
GRAHAMS THE FAMILY DAIRY (PROCESSING) LIMITED

UNAUDITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

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WEDNESDAY



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GRAHAMS THE FAMILY DAIRY (PROCESSING) LIMITED

COMPANY INFORMATION

Directors	Mr R B Graham Dr R A Graham Mrs J F B Graham Ms C B Graham Mr S Dorrian
Company secretary	Mrs J F B Graham
Registered number	SC311872
Registered office	Airthrey Kerse Farm Henderson Street Bridge of Allan Stirling FK9 4RW
Accountants	French Duncan LLP Chartered Accountants Macfarlane Gray House Castlecraig Business Park Springbank Road Stirling FK7 7WT
Solicitors	DWF LLP 110 Queen Street Glasgow G1 3HD

GRAHAMS THE FAMILY DAIRY (PROCESSING) LIMITED

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GRAHAM'S THE FAMILY DAIRY (PROCESSING) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2019

Introduction

The Directors present their Strategic report of the company for the year ended 31 March 2019.

Business review

Grahams The Family Dairy (Processing) Limited 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 The Family Dairy Group Limited has grown to become Scotland's largest independent Dairy. As farmers ourselves, we truly value the relationships we have with our 100 farming partners.

In this year, Graham's The Family Dairy Group has had notable success driven by continued new product development (NPD) and innovation. The business has maintained the position of number one Scottish food brand.

In 2019 the company recorded a turnover of £56m (2018 - £58.8m). A clear focus on authentic family brand values and development of brand message, as well as continued on business innovation, new product development and growth, with the family business making a capex investment of £0.36m this year. This capex expenditure represents continued investment in plant and machinery as we continue to expand our business.

Maintaining the overall balance between supply and demand in raw milk continues to provide both opportunities and challenges, as does the current political climate. Going forward, we will constantly innovate to continue to expand our award-winning product range both within the UK and beyond, and work in partnership with our farmers to continue to help the Scottish dairy industry thrive.

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 company by reference to the key performance indicators:

	2019	2018
Turnover (£m)	56.0	58.8
Gross margin (%)	4.3	4.1
Operating profit/(loss) (£m)	0.1	0.01
Net assets (£m)	2.4	2.4

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 (PROCESSING) LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019**

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.

Liquidity risk – The cash generated from operations is forecast and monitored and expenditure, including capital expenditure, is controlled to ensure that all liabilities are met on time.

Compliance with regulations – As a company 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

15/11/2019

and signed on its behalf.


Mrs J F B Graham
Director

GRAHAMS THE FAMILY DAIRY (PROCESSING) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2019

The directors present their report and the financial statements for the year ended 31 March 2019.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the 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 of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether 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 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity

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

Results and dividends

The profit for the year, after taxation, amounted to £15,982 (2018 - £65,213).

There were no dividends 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 Dorrian

GRAHAMS THE FAMILY DAIRY (PROCESSING) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

Future developments

The company is well positioned to take advantage of continued opportunities in the 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 company gives full consideration to applications for employment from disabled persons where the candidate's 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 company's policy to provide continuing employment wherever practical in the same or an alternative position.

Post balance sheet events

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

Going concern

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

The company is a member of the Grahams The Family Dairy Group Limited Group. The group is financed by bank loans and invoice discounting facilities. 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.

This report was approved by the Board on

15/11/2019

and signed on its behalf.



Mrs J F B Graham
Director

GRAHAMS THE FAMILY DAIRY (PROCESSING) LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 MARCH 2019**

	Note	2019 £	2018 £
Turnover	4	55,973,934	58,759,480
Cost of sales		(53,576,556)	(56,351,226)
Gross profit		2,397,378	2,408,254
Distribution costs		(1,414,505)	(1,350,727)
Administrative expenses		(919,427)	(1,068,517)
Other operating income	5	59,069	21,336
Operating profit	6	122,515	10,346
Interest payable and similar charges	9	(96,385)	(113,513)
Profit/(loss) before tax		26,130	(103,167)
Tax on profit/(loss)	10	(10,148)	168,380
Profit after tax		15,982	65,213
Retained earnings at the beginning of the year		2,212,838	2,147,625
Profit for the year		15,982	65,213
Retained earnings at the end of the year		2,228,820	2,212,838

The notes on pages 8 to 22 form part of these financial statements.

GRAHAMS THE FAMILY DAIRY (PROCESSING) LIMITED
REGISTERED NUMBER: SC311872

BALANCE SHEET
AS AT 31 MARCH 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	12	2,985,299	3,181,866
Current assets			
Stocks	13	906,520	808,722
Debtors: amounts falling due within one year	14	10,839,945	9,691,737
Cash at bank and in hand	15	30,224	1,114,433
		<u>11,776,689</u>	<u>11,614,892</u>
Creditors: amounts falling due within one year	16	(11,192,688)	(11,044,361)
Net current assets		<u>584,001</u>	<u>570,531</u>
Total assets less current liabilities		<u>3,569,300</u>	<u>3,752,397</u>
Creditors: amounts falling due after more than one year	17	(931,505)	(1,085,693)
		<u>2,637,795</u>	<u>2,666,704</u>
Provisions for liabilities			
Deferred taxation	19	(166,351)	(156,259)
Accruals and deferred income	20	(33,648)	(88,631)
Net assets		<u><u>2,437,796</u></u>	<u><u>2,421,814</u></u>
Capital and reserves			
Called up share capital	21	868	868
Share premium account	22	208,108	208,108
Profit and loss account	22	2,228,820	2,212,838
		<u><u>2,437,796</u></u>	<u><u>2,421,814</u></u>

GRAHAMS THE FAMILY DAIRY (PROCESSING) LIMITED
REGISTERED NUMBER: SC311872

BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2019

The directors consider that the company is entitled to exemption from the requirement to have an audit under the provisions of section 479A of the Companies Act 2006.

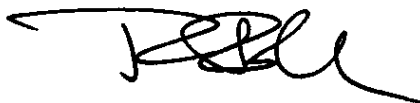
The members have not required the company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

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

15/11/2019

The notes on pages 8 to 22 form part of these financial statements.

GRAHAMS THE FAMILY DAIRY (PROCESSING) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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, Stirling, FK9 4RW.

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

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 UK and the Republic of Ireland and the Companies Act 2006.

The company's functional and presentational currency is GBP.

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

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' - presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' - amounts, interest income / expense and net gains / losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedge, hedging of fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' - Compensation for key management personnel.

This information is included in the consolidated financial statements of Grahams The Family Dairy Group Limited as at 31 March 2019 and these financial statements may be obtained from Companies House.

GRAHAMS THE FAMILY DAIRY (PROCESSING) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.3 Foreign currency translation

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. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

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 Statement of Income and Retained Earnings.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company 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 company has transferred the significant risks and rewards of ownership to the buyer;
- the company 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 company 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 Operating leases: the company as lessee

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

2.6 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 Statement of Income and Retained Earnings on a straight line basis.

GRAHAMS THE FAMILY DAIRY (PROCESSING) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.7 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.

2.8 Government grants

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

Grants of a revenue nature are recognised in the Statement of Income and Retained Earnings in the same period as the related expenditure.

2.9 Finance costs

Finance costs are charged to the Statement of Income and Retained Earnings 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.

2.10 Pensions

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

The contributions are recognised as an expense in the Statement of Income and Retained Earnings 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 company in independently administered funds.

GRAHAMS THE FAMILY DAIRY (PROCESSING) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Income and Retained Earnings.

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.

2.12 Administration costs

Administration costs are allocated across group companies to reflect management's best estimate of the costs relevant to each company.

2.13 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 company 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 company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the Statement of Income and Retained Earnings during the period in which they are incurred.

GRAHAMS THE FAMILY DAIRY (PROCESSING) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.13 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

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

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 Statement of Income and Retained Earnings.

2.14 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 Company uses the fair value model to value biological assets. Changes in the fair value less costs to sell are recognised in the Statement of Income and Retained Earnings.

2.15 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.

2.16 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.

2.17 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 (PROCESSING) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.18 Financial instruments

The company 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 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 the 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 Statement of Income and Retained Earnings.

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 assets and liabilities as at the Balance Sheet date and 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 asset lives require judgements to be made as regards useful lives and residual values. The useful lives and residual values of the company'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 company'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.

4. Turnover

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

All turnover arose within the United Kingdom.

GRAHAMS THE FAMILY DAIRY (PROCESSING) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

5. Other operating income

	2019	2018
	£	£
Government grants amortised	54,985	21,336
Sundry income	4,084	-

6. Operating profit

The operating profit is stated after charging:

	2019	2018
	£	£
Depreciation of tangible fixed assets - owned by the company	278,261	469,428
Depreciation of tangible fixed assets - held under hire purchase contracts	207,260	197,260
Exchange differences	6,553	5,186
Hire of plant and equipment	29,529	10,774

GRAHAMS THE FAMILY DAIRY (PROCESSING) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

7. Employees

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

	2019 £	2018 £
Wages and salaries	3,814,022	3,521,670
Social security costs	304,650	312,198
Cost of defined contribution scheme	47,077	24,437
	<u>4,165,749</u>	<u>3,858,305</u>

Wages and salary costs include recharges from other group companies for work done on the company's behalf.

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

	2019 No.	2018 No.
Distribution	25	26
Production	112	110
Finance/Admin	1	1
	<u>138</u>	<u>137</u>

8. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	160,475	145,334
Company contributions to defined contribution pension schemes	7,200	-
	<u>167,675</u>	<u>145,334</u>

During the year no retirement benefits were accruing to directors (2018 - NIL) in respect of defined contribution pension schemes.

GRAHAMS THE FAMILY DAIRY (PROCESSING) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

9. Interest payable and similar expenses

	2019	2018
	£	£
Bank interest payable	31,872	39,540
Hire purchase contracts	64,513	73,807
Other interest payable	-	166
	96,385	113,513

10. Taxation

	2019	2018
	£	£
Corporation tax		
Current tax on loss/profit for the year	8,321	32,316
Adjustments in respect of previous periods	(8,265)	(162,634)
Total current tax	56	(130,318)
Deferred tax		
Origination and reversal of timing differences	10,092	(37,814)
Adjustments in respect of previous periods	-	(248)
Taxation on profit/(loss) on ordinary activities	10,148	(168,380)

GRAHAMS THE FAMILY DAIRY (PROCESSING) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
(Loss)/profit on ordinary activities before tax	26,130	(103,167)
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	4,965	(19,602)
Effects of:		
Expenses not deductible for tax purposes	7,660	8,863
Adjustments to tax charge in respect of prior periods	(8,265)	(162,882)
Other differences leading to an increase/(decrease) in the tax charge	5,788	5,241
Total tax (credit)/charge for the year	10,148	(168,380)

11. Intangible assets

	Milk Quota £
Cost	
At 1 April 2018 and at 31 March 2019	260,150
Amortisation	
At 1 April 2018 and 31 March 2019	260,150
Net book value	
At 31 March 2019 and 31 March 2018	-

GRAHAMS THE FAMILY DAIRY (PROCESSING) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

12. Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Equipment £	Total £
Cost				
At 1 April 2018	6,634,043	1,373,860	6,452	8,014,355
Additions	96,729	260,370	-	357,099
Disposals	(2,300)	(259,380)	-	(261,680)
At 31 March 2019	<u>6,728,472</u>	<u>1,374,850</u>	<u>6,452</u>	<u>8,109,774</u>
Depreciation				
At 1 April 2018	4,077,871	748,833	5,785	4,832,489
Charge for the year	376,308	109,080	133	485,521
Disposals	(2,166)	(191,369)	-	(193,535)
At 31 March 2019	<u>4,452,013</u>	<u>666,544</u>	<u>5,918</u>	<u>5,124,475</u>
Net book value				
At 31 March 2019	<u>2,276,459</u>	<u>708,306</u>	<u>534</u>	<u>2,985,299</u>
At 31 March 2018	<u>2,556,172</u>	<u>625,027</u>	<u>667</u>	<u>3,181,866</u>

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

	2019 £	2018 £
Plant and machinery	590,487	694,561
Motor vehicles	651,334	517,523
	<u>1,241,821</u>	<u>1,212,084</u>

GRAHAMS THE FAMILY DAIRY (PROCESSING) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

13. Stocks

	2019 £	2018 £
Raw materials	338,879	289,150
Other stock	50,657	53,267
Packaging	158,094	124,930
Biological assets	358,890	341,375
	906,520	808,722

Stock recognised in cost of sales during the year as an expense was £48,815,957 (2018 - £51,755,376).

14. Debtors

	2019 £	2018 £
Trade debtors	1,109,422	786,487
Amounts owed by group undertakings	9,510,605	8,533,767
Other debtors	209,503	331,784
Prepayments and accrued income	10,415	39,699
	10,839,945	9,691,737

15. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	30,224	1,114,433

GRAHAM'S THE FAMILY DAIRY (PROCESSING) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

16. Creditors: Amounts falling due within one year

	2019	2018
	£	£
Trade creditors	8,169,380	7,985,550
Amounts owed to group undertakings	2,086,391	2,050,402
Other taxation and social security	66,298	69,679
Obligations under hire purchase contracts	445,074	458,817
Other creditors	2,727	-
Accruals and deferred income	422,818	479,913
	<u>11,192,688</u>	<u>11,044,361</u>

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

	2019	2018
	£	£
Net obligations under hire purchase contracts	<u>931,505</u>	<u>1,085,693</u>

18. Hire purchase

Minimum lease payments under hire purchase fall due as follows:

	2019	2018
	£	£
Within one year	445,074	458,817
Between 1-5 years	909,310	1,048,357
Over 5 years	22,195	37,335
	<u>1,376,579</u>	<u>1,544,509</u>

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19. Deferred taxation

	2019 £	2018 £
At beginning of year	(156,259)	(194,321)
Credited to the statement of income and retained earnings	(10,092)	38,062
At end of year	(166,351)	(156,259)

The provision for deferred taxation is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	(166,351)	(156,259)

20. Accruals and deferred income

	2019 £	2018 £
Grants	33,648	88,631

21. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
868 (2018 - 868) Ordinary shares of £1.00 each	868	868

22. Reserves

Share premium account

This reserve records the amount above the nominal value received for shares issued, less transaction costs.

Profit and loss account

The profit and loss account represents the accumulated profits and losses of the company less distributions made to shareholders.

GRAHAMS THE FAMILY DAIRY (PROCESSING) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

23. Pension commitments

The company operates various defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds and amounted to £47,077 (2018 - £24,437). Contributions totalling £2,727 (2018 - £nil) were payable to the funds at the balance sheet date and are included in creditors.

24. Related party transactions

The company has taken advantage of the exemption in section 33.1A of FRS 102 not to disclose inter group transactions and balances.

The company was due £10,074 at the year end (2018 - £15,001) by a related party.

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

25. Other commitments

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 2019 was £13,050,424 (2018 - £13,798,558). The commitment is supported by a bond and floating charge over the assets of the company.

26. Controlling party

The ultimate parent company of Grahams The Family Dairy (Processing) Limited is Grahams The Family Dairy Group Limited which is incorporated in Scotland. In the opinion of the shareholders there is no controlling party.