
1,011,055	Remuneration and expenses of staff	857,159	
128,037	Occupancy costs	129,750	
47,491	Printing, Stationery, Post	38,746	
	Telephones		
130,331	Legal and Professional fees	136,775	
666,442	Miscellaneous (specify) See B	504,363	
1,983,356	Other charges Bank charges		1,666,793
40,104		Depreciation	34,442
		Sums written off	
109,595		Affiliation fees	111,190
		Donations	
		Conference and meeting fees	
		Expenses	
187,000		Miscellaneous (Re-structuring costs)	660,697
4,000	Pension finance costs	37,000	
	Actuarial (gain)/ loss	(169,600)	
(28,000)	Taxation		673,729
			2,000
	TOTAL EXPENDITURE		2,342,522
(187,528)	Surplus/Deficit for year		63,157
(34,036)	Amount of fund at beginning of year		(221,564)
(221,564)	Amount of fund at end of year		(158,407)

Dairy UK Limited
Y/e 31 December 2013
Miscellaneous receipts

A

Co-tenants	8,849
Administration services	28,747
Packaging services	465,499
Food Research income	12,518
Events	27,585
Other Income	1,408
Commissions & sales	417
DTAS membership	18,238
MMF Administration	17,000
	<hr/>
	580,261
	<hr/>

Dairy UK Limited
Y/e 31 December 2013

B

Miscellaneous administrative expenses

Travelling & subsistence	57,089
Repairs & renewals	23,055
Insurances	10,598
Catering	7,024
Other office expenses	8,618
Publications	5,151
Public relations	52,602
Divisional Expenses	4,213
Packaging services	277,335
Events	24,907
Scotland office	3,929
Milk Industry magazine	8,238
Disposal of assets	(13,288)
Northern Ireland office	34,892
	<u>504,363</u>

ACCOUNTS OTHER THAN THE REVENUE ACCOUNT/GENERAL FUND
(see notes 17 to 18)

ACCOUNT 2		Fund Account	
Name of account:		£	£
Income	From members		
	Investment income		
	Other income (specify)		
	Total Income		
Expenditure	Administrative expenses		
	Other expenditure (specify)		
	Total Expenditure		
	Surplus (Deficit) for the year		
Amount of fund at beginning of year			
Amount of fund at the end of year (as Balance Sheet)			

ACCOUNT 3		Fund Account	
Name of account:		£	£
Income	From members		
	Investment income		
	Other income (specify)		
	Total Income		
Expenditure	Administrative expenses		
	Other expenditure (specify)		
	Total Expenditure		
	Surplus (Deficit) for the year		
Amount of fund at beginning of year			
Amount of fund at the end of year (as Balance Sheet)			

ACCOUNTS OTHER THAN THE REVENUE ACCOUNT/GENERAL FUND
(see notes 17 to 18)

ACCOUNT 4		Fund Account	
Name of account:		£	£
Income	From members		
	Investment income		
	Other income (specify)		
	Total Income		
Expenditure	Administrative expenses		
	Other expenditure (specify)		
	Total Expenditure		
	Surplus (Deficit) for the year		
Amount of fund at beginning of year			
Amount of fund at the end of year (as Balance Sheet)			

ACCOUNT 5		Fund Account	
Name of account:		£	£
Income	From members		
	Investment income		
	Other income (specify)		
Total Income			
Expenditure	Administrative expenses		
	Other expenditure (specify)		
	Total Expenditure		
Surplus (Deficit) for the year			
Amount of fund at beginning of year			
Amount of fund at the end of year (as Balance Sheet)			

ACCOUNTS OTHER THAN THE REVENUE ACCOUNT/GENERAL FUND
(see notes 17 to 18)

ACCOUNT 6		Fund Account	
Name of account:		£	£
Income	From members		
	Investment income		
	Other income (specify)		
	Total Income		
Expenditure	Administrative expenses		
	Other expenditure (specify)		
	Total Expenditure		
	Surplus (Deficit) for the year		
Amount of fund at beginning of year			
Amount of fund at the end of year (as Balance Sheet)			

ACCOUNT 7		Fund Account	
Name of account:		£	£
Income	From members		
	Investment income		
	Other income (specify)		
Total Income			
Expenditure	Administrative expenses		
	Other expenditure (specify)		
	Total Expenditure		
Surplus (Deficit) for the year			
Amount of fund at beginning of year			
Amount of fund at the end of year (as Balance Sheet)			

BALANCE SHEET AS AT 31 DECEMBER 2013

(see notes 19 and 20)

Previous Year		£	£
5,051,508	Fixed Assets (as at page 8)		5,255,529
	Investments (as per analysis on page 9)		
9,925	Quoted (Market value £17,290)	9,925	
410,924	Unquoted	477,360	
420,849	Total Investments		487,285
	Other Assets		
380,219	Sundry debtors	271,919	
453,975	Cash at bank and in hand	260,700	
	Stocks of goods		
	Others (specify)		
834,194	Total of other assets		532,619
6,306,551		TOTAL ASSETS	6,275,433
(221,564)	Fund (Account)	(158,407)	
4,969,421	Revaluation Reserve	5,169,421	
	Liabilities		
	Loans		
	Bank overdraft		
71,872	Tax payable	32,601	
145,823	Sundry creditors	110,934	
252,199	Accrued expenses	209,684	
	Provisions		
1,088,800	Other liabilities	911,200	
6,306,551		TOTAL LIABILITIES	6,275,433
6,306,551		TOTAL ASSETS	6,275,433

FIXED ASSETS ACCOUNT

(see note 21)

	Land & Buildings	Fixtures & Fittings	Motor Vehicles & Equipment	Total
	£	£	£	£
COST OR VALUATION				
At start of period	5,036,218	78,587	242,000	5,356,805
Additions during period		1,158	45,773	46,931
Less: Disposals during period		(1,997)	(145,885)	(147,882)
Revaluation (see note 12 of financial statements attached)	200,000			200,000
Less: DEPRECIATION:				
Total to end of period	(36,218)	(63,400)	(100,707)	(200,325)
BOOK AMOUNT at end of period	5,200,000	14,348	41,181	5,255,529
Freehold	5,200,000			
Leasehold (50 or more years unexpired)	-			
Leasehold (less than 50 years unexpired)	-			
AS BALANCE SHEET	5,200,000	14,348	41,181	5,255,529

ANALYSIS OF INVESTMENTS

(see note 22)

		Other Funds £	
QUOTED	9,925	British Government & British Government Guaranteed Securities	9,925
		British Municipal and County Securities	
		Other quoted securities (to be specified)	
	9,925	TOTAL QUOTED (as Balance Sheet)	9,925
	17,530	*Market Value of Quoted Investments	17,290
UNQUOTED		British Government Securities	
		British Municipal and County Securities	
		Mortgages	
		Other unquoted securities (to be specified)	
	410,918	Unit trust investments	477,354
	6	Investment in subsidiary	6
410,924	TOTAL QUOTED (as Balance Sheet)	477,360	
957,474	*Market Value of Unquoted Investments	473,086	

* Market value of investments to be stated where these are different from the figures quoted in the balance sheet

ANALYSIS OF INVESTMENT INCOME (CONTROLLING INTERESTS)

(see notes 23 to 25)

Does the association, or any constituent part of the association, have a controlling interest in any limited company?		YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>
If YES name the relevant companies:			
COMPANY NAME Dairy Energy Savings Limited Milk Marketing Forum Limited The Dairy Council The National Dairymen's Association Limited DIAL (2004) Limited	COMPANY REGISTRATION NUMBER (if not registered in England & Wales, state where registered) 4062424 6429418 203597 328538 5172436		
INCORPORATED EMPLOYERS' ASSOCIATIONS			
Are the shares which are controlled by the association registered in the association's name		YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>
If NO, please state the names of the persons in whom the shares controlled by the association are registered.			
COMPANY NAME	NAMES OF SHAREHOLDERS		
UNINCORPORATED EMPLOYERS ASSOCIATIONS			
Are the shares which are controlled by the association registered in the names of the association's trustees?		YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>
If NO, state the names of the persons in whom the shares controlled by the association are registered.			
COMPANY NAME	NAMES OF SHAREHOLDERS		

SUMMARY SHEET

(see notes 26 to 35)

	All funds except Political Funds £	Political Funds £	Total Funds £
INCOME			
From Members	936,990		936,990
From Investments	669,538		669,538
Other Income (including increases by revaluation of assets)	999,151		999,151
Total Income	2,605,679		2,605,679
EXPENDITURE (including decreases by revaluation of assets)	2,342,522		2,342,522
Total Expenditure	2,342,522		2,342,522
Funds at beginning of year (including reserves)	4,747,857		4,747,857
Funds at end of year (including reserves)	5,011,014		5,011,014
ASSETS			
Fixed Assets			5,255,529
Investment Assets			487,285
Other Assets			532,619
		Total Assets	6,275,433
LIABILITIES		Total Liabilities	(1,264,419)
NET ASSETS (Total Assets less Total Liabilities)			5,011,014

NOTES TO THE ACCOUNTS

(see note 36)

All notes to the accounts must be entered on or attached to this part of the return.

See attached

ACCOUNTING POLICIES

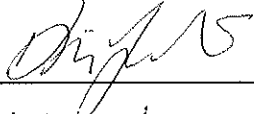
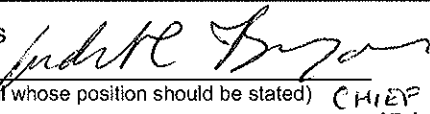
(see notes 37 and 38)

See attached

SIGNATURES TO THE ANNUAL RETURN

(see notes 39 and 40)

including the accounts and balance sheet contained in the return.

Secretary's Signature: <u></u> Name: <u>KIRIK HOWTER</u> Date: <u>4/6/14</u>	Chairman's Signature: <u></u> (or other official whose position should be stated) CHIEF EXECUTIVE Name: <u>DR JUDITH BRYAN</u> Date: <u>5/6/14</u>
--	---

CHECK LIST

(see note 41)

(please tick as appropriate)

IS THE RETURN OF OFFICERS ATTACHED? (see Page 2)	YES	<input checked="" type="checkbox"/>	NO	
HAS THE RETURN OF CHANGE OF OFFICERS BEEN COMPLETED? (see Page 2)	YES	<input checked="" type="checkbox"/>	NO	
HAS THE RETURN BEEN SIGNED? (see Note 39)	YES	<input checked="" type="checkbox"/>	NO	
HAS THE AUDITOR'S REPORT BEEN COMPLETED (see Note 40)	YES	<input checked="" type="checkbox"/>	NO	
IS A RULE BOOK ENCLOSED? (see Note 41)	YES	<input checked="" type="checkbox"/>	NO	
HAS THE SUMMARY SHEET BEEN COMPLETED (see Notes 6 and 26 to 35)	YES	<input checked="" type="checkbox"/>	NO	

AUDITOR'S REPORT

(see notes 42 to 47)

Made in accordance with section 36 of the Trade Union and Labour Relations (Consolidation) Act 1992.

1. In the opinion of the auditors or auditor do the accounts they have audited and which are contained in this return give a true and fair view of the matters to which they relate?
(See section 36(1) and (2) of the 1992 Act and notes 43 and 44)

YES/NO under the provisions of the Companies Act 2006
If "No" please explain below.

2. Have the auditors or auditor carried out such investigations in the preparation of their audit report as will enable them to form an opinion as to:
- (a) whether the trade union has kept proper accounting records in accordance with section 28 of the 1992 Act;
 - (b) whether it has maintained a satisfactory system of control over its transactions in accordance with the requirements of that section; and
 - (c) whether the accounts to which the report relates agree with the accounting records?
- (See section 36(3) of the 1992 Act, set out in note 43)

YES/NO under the provisions of the Companies Act 2006
If "No" please explain below.

3. Are the auditors or auditor of the opinion that the union has complied with section 28 of the 1992 Act and has:
- (a) kept proper accounting records with respect to its transactions and its assets and liabilities; and
 - (b) established and maintained a satisfactory system of control of its accounting records, its cash holding and all its receipts and remittances.
- (See section 36(4) of the 1992 Act set out in note 43)

YES/NO under the provisions of the Companies Act 2006
If "No" please explain below.

4. Please set out a copy of the report made by the auditors or auditor to the union on the accounts to which this AR27 relates. The report is to set out the basis upon which the audit has been conducted and/or such other statement as the auditor considers appropriate. Such a statement may be provided as a separate document.
(See note 45)
See separate document

AUDITOR'S REPORT (continued)

Chantrey Vellacott DFK LLP audited the financial statements of the company for the year ended 31 December 2013 in accordance with the Companies Act 2006 and our report dated 16 May 2014 is attached.

Signature(s) of auditor or auditors:	<i>Chantrey Vellacott DFK LLP</i>	
Name(s):	Chantrey Vellacott DFK LLP	
Profession(s) or Calling(s):	Statutory Auditor	
Address(es):	Chantrey Vellacott DFK LLP Russell Square House 10-12 Russell Square London WC1B 5LF	
Date:	<i>11.6.14</i>	
Contact name and telephone number:	David James – 0207 509 9000	

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

Dairy UK Limited

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

Year ended 31 December 2013

We have audited the report and financial statements of Dairy UK Limited for the year ended 31 December 2013 which comprise the income and expenditure account, statement of total recognised gains and losses, balance sheet, cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the directors' responsibilities statement set out on pages 3 to 4, the directors are responsible for the preparation of the report and financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the report and financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the report and financial statements

An audit involves obtaining evidence about the amounts and disclosures in the report and financial statements sufficient to give reasonable assurance that the report and financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the report and financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited report and financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Dairy UK Limited

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

Year ended 31 December 2013

Opinion on report and financial statements

In our opinion the report and financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the report and financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies' exemption from the requirement to prepare a strategic report.



DAVID JAMES (Senior Statutory Auditor)
for and on behalf of ~~CHANTREY-VELLACOTT~~ DFK LLP
Chartered Accountants and Statutory Auditor
London

16 May 2014

1. Accounting policies

Basis of accounting

The report and financial statements have been prepared under the historical cost convention, modified to include the revaluation of investment properties, and in accordance with applicable United Kingdom accounting standards.

Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a small group. The company has therefore taken advantage of the exemption provided by Section 398 of the Companies Act 2006 not to prepare group accounts.

Turnover

Turnover represents the invoiced value, net of Value Added Tax, of membership subscriptions and services provided to members.

A membership subscription is payable either annually in advance or monthly by banker's standing order or direct debit. An analysis of income for the year is given in note 2 below.

A Full Member of the company must give not less than one year's notice in writing of resignation from membership. Membership income is accounted for on an accruals basis.

Expenditure recovered

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

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

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

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

Investment properties

Investment properties are accounted for in accordance with SSAP 19, as follows:

- (i) investment properties are revalued annually. The surplus or deficit is transferred to a revaluation reserve unless a deficit, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the income and expenditure account; and
- (ii) no depreciation is provided in respect of freehold investment properties.

Although the Companies Act would normally require the systematic annual depreciation of fixed assets, the directors believe that this policy of not providing depreciation is necessary in order for the financial statements to give a true and fair view since the current value of investment properties, and changes in that current value, are of prime importance rather than a calculation of systematic annual depreciation.

Operating lease agreements

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



1. Accounting policies (*continued*)

Pension costs and other post-retirement benefits

The company previously operated defined benefit schemes, and the amount charged to the income and expenditure account in respect of pension costs and other post retirement benefits was the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from the cost. The schemes have been closed to future accrual and there is now no regular cost charged to the income and expenditure account. The interest cost and expected return on assets are included within other finance costs.

Actuarial gains and losses arising from new valuations and from updating valuations to the balance sheet are recognised in the Statement of Total Recognised Gains and Losses.

The present defined benefit scheme is funded with the assets held separately from the company in a separate trustee administered fund. Full actuarial valuations, by a professionally qualified actuary, are obtained at least every three years, and updated to reflect current conditions at each balance sheet date. The pension scheme assets are measured at fair value. The pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency. A pension scheme asset is recognised on the balance sheet only to the extent that the surplus may be recovered by reduced future contributions or to the extent that the trustees have agreed a refund from the scheme at the balance sheet date. A pension scheme liability is recognised to the extent that the company has a legal or constructive obligation to settle the liability.

For defined contribution schemes the amount charged to the income and expenditure account in respect of pension costs and other post retirement benefits is the contribution payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Deferred tax which arises in respect of the defined benefit pension scheme assets and liabilities is deducted from those assets and liabilities in the balance sheet.

2. Turnover

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

	2013 £	2012 £
General membership subscriptions	936,990	1,147,168
Levy	-	32,157
Other activities including the Roll Container Repatriation Scheme	580,261	699,757
	<u>1,517,251</u>	<u>1,879,082</u>

Dairy UK Limited

Notes to the report and financial statements

Year ended 31 December 2013

3. Operating deficit

Operating deficit is stated after charging/(crediting):

	2013 £	2012 £
Depreciation of owned fixed assets	34,442	40,104
Profit on disposal of fixed assets	(13,288)	(1,000)
Auditor's remuneration		
- as auditor	9,750	9,750
- for other services	15,400	8,100
Operating lease costs:		
- Other	86,340	86,340
	<u>86,340</u>	<u>86,340</u>

4. Employee information

The average number of staff, including executive directors, employed by the company during the financial year can be analysed as follows:

	2013 No	2012 No
Head office	9	10
Divisional	-	1
Packaging services	4	4
	<u>13</u>	<u>15</u>

The aggregate payroll costs of the above were:

	2013 £	2012 £
Wages and salaries	740,389	836,165
Social security costs	96,029	111,695
Other pension costs	54,675	61,636
	<u>891,093</u>	<u>1,009,496</u>

Pension contributions totalling £44,510 (2012: £52,316) were payable to the defined contribution scheme. The balance of the pension cost relates to the defined benefit pension scheme (see note 16).

Amounts totalling £Nil (2012: £18,000) were paid to Robert Wiseman Dairies Limited in respect of the chairman's services.

5. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were:

	2013 £	2012 £
Remuneration receivable	<u>26,250</u>	<u>-</u>



Dairy UK Limited

Notes to the report and financial statements

Year ended 31 December 2013

6. Cost of restructuring

	2013 £	2012 £
Redundancy costs and compensation for loss of office	<u>660,697</u>	<u>—</u>

7. Profit on disposal of current asset investments

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

8. Income from fixed asset investments

	2013 £	2012 £
Rent receivable less expenses	<u>218,890</u>	<u>217,500</u>

9. Interest receivable

	2013 £	2012 £
Bank interest receivable	1,316	1,295
Other investment income	9,653	10,650
	<u>10,969</u>	<u>11,945</u>

10. Other finance costs

	2013 £	2012 £
Net finance costs in respect of defined benefit pension schemes - note 17	<u>(37,000)</u>	<u>(187,000)</u>

Dairy UK Limited

Notes to the report and financial statements

Year ended 31 December 2013

11. Taxation on ordinary activities

(a) Analysis of charge in the year

	2013 £	2012 £
Deferred tax:		
Origination and reversal of timing differences	<u>2,000</u>	<u>(28,000)</u>

(b) Factors affecting current tax charge

The tax assessed on the deficit on ordinary activities for the year is at a higher rate than the standard rate of corporation tax in the UK of 20% (2012 - 20%).

	2013 £	2012 £
Deficit on ordinary activities before taxation	<u>(104,443)</u>	<u>(211,528)</u>
Deficit on ordinary activities multiplied by rate of tax	(20,889)	(42,306)
Expenses not deductible for tax purposes	358	(1,568)
Capital allowances for period (in excess of)/less than depreciation	(7,815)	2,540
Unrelieved tax losses	78,135	14,074
Chargeable gains indexation allowance	(46,216)	-
Dividend income not taxable	(1,628)	-
Group relief surrendered	133	168
Pension contributions	<u>(2,078)</u>	<u>27,092</u>
Total current tax	<u>-</u>	<u>-</u>

(c) Factors that may affect future tax charges

As at the 31 December 2013, the company had, subject to any enquiry by HM Revenue & Customs, tax losses of £2,183,586 (2012: £1,597,802) available to carry forward against future profits of the same trade. A deferred tax asset of £436,717 (2012: £319,560) in respect of these losses has not been recognised in the financial statements because of the uncertainty as to the timing of future profits.

During the year the freehold property has been revalued to its market value of £5,200,000 (2012: £5,000,000). The potential liability to taxation which would arise if the property were disposed of at this valuation would be approximately £630,000 (2012: £544,000).



12. Tangible fixed assets

	Freehold Investment Property £	Leasehold Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Total £
Cost or valuation						
At 1 Jan 2013	5,000,000	36,218	58,652	78,587	183,348	5,356,805
Additions	–	–	8,506	1,158	37,267	46,931
Disposals	–	–	(16,093)	(1,997)	(129,792)	(147,882)
Revaluation	200,000	–	–	–	–	200,000
At 31 Dec 2013	5,200,000	36,218	51,065	77,748	90,823	5,455,854
Depreciation						
At 1 Jan 2013	–	30,179	47,973	59,445	167,700	305,297
Charge for the year	–	6,039	9,311	5,951	13,141	34,442
On disposals	–	–	(15,625)	(1,996)	(121,793)	(139,414)
At 31 Dec 2013	–	36,218	41,659	63,400	59,048	200,325
Net book value						
At 31 Dec 2013	5,200,000	–	9,406	14,348	31,775	5,255,529
At 31 Dec 2012	5,000,000	6,039	10,679	19,142	15,648	5,051,508

The company's freehold investment property was revalued to £5,200,000 at 31 December 2013 by the directors having regard to professional advice and on the basis of market value.

The analysis of the net book value of the property above is as follows:

	2013 £	2012 £
Freehold investment property at valuation	5,200,000	5,000,000
Short leasehold improvements	–	6,039
Total	5,200,000	5,006,039
Historical cost of investment property	30,579	30,579

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

Dairy UK Limited

Notes to the report and financial statements

Year ended 31 December 2013

13. Investments

	Shares in subsidiary undertakings
	£
Cost	
At 1 January 2013 and 31 December 2013	<u>6</u>
Net book value	
At 31 December 2013 and 31 December 2012	<u>6</u>

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

Dairy Energy Savings Limited, a company incorporated and registered in England, is a 100% subsidiary of the company. It was incorporated in 2000 and is limited by guarantee. It enables participating companies from the dairy sector to take advantage of a reduced rate of Climate Change Levy, subject to the achievement of energy usage targets.

Valuation under Equity Method of accounting:

	2013 £	2012 £
Share of net assets of Dairy Energy Savings Limited	<u>72,698</u>	<u>75,798</u>
Represented by:		
1 January	75,798	78,702
Share of loss	<u>(3,100)</u>	<u>(2,904)</u>
31 December	<u>72,698</u>	<u>75,798</u>

During the year Dairy UK Limited charged £46,380 (2012: £43,935) to Dairy Energy Savings Limited in relation to services provided in the year. At the year end £5,785 (2012: £6,828) was owed by Dairy Energy Savings Limited to the company.

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

The National Dairymen's Association Limited, a dormant company limited by guarantee, is also a subsidiary of the company. The National Dairymen's Association Limited acts as an agent for the company, because it still holds legal title to the freehold investment property (see note 12) and the investments (see note 15) disclosed in these financial statements. The beneficial interest was transferred to the Dairy Industry Association Limited, now Dairy UK Limited, on merger in 2002.

The Dairy Council, a company limited by guarantee and incorporated and registered in England is a 100% subsidiary of the company. The Dairy Council acts as an agency on behalf of the entire dairy business in Great Britain promoting the health benefits of milk and dairy products. Dairy UK Limited is a material contributor to The Dairy Council via the levy it places on its members' processing volumes in Great Britain and during the year contributions of £450,000 were collected by Dairy UK Limited (2012: £450,000) and invoiced by The Dairy Council. In addition, Dairy UK Limited was charged £20,000 (2012: £20,000) for other services. Dairy UK Limited charged The Dairy Council £23,780 (2012: £11,040) in relation to services provided in the year. At the year end £24,915 (2012: £20,607) was owed by The Dairy Council to the company.



Dairy UK Limited

Notes to the report and financial statements

Year ended 31 December 2013

13. Investments (continued)

Valuation under Equity Method of accounting

	2013 £	2012 £
Share of net assets of The Dairy Council	<u>66,199</u>	<u>66,000</u>
Represented by:		
1 January	66,000	63,911
Share of profit	<u>199</u>	<u>2,089</u>
31 December 2013	<u>66,199</u>	<u>66,000</u>

Milk Marketing Forum Limited is a company incorporated and registered in England. Dairy UK holds 100% of the ordinary shares. During the year Dairy UK charged £17,000 (2012: £17,000) to Milk Marketing Forum Limited in relation to administration services.

Milk Marketing Forum Limited commenced trading in October 2009 and is a not for profit organisation with all income to be spent on the "Make Mine Milk" promotional campaign over its three year life, and some continuing activities.

Valuation under Equity Method of accounting

	2013 £	2012 £
Share of net assets of Milk Marketing Forum Limited	<u>295,398</u>	<u>1,041,592</u>
Represented by:		
1 January	1,041,592	819,540
Share of (loss)/profit	<u>(746,194)</u>	<u>222,052</u>
31 December	<u>295,398</u>	<u>1,041,592</u>

14. Debtors

	2013 £	2012 £
Trade debtors	147,745	237,847
Amounts owed by group undertakings	30,700	28,484
Other debtors	50,399	66,675
Prepayments and accrued income	<u>43,075</u>	<u>47,213</u>
	<u>271,919</u>	<u>380,219</u>

Other debtors includes a rent deposit of £42,841 (2012 - £42,841) which is repayable at the end of the lease in 2014.

Dairy UK Limited

Notes to the report and financial statements

Year ended 31 December 2013

15. Investments

	2013 £	2012 £
Unit trust investments	477,354	410,918
Quoted fixed interest securities - Government stocks	9,925	9,925
	<u>487,279</u>	<u>420,843</u>
Aggregate market value of investments	<u>490,616</u>	<u>975,004</u>

At 31 December 2013 the title of one of the investments, with a market value of £17,290, remains with The National Dairymen's Association Limited. The beneficial interest was previously transferred to Dairy UK Limited on merger and therefore the investment is shown in these financial statements. A tax liability of approximately £1,000 would arise if the investment was sold at the market value shown above. No tax is expected to be payable in the foreseeable future on this investment, however the tax liability has been recognised on the investments disposed of in the year.

16. Creditors: amounts falling due within one year

	2013 £	2012 £
Trade creditors	110,934	145,823
Other taxation and social security	32,601	71,872
Accruals and deferred income	209,684	252,199
	<u>353,219</u>	<u>469,894</u>

Accruals and deferred income includes £36 (2012: £426) payable in respect of the defined contribution pension scheme.

17. Pensions and other post retirement benefits

The Company operates a defined benefit scheme in the UK. A full actuarial valuation was carried out at 31 December 2010 and updated to 31 December 2013 by a qualified actuary, independent of the scheme's sponsoring employer. The major assumptions used by the actuary are shown below.

A Deed of Amendment and Merger was signed on 31 December 2010 to effect a merger of the National Dairymen's Association Pension and Life Assurance Scheme into the Dairy Industry Federation Pension and Life Assurance Scheme. This deed also changed the name of the scheme to the Dairy UK Limited Pension Scheme. The disclosures for 2010 and prior years reflect the combined figures for the two schemes.

The scheme closed to future accrual on 11 November 2011. Prior to this date the company paid contributions at the rate of 24.4% of pensionable salaries in respect of the Dairy Industry Federation section and 26.6% of pensionable salaries in respect of the National Dairymen section as well as certain expenses. Prior to the closure of future accrual member contributions at the rate of 7.5% of pensionable salaries were also paid. From 1 January 2012 the company's contribution is £47,000 per annum towards the scheme deficit and in addition the company pays any Pension Protection Fund levy, insurance premiums, administration, trustee and legal expenses.

The company's pension obligations in respect of the scheme are secured by a charge over the investment property up to £1,700,000.



Dairy UK Limited

Notes to the report and financial statements

Year ended 31 December 2013

17. Pensions and other post retirement benefits *(continued)*

The amounts recognised in the profit and loss account are as follows:

	2013 £	2012 £
Amounts included in other finance cost:		
Expected return on scheme assets	(616,000)	(476,000)
Interest on scheme liabilities	653,000	663,000
	<u>37,000</u>	<u>187,000</u>
Other finance cost	37,000	187,000
Total charge to the profit and loss account	<u>37,000</u>	<u>187,000</u>
Actual return on scheme assets	<u>1,072,000</u>	<u>1,517,000</u>

Other finance cost is included in the profit and loss account within interest payable and similar charges.

Actuarial gains of £212,000 (2012: £(5,000)) have been recognised in the statement of total recognised gains and losses. At 31 December 2013 the cumulative amount of actuarial losses recognised in the statement of total recognised gains and losses is £(403,000).

The amounts recognised in the balance sheet are as follows:

	2013 £	2012 £
Present value of funded obligations	(14,857,000)	(14,411,000)
Fair value of scheme assets	13,718,000	13,050,000
	<u>(1,139,000)</u>	<u>(1,361,000)</u>
Related deferred tax asset	227,800	272,200
Net pension liability	<u>(911,200)</u>	<u>(1,088,800)</u>

Changes in the present value of the defined benefit obligation scheme are as follows:

	2013 £	2012 £
Opening defined benefit obligation	14,411,000	13,795,000
Interest on scheme liabilities	653,000	663,000
Actuarial loss	244,000	1,046,000
Benefits paid	(451,000)	(1,093,000)
Closing defined benefit obligation	<u>14,857,000</u>	<u>14,411,000</u>

Changes in the fair value of scheme assets are as follows:

	2013 £	2012 £
Opening fair value of scheme assets	13,050,000	12,579,000
Expected return on scheme assets	616,000	476,000
Contributions by employer	47,000	47,000
Actuarial gain	456,000	1,041,000
Benefits paid	(451,000)	(1,093,000)
Closing fair value of scheme assets	<u>13,718,000</u>	<u>13,050,000</u>

Dairy UK Limited

Notes to the report and financial statements

Year ended 31 December 2013

17. Pensions and other post retirement benefits (*continued*)

The fair value of the major categories of scheme assets are as follows:

	2013	2012
	£	£
Equity	4,936,000	4,274,000
With profits insured assets	8,763,000	8,615,000
Cash	19,000	35,000
Property	–	126,000
Fair value of scheme assets	<u>13,718,000</u>	<u>13,050,000</u>

None of the fair values of the assets shown above include any property occupied by, or other assets used by, the Company.

The principal actuarial assumptions as at the balance sheet date were:

	2013	2012
	%	%
Discount rate	4.55	4.60
Expected return on scheme assets	5.10	4.80
Rate of increase in pensions in payment	3.25	2.60
RPI inflation	3.25	2.60
CPI inflation	2.25	1.90

Amounts for the current and previous four periods are as follows:

	2013	2012	2011	2010	2009
	£	£	£	£	£
Defined benefit obligation	(14,857,000)	(14,411,000)	(13,795,000)	(12,102,000)	(10,977,000)
Fair value of scheme assets	<u>13,718,000</u>	<u>13,050,000</u>	<u>12,579,000</u>	<u>12,017,000</u>	<u>11,197,000</u>
(Deficit)/surplus in the scheme	<u>(1,139,000)</u>	<u>(1,361,000)</u>	<u>(1,216,000)</u>	<u>(85,000)</u>	<u>220,000</u>
Experience adjustments on scheme liabilities (£)	–	–	(333,000)	75,000	76,000
Experience adjustments on scheme assets (£)	<u>456,000</u>	<u>1,041,000</u>	<u>1,029,000</u>	<u>449,000</u>	<u>602,000</u>

The mortality assumptions adopted at 31 December 2012 imply the following life expectancies:

Male retiring at age 65 in 2013	22.7 years
Female retiring at age 65 in 2013	24.7 years
Male retiring at age 65 in 2033	24.9 years
Female retiring at age 65 in 2033	27.1 years

The long term expected rate of return on cash is determined by reference to UK long dated government bond yields at the balance sheet dates. The long-term expected return on the insurance contracts is determined by reference to UK long dated government and corporate bond yields. The long term expected rate of return on equities and property is based on the rate of return of bonds with an allowance for out-performance.

The best estimate of contributions to be paid by the company to the scheme for the period commencing 1 January 2014 is £47,000. Expenses and PPF levies are payable in addition.

Dairy UK Limited

Notes to the report and financial statements

Year ended 31 December 2013

18. Commitments under operating leases

At 31 December 2013 the company had annual commitments under non-cancellable operating leases as set out below.

	Land and buildings	
	2013	2012
	£	£
Operating leases which expire:		
Within one year	64,755	-
Within two to five years	-	86,210
	<u>64,755</u>	<u>86,210</u>

The company's offices are occupied under a lease for a period of 11 years expiring in 2014.

19. Company limited by guarantee

Dairy UK Limited is a company limited by guarantee and has no share capital. In the event of winding up, each member will be required to contribute up to £10 to the assets of the company.

20. Revaluation reserve

	2013	2012
	£	£
Balance brought forward	4,969,421	3,083,325
Revaluation of fixed assets	200,000	1,886,096
Balance carried forward	<u>5,169,421</u>	<u>4,969,421</u>

21. Income and expenditure account

	2013	2012
	£	£
Balance brought forward	(221,564)	(34,036)
Deficiency for the financial year	(106,443)	(183,528)
Defined benefit pension scheme	169,600	(4,000)
Balance carried forward	<u>(158,407)</u>	<u>(221,564)</u>



Dairy UK Limited

Notes to the report and financial statements

Year ended 31 December 2013

22. Notes to the cash flow statement

Reconciliation of operating loss to net cash outflow from operating activities

	2013 £	2012 £
Operating deficit	(295,174)	(253,973)
Depreciation	34,442	40,104
Profit on disposal of fixed assets	(13,288)	(1,000)
Decrease/(increase) in debtors	108,300	(4,372)
(Decrease)/increase in creditors	(116,675)	110,741
Re-organisation costs	(660,697)	–
Profit on disposal of current asset investments	658,569	–
Defined benefit pension scheme contributions paid	(47,000)	(47,000)
Net cash outflow from operating activities	<u>(331,523)</u>	<u>(155,500)</u>

Reconciliation of net cash flow to movement in net funds

	2013 £	2012 £
(Decrease)/increase in cash in the period	(193,275)	59,787
Cash used to increase liquid resources	66,436	18,273
	<u>(126,839)</u>	<u>78,060</u>
Change in net funds	(126,839)	78,060
Net funds at 1 January 2013	874,818	796,758
Net funds at 31 December 2013	<u>747,979</u>	<u>874,818</u>

Analysis of changes in net funds

	At 1 Jan 2013 £	Cash flows £	At 31 Dec 2013 £
Cash in hand and at bank	453,975	(193,275)	260,700
Current asset investments	420,843	66,436	487,279
Net funds	<u>874,818</u>	<u>(126,839)</u>	<u>747,979</u>