

CH

Registered number: SC317473

SC312966
GRAHAMS THE FAMILY
DAIRY LIMITED

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018



Parent 1A

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

COMPANY INFORMATION

Directors	Mr R B Graham Dr R A Graham Mrs J F B Graham Ms C B Graham Mr S J Thomson Mrs J Farrell Mr S Dorrian Mr W Keane
Company secretary	Mrs J F B Graham
Registered number	SC317473
Registered office	Airthrey Kerse Farm Henderson Street Bridge of Allan Stirling FK9 4RW
Independent auditors	French Duncan LLP Statutory Auditors and Chartered Accountants Macfarlane Gray House Castlecraig Business Park Springbank Road Stirling FK7 7WT
Bankers	Royal Bank of Scotland 2 Pitt Terrace Stirling FK8 2EX
Solicitors	DWF LLP 110 Queen Street Glasgow G1 3HD

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

CONTENTS

	Page
Group Strategic Report	1 - 2
Directors' Report	3 - 5
Independent Auditors' Report	6 - 8
Consolidated Statement of Comprehensive Income	9
Consolidated Balance Sheet	10 - 11
Company Balance Sheet	12
Consolidated Statement of Changes in Equity	13
Company Statement of Changes in Equity	14
Consolidated Statement of Cash Flows	15 - 16
Notes to the Financial Statements	17 - 37

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2018

Introduction

The Directors present the Group Strategic report for the year ended 31 March 2018.

Business review

Grahams The Family Dairy is a family business at heart and our core values of farming, family, quality, heritage and provenance always ring true in whatever we do. Starting out with 12 cows in 1939 and spanning three generations, Grahams has grown to become Scotland's largest independent Dairy. As farmers ourselves, we truly value the relationships we have with our 100 farming partners. We employ over 700 members of staff throughout the group and are constantly seeking new ways to engage with our 6,000-strong customer base.

In 2018 the Group recorded an increase in turnover to £104.1m (2017 - £100.5m) reflecting a busy year and an increase in the volumes sold to an increasing customer base. Maintaining the overall balance between supply and demand in raw milk continues to provide both opportunities and challenges. Profit before tax and exceptional item was £1.2m (2017 - £1.3m), pre-tax profit after an exceptional item of £0.86m is £0.4m. The Group were managing the Airthrey Kerse planning application which was refused by Scottish Ministers in June 2018. We have taken a prudent view to make a provision against these costs this year, despite an appeal which has been made in respect of this decision to the Court of Session and the outcome is awaited.

There was continued investment in plant and machinery, equipment and motor vehicles representing a capex investment of £2m as we continue to expand our business and to maintain an up to date fleet to allow efficient distribution of our products.

We continue to grow our business partnerships with major retailers.

Over half the population now buy Grahams products and we were confirmed as Scotland's number 1 Scottish Food Brand in 2018. Going forward, we will constantly innovate to continue to expand our award-winning product range both within the UK and beyond.

Key performance indicators

We have made significant progress throughout the year in relation to key elements of our strategy. The Board monitors the progress of the Group by reference to the key performance indicators:

	2018	2017
Turnover (£m)	104.1	100.5
Gross margin (%)	22.7	22.4
Operating profit pre-exceptional item (£m)	1.7	1.8
Operating profit (£m)	0.8	1.8
Net assets (£m)	5.1	5.5

Cash flow and capital investment are also monitored on an ongoing basis. In terms of non-financial KPI's our focus is on quality; the quality of product leaving our business and overall customer satisfaction in this regard.

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018**

Principal risks and uncertainties

Supplier price risk – As farmers ourselves, who continue to milk our own cows, we understand the pressures farmers face. Notwithstanding the challenges often associated with farm gate price discussions, our direct relationships help us maintain good relations with our key suppliers. We also work hard to manage the balance between supply and demand to ensure that over or under supply does not adversely impact our margins.

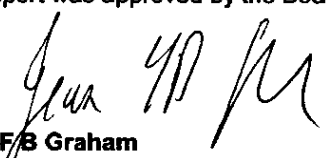
Customer price pressure – We work closely with our customers to manage the impact of increasing costs on our selling price. We work in a very competitive market place with the price of milk and cream continually under pressure.

Credit risk – The Group operates in a market dealing with cash sales and short-term credit accounts. Adequate credit monitoring systems are in place throughout the business to manage this risk.

Liquidity risk – The cash generated from operations is forecast and monitored and all expenditure, including capital expenditure, is controlled to ensure that all liabilities are met on time. The Group is financed by term loan and invoice discounting facilities set at a level to ensure that sufficient banking facilities are in place to ensure that the Group can meet its liabilities as they fall due for payment.

Compliance with regulations – As a Group we work to comply with all relevant legislation including health & safety and employment law. We have processes in place to ensure compliance across the business with regular reporting to the Board on these matters.

This report was approved by the Board on 17 December 2018 and signed on its behalf.



Mrs J F B Graham
Director

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2018

The directors present their report and the financial statements for the year ended 31 March 2018.

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity

The principal activity of the Group in the year under review was that of the processing and distribution of milk and associated products.

Results and dividends

The profit for the year, after taxation, amounted to £244,318 (2017 - £1,421,547).

A dividend of £659,670 (2017 - £799,600) was paid in the year.

Directors

The directors who served during the year were:

Mr R B Graham
Dr R A Graham
Mrs J F B Graham
Ms C B Graham
Mr S J Thomson
Mrs J Farrell
Mr S Dorrian
Mr W Keane

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

Future developments

The Group is well positioned to take advantage of continued opportunities in its market place whilst at the same time looking to continue to improve efficiency and profitability and providing a high level of service to our customers.

Employee involvement

Employees are encouraged to discuss with management any matters of concern and factors affecting the company. Employees are kept informed of company progress and developments through internal memos, intranet, emails and management briefings.

Suggestions from employees are encouraged and welcomed.

Disabled employees

The Group gives full consideration to applications for employment from disabled persons where the candidates skills are consistent with the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the Group's policy to provide continuing employment wherever practical in the same or an alternative position.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the Group's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Group since the year end.

Going concern

The Group's business activities together with the factors likely to affect its future development and financial position are discussed in the Strategic Report.

The Group is financed by bank loans and invoice discounting facilities. Cash generated from operations is forecast and monitored and expenditure, including capital expenditure, is controlled to ensure that all liabilities can be met on time. After making enquiries, the directors have a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

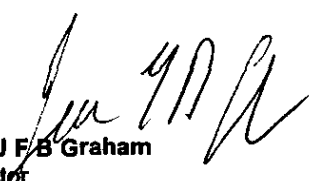
GRAHAMS THE FAMILY DAIRY GROUP LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018**

Auditors

Pursuant to Section 487 of the Companies Act 2006 the auditors will be deemed to be reappointed and French Duncan LLP will therefore continue in office.

This report was approved by the board on *17 December 2018* and signed on its behalf.


Mrs J F/B Graham
Director

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GRAHAMS THE FAMILY DAIRY GROUP LIMITED

Opinion

We have audited the financial statements of Grahams The Family Dairy Group Limited (the 'parent company') and its subsidiaries (the 'Group') for the year ended 31 March 2018, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and company Balance Sheets, the Consolidated Statement of Cash Flows, the Consolidated and company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 March 2018 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GRAHAMS THE FAMILY DAIRY GROUP LIMITED (CONTINUED)

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 Auditors' 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.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GRAHAMS THE FAMILY DAIRY GROUP LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

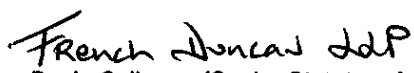
Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company'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 company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.


Paula Galloway (Senior Statutory Auditor)

for and on behalf of
French Duncan LLP

Statutory Auditors and Chartered Accountants

Macfarlane Gray House
Castlecraig Business Park
Springbank Road
Stirling
FK7 7WT

Date: 19 DECEMBER 2018

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018**

		2018 Excluding Exceptional Items	2018 Exceptional Items	2018 Total	2017 Total
	Note	£	£	£	£
Turnover	4	104,135,313	-	104,135,313	100,480,340
Cost of sales		(80,529,911)	-	(80,529,911)	(77,977,689)
Gross profit		23,605,402	-	23,605,402	22,502,651
Distribution costs		(16,655,838)	-	(16,655,838)	(14,890,011)
Administrative expenses	12	(5,383,938)	(861,845)	(6,245,783)	(5,915,004)
Other operating income	5	91,906	-	91,906	131,367
Other operating charges		(6,096)	-	(6,096)	(16,333)
Operating profit	6,12	1,651,436	(861,845)	789,591	1,812,670
Interest payable and similar charges	9			(416,947)	(506,790)
Profit before taxation				372,644	1,305,880
Tax on profit	10			(128,326)	115,667
Profit for the financial year				244,318	1,421,547
Total comprehensive income for the year				244,318	1,421,547

The notes on pages 17 to 37 form part of these financial statements.

GRAHAMS THE FAMILY DAIRY GROUP LIMITED
REGISTERED NUMBER: SC317473

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2018

	Note	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Intangible assets	14		2,283,825		2,114,954
Tangible assets	15		9,886,788		9,931,750
			<u>12,170,613</u>		<u>12,046,704</u>
Current assets					
Stocks	17	2,637,819		3,780,119	
Debtors: amounts falling due within one year	18	18,326,752		17,954,592	
Current asset investments	19	50,904		57,000	
Cash at bank and in hand	20	2,728,464		657,686	
		<u>23,743,939</u>		<u>22,449,397</u>	
Creditors: amounts falling due within one year	21	(23,752,253)		(22,567,551)	
Net current liabilities			<u>(8,314)</u>		<u>(118,154)</u>
Total assets less current liabilities			<u>12,162,299</u>		<u>11,928,550</u>
Creditors: amounts falling due after more than one year	22		(6,615,289)		(5,860,130)
Provisions for liabilities					
Deferred taxation	26		(159,234)		(189,032)
Accruals and deferred income	27		(322,636)		(398,896)
Net assets			<u>5,065,140</u>		<u>5,480,492</u>
Capital and reserves					
Called up share capital	28		999		999
Profit and loss account	29		5,064,141		5,479,493
			<u>5,065,140</u>		<u>5,480,492</u>

GRAHAMS THE FAMILY DAIRY GROUP LIMITED
REGISTERED NUMBER: SC317473

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2018

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

Dr R A Graham
Director



Mr R B Graham
Director



17 December 2018

The notes on pages 17 to 37 form part of these financial statements.

GRAHAMS THE FAMILY DAIRY GROUP LIMITED
REGISTERED NUMBER: SC317473

COMPANY BALANCE SHEET
AS AT 31 MARCH 2018

	Note	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Investments	16		2,410,236		2,410,235
Current assets					
Debtors: amounts falling due within one year	18	6,044,202		1,727,144	
Creditors: amounts falling due within one year	21	(667,082)		(33,740)	
Net current assets			5,377,120		1,693,404
Total assets less current liabilities			7,787,356		4,103,639
Creditors: amounts falling due after more than one year	22		(3,690,530)		-
Net assets			4,096,826		4,103,639
Capital and reserves					
Called up share capital	28		999		999
Profit and loss account	29		4,095,827		4,102,640
			4,096,826		4,103,639

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

Dr R A Graham
Director



Mr R B Graham
Director



17 December 2018

The notes on pages 17 to 37 form part of these financial statements.

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2017	999	5,479,493	5,480,492
Comprehensive income for the year			
Profit for the year	-	244,318	244,318
Total comprehensive income for the year	-	244,318	244,318
Transactions with owners			
Dividends: Equity capital	-	(659,670)	(659,670)
Total transactions with owners	-	(659,670)	(659,670)
At 31 March 2018	999	5,064,141	5,065,140

The notes on pages 17 to 37 form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2016	999	4,857,546	4,858,545
Comprehensive income for the year			
Profit for the year	-	1,421,547	1,421,547
Total comprehensive income for the year	-	1,421,547	1,421,547
Transactions with owners			
Dividends: Equity capital	-	(799,600)	(799,600)
Total transactions with owners	-	(799,600)	(799,600)
At 31 March 2017	999	5,479,493	5,480,492

The notes on pages 17 to 37 form part of these financial statements.

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 April 2017	999	4,102,640	4,103,639
Comprehensive Income for the year			
Profit for the year	-	652,857	652,857
	-	652,857	652,857
Total comprehensive income for the year			
Transactions with owners			
Dividends: Equity capital	-	(659,670)	(659,670)
	-	(659,670)	(659,670)
Total transactions with owners			
At 31 March 2018	999	4,095,827	4,096,826

The notes on pages 17 to 37 form part of these financial statements.

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 April 2016	999	4,102,639	4,103,638
Comprehensive Income for the year			
Profit for the year	-	799,601	799,601
	-	799,601	799,601
Total comprehensive income for the year			
Transactions with owners			
Dividends: Equity capital	-	(799,600)	(799,600)
	-	(799,600)	(799,600)
Total transactions with owners			
At 31 March 2017	999	4,102,640	4,103,639

The notes on pages 17 to 37 form part of these financial statements.

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018**

	2018 £	2017 £
Cash flows from operating activities		
Profit for the financial year	244,318	1,421,547
Adjustments for:		
Amortisation of intangible assets	247,455	216,674
Depreciation of tangible assets	1,788,984	1,784,297
Impairments of current asset investments	6,096	16,333
Loss on disposal of tangible assets	10,190	34,935
Government grants	(76,260)	(76,259)
Interest paid	416,947	506,790
Taxation charge	128,326	(115,667)
Decrease/(increase) in stocks	280,455	(632,213)
Increase in debtors	(371,904)	(3,712,314)
Increase in creditors	1,106,609	801,505
Development costs written off	881,845	-
Corporation tax paid	(262,981)	(331,734)
Net cash generated from/(used in) operating activities	4,380,080	(86,106)
Cash flows from investing activities		
Purchase of intangible fixed assets	(60,309)	-
Purchase of tangible fixed assets	(548,713)	(538,429)
Sale of tangible fixed assets	255,083	55,474
Government grants received	-	38,081
Purchase of a business	(403,205)	-
HP interest paid	(205,974)	(204,815)
Net cash used in investing activities	(963,118)	(649,689)

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

	2018 £	2017 £
Cash flows from financing activities		
New secured loans	4,397,750	-
Repayment of loans	(3,292,444)	(333,000)
Repayment of finance leases	(1,420,090)	(1,103,795)
Dividends paid	(659,670)	(799,600)
Interest paid	(210,973)	(301,975)
Net cash used in financing activities	(1,185,427)	(2,538,370)
Net increase/(decrease) in cash and cash equivalents	2,231,535	(3,274,165)
Cash and cash equivalents at beginning of year	(7,030,303)	(3,756,138)
Cash and cash equivalents at the end of year	(4,798,768)	(7,030,303)
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	2,728,464	657,686
Bank overdrafts	(7,527,232)	(7,687,989)
	(4,798,768)	(7,030,303)

The notes on pages 17 to 37 form part of these financial statements.

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1. General information

The company is a private company limited by shares and is incorporated in Scotland. The registered office is Airthrey Kerse Farm, Henderson Street, Bridge of Allan, Stirlingshire, FK9 4RW.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland ("FRS 102") and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the company's accounting policies (see note 3).

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Group and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Going concern

The directors have reviewed budgets and forecasts having regard to available facilities and are satisfied that the Group can meet its liabilities as they fall due for the foreseeable future. On this basis the directors are of the opinion that it is appropriate to prepare the accounts on a going concern basis.

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.5 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated Statement of Comprehensive Income over its useful economic life of 10 years.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is provided on all intangible fixed assets at rates calculated to write off cost over their useful economic lives as follows:

Pre 2002 milk rounds - 20 years straight line

Post 2002 milk rounds - 10 to 20 years straight line

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.6 Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the Consolidated Statement of Comprehensive Income during the period in which they are incurred.

Depreciation is provided on the following basis:

Plant and machinery	- 10% to 30% reducing balance & 50% straight line
Motor vehicles	- 14.28% to 100% reducing balance
Equipment	- 20% reducing balance

Freehold and long-term leasehold property is not depreciated as in the directors' opinion, having regard to the residual values and estimates useful lives, depreciation would not be material.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

2.7 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.8 Stocks

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition as follows:

Raw materials, consumables and goods for resale - purchase cost on a first-in, first-out basis.

Finished goods - cost of direct materials and labour plus attributable overheads based on a normal level of activity.

Biological assets

The Group uses the fair value model to value biological assets. Changes in the fair value less costs to sell are recognised in the Consolidated Statement of Comprehensive Income.

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and invoice discounting facilities which form an integral part of the Group's cash management.

2.11 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently, at the amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flows, discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

2.12 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.13 Government grants

Grants are accounted for under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Consolidated Statement of Comprehensive Income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in accruals and deferred income.

Grants of a revenue nature are recognised in the Consolidated Statement of Comprehensive Income in the same period as the related expenditure.

2.14 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income.

2.15 Finance costs

Finance costs are charged to the Consolidated Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

2.16 Dividends

Equity dividends are recognised when they become legally payable. Interim dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.17 Operating leases

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term.

2.18 Hire purchase

Assets obtained under hire purchase contracts are capitalised as tangible fixed assets and are depreciated over the asset's useful lives. The capital element of the future payments is treated as a liability and the interest is charged to the Consolidated Statement of Comprehensive Income on a straight line basis.

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.19 Pensions

The Group operates various defined contribution plans for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.20 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.21 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that effect the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from these estimates. The following judgements and estimates have had the most significant effects on amounts recognised in the financial statements.

Plant and equipment

The estimates and assumptions made to determine the depreciation charge require judgements to be made as regards useful lives and residual values. The useful lives and residual values of the Group's fixed assets are determined by management at the time the asset is acquired and reviewed annually for appropriateness. The lives are based on historical experience with similar assets. Historically changes in useful lives have not resulted in material changes to the Group's depreciation charge.

Stock provisions

Provision is made for obsolete stock and stock where the carrying value will not be recovered in full. These provisions require management judgement as regards the identification of stock in these categories and the level of provision required.

Goodwill and intangible assets

The Group establishes a reliable estimate of the useful life of goodwill and intangible assets. The estimate is based on a variety of factors such as the expected use of the intangible assets and the expected useful life of cash generating units to which the intangible asset is attributed.

Recoverability of debtor balances

Provision is made for debtor balances where management determine, having regard to all available evidence, that the balance is no longer recoverable. This determination requires management judgement which can change should further information become available.

4. Turnover

The whole of the turnover is attributable to the processing and distribution of milk and associated products.

Turnover primarily arose within the United Kingdom.

5. Other operating income

	2018 £	2017 £
Government grants amortised	76,260	76,259
Sundry income	15,646	55,108
	<u>91,906</u>	<u>131,367</u>

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

6. Operating profit

The operating profit is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets - owned by the Group	1,047,476	725,629
Depreciation of tangible fixed assets - held under hire purchase contracts	741,508	1,058,668
Amortisation of intangible assets, including goodwill	247,455	216,674
Exchange differences	(80,703)	(63,899)
Fees payable to the Group's auditor for the audit of the Group's annual accounts	25,000	25,000
Fees payable to the Group's auditor for taxation services not included above	148,307	91,860
Other operating leases	216,305	252,168
Hire of plant and equipment	193,318	140,641
	<u>16,889,040</u>	<u>15,931,476</u>

Administration expenses of £983,000 in 2017 were reclassified to cost of sales to align it with the current year presentation.

7. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Wages and salaries	15,445,888	14,407,474	-	-
Social security costs	1,311,449	1,362,647	-	-
Cost of defined contribution scheme	131,703	161,355	-	-
	<u>16,889,040</u>	<u>15,931,476</u>	<u>-</u>	<u>-</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2018 No.	2017 No.
Distribution	424	399
Production	144	145
Finance/Admin	71	73
Sales	11	14
	<u>650</u>	<u>631</u>

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

8. Directors' remuneration

	2018	2017
	£	£
Directors' emoluments	728,672	821,489
Company contributions to defined contribution pension schemes	-	20,000
	728,672	841,489

During the year, no retirement benefits were accruing to directors (2017 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £187,144 (2017 - £225,727).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2017 - £10,000).

9. Interest payable and similar charges

	2018	2017
	£	£
Bank interest payable	210,016	183,460
Hire purchase contracts	205,974	204,815
Other interest payable	957	118,515
	416,947	506,790

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

10. Taxation

	2018 £	2017 £
Corporation tax		
Current tax on profits for the year	328,973	359,260
Adjustments in respect of previous periods	(170,849)	(449,464)
Total current tax	<u>158,124</u>	<u>(90,204)</u>
Deferred tax		
Origination and reversal of timing differences	(50,769)	(42,283)
Adjustments in respect of previous periods	20,971	16,820
Total deferred tax	<u>(29,798)</u>	<u>(25,463)</u>
Taxation on profit on ordinary activities	<u>128,326</u>	<u>(115,667)</u>
Factors affecting tax charge for the year		

The tax assessed for the year is higher than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 20%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	<u>372,644</u>	<u>1,305,880</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 20%)	70,802	261,176
Effects of:		
Expenses not deductible for tax purposes	212,047	63,206
Adjustments to tax charge in respect of prior periods	(149,878)	(432,644)
Non-taxable income	(20,910)	(20,275)
Other differences leading to an increase in the tax charge	16,265	12,870
Total tax charge for the year	<u>128,326</u>	<u>(115,667)</u>

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

11. Dividends

	2018	2017
	£	£
Dividends paid on equity capital	659,670	799,600

12. Exceptional Items

	2018	2017
	£	£
Development cost provision (see note 32)	861,845	-

13. Parent company statement of comprehensive income

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The profit after tax of the parent company for the year was £652,857 (2017 - £799,601).

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

14. Intangible assets

Group

	Milk rounds/Milk quota £	Goodwill £	Total £
Cost			
At 1 April 2017	4,949,956	68,130	5,018,086
Additions	60,309	356,017	416,326
At 31 March 2018	<u>5,010,265</u>	<u>424,147</u>	<u>5,434,412</u>
Amortisation			
At 1 April 2017	2,903,132	-	2,903,132
Charge for the year	220,954	26,501	247,455
At 31 March 2018	<u>3,124,086</u>	<u>26,501</u>	<u>3,150,587</u>
Net book value			
At 31 March 2018	<u>1,886,179</u>	<u>397,646</u>	<u>2,283,825</u>
At 31 March 2017	<u>2,046,824</u>	<u>68,130</u>	<u>2,114,954</u>

Details of the acquisition completed in the year are included in note 16 to the financial statements.

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

15. Tangible fixed assets

Group

	Freehold property £	Long-term leasehold property £	Plant, machinery and equipment £	Motor vehicles £	Total £
Cost or valuation					
At 1 April 2017	874,851	425,510	11,370,207	6,395,890	19,066,458
Additions	75,066	-	679,117	1,255,112	2,009,295
Disposals	-	-	(211,456)	(554,142)	(765,598)
At 31 March 2018	<u>949,917</u>	<u>425,510</u>	<u>11,837,868</u>	<u>7,096,860</u>	<u>20,310,155</u>
Depreciation					
At 1 April 2017	-	-	5,586,547	3,548,161	9,134,708
Charge for the year on owned assets	25,460	-	1,025,918	737,606	1,788,984
Disposals	-	-	(58,815)	(441,510)	(500,325)
At 31 March 2018	<u>25,460</u>	<u>-</u>	<u>6,553,650</u>	<u>3,844,257</u>	<u>10,423,367</u>
Net book value					
At 31 March 2018	<u>924,457</u>	<u>425,510</u>	<u>5,284,218</u>	<u>3,252,603</u>	<u>9,886,788</u>
At 31 March 2017	<u>874,851</u>	<u>425,510</u>	<u>5,783,660</u>	<u>2,847,729</u>	<u>9,931,750</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2018 £	2017 £
Plant and machinery	1,822,776	2,442,510
Motor vehicles	2,580,383	2,480,053
	<u>4,403,159</u>	<u>4,922,563</u>

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

16. Fixed asset investments

Subsidiary undertakings

Acquisition of a business

The subsidiary undertaking D&D Dairies Limited acquired the business, trade and assets of a competitor on 11 August 2017 for a total consideration of £403,205 including £26,017 of legal and professional fees.

The fair value of the assets acquired were as follows:

	Book Value	Fair Value to Group
	£	£
Fixed assets	37,500	37,500
Debtors	<u>9,688</u>	<u>9,688</u>
Net assets	47,188	47,188
Goodwill		<u>356,017</u>
		<u>403,205</u>
Discharged by:		
Cash		377,188
Cost associated with acquisitions		<u>26,017</u>
		<u>403,205</u>

Subsequent to the year end the Group acquired the property at Broich Road, Crieff from which D & D Dairies Limited operates.

Revenue of £1.4m and profit after tax of £6k arose in the period from acquisition to 31 March 2018 relating to this business.

The following were the principal subsidiary undertakings of the company:

Name	Class of shares	Holding	Principal activity
Grahams The Family Dairy Limited	Ordinary	100 %	Wholesale supply of milk and associated dairy products.
Grahams The Family Dairy (Processing) Limited	Ordinary	100 %	Processing milk and associated products.
Graham's Dairies Limited	Ordinary	100 %	Dormant
Grahams The Family Dairy (Property) Limited	Ordinary	100 %	Property holding company.
Claymore Dairies Limited	Ordinary	100 %	Wholesale supply of milk and associated dairy products.
Grahams The Family Dairy (Milk Products) Limited	Ordinary	100 %	Wholesale supply of cottage cheese and associated products.

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

16. Fixed asset investments (continued)

D&D Dairies Limited	Ordinary	100 %	Wholesale supply of milk and associated dairy products.
---------------------	----------	-------	---

All of the above companies have claimed exemption in relation to the audit of subsidiary accounts under section 479C of the Companies Act 2006.

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2017	2,410,235
Additions	1
At 31 March 2018	2,410,236
Net book value	
At 31 March 2018	2,410,236
At 31 March 2017	2,410,235

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

17. Stock

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Raw materials	457,099	387,345	-	-
Engineering and other stock	358,701	332,316	-	-
Packaging	565,107	685,838	-	-
Bought in goods	135,738	124,616	-	-
Finished goods	779,799	1,036,854	-	-
Development costs	-	861,845	-	-
Biological assets	341,375	351,305	-	-
	<u>2,637,819</u>	<u>3,780,119</u>	<u>-</u>	<u>-</u>

Stock recognised in cost of sales during the year as an expense was £67,607,848 (2017 - £66,688,989) for the Group and £nil (2017 - £nil) for the Company.

18. Debtors

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Trade debtors	14,458,433	14,325,797	-	-
Amounts owed by group undertakings	-	-	5,994,999	1,719,144
Other debtors	3,682,133	3,513,027	-	-
Prepayments and accrued income	186,186	115,768	49,203	8,000
	<u>18,326,752</u>	<u>17,954,592</u>	<u>6,044,202</u>	<u>1,727,144</u>

The Group's invoice discounting obligations are secured over trade debtors.

19. Current asset investments

	Group 2018 £	Group 2017 £
Unlisted investments	<u>50,904</u>	<u>57,000</u>

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

20. Cash and cash equivalents

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Cash at bank and in hand	2,728,464	657,686	-	-
Less: bank overdrafts and invoice discounting facilities	(7,527,232)	(7,687,989)	(95,038)	(31,982)
	<u>(4,798,768)</u>	<u>(7,030,303)</u>	<u>(95,038)</u>	<u>(31,982)</u>

21. Creditors: Amounts falling due within one year

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Bank overdrafts and invoice discounting facilities	7,527,232	7,687,989	95,038	31,982
Bank loans	565,776	333,000	565,776	-
Trade creditors	11,880,853	10,838,285	-	-
Amounts owed to group undertakings	-	-	1	100
Corporation tax	131,754	246,044	-	-
Other taxation and social security	358,726	638,542	-	-
Obligations under finance lease and hire purchase contracts	1,373,659	1,253,296	-	-
Other creditors	20,221	8,058	-	-
Accruals and deferred income	1,894,032	1,562,337	6,267	1,658
	<u>23,752,253</u>	<u>22,567,551</u>	<u>667,082</u>	<u>33,740</u>

Details of overdraft and loan securities are disclosed in note 23.

Details of invoice discounting facility securities are disclosed in note 18.

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

22. Creditors: Amounts falling due after more than one year

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Bank loans	3,690,530	2,818,000	3,690,530	-
Obligations under hire purchase contracts	2,924,759	3,042,130	-	-
	<u>6,615,289</u>	<u>5,860,130</u>	<u>3,690,530</u>	<u>-</u>

Details of overdraft and loan securities are disclosed in note 23.

23. Loans

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Amounts falling due within one year				
Bank loans	565,776	333,000	565,776	-
Amounts falling due 1-2 years				
Bank loans	565,776	2,818,000	565,776	-
Amounts falling due 2-5 years				
Bank loans	3,124,754	-	3,124,754	-
	<u>4,256,306</u>	<u>3,151,000</u>	<u>4,256,306</u>	<u>-</u>

Bank overdrafts and loans are secured over certain assets of the Group and by bonds and floating charges over the whole assets of the Group.

The bank holds a cross corporate guarantee between Grahams The Family Dairy Group Limited and its subsidiaries.

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

24. Hire purchase

Minimum lease payments under hire purchase fall due as follows:

	Group 2018 £	<i>Group 2017 £</i>
Within one year	1,373,659	1,253,296
Between 1-5 years	2,887,424	3,042,129
Over 5 years	37,335	-
	<u>4,298,418</u>	<u>4,295,425</u>

25. Financial instruments

	Group 2018 £	<i>Group 2017 £</i>	Company 2018 £	<i>Company 2017 £</i>
Financial assets				
Financial assets that are debt instruments measured at amortised cost	<u>18,140,566</u>	<u>17,838,824</u>	<u>5,994,999</u>	<u>1,719,144</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>(22,349,830)</u>	<u>(19,855,106)</u>	<u>(4,262,574)</u>	<u>(1,758)</u>

Financial assets measured at amortised cost comprise trade debtors, other debtors and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise bank loans, trade creditors, net obligations under hire purchase contracts, other creditors, amounts owed to group undertakings and accruals.

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

26. Deferred taxation

Group

	2018 £	2017 £
At beginning of year	(189,032)	(214,495)
Credited to statement of comprehensive income	29,798	25,463
At end of year	<u>(159,234)</u>	<u>(189,032)</u>

At end of year

The provision for deferred taxation is made up as follows:

	Group 2018 £	Group 2017 £
Accelerated capital allowances	<u>(159,234)</u>	<u>(189,032)</u>

27. Accruals and deferred income

	Group 2018 £	Group 2017 £
Grants	<u>322,636</u>	<u>398,896</u>

28. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
999 (2017 - 999) Ordinary Shares shares of £1.00 each	<u>999</u>	<u>999</u>

29. Reserves

Profit and loss account

The profit and loss account represents the accumulated profits and losses of the Group less distributions made to the group's shareholders.

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

30. Pension commitments

The group operates defined contributions pension schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. The pension cost charge represents contributions payable by the Group to the funds and amounted to £131,703 (2017 - £161,355). Contributions totalling £9,240 (2017 - £42,000) were payable to the funds at the balance sheet date and are included in creditors.

31. Other commitments

Grahams the Family Dairy Group Limited has provided guarantees under Section 479C of the Companies Act 2006 for audit exemption of subsidiary companies detailed in Note 16.

The company has provided cross guarantees in respect of bank borrowings of other group companies and a related party. The total amounts outstanding in respect of these commitments at 31 March 2018 was £13,798,558 (2017 - £12,837,989). The commitment is supported by a bond and floating charge over the assets of the company and subsidiaries and standard securities over the properties at Nairn and Inverkeithing.

32. Related party transactions/transactions with directors

Grahams The Family Dairy Group Limited has taken advantage of the exemption in Section 33.1A of FRS 102 not to disclose inter group transactions and balances.

The group has entered into the following transactions with another related party: paid rent of £153,600 (2017 - £216,800); provided a loan of £249,353 (2017 - £219,214) of which £1,376,266 was still outstanding at the year end (2017 - £1,405,717) and has a trading balance outstanding at 31 March 2018 of £15,776 (2017 - £10,173). The loan balance is repayable on demand and interest free. In addition the Group made a provision against costs incurred of £861,845 on a project managed on behalf of a related party.

Directors loans of £460,557 (2017 - £459,874), £203,544 (2017 - £65,921), £76,663 (2017 - £228,628) and £82,405 (2017 - £94,092) were owed to the group by R B Graham, C B Graham, J F B Graham and R A Graham respectively. There are no fixed terms for repayment and no interest is payable.

During the year a dividend was paid to directors totalling £659,670 (2017 - £799,600).

A guarantee for £2.75m in respect of a bank loan has been given by Grahams The Family Dairy Group Limited for Robert Graham and Son (a partnership).

All intergroup balances are repayable on demand, interest free and unsecured.

Key management personnel

Executive directors who have authority and responsibility for planning, directing and controlling the activities of the group are considered to be key management personnel. Total remuneration including social security in respect of those executive directors is £738,454 (2017 - £958,175).

Controlling party

The directors are of the opinion that no one party has overall control of the Group.