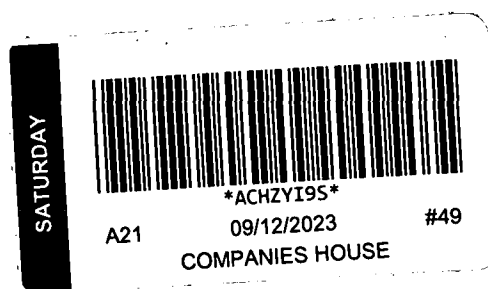


Registered number: SC317473

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023



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 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 auditor	French Duncan LLP Statutory Auditor and Chartered Accountants Macfarlane Gray House Castlecraig Business Park Springbank Road Stirling FK7 7WT
Bankers	Royal Bank of Scotland Units 22/23 Thistle Shopping Centre Goosecroft Road Stirling FK8 2EA
Solicitors	Shoosmiths LLP 5th Floor The Garment Factory 10 Montrose St Glasgow G1 1RE

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

CONTENTS

	Page
Group Strategic Report	1 - 2
Directors' Report	3 - 9
Independent Auditor's Report	10 - 13
Consolidated Statement of Comprehensive Income	14
Consolidated Statement of Financial Position	15 - 16
Company Statement of Financial Position	17
Consolidated Statement of Changes in Equity	18
Company Statement of Changes in Equity	19
Consolidated Statement of Cash Flows	20 - 21
Consolidated Analysis of Net Debt	22
Notes to the Financial Statements	23 - 42

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2023

Introduction

The Directors present the Group Strategic report for the year ended 31 March 2023.

Business review

Although the full year results to 31 March 2023 show the Group has continued to grow with increased sales across all of our product lines, the exceptional inflationary pressures we have faced during the year, not only on raw materials but also on indirect costs, have resulted in an extremely challenging year. During this time, we have continued to produce the same high quality of produce from the same local ingredients and as a result, this is the first year, since incorporation, that we have made a loss.

During the year we have also invested hugely in our manufacturing sites and innovation plans to ensure we will continue to meet demand in a sustainable and responsible way.

As a family business and the number one Scottish food brand, we are proud of the work done by our whole team, including our farming partners, to continue producing and deliver great tasting dairy products throughout the UK and Ireland.

Financial key performance indicators

We have made strong progress throughout the year in relation to the growth of turnover and key investment elements of our strategy. The Board monitors the progress of the Group by reference to the following key performance indicators: turnover £152.9m (2022 – £126.9m); gross margin 17% (2022 – 22%) operating loss £0.2m (2022 – operating profit £2.1m) and capital investment £8.4m (2022 – 5.6m).

Other key performance indicators

Cash flow and balance sheet strength 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.

Directors' statement of compliance with duty to promote the success of the Group

The directors acknowledge and understand their duties and responsibilities, including that of section 172 of the Companies Act 2006. All directors of the Group must act in the way he or she considers, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole, and in doing so have regards (amongst other matters) to:

- The likely consequences of any decisions taken in the long term;
- The interests of the Group's employees;
- The need to foster the Group's business relationships with suppliers, customers and others;
- The impact of the Group's operations on the community and environment;
- The desirability of the Group maintaining a reputation for high standards of business conducts; and the need to act fairly as between different members of the Group.

The board also recognises that the long term success of Grahams The Family Dairy Group Limited is dependent upon the way we interact with our important stakeholders – including our colleagues, customers, the many farmers we contract with, and the shareholders. The directors have had regards to the interests of our stakeholders while complying with their obligations to promote the ongoing success of the business.

Our colleagues and clients are provided with information on the Group through the use of various mediums such as our website, email correspondence, and of course, face-to-face communication.

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

When the board are making decisions, we consider both the risks and rewards in the pursuit of delivering long term value to the Groups stakeholders. We also acknowledge and understand both current and potential future risks to the business, both financial and non-financial, as these are fundamental as to how we manage the business in line with the KPI's outlined above.

The directors, both individually and collectively as the board, consider the decisions taken during the year ended 31 March 2023 were in conformance of their duty under section 172 of the Companies Act.

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.

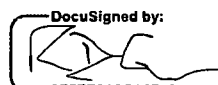
Customer price pressure – We work closely with our customers to manage the impact of increasing costs on our selling price. We work in a very competitive market place with the price of milk and cream continually under pressure.

Credit risk – The Group operates in a market dealing with 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 and signed on its behalf.

DocuSigned by:

8F5FE6A3CA87401...

Mr R B Graham
Director

Date: 23 November 2023

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2023**

The directors present their report and the financial statements for the year ended 31 March 2023.

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 loss for the year, after taxation, amounted to £1,540,230 (2022 - profit £1,123,039).

A dividend of £557,462 (2022 - £651,820) 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
Mr S Dorrian
Mr W Keane

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

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.

Engagement with employees

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.

Engagement with suppliers, customers and others

In delivering our Group strategy and in accordance with our core values, we seek to act fairly and clearly with suppliers, customers and others. Graham's The Family Dairy Group 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 farming partners. We employ over 600 members of staff throughout the group and are constantly seeking new ways to engage with our 6,000 strong customer base.

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.

Greenhouse gas emissions, energy consumption and energy efficiency action

The Companies Act 2006 (Strategic Report and Directors' Report) Regulation 2013 requires all non-quoted large companies to report the greenhouse gas emissions for which they are responsible and on any environmental matters which are material to the company's operations.

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

The Group's greenhouse gas emissions and energy consumption for the year are:

Greenhouse Gas Emissions (CO₂e Tonnes):

Scope 1 Emissions	2021-22	2022-23	Variance	
Gas Emissions (Tonnes of CO₂e)	3166.27	2800.65	365.62	-11.55%
Diesel Emissions (Tonnes of CO₂e)	5481.05	5619.66	138.61	2.53%
LPG (Tonnes of CO₂e)	7.83	0.00	-7.83	-100.00%
White Diesel (Tonnes of CO₂e)	0.00	385.83	385.83	100.00%
Heating/Burning Oil (Tonnes of CO₂e)	462.16	525.69	63.53	13.75%
Total S1 (Tonnes of CO₂e)	9117.30	9331.84	214.53	2.35%

Scope 2 Emissions	2021-22	2022-23	Variance	
Electricity Emissions - Location Based (Tonnes of CO₂e)	2059.70	1815.36	-244.34	-11.86%
Total S2 (Tonnes of CO₂e)	2059.70	1815.36	-244.34	-11.86%

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

Scope 2 Emissions	2021-22	2022-23	Variance	
Electricity Emissions - Market Based (Tonnes of CO ₂ e)	2059.70	985.10	-1074.60	-52.17%
Total S2 - Market Based (Tonnes of CO ₂ e)	2059.70	985.10	-1074.60	-52.17%

Scope 3 Emissions	2021-22	2022-23	Variance	
Business Travel - Mileage Claimed (Tonnes of CO ₂ e)	4.62	0.58	-4.04	-87.53%
Total S3 (Tonnes of CO ₂ e)	4.62	0.58	-4.04	-87.53%

Total SECR Emissions	2021-22	2022-23	Variance	
Total Gross tCO ₂ e - Location Based	11181.62	11147.77	-33.86	-0.30%
Total Gross tCO ₂ e - Market Based	11181.62	10317.51	-864.11	-7.73%

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

Energy consumption:

Scope 1 Activities	2021-22	2022-23	Variance	
Gas Consumption (kWh)	17286893	15342674	-1944219	-11.25%
Diesel Consumption (Litres)	2181659	2197034	15375	0.70%
LPG (kg)	2664	0	-2664	-100.00%
White Diesel (Litres)	0	150843	150843	100.00%
Heating/Burning Oil (Litres)	181942	206954	25012	13.75%

Scope 2 Activities	2021-22	2022-23	Variance	
Electricity Consumption (kWh) - Location Based	9700482	9387504	-312963	-3.23%
Electricity Consumption (kWh) - Market Based	9700482	5094105	-4606362	-47.49%

Scope 3 Activities	2021-22	2022-23	Variance	
Business Travel - Mileage Claimed (Miles)	2100	2095	-5	-0.24%

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

Methodologies used:

Gas and Electricity consumption data and meter readings are gathered regularly throughout the year, so no estimated data is used in these calculations. The data is stored on Here's The Plan's eSight energy management software. The same data is used for ESOS compliance, invoice validation and in-house energy monitoring and reporting. All other required information was supplied by the Group.

The reporting followed the guidance in the document Environmental Reporting Guidelines: including streamlined energy and carbon reporting guidance.

The conversion factors used to calculate the emissions are those published in UK Government GHG Conversion Factors for Company Reporting Standard Set Version 2.0 for the year 2022.

Intensity ratio:

Intensity Ratio	2021-22	2022-23	Variance	
Tonnes CO₂e/Tonne Produced - Location Based	0.07	0.06	-0.01	-15.71%
Tonnes CO₂e/Tonne Produced - Market Based	0.07	0.05	-0.02	-21.99%
Tonnes CO₂e/£m Sales Revenue - Location Based	89.14	73.03	-16.15	-18.11%
Tonnes CO₂e/£m Sales Revenue - Market Based	89.14	67.59	-21.59	-24.21%

We have reported on all the emission sources required under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013. These sources fall within our Statement of Accounts. We do not have responsibility for any emission sources that are not included in our Statement of Accounts. Our greenhouse gas emissions have been calculated in line with the methodology set out in the UK Government's Environmental Reporting Guidelines, 2019.

Energy efficiency action taken:

Graham's the Family Dairy Group Limited has a long track record of focusing priorities on high-quality natural produce, so the journey towards Net-Zero emissions is a natural extension of this philosophy. The group is committed to operating sustainably and decarbonising its operations and supply chain through a coordinated an integrated strategy that is driving projects across business operations. In the year 2022-23, investment has included a process-wide heat efficiency and water minimisation programme at Airthrey Kerse dairy undertaken in collaboration with the Scottish Government through the Scottish Industrial Transformation fund and progressing a 5MW solar array at the Mains of Boquhan farms.

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

Disclosure of information to auditor

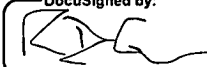
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company and the Group's auditor is 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 auditor is aware of that information.

Auditor

The auditor, French Duncan LLP (trading as AAB Group) , will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

DocuSigned by:

8F5FE6A3CA87401...

Mr R B Graham
Director

Date: 23 November 2023

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS 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 2023, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity, the 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 2023 and of the Group's loss 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 Auditor's 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRAHAMS THE FAMILY DAIRY GROUP LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's Report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out 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.

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRAHAMS THE FAMILY DAIRY GROUP LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (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 Group financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment, and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed high level analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRAHAMS THE FAMILY DAIRY GROUP LIMITED (CONTINUED)

The extent to which the audit was considered capable of detecting irregularities including fraud (continued)

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation; and
- enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance.

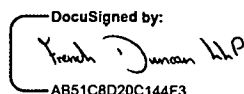
Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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 Auditor's 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 Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

AB51C8D20C144F3...

Nicola MacLennan (Senior Statutory Auditor)

for and on behalf of
French Duncan LLP

Statutory Auditor and Chartered Accountants

Macfarlane Gray House
Castlecraig Business Park
Springbank Road
Stirling
FK7 7WT
Date: 23 November 2023

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 £	2022 £
Turnover	4	152,981,992	126,918,824
Cost of sales		(126,796,043)	(98,478,547)
Gross profit		26,185,949	28,440,277
Distribution costs		(21,314,486)	(20,171,264)
Administrative expenses		(5,365,036)	(6,453,787)
Other operating income	5	281,144	261,401
Operating (loss)/profit	6	(212,429)	2,076,627
Interest receivable and similar income	10	309	-
Interest payable and similar expenses	11	(1,074,447)	(469,677)
(Loss)/profit before taxation		(1,286,567)	1,606,950
Tax on (loss)/profit	12	(253,663)	(483,911)
(Loss)/profit for the financial year		(1,540,230)	1,123,039
Total comprehensive income for the year		(1,540,230)	1,123,039

The notes on pages 23 to 42 form part of these financial statements.

GRAHAMS THE FAMILY DAIRY GROUP LIMITED
REGISTERED NUMBER: SC317473

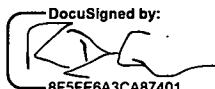
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

	Note	2023 £	2022 £
Fixed assets			
Intangible assets	15	451,725	466,617
Tangible assets	16	32,306,360	26,220,537
		<u>32,758,085</u>	<u>26,687,154</u>
Current assets			
Stocks	18	5,102,068	3,788,153
Debtors: amounts falling due within one year	19	18,164,888	15,732,295
Current asset investments	20	88,400	120,900
Cash at bank and in hand	21	1,462,998	2,489,784
		<u>24,818,354</u>	<u>22,131,132</u>
Creditors: amounts falling due within one year	22	(36,031,296)	(35,823,230)
Net current liabilities		<u>(11,212,942)</u>	<u>(13,692,098)</u>
Total assets less current liabilities		<u>21,545,143</u>	<u>12,995,056</u>
Creditors: amounts falling due after more than one year	23	(14,821,536)	(4,808,516)
Provisions for liabilities			
Deferred taxation	26	(1,339,009)	(1,139,833)
Accruals and deferred income	27	(537,202)	(101,619)
Net assets		<u><u>4,847,396</u></u>	<u><u>6,945,088</u></u>
Capital and reserves			
Called up share capital	28	923	923
Capital redemption reserve	29	14	14
Profit and loss account	29	4,846,459	6,944,151
		<u><u>4,847,396</u></u>	<u><u>6,945,088</u></u>

GRAHAMS THE FAMILY DAIRY GROUP LIMITED
REGISTERED NUMBER: SC317473

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MARCH 2023

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

DocuSigned by:

8F5FE6A3CA87401...
Mr R B Graham
Director

Date: 23 November 2023

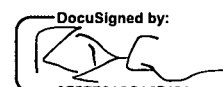
The notes on pages 23 to 42 form part of these financial statements.

GRAHAMS THE FAMILY DAIRY GROUP LIMITED
REGISTERED NUMBER: SC317473

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

	Note	2023 £	2022 £
Fixed assets			
Investments	17	2,410,236	2,410,236
Current assets			
Debtors: amounts falling due within one year	19	8,520,938	7,693,451
Cash at bank and in hand	21	33,522	8,793
Creditors: amounts falling due within one year	22	(969,319)	(7,699,150)
Net current assets		<u>7,585,141</u>	<u>3,094</u>
Total assets less current liabilities		<u>9,995,377</u>	<u>2,413,330</u>
Creditors: amounts falling due after more than one year	23	(9,136,135)	(630,769)
Net assets		<u><u>859,242</u></u>	<u><u>1,782,561</u></u>
Capital and reserves			
Called up share capital	28	923	923
Capital redemption reserve	29	14	14
Profit and loss account	29	858,305	1,781,624
		<u><u>859,242</u></u>	<u><u>1,782,561</u></u>

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

DocuSigned by:

 BF5FE6A3CA87401...
Mr R B Graham
 Director

Date: 23 November 2023

The notes on pages 23 to 42 form part of these financial statements.

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023**

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2022	923	14	6,944,151	6,945,088
Comprehensive income for the year				
Loss for the year	-	-	(1,540,230)	(1,540,230)
Transactions with owners				
	-	-	-	-
Transactions with owners	-	-	(1,540,230)	(1,540,230)
Transactions with owners				
Dividends: Equity capital	-	-	(557,462)	(557,462)
Total transactions with owners	-	-	(557,462)	(557,462)
At 31 March 2023	923	14	4,846,459	4,847,396

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022**

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2021	923	14	6,472,932	6,473,869
Comprehensive income for the year				
Profit for the year	-	-	1,123,039	1,123,039
Transactions with owners				
	-	-	-	-
Transactions with owners	-	-	1,123,039	1,123,039
Transactions with owners				
Dividends: Equity capital	-	-	(651,820)	(651,820)
Total transactions with owners	-	-	(651,820)	(651,820)
At 31 March 2022	923	14	6,944,151	6,945,088

The notes on pages 23 to 42 form part of these financial statements.

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023**

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2022	923	14	1,781,624	1,782,561
Comprehensive income for the year				
Loss for the year	-	-	(365,857)	(365,857)
Transactions with owners				
	-	-	-	-
Transactions with owners			(365,857)	(365,857)
Transactions with owners				
Dividends: Equity capital	-	-	(557,462)	(557,462)
Total transactions with owners	-	-	(557,462)	(557,462)
At 31 March 2023	923	14	858,305	859,242

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022**

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2021	923	14	2,505,242	2,506,179
Comprehensive income for the year				
Loss for the year	-	-	(71,798)	(71,798)
Transactions with owners				
	-	-	-	-
Transactions with owners			(71,798)	(71,798)
Transactions with owners				
Dividends: Equity capital	-	-	(651,820)	(651,820)
Total transactions with owners	-	-	(651,820)	(651,820)
At 31 March 2022	923	14	1,781,624	1,782,561

The notes on pages 23 to 42 form part of these financial statements.

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023

	2023 £	2022 £
Cash flows from operating activities		
(Loss)/profit for the financial year	(1,540,230)	1,123,039
Adjustments for:		
Amortisation of intangible assets	114,277	149,092
Depreciation of tangible assets	1,929,645	2,171,108
Loss on disposal of tangible assets	(39,537)	(4,370)
Government grants	(279,949)	(49,279)
Interest paid	1,074,447	469,677
Interest received	(309)	-
Taxation charge	253,663	483,911
(Increase) in stocks	(1,313,915)	(394,599)
(Increase) in debtors	(2,360,012)	(1,903,043)
Increase in creditors	3,648,738	1,862,851
Corporation tax (paid)	(418,278)	(49,172)
Net cash generated from operating activities	1,068,540	3,859,215
Cash flows from investing activities		
Purchase of intangible fixed assets	(99,385)	-
Sale of intangible assets	-	142,416
Purchase of tangible fixed assets	(4,100,323)	(3,338,749)
Sale of tangible fixed assets	409,963	-
Government grants received	1,003,319	49,279
Interest received	309	-
HP interest paid	(365,311)	(347,137)
Net cash used in investing activities	(3,151,428)	(3,494,191)

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

	2023 £	2022 £
Cash flows from financing activities		
New secured loans	2,975,731	-
Repayment of loans	(118,750)	(888,212)
Repayment of/new finance leases	(2,488,287)	(2,313,248)
Shares treated as debt - payment	(229,884)	(229,885)
Dividends paid	(557,462)	(651,820)
Interest paid	(709,136)	(122,540)
Net cash used in financing activities	(1,127,788)	(4,205,705)
Net (decrease) in cash and cash equivalents	(3,210,676)	(3,840,681)
Cash and cash equivalents at beginning of year	(5,860,194)	(2,019,513)
Cash and cash equivalents at the end of year	(9,070,870)	(5,860,194)
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,462,998	2,489,784
Bank overdrafts	(10,533,868)	(8,349,978)
	(9,070,870)	(5,860,194)

The notes on pages 23 to 42 form part of these financial statements.

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

**CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 MARCH 2023**

	At 1 April 2022 £	Cash flows £	New loans & finance leases £	Other non- cash changes £	At 31 March 2023 £
Cash at bank and in hand	2,489,784	(1,026,786)	-	-	1,462,998
Bank overdrafts	(8,349,978)	(2,183,890)	-	-	(10,533,868)
Debt due after 1 year	(171,000)	-	-	(8,735,250)	(8,906,250)
Debt due within 1 year	(6,353,269)	6,643,019	(9,500,000)	8,735,250	(475,000)
Finance leases	(6,104,251)	2,488,287	(4,285,571)	-	(7,901,535)
	<u>(18,488,714)</u>	<u>5,920,630</u>	<u>(13,785,571)</u>	<u>-</u>	<u>(26,353,655)</u>

The notes on pages 23 to 42 form part of these financial statements.

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

1. General information

The company (SC317473) 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.

The principal activity of the Group in the year under review was that of the processing and distribution of 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 United Kingdom and the Republic of Ireland ("FRS 102") and the Companies Act 2006.

The Group'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 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 Statement of financial position, 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

In normal course, the directors review the Group's forecasts and projections to ensure that the Group has sufficient resources to enable it to meet its liabilities as they fall due for a period of at least twelve months from the date of signing of the financial statements. The directors have considered a number of likely scenarios over the coming twelve months, and these give confidence that the Group has adequate working capital over this period.

At 31 March 2023 the Group balance sheet shows a net current liability position. This is largely the result of significant capital investment made during the year. Moving forward into the new financial year we see the returns on this investment coming through the sales line and in turn, improvements in net profit and balance sheet strength. The capital investment is largely complete, and the directors are now looking for the benefits to come from the recent heavy capital expenditure and concentrating on building further cash headroom throughout the Group.

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

2. Accounting policies (continued)**2.3 Going concern (continued)**

The directors consider that there is proven strong demand for the Group's products, and although the current economic climate continues to present challenges, management are monitoring this closely and taking all the appropriate steps to manage costs.

With a solid performance across core product ranges and the new capital investment in place, the directors are comfortable that the net current liability position at the year-end 31 March 2023 does not give rise to undue concern for the Group. Following the 2023 financial year end, the directors have been working to build on the cashflow position of the business.

Thus, having considered detailed profit and loss, cashflow and balance sheet forecasts at the date of signing these financial statement, continued growth in sales and a broad stabilising of input costs, the directors are satisfied that the Group has the resources required to continue as a going concern for the foreseeable future.

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 3 years.

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

2. Accounting policies (continued)

2.5 Intangible assets (continued)

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:

Milk rounds - 3 years reducing balance

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

Depreciation is provided on the following basis:

Freehold property	- not depreciated/20 years
Plant and machinery	- 10% to 50% reducing balance & 50% straight line
Motor vehicles	- 1 to 6 years
Equipment	- 20% reducing balance
Assets under construction	- not depreciated

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

Assets under construction are not depreciated until the asset is available for use and then reallocated to the appropriate category.

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.

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

2. Accounting policies (continued)

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.

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 amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, 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 in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of small company, or a public benefit entity concessionary loan.

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

2. Accounting policies (continued)**2.11 Financial instruments (continued)**

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.

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**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 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.

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

2. Accounting policies (continued)

2.17 Operating leases

Rentals paid under operating leases are charged to 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.

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 Statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

2.20 Employee Benefits

Short-term employee benefits are recognised as an expense in the period in which they are incurred.

2.21 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.22 Finance and borrowing 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.

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.23 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 Statement of financial position date.

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

2. Accounting policies (continued)**2.23 Current and deferred taxation (continued)**

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position 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 Statement of Financial Position date.

2.24 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.

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 Statement of Financial Position 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.

Depreciation of tangible fixed assets

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.

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

4. Turnover

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

All turnover arose within the United Kingdom.

5. Other operating income

	2023 £	2022 £
Government grants receivable/ amortised	279,949	49,279
RDEC	1,195	212,122
	<u>281,144</u>	<u>261,401</u>

6. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2023 £	2022 £
Depreciation of tangible fixed assets	1,929,645	2,171,108
Amortisation of intangible assets, including goodwill	114,277	149,092
Exchange differences	21,778	(12,193)
Other operating leases	310,935	36,811
Hire of plant and equipment	201,198	215,457
Government grants	<u>(279,949)</u>	<u>(49,279)</u>

7. Auditor's remuneration

During the year, the Group obtained the following services from the company's auditor and its associates:

	2023 £	2022 £
Fees payable to the company's auditor and its associates for the audit of the consolidated and parent company's financial statements	39,000	35,500
Fees payable to the company's auditor and its associates in respect of:		
Other services relating to taxation	12,045	10,950
All other services	<u>-</u>	<u>4,500</u>

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

8. Employees

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

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Wages and salaries	18,276,570	18,254,200	624,743	642,922
Social security costs	1,816,238	1,646,413	90,939	77,804
Cost of defined contribution scheme	398,566	428,439	32,820	69,055
	20,491,374	20,329,052	748,502	789,781

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

	2023 No.	2022 No.
Distribution	277	301
Production	282	289
Finance/Admin/Sales	76	74
Directors	7	8
	642	672

9. Directors' remuneration

	2023 £	2022 £
Directors' emoluments	624,743	642,922
Group contributions to defined contribution pension schemes	7,110	41,333
	631,853	684,255

During the year retirement benefits were accruing to 1 director (2022 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £200,963 (2022 - £223,380).

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £7,110 (2022 - £21,263).

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

10. Interest receivable

	2023 £	2022 £
Other interest receivable	309	-

11. Interest payable and similar charges

	2023 £	2022 £
Bank interest payable	702,802	122,540
Finance leases and hire purchase contracts	365,311	347,137
Other interest payable	6,334	-
	<u>1,074,447</u>	<u>469,677</u>

12. Taxation

	2023 £	2022 £
Corporation tax		
Adjustments in respect of previous periods	54,487	(101,557)
	<u>54,487</u>	<u>(101,557)</u>
Total current tax	<u>54,487</u>	<u>(101,557)</u>
Deferred tax		
Origination and reversal of timing differences	199,176	585,468
Total deferred tax	<u>199,176</u>	<u>585,468</u>
Tax on (loss)/profit	<u>253,663</u>	<u>483,911</u>

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

12. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2022 - *higher than*) the standard rate of corporation tax in the UK of 19% (2022 - 19%). The differences are explained below:

	2023 £	2022 £
(Loss)/profit on ordinary activities before tax	<u>(1,286,567)</u>	<u>1,606,950</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022 - 19%)	(244,448)	305,321
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	21,308	(20,571)
Capital allowances for year in excess of depreciation	(311,038)	272,794
Utilisation of tax losses	-	21,056
Adjustments to tax charge in respect of prior periods	54,487	(81,661)
Other timing differences leading to an increase (decrease) in taxation	-	(13,028)
Remeasurement of deferred tax rates leading to an increase (decrease) in the tax charge	(168,601)	-
Other differences leading to an increase (decrease) in the tax charge	54,601	-
Deferred tax asset not recognised	847,354	-
Total tax charge for the year	<u>253,663</u>	<u>483,911</u>

13. Dividends

	2023 £	2022 £
Ordinary shares	450,062	559,720
Ordinary A shares	107,400	92,100
	<u>557,462</u>	<u>651,820</u>

14. 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 loss after tax of the parent company for the year was £365,857 (2022 - loss £71,798).

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

15. Intangible assets**Group**

	Milk rounds/Milk quota £	Goodwill £	Total £
Cost			
At 1 April 2022	5,419,193	424,147	5,843,340
Additions	99,385	-	99,385
At 31 March 2023	<u>5,518,578</u>	<u>424,147</u>	<u>5,942,725</u>
Amortisation			
At 1 April 2022	5,199,194	177,529	5,376,723
Charge for the year	73,332	40,945	114,277
At 31 March 2023	<u>5,272,526</u>	<u>218,474</u>	<u>5,491,000</u>
Net book value			
At 31 March 2023	<u>246,052</u>	<u>205,673</u>	<u>451,725</u>
At 31 March 2022	<u>219,999</u>	<u>246,618</u>	<u>466,617</u>

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

16. Tangible fixed assets

Group

	Freehold property £	Long-term leasehold property £	Plant, machinery and equipment £	Motor vehicles £	Assets under construction £	Total £
Cost or valuation						
At 1 April 2022	12,197,994	425,015	17,132,755	7,809,317	-	37,565,081
Additions	2,136,036	-	3,634,655	814,488	1,800,715	8,385,894
Disposals	-	-	(260,695)	(679,134)	-	(939,829)
At 31 March 2023	14,334,030	425,015	20,506,715	7,944,671	1,800,715	45,011,146
Depreciation						
At 1 April 2022	140,461	-	6,148,462	5,055,621	-	11,344,544
Charge for the year	19,701	-	1,150,204	759,740	-	1,929,645
Disposals	-	-	(102,277)	(467,126)	-	(569,403)
At 31 March 2023	160,162	-	7,196,389	5,348,235	-	12,704,786
Net book value						
At 31 March 2023	14,173,868	425,015	13,310,326	2,596,436	1,800,715	32,306,360
At 31 March 2022	12,057,533	425,015	10,984,293	2,753,696	-	26,220,537

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

	2023 £	2022 £
Plant and machinery	5,090,510	5,195,134
Motor vehicles	1,931,352	2,052,924
	<u>7,021,862</u>	<u>7,248,058</u>

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

17. Fixed asset investments**Company**

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2022	2,410,236
At 31 March 2023	<u>2,410,236</u>

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Registered office	Class of shares	Holding
Grahams the Family Dairy Limited* (SC312966)	See Note 1	Ordinary	100%
Grahams The Family Dairy (Processing) Limited* (SC311872)	See Note 1	Ordinary	100%
Graham's Dairies Limited* (SC175339)	See Note 1	Ordinary	100%
Grahams The Family Dairy (Property) Limited* (SC230963)	See Note 1	Ordinary	100%
Claymore Dairies Limited* (SC371390)	See Note 2	Ordinary	100%
Grahams The Family Dairy (Milk Products) Limited* (SC520864)	See Note 1	Ordinary	100%
D&D Dairies Limited* (SC573243)	See Note 1	Ordinary	100%
Airthrey Green Limited - Dormant (SC493116)	See Note 1	Ordinary	100%
Grahams The Family Dairy (Nairn) Limited - Dormant (SC493114)	See Note 1	Ordinary	100%
Graham's Dairies Organic Milk Supplies Limited - Dormant (SC215622)	See Note 1	Ordinary	100%

The trading subsidiaries denoted by an asterisk(*) in the table above have claimed exemption in relation to the audit of subsidiary accounts under section 479A of the Companies Act 2006.

Note 1 address:	Note 2 address:
Airthrey Kerse Farm	Site 1(A) & 1(B)
Henderson Street	Balmakeith Industrial Estate
Bridge of Allan	Forres Road
Stirlingshire	Nairn
FK9 4RW	IV12 5QW

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

18. Stock

	Group 2023 £	Group 2022 £
Raw materials	1,101,308	1,003,382
Engineering and other stock	499,122	579,583
Packaging	1,193,054	799,334
Bought in goods	243,451	82,360
Finished goods	1,304,153	687,244
Biological assets	760,980	636,250
	5,102,068	3,788,153

19. Debtors

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Trade debtors	15,800,125	12,595,183	-	-
Amounts owed by group undertakings	-	-	8,410,872	7,688,445
Other debtors	1,963,345	2,974,080	-	805
Prepayments and accrued income	401,418	163,032	110,066	4,201
	18,164,888	15,732,295	8,520,938	7,693,451

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

20. Current asset investments

	Group 2023 £	Group 2022 £
Unlisted investments	88,400	120,900

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

21. Cash and cash equivalents

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Cash at bank and in hand	1,462,998	2,489,784	33,522	8,793
Less: bank overdrafts and invoice discounting facilities	(10,533,868)	(8,349,978)	-	-
	<u>(9,070,870)</u>	<u>(5,860,194)</u>	<u>33,522</u>	<u>8,793</u>

22. Creditors: Amounts falling due within one year

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Bank overdrafts and invoice discounting facilities	10,533,868	8,349,978	-	-
Bank loans	475,000	6,353,269	475,000	6,353,269
Trade creditors	19,106,395	15,542,723	60,865	4,801
Amounts owed to group undertakings	15	-	-	1,047,042
Corporation tax	-	291,225	-	-
Other taxation and social security	417,126	336,890	39,213	-
Obligations under finance lease and hire purchase contracts	2,216,134	1,925,536	-	-
Other creditors	803,033	1,139,467	-	-
Accruals and deferred income	2,249,840	1,654,257	164,356	64,153
Share capital treated as debt	229,885	229,885	229,885	229,885
	<u>36,031,296</u>	<u>35,823,230</u>	<u>969,319</u>	<u>7,699,150</u>

Disclosure of the terms and conditions attached to the non-equity shares is made in note 28.

Details of overdraft and loan securities are disclosed in note 24.

Details of invoice discounting facility securities are disclosed in note 19.

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

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

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Bank loans	8,906,250	171,000	8,906,250	171,000
Net obligations under finance leases and hire purchase contracts	5,685,401	4,177,747	-	-
Share capital treated as debt	229,885	459,769	229,885	459,769
	<u>14,821,536</u>	<u>4,808,516</u>	<u>9,136,135</u>	<u>630,769</u>

Disclosure of the terms and conditions attached to the non-equity shares is made in note 28.

Details of overdraft and loan securities are disclosed in note 24.

24. Loans

Analysis of the maturity of loans is given below:

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Amounts falling due within one year				
Bank loans	475,000	6,353,269	475,000	6,353,269
	<u>475,000</u>	<u>6,353,269</u>	<u>475,000</u>	<u>6,353,269</u>
Amounts falling due 1-2 years				
Bank loans	475,000	76,000	475,000	76,000
	<u>475,000</u>	<u>76,000</u>	<u>475,000</u>	<u>76,000</u>
Amounts falling due 2-5 years				
Bank loans	8,431,250	95,000	8,431,250	95,000
	<u>8,431,250</u>	<u>95,000</u>	<u>8,431,250</u>	<u>95,000</u>
	<u>9,381,250</u>	<u>6,524,269</u>	<u>9,381,250</u>	<u>6,524,269</u>

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

24. Loans (continued)

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.

25. Hire purchase

Minimum lease payments under hire purchase fall due as follows:

	Group 2023 £	<i>Group 2022 £</i>
Within one year	2,216,134	1,925,535
Between 1-5 years	5,450,004	3,852,216
Over 5 years	235,397	326,500
	<u><u>7,901,535</u></u>	<u><u>6,104,251</u></u>

The hire purchase creditors are secured by the assets concerned.

26. Deferred taxation**Group**

	2023 £	<i>2022 £</i>
At beginning of year	(1,139,833)	(554,365)
Credited to statement of comprehensive income	(199,176)	(585,468)
At end of year	<u><u>(1,339,009)</u></u>	<u><u>(1,139,833)</u></u>

The provision for deferred taxation is made up as follows:

	Group 2023 £	<i>Group 2022 £</i>
Accelerated capital allowances	(2,449,559)	(1,139,833)
Tax losses carried forward	1,110,550	-
	<u><u>(1,339,009)</u></u>	<u><u>(1,139,833)</u></u>

GRAHAMS THE FAMILY DAIRY GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

27. Accruals and deferred income

	Group 2023 £	Group 2022 £
Grants	537,202	101,619

28. Share capital

	2023 £	2022 £
Shares classified as equity		
Allotted, called up and fully paid		
825 (2022 - 825) Ordinary shares of £1.00 each	825	825
50 (2022 - 50) Ordinary A shares of £1.00 each	50	50
48 (2022 - 48) Ordinary B shares of £1.00 each	48	48
	923	923
Shares classified as debt		
Allotted, called up and fully paid		
80 (2022 - 120) Converted shares of £5,747.12 each	459,770	689,654

The Ordinary shares are entitled to income, rank pari passu and have voting rights.

The Ordinary A and B shares are entitled to income, rank pari passu and have no voting rights.

The Converted shares are not entitled to income, capital or voting rights. The company has a legal agreement to buy back the Converted shares over the next 2 years.

29. Reserves**Capital redemption reserve**

The capital redemption reserve is used to record the purchase of the Company's own shares and is nondistributable.

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 2023**

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 £398,556 (2022 - £428,439). Contributions totalling £57,105 (2022 - £76,583) were payable to the funds at the Statement of financial position date and are included in other creditors and accruals.

31. Other commitments

Grahams the Family Dairy Group Limited has provided guarantees under Section 479C of the Companies Act 2006 for audit exemption of trading subsidiary companies detailed in Note 17.

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. The intergroup balances are disclosed in the debtor and creditor notes. All intergroup balances are repayable on demand, interest free and unsecured.

During the year a dividend was paid to directors totalling £450,062 (2022- £559,720).

Directors loans of £86,656 (2022 - £107,327) were owed by the Group. A director owed the Group £188,380 (2022 - £271,803). There are no fixed terms for repayment and no interest is payable.

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 £680,336 (2022 - £686,031).

33. Controlling party

The controlling party of the group is R B Graham.