ANNUAL REPORT 2014

Centenary Thurles
Co-operative Society Ltd

It is not the strongest of the species that survive, nor the most intelligent, **but the one most responsive to change.**

___ Charles Darwin

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Mission Statement

Centenary Thurles Co-operative Society Ltd. is run by the local farming community for the growth and improvement of its members and the Society.

We work to ensure the best and widest range of products and services are available for our customers.

TIOBRAID ÁRANN
14
6

Harnessing **our collective potential**

We are proud of the steady progress made during a challenging 2014, but our focus is now firmly on the future; one where dairy farming is free from the milk quota system.

At Centenary Thurles, we have been planning and preparing. We will continue to innovate, progress and grow, whilst holding firm to the belief that our future achievements and successes will spring from the combined knowledge, skills and expertise of our people and the quality of our award-winning milk.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Centenary Thurles Co-Operative Society Ltd. will be held on Tuesday 16th June 2015 in the Templemore Arms Hotel, Templemore, at 8.30 p.m.

Agenda

- Minutes of the previous Annual General Meeting.
- To consider the Financial Statements for the year ended 31 December 2014 and the Report of the Auditors.
- The Election of Auditors for 2015.
- To consider the Board's recommendation on the issue of bonus shares.
- Any other business incidental to an Ordinary General Meeting.

By Order
Joe Kerrigan, *Secretary*
Date: 14 May 2015

General Society Information

Committee members at 31st December 2014

Chairman
Jim Russell

Chief Executive/Secretary
Joe Kerrigan

Vice - Chairman
Paddy Daly

Vice - Chairman
Noreen Barry

Central

Patrick Blake, Moyneard
Jimmy Cummins, Grawn
Seán Dunne, Kylemakill
Thomas Doyle, Kylemakill
Robert Hayes, Leigh
John Hogan, Moyneard
Thomas Keogh, Rahealty
Pat Maher, Cooleeney

Ballyduag

Pat Cormack, The Islands

Loughmore

Patrick Gleeson, Ballybrista
Tom Maher, Kilcoke

Cashel

John Cronin, Freighduff
Roger Kennedy, Camas
Noel O'connor, Rathcowan
Brendan Ryan, The Commons

Littleton

John Bourke, Rathcunikeen
Pat Hogan, Horse & Jockey
Philip Kinane, Parkstown

Loran

Eamon Cody, Ballysorrell
Michael Maher, Dromard
John Russell, Shanakill

Montore

Michael Hannon,
Lisnageragh, Brosna
Mervyn Stanley, Woodville
Jerry Sutton, Montore
Patrick Whyte, Ballystanley

Templetuohy

Padraig Costigan, Toher
William Maher, Tullow

Castleiney

Gerry Laffan, Kilcurkee
Tim Maher, Kilcurkee

Killea

Michael Egan, Park
Pat Kennedy, College Hill

Drom

Denis Brereton, Knocka

Thurles

Jackie Cahill, Killinan
John Cahill, Kilrush
Con Callanan, Ardbawn
Martin Dillon, Lisnagrough
Philip Dwyer, Whitefort
James Finn, Ballinahow
Bill Flanagan, Galbertsown
Mary Purcell, Kilrush
Jerry Spillane, Galbertstown

Successful **partnership**

We know we are only as strong as our membership, in particular our farmers and their families. When it comes to our products, we are only as good as our raw materials. In the case of our Dairy business, it's all about the milk.

The importance of delivering consistently high quality milk was again brought home to us in 2014, when the Dwan family (Eddie, Ann & Thomas) of Bohernamona, Thurles, were awarded the prestigious NDC & Kerrygold Quality Milk Award.

NDC & Kerrygold
Quality Milk Awards
Congratulations to
Edmund & Thomas Doran
Overall Winners 2014
NDC & KERRYGOLD · QUALITY MILK AWARDS ·
Kerrygold
The NATIONAL DAIRY COUNCIL
Formed in the Republic of Ireland

Reebok

Knowing what matters

Our determination to maintain and grow a sustainable, financially solid enterprise that benefits our farmers and shareholders, is matched only by our long-held commitment to the community in which we operate.

Our engagement with the farmers, their families, our shareholders and the wider public is what keeps us grounded. It reminds us that our success is inextricably linked with theirs.

Chairman's Report
Jim Russell

My Report on our performance for 2014 is written in the immediate aftermath of the removal of milk quotas and at a time of transition for farming in Ireland. Time will tell whether the removal of quotas will lead to the betterment of farmers.

What can be said is that there is a new-found optimism in dairy farming as suppliers look forward to an era free from super-levy payments, quota purchase payments and temporary leasing payments. The uncertainty, of course, will continue to be the milk price available to fund any expansion costs incurred. The optimism extends to our dairy processors and it is heartening to see the significant investment undertaken throughout the country to ensure our extra production can be processed at the time of the year suitable for our method of production.

2014 was a more challenging year for the Society in that, it was always going to be difficult to follow 2013, one of record turnover, milk price, operating profits and shareholders' funds. However, I am proud of the progress made during the year in many areas and whilst we ultimately did not too break many records, our Shareholders Funds did grow again significantly and our milk price was extremely close to the 2013 price.

Whilst milk price across the year declined only slightly, the finishing point for the year was 8.5c below the starting point, immediately putting pressure on the overall 2015 price level. Milk price volatility is here to stay. I am pleased that in addition to the price paid in 2014, we have recently issued cheques for 0.5c per litre (+ VAT) to all suppliers based on 2014 supply. This should assist 2015 cash flow.

Beef prices suffered significantly during 2014 but have recovered well to date. However, volatility will undoubtedly affect this sector also. Whilst a reasonable outlook is predicted for 2015, timing of future purchases and sales could leave some farmers exposed to risk. Grain prices also were lower in 2014 but we supported growers by paying a price substantially in excess of market returns at harvest.

Weather conditions for farming showed a marked improvement in 2014 over recent years, helping to mitigate some of the problems associated with farm incomes during the year. Increased production volumes allied to reduced input volumes and lower costs particularly with feed, contributed to this mitigation.
As we look to 2015, exchange rates are having an impact, on one hand supporting our exports and maintaining prices at levels higher than might be otherwise, but also driving up the costs of inputs.

Financial Performance

Our turnover once again exceeded the €80m mark, but showed a decline of €6.8m, most of it attributable to our Agri division, where steep reductions in feed and fertiliser usage had an impact. Gross Profit for 2014 reached €11.4m down €0.6m on 2013. Operating profit declined from €1.8m to €0.8m. Changes to the Society Defined Benefit Pension Scheme resulted in a credit of €2.8m, Other Income of €0.4m was generated and an improvement in the value of investments held, together contributed to a Profit before Tax of €4.2m and after Tax €3.7m. Shareholders' Funds improved by €2.4m and now stand at €37.7m.

Shareholder's funds improved **by €2.4m**

Milk Review

One record that was broken again in 2014 was the volume of milk supplied to us. Despite still being in the quota era, our supply grew by 3.1m litres to 113.2m litres. Indeed over the last five years our supply has grown by 16.6m litres or 17%. Volumes post quota will therefore grow substantially in the coming years. Our average manufacturing price paid in 2014 was 38.15c a decline of 1.35c on 2013. However, 0.5c per litre (+VAT) has since been paid on 2014 supplies. 2014 was still significantly above the average in recent years.

Average Butterfat and Protein for 2014 were 3.935% and 3.442% respectively, relatively unchanged from 2013.

Super-levy liability is the one legacy from the quota era. Each supplier has been provided with a summary of anticipated liability and flexible payment options. Unfortunately our most recent figures at time of writing suggest a liability of €1.9m on 215 suppliers of which €740,000 had been charged at the end of March. Minimal volumes of flexi-milk were available with 257 suppliers over-quota. 157 suppliers with quotas under 350,000 had liabilities after the allocation of internal flexi-milk.

Most suppliers have now signed Milk Supply Agreements with ourselves. Over the longer term we envisage this as being to our mutual benefit. The Society has a long history of loyal and dedicated suppliers and shareholders and I assure you of our continued support and commitment to you.

For some years now, we have been focussed on milk quality. That focus culminated in the National Milk Quality Award for 2014 to Eddie, Ann & Thomas Dwan of Bohernamona Thurles. We are proud of their achievement and the publicity generated for ourselves as a result, has been an added bonus.

Stores Review

Turnover from our store trading division declined to €31.38m principally as a result of reduced feed and fertiliser sales following on from the exceptional 2013. Outside of feed and fertiliser our sales remain robust given the economic circumstances still pertaining. We are back 5.5% from our peak levels of trading in 2007 and 2008, but hope to see that recovering with improved economic circumstances. The stores division continues to perform to a reasonable standard given the competitiveness of the business. Investment in our Templemore branch during 2014 should reap dividends in the coming years.

The continuing upgrade of our branch network further demonstrates our service and commitment to shareholders and customers. During 2015, we will enhance our Roscrea branch including the roll-out of our new brand.

Feed & Grain Review

We have recently announced a €1m investment programme in our mill at Ballyduff, directly as a result of the removal of quotas and the expected increase in demand for dairy feed. The focus of our investment programme is increased automation; the provision of additional storage facilities particularly for molasses and minerals; dust extraction and vacuum equipment; and a replacement programme for conveyors and elevators. This investment is a strong vote of confidence in the ability of our mill to meet customer expectations of a high quality, well presented, locally produced feed with the maximum inclusion of native cereals. This investment should lead to more efficient production and better service to customers.

Feed tonnage reverted in 2014 to more normal levels following the surge in demand in the latter half of 2012 and first half of 2013. From a farmer perspective the reduced volumes were welcome, however from a business perspective we would look to take advantage of the increased feeding post quota to justify our investment programme. I encourage all to support us in this initiative and support the local business, 100% owned by yourselves.

Grain intake grew by 2,300 tonnes or 14% in 2014. Favorable conditions did have an impact on yields. Unfortunately prices were lower with maximum prices at 20% moisture of €136 for Barley and Oats and €141 for Wheat, all excluding VAT and Delivery. This was a decrease over 2013 of €16 per tonne for Barley and €21 for Wheat or 11% and 13% respectively. Our prices paid were significantly above the then market prices for grain, but support was essential for growers at these price levels, mindful of course at all times that we have to be competitive in our feed pricing. Improvements in yields were offset by price reductions, making it another difficult year for the sector.

Grain intake grew by
2,300 Tonnes

"We continue to support many local organisations and sporting bodies through the Thurles Fresh Milk Brand and in we are particularly associated with the Thurles Fresh Milk GAA Academy and Thurles Fresh Milk Tipperary Greyhound Cup."

Liquid Milk Review

Own-label milk continues to dominate the liquid milk market in both the retail and food service sectors. According to the National Milk Agency, own-label milk now accounts for 55% of the market and is growing. In the UK, this figure has reached 90%.

This immediately puts pressure on branded milk such as Thurles Fresh Milk, where only a small percentage of our milk is own-label and where only 45% of the population are interested in the source of their milk through purchasing a branded product.

At retail level, 90% of the market is accounted for by the leading 5 supermarkets and of these, the discounters retail only own-brand milk.

The challenge for our business to sustain our branded milk offering and to support our suppliers is to have greater penetration in the own-label market.

We continue to support many local organisations and sporting bodies through the Thurles Fresh Milk Brand and in we are particularly associated with the Thurles Fresh Milk GAA Academy and Thurles Fresh Milk Tipperary Greyhound Cup.

Stockproof Fencing Products

Stockproof had another solid year in 2014 with a growth in turnover of 13% in a very competitive market. Combined with tight cost control, this enabled an increased profit reported for the year.

13% Growth

In turnover

Bramblemore

Performance at Bramblemore was excellent with the key performance data exceeding all targets and justifying the significant recent investment. Reduction in feed costs during the year helped offset declining pig prices. With the unit up to capacity and pig performance good, we look forward with optimism to 2015 results. Always of concern is the volatility in pig prices with every 1c increase or decrease changing the bottom line profit by €9,000. As ever, Bramblemore also provides a key outlet for our feed mill.

Agricultural Scholarships

Our Agricultural Scholarship Scheme continued during 2014 with a significant increase in the uptake. The following applicants were awarded €750 each:

Jack Dunne (Moyne)
Kildalton Agricultural College

Philip Geehan (Castleiney)
Kildalton Agricultural College

Ciarán Kennedy (Cloughjordan)
Gurteen Agricultural College

Robert Larkin (Templetuohy)
Kildalton Agricultural College

Joseph Maher (Drom)
Gurteen Agricultural College

Niall Maher (Roscrea)
Gurteen Agricultural College

Stephen Meade (Templemore)
Gurteen Agricultural College

Rory O'Regan (Thurles)
Kildalton Agricultural College

Bonus Shares

471,923 Bonus Shares were issued to shareholders during 2014 based on the profits of 2013. Those bonuses were issued based on trading, milk supply and grain supply during 2013 and benefitted from the profit on sale of investment in the 2013 fiscal year. Those who received bonus shares are in line for a spin-out of Glanbia plc shares as a result of the recent decision taken by Glanbia Co-Op. This will almost double the value of each bonus share issued.

In addition 380,969 shares were bonused on a pro-rata basis at last year's AGM. Our policy of issuing bonus shares will continue for the foreseeable future along with loyalty bonuses. It is our intention to continue to reward those who are supportive of our business divisions.

"I would also like to express my continued appreciation to management and staff for their input into the long-term success of this Society. Similarly to our customers, shareholders and the many others who contribute to our success, my appreciation."

Health & Safety Policy

A thorough policy statement on safety, health and welfare at work has been prepared and is regularly updated. It is the policy of the Society that the well-being of its employees is protected through the implementation and review of this policy statement.

Outlook for 2015

We look forward to 2015 with a degree of optimism and trepidation particularly in the dairy sector. Milk output will undoubtedly increase significantly underpinning our optimism. Trepidation arises from the uncertainty the dairy markets will bring. Cost pressures exist on farms and we are very weather-dependent in this respect. Significant investment has taken place and market returns need to be at levels which allow sufficient repayment capacity together with covering other costs and living expenses. The overhang of super-levy liability will have an impact during the year for many. It is difficult this far out to predict grain prices at harvest time but current indications suggest another difficult year for growers. The recent recovery in the beef sector is welcome and the outlook is reasonable for the remainder of the year. Pig price outlook is also positive but as with other sectors can change at short notice.

Overall turnover will be lower in the Society as a result of lower milk prices with volume increases not sufficient to compensate. Profitability in this sector will decline as support payments to suppliers on milk price and on signing milk supply agreements will have an impact. We are confident of a good year on the trading side, but as always have to balance the desire to do business with the necessity to avoid over-exposure to credit risks. Liquid milk financial performance should improve with lower milk prices but volume will continue to decline in the branded market. We are optimistic for 2015 for Stockproof and Bramblemore.

Vice-Chairman

Philip Dwyer having completed the maximum term as Vice-Chairman, was replaced in that role during 2014 by Noreen Barry. I would like on behalf of the Committee of Management to acknowledge the immense contribution of Philip as Vice-Chairman since shortly after the merger. His clear thinking and insightful contributions will continue to be available to us as a Committee Member. I also acknowledge the fine contributions of Paddy Daly and Noreen Barry as Vice-Chairmen during 2014 and for their advice and assistance to me. Our Committee Members represent shareholders across our entire catchment area and their diversity of knowledge and experience certainly aids in the running of an organisation of this size. I thank them for their assistance to myself, management and the Society.

I would also like to express my continued appreciation to management and staff for their input into the long-term success of this Society. Similarly to our customers, shareholders and the many others who contribute to our success, my appreciation.

2014 Finances

Centenary Thurles Co-operative Society Ltd.

Consolidated Financial Statements for the year ended 31st December 2014

Five Year
Financial Review

	2014 €,000	2013 €,000	2012 €,000	2011 €,000	2010 €,000
Dairy Turnover	46,022	46,796	37,005	40,333	34,927
Agricultural Goods Turnover	33,765	40,946	36,371	31,292	30,170
Pig Turnover	1,194	39	1,450	1,266	1,079
Total Turnover	80,981	87,781	74,826	72,891	66,176
Operating Profit	831	1,838	746	948	855
Profit Before Tax	4,170	4,391	748	830	1,048
Taxation	454	924	214	177	175
Retained Profit	3,716	3,467	534	653	873
Equity Shareholders Funds	37,654	35,128	30,330	32,325	31,933
No. of Milk Suppliers	366	364	372	380	378

Committee of Management
Responsibility Statement

The Committee of Management is required by legislation to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Society and of the profit or loss of the Society for that year. In preparing the financial statements, the Committee of Management is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements based on the going concern basis unless it is inappropriate to presume that the Society will continue in business.

The Committee of Management is responsible for maintaining proper books of account which disclose with reasonable accuracy at any time the financial position of the Society and to enable them to ensure that the financial statements comply with the Industrial and Provident Societies Act 1893 to 1978. They are also responsible for safeguarding the assets of the Society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Jim Russell, *Chairman*
Joe Kerrigan, *Secretary*

Date: 9 April 2015

Auditor's Report

We have audited the consolidated financial statements of Centenary Thurles Co-Operative Society Limited for the year ended 31 December 2014 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated Balance Sheet, the Co-Op Balance Sheet, the Consolidated Cash Flow Statement and the related notes.

The financial reporting framework that has been applied in their preparation is Irish law and accounting standards issued by the Financial Reporting Council and promulgated by Chartered Accountants Ireland (Generally Accepted Accounting Practice in Ireland).

This report is made solely to the Society's members. Our audit work has been undertaken so that we might state to the Society's members those matters we are required to state to them in an 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 Society and the Society's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Committee of Management and Auditors

As explained more fully in the Committee of Management Responsibility Statement set out on page 23, the Committee of Management are responsible for the preparation of the financial statements giving a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Society's affairs as at 31 December 2014 and of its profits for the year then ended; and
- have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland.

As required by Section 13 (2) of the Industrial and Provident Societies Acts 1893 to 1978 we examined the balance sheets showing the receipts and expenditure, funds and effects of the Society, and verified the same with the books, deeds, documents, accounts and vouchers relating thereto, and found them to be correct, duly vouched, and in accordance with law.

Russell Brennan Keane Partnership
Chartered Accountants and Registered Auditors
RBK House, Irishtown, Athlone
Co. Westmeath

Date : 9 April 2015

Consolidated Profit and Loss Account for the year ended 31st December 2014

	Notes	2014 €	2013 €
Turnover - continuing activities	2	**80,980,899**	**87,781,218**
Cost of sales		**(69,578,489)**	**(75,796,514)**
Gross profit		**11,402,410**	**11,984,704**
Operating costs		(9,037,697)	(8,740,136)
Administrative costs		(1,533,278)	(1,406,373)
Operating profit - continuing activities		**831,435**	**1,838,195**
Exceptional items	5	2,904,271	321,615
Other income	6	434,131	2,231,983
Profit before taxation	3	**4,169,837**	**4,391,793**
Tax on profit on ordinary activities	7	(454,180)	(924,373)
Retained profit for the year	18	**3,715,657**	**3,467,420**

The difference between the results as disclosed in the profit and loss account and the result on an unmodified historical cost basis is not material. The financial statements were approved by the board on 9 April 2015 and signed on its behalf by:
***Jim Russell** Chairman, **Joe Kerrigan** Secretary.*
The notes on pages 30 - 43 form part of these Accounts. Auditors' report pages 24 - 25.

Consolidated Statement of Total Recognised Gains & Losses for the year ended 31st December 2014

	Notes	2014 €	2013 €
Profit on ordinary activities after taxation		**3,715,657**	**3,467,420**
Actuarial (loss)/gain on pension obligations		(1,292,150)	1,520,837
Movement on deferred tax asset on group defined benefit pension obligations		161,519	(190,105)
Total recognised gains since last Annual Report		**2,585,026**	**4,798,152**

The financial statements were approved by the board on 9 April 2015 and signed on its behalf by:
***Jim Russell** Chairman, **Joe Kerrigan** Secretary.*
The notes on pages 30 - 43 form part of these Accounts. Auditors' report pages 24 - 25.

Consolidated Balance Sheet as at 31st December 2014

	Notes	2014 €	2013 €
Fixed assets			
Tangible assets	8	**14,781,435**	14,547,724
Investments	10	5,661,788	3,914,753
		20,443,223	18,462,477
Current assets			
Stocks	12	9,091,901	8,035,613
Debtors	13	8,805,586	9,878,893
Cash at bank and in hand		6,189,694	7,544,819
		24,087,181	25,459,325
Creditors: amounts falling due within one year	14	**(4,455,738)**	**(5,011,735)**
Net current assets		**19,631,443**	**20,447,590**
Total assets less current liabilities		**40,074,666**	**38,910,067**
Creditors: amounts falling due after more than one year	15	**(151,273)**	**(141,029)**
Net deferred tax asset	16	**455,425**	**597,584**
Net assets excluding pension liability		**40,378,818**	**39,366,622**
Net pension liability	23	(2,724,999)	(4,238,997)
Net assets including pension liability		**37,653,819**	**35,127,625**
Capital and reserves			
Called up share capital	17	5,847,583	5,434,492
Share premium account	18	5,481,676	5,481,676
Capital reserve	18	15,510	15,510
Profit and loss account	18	26,309,050	24,195,947
Equity shareholders' funds	19	**37,653,819**	**35,127,625**

The financial statements were approved by the board on 9 April 2015 and signed on its behalf by:
Jim Russell *Chairman,* ***Joe Kerrigan*** *Secretary.*
The notes on pages 30 - 43 form part of these Accounts. Auditors' report pages 24 - 25.

Co-op Balance Sheet as at 31st December 2014

	Notes	2014 €	2013 €
Fixed assets			
Tangible assets	9	8,582,751	8,199,201
Investments	11	5,691,586	3,944,551
		14,274,337	12,143,752
Current assets			
Stocks	12	36,116	38,061
Debtors	13	24,334,126	23,675,359
Cash at bank and in hand		4,241,980	5,522,752
		28,612,222	29,236,172
Creditors: amounts falling due within one year	14	**(10,154,974)**	**(9,411,830)**
Net current assets		**18,457,248**	**19,824,342**
Total assets less current liabilities		**32,731,585**	**31,968,094**
Net deferred tax asset	16	**249,757**	**309,414**
Net assets excluding pension liability		**32,981,342**	**32,277,508**
Net pension liability		(1,023,563)	(1,629,138)
Net assets including pension liability		**31,957,779**	**30,648,370**
Capital and reserves			
Called up share capital	17	5,847,583	5,434,492
Share premium aaccount	18	5,481,676	5,481,676
Capital reserve	18	15,510	15,510
Profit and loss account	18	20,613,010	19,716,692
Equity shareholders' funds	19	**31,957,779**	**30,648,370**

The financial statements were approved by the board on 9 April 2015 and signed on its behalf by:
Jim Russell *Chairman,* ***Joe Kerrigan*** *Secretary.*
The notes on pages 30 - 43 form part of these Accounts. Auditors' report pages 24 - 25.

Consolidated Cash Flow Statement for the year ended 31st December 2014

	Notes	2014 €	2013 €
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		831,435	1,838,195
Depreciation		1,008,412	1,008,444
Amortisation of capital grant		(10,718)	(10,089)
(Increase) in stocks		(1,056,288)	(948,686)
Decrease/(increase) in debtors		1,549,814	(498,859)
Increase in creditors		133,543	588,268
Pension payments on defined benefit pension scheme		(317,148)	(302,163)
Other non-cash movements on defined benefit pension scheme		253,000	274,000
Net cash inflow from operating activities		**2,392,050**	**1,949,110**
Net cash inflow from operating activities		**2,392,050**	**1,949,110**
Returns on investments and servicing of finance	21	**541,438**	**411,178**
Taxation	21	**(1,295,588)**	**(288,283)**
Capital expenditure and financial investment	21	**(2,934,193)**	**(1,530,622)**
		(1,296,293)	541,383
Financing	21	**(58,832)**	**(803)**
(Decrease)/Increase in cash in the year		**(1,355,125)**	**540,580**
Reconciliation of net cash flow to movement in net funds			
Change in net cash resulting from cash flows		(1,355,125)	540,580
Net funds at 1st January		**7,544,819**	**7,004,239**
Net funds at 31st December	22	**6,189,694**	**7,544,819**

The financial statements were approved by the board on 9 April 2015 and signed on its behalf by:
Jim Russell *Chairman,* ***Joe Kerrigan*** *Secretary.*
The notes on pages 30 - 43 form part of these Accounts. Auditors' report pages 24 - 25.

Notes to the Consolidated Financial Statements for the year ended 31st December 2014

1. Accounting Policies

1.1. Accounting convention

The financial statements are prepared in accordance with generally accepted accounting principles under the historical cost convention modified to include the revaluation of certain fixed assets and comply with financial reporting standards of the Accounting Standards Board, as promulgated by Chartered Accountants Ireland.

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year. Turnover is recognised upon delivery of the goods and services to the customer.

1.3. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Buildings	4 - 10 %	Straight Line
Machinery	10 - 15 %	Straight Line
Fixtures & equipment	10 - 20%	Straight Line
Transport	10 - 20 %	Straight Line

1.4. Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is defined as invoice price, plus other overheads incurred in bringing the product to its present location and condition. Net realisable value is the actual or estimated selling price less all further costs to completion and appropriate selling & distribution costs.

1.5. Pensions

The Group operates various defined benefit and contribution pension schemes. Contributions to the defined contribution schemes are charged to the accounts as incurred.

The defined benefits schemes provide benefits based on the final pensionable salary. Defined benefit pension scheme assets are measured using bid prices. Pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on bonds.

The increase in the present value of the liabilities of the Group's defined benefit pension schemes expected to arise from employee service in the period is charged to operating profit. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from passage of time, are included in other finance income.

Actuarial gains and losses are recognised in the statement of total recognised gains and losses. The group defined benefit pension scheme is closed to new members.

1.6. Taxation

Current tax is provided on the company's taxable profits, at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Provision is made at the rates expected to apply when the timing differences reverse. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from inclusion of gains and losses in taxable profits in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted

1.7. Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

1.8. Basis of consolidation

The Group Accounts are prepared under the Historical Cost convention modified to include the revaluation of certain fixed assets. They incorporate the financial statements of Centenary Thurles Co-Operative Society Limited and its subsidiaries. Subsidiaries are included in the consolidated financial statements from the date on which control over the operating and financial decisions is obtained and cease to be consolidated from the date on which control is transferred out of the Group. Inter-group balances and transactions have been eliminated on consolidation.

2. Turnover

	2014 €	2013 €
Milk	46,021,445	46,795,819
Agri Business	33,765,343	40,946,114
Pigs	1,194,111	39,285
	80,980,899	**87,781,218**

The total turnover of the society for the year has been derived from its principal activity wholly undertaken in Ireland.

3. Profit on Ordinary Activities before Taxation

	Notes	2014 €	2013 €
Profit on ordinary activities before taxation is stated after charging:			
Depreciation		1,008,411	1,008,444
Staff costs	4	5,322,432	5,148,365
Auditors' remuneration		48,000	48,000

4. Employees

	2014 No.	2013 No.
The average weekly numbers of employees during the year were:		
Production and transport	31	31
Sales	67	65
Administration	20	20
	118	**116**

Employment costs	2014 €	2013 €
Wages and salaries	4,606,233	4,442,920
Social welfare costs	463,199	431,445
Pension service costs	253,000	274,000
	5,322,432	**5,148,365**

5. Exceptional Items

	Notes	2014 €	2013 €
Defined Benefit Pension Scheme credits and gains		2,832,999	–
Reversal of impairment of unlisted investments	11.2	107,353	321,615
Impairment of listed investments	11.1	(36,081)	–
		2,904,271	**321,615**

6. Other Income

	2014 €	2013 €
Deposit interest	88,625	136,035
Dividends	437,635	259,940
Profit on disposal of fixed assets	6,408	7,938
Profit on disposal of financial investments	(22,715)	1,956,866
Rental income	12,798	12,999
Sundry income	2,380	2,204
Expected return on pension scheme assets	387,000	311,000
Interest on pension scheme liabilities	(478,000)	(454,999)
	434,131	**2,231,983**

7. Taxation

	2014 €	2013 €
Corporation tax	150,502	954,505
Transfer from deferred taxation	303,678	(30,132)
	454,180	**924,373**

Factors affecting tax charge for the year	2014 €	2013 €
The tax assessed for the year is lower than (2013 - higher than) the standard rate of corporation tax in Ireland of 12.5% (2013: 12.5%) as set out below:		
Profit on ordinary activities before tax	4,169,837	4,391,793
Profit on ordinary activities multiplied by standard rate for the year of 12.5% (2013:12.5%)	521,230	548,974
Effects of:		
Depreciation in excess of capital allowances	49,874	55,898
FRS Pension adjustments	(350,769)	—
Income taxed at non-standard rates	9,987	27,198
Other timing differences	(14,804)	(31,553)
Expenses not deductible for tax purposes	717	3,384
Chargeable gains	2,839	398,961
Non taxable income	(10,856)	(11,081)
Adjustments in respect of investments	(57,715)	(37,276)
Current year taxation	**150,503**	**954,505**

8. Tangible Fixed Assets Consolidated

	Land & Buildings €	Machinery €	Fixtures & Equipment €	Transport €	Total €
Cost					
At 1st January 2014	18,002,394	8,162,600	2,966,416	2,850,726	31,982,136
Additions	577,615	150,263	333,586	195,242	1,256,706
Disposals	—	—	(3,000)	(140,413)	(143,413)
At 31st December 2014	**18,580,009**	**8,312,863**	**3,297,002**	**2,905,555**	**33,095,429**
Depreciation					
At 1st January 2014	5,218,352	7,159,256	2,667,632	2,389,172	17,434,412
Charge for the year	475,421	202,094	153,765	177,132	1,008,412
On disposals	—	—	(3,000)	(125,830)	(128,830)
At 31st December 2014	**5,693,773**	**7,361,350**	**2,818,397**	**2,440,474**	**18,313,994**
Net book values					
At 31st December 2014	**12,886,236**	**951,513**	**478,605**	**465,081**	**14,781,435**
At 31st December 2013	12,784,042	1,003,344	298,784	461,554	14,547,724

Included in Land & Buildings cost is €12,869,566 in respect of depreciable buildings.

9. Co-op Tangible Fixed Assets

	Land & Buildings	Machinery	Fixtures & Equipment	Transport	Total
	€	€	€	€	€
Cost					
At 1st January 2014	9,953,702	77,992	1,091,993	1,816,210	12,939,897
Additions	424,571	—	184,865	106,167	715,603
Disposals	—	—	(3,000)	(96,975)	(99,975)
At 31st December 2014	**10,378,273**	**77,992**	**1,273,858**	**1,825,402**	**13,555,525**
Depreciation					
At 1st January 2014	2,038,936	50,420	1,020,289	1,631,051	4,740,696
Charge for the year	180,960	6,800	62,390	81,903	332,053
On disposals	_	_	(3,000)	(96,975)	(99,975)
At 31st December 2014	**2,219,896**	**57,220**	**1,079,679**	**1,615,979**	**4,972,774**
Net book values					
At 31st December 2014	**8,158,377**	**20,772**	**194,179**	**209,423**	**8,582,751**
At 31st December 2013	7,914,766	27,572	71,704	185,159	8,199,201

Included in Land & Buildings cost is €4,594,798 in respect of depreciable buildings.

10. Consolidated Financial Fixed Assets

	Notes	2014 €	2013 €
Other investments			
1. Listed on Stock Exchange - Irish shares			
Cost 1st January		2,680,068	327,195
Additions		1,622,410	2,377,447
Disposals		(76,647)	(24,574)
Impairment		(36,081)	—
Cost at 31st December		**4,189,750**	2,680,068
(Market Value 2014: €26,467,645) (2013: €22,158,161)			
2. Unlisted			
Cost 1st January		1,234,685	913,070
Additions		130,000	—
Reversal of Impairment	5	107,353	321,615
At 31st December		1,472,038	1,234,685
In the opinion of the Committee the value to the Society of the Unlisted Investments are not less than the book value shown above.			
Total financial fixed assets		**5,661,788**	**3,914,753**

11. Co-op Financial Fixed Assets

	Notes	2014 €	2013 €
A. Shares in group undertakings			
Cost of investment at 1st January and 31st December		30,048	30,048
B. Other investments			
1. Listed on Stock Exchange - Irish shares			
Cost 1st January		2,680,068	327,195
Additions		1,622,410	2,377,447
Disposals		(76,647)	(24,574)
Impairment		(36,081)	–
Cost at 31st December		4,189,750	2,680,068
(Market Value 2014: €26,467,645) (2013: €22,158,161)			
2. Unlisted			
Cost 1st January		1,234,435	912,820
Additions		130,000	–
Reversal of Impairment	5	107,353	321,615
Cost at 31st December		1,471,788	1,234,435
Total financial fixed assets		**5,691,586**	**3,944,551**

12. Stocks

	Group 2014 €	Group 2013 €	Co-op 2014 €	Co-op 2013 €
Goods for resale	8,469,175	7,607,573	–	–
Expense	183,938	173,792	36,116	38,061
Livestock	438,788	254,248	–	–
	9,091,901	**8,035,613**	**36,116**	**38,061**

13. Debtors

	Group 2014 €	Group 2013 €	Co-op 2014 €	Co-op 2013 €
Trade debtors	6,594,350	7,848,217	388,728	456,302
Amounts owed by subsidiary undertakings	–	–	22,042,989	21,447,886
Amounts owed by milk debtors	631,422	1,081,521	518,062	950,960
VAT refund due	559,329	581,423	586,511	610,963
Corporation Tax repayable	476,507	–	350,644	–
Amounts outstanding on called up share capital	9,367	12,996	9,367	12,996
Prepayments & other debtors	534,611	354,736	437,825	196,252
	8,805,586	**9,878,893**	**24,334,126**	**23,675,359**

14. Creditors: Amounts Falling Due within One Year

	Group 2014 €	Group 2013 €	Co-op 2014 €	Co-op 2013 €
Trade creditors & accruals	4,322,937	4,221,489	1,116,325	1,553,261
Amounts owed to group undertakings	–	–	8,996,892	7,258,868
Corporation tax	–	668,579	–	563,633
PAYE/PRSI	132,801	121,667	41,757	36,068
	4,455,738	**5,011,735**	**10,154,974**	**9,411,830**

15. Creditors: Amounts Falling Due after more than One Year

	Group 2014 €	Group 2013 €	Co-op 2014 €	Co-op 2013 €
Accruals and deferred income	151,273	141,029	–	–

This deferred income relates to government grants which are amortised over the expected useful economic life of the assets to which they relate.

16. Net Deferred Tax Asset

	Group 2014 €	Group 2013 €	Co-op 2014 €	Co-op 2013 €
Deferred tax is analysed over the following timing differences:				
Accelerated capital allowances and pension deductions	100,206	39,365	127,945	105,470
Other timing differences	21,038	28,345	311	302
Deficit on group defined benefit pension obligations	334,181	529,874	121,501	203,642
	455,425	**597,584**	**249,757**	**309,414**
Movements on the provision for deferred taxation are:				
At 1st January	**597,584**	**757,557**	**309,414**	**376,796**
Transferred (from)/to profit and loss account	(303,678)	30,132	(124,728)	13,772
Deferred tax recognised in Statement of Recognised Gains and Losses	161,519	(190,105)	65,071	(81,154)
At 31st December	**455,425**	**597,584**	**249,757**	**309,414**

17. Share Capital

	2014 €	2013 €
Allotted, called up and fully paid equity ordinary shares of €1 each		
At 1st January	**5,434,492**	**5,302,054**
Issued during year	17,557	10,512
Bonus issue	471,923	133,241
Repaid during year	(76,389)	(11,315)
At 31st December	**5,847,583**	**5,434,492**

18. Reserves

(a) Equity Reserve

	Group Share Premium Account €	Group 2014 €	Group 2013 €	Co-op Share Premium Account €	Co-op 2014 €	Co-op 2013 €
At 1st January	**5,481,676**	**24,195,947**	**19,531,038**	**5,481,676**	**19,716,692**	**16,804,998**
Retained profit for the year	—	3,715,657	3,467,418	—	1,823,738	2,476,860
Actuarial (loss)/gain on group defined benefit pension obligations	—	(1,292,150)	1,520,837	—	(455,497)	649,229
Deferred tax arising on actuarial gain/(loss) on group defined benefit pension obligations	—	161,519	(190,105)	—	—	(81,154)
Bonus issue to members	—	(471,923)	(133,241)	—	(471,923)	(133,241)
At 31st December	**5,481,676**	**26,309,050**	**24,195,947**	**5,481,676**	**20,613,010**	**19,716,692**

	2014 €	2013 €
Retained as follows:		
In society	20,613,010	19,716,692
In subsidiary companies	5,696,040	4,479,255
	26,309,050	**24,195,947**

	Group 2014 €	Group 2013 €	Co-op 2014 €	Co-op 2013 €
(b) Capital Reserve:				
At 1st January and 31st December	**15,510**	**15,510**	**15,510**	**15,510**

19. Reconciliation of Movements in Shareholders' Funds

	Group 2014 €	Group 2013 €	Co-op 2014 €	Co-op 2013 €
Profit for the year	3,715,657	3,467,418	1,823,738	2,476,860
Issue of Co-op shares	17,557	10,512	17,557	10,512
Repayment of Co-op shares	(76,389)	(11,315)	(76,389)	(11,315)
Actuarial (loss)/gain on pension obligations	(1,292,150)	1,520,837	(455,497)	649,229
Deferred tax arising on actuarial gain/(loss) on group defined benefit pension obligations	161,519	(190,105)	—	(81,154)
Net addition to shareholders' funds	2,526,194	4,797,347	1,309,409	3,044,132
Opening shareholders' funds	35,127,625	30,330,278	30,648,370	27,604,238
Closing shareholders' funds	37,653,819	35,127,625	31,957,779	30,648,370

20. Related Party Disclosures

Transactions with committee members

In the ordinary course of their business as farmers, Committee members and members of their immediate family trade with the Society and its subsidiaries on standard commercial terms. All transactions are carried out on the same terms as those applied to dealing with unrelated parties.

A summary of transactions during the year ended 31st December 2014 and 31st December 2013 areprovided below:

	2014 €	2013 €
Sales (VAT exclusive) to Committee members and individuals who held office during the year or for part of the year including sales to their immediate family.	2,039,928	2,268,987
Purchases (VAT exclusive) from Committee members and individuals who held office during the year or part of the year including purchases from their immediate family.	5,063,801	5,280,084
Amounts due (VAT inclusive) at 31st December in respect of trade accounts from Committee members or individuals who held office during the year or for part of the year including amounts due from their immediate family.	248,776	264,510
Amounts due (VAT inclusive) at 31st December from advances to Committee members or individuals who held office during the year or for part of the year including amounts due from their immediate family.	115,110	170,292
Amounts due (VAT inclusive) at 31st December to Committee members or individuals who held office during the year or part of the year including amounts due to their immediate family.	76,811	74,208

21. Gross Cash Flows

	2014 €	2013 €
Returns on investment and servicing of finance		
Interest received	88,625	136,035
Dividends received	437,635	259,940
Rental income	12,798	12,999
Sundry income	2,380	2,204
	541,438	**411,178**
Taxation		
Corporation tax refund	3,022	72,193
Corporation tax payment	(1,298,610)	(360,476)
	(1,295,588)	**(288,283)**
Capital expenditure and financial investment		
Payments to acquire tangible assets	(1,256,706)	(1,158,362)
Payments to acquire investments	(1,752,410)	(2,377,446)
Receipts from sales of investments	53,932	1,981,440
Net cash proceeds from sale of assets	20,991	23,746
	(2,934,193)	**(1,530,622)**
Financing		
Issue of ordinary share capital	17,557	10,512
Repurchase of ordinary share capital	(76,389)	(11,315)
	(58,832)	**(803)**

22. Analysis of Changes in Net Funds

	Opening Balance €	Cash Flows €	Closing Balance €
Cash at bank and in hand	7,544,819	(1,355,125)	6,189,694

23. Pensions

Centenary Thurles Co-Operative Society Limited operates a defined benefit pension scheme in Ireland. An actuarial valuation to determine the value of the liabilities in accordance with FRS 17 was carried out at 31 December 2014 by a qualified independent actuary.

The major assumptions used by the actuary were:	2014 %	2013 %
Rate of increase in salaries	2.00	3.00
Discount rate	1.80	3.75
Inflation rate	1.50	2.00
Expected return on fund assets at start of year	4.56	4.30

The assumption for the expected return on the Scheme's assets is derived as a weighted average of the expected returns on each asset class. The expected returns on each class are based on market conditions at the relevant accounting date, allowing for the risk premium expected on each asset class where appropriate. For bonds, the gross redemption yield at the start of the year on an appropriate long dated bond was used. For equities, a risk premium of 3% pa in excess of the gross redemption yield on the long bond was used. For property, a risk premium of 2% pa in excess of the gross redemption yield on the long bond was used. For cash, an assumed rate of return of 0.2% pa was used.

Mortality	2014	2013
Pre-retirement	All members are assumed to survive until normal retirement age	All members are assumed to survive until normal retirement age
Post-retirement (males)	62% PNMLOO - increasing the value of pension for each year post retirement	62% PNMLOO - increasing the value of pension for each year post retirement
Post-retirement (females)	70% PNFLOO - increasing the value of pension for each year post retirement	70% PNFLOO - increasing the value of pension for each year post retirement

	2014	2013
Expectation of life from age 65 for males under the above tables	21.7	21.7
Expectation of life from age 65 for females under the above tables	23.4	23.4

Amount recognised in the balance sheet	2014 €'000	2013 €'000
Present value of funded obligations	(15,691)	(15,428)
Fair value of plan assets	12,966	11,189
Net (liability) at end of year	**(2,725)**	**(4,239)**

Amounts recognised in the profit or loss for year	2014 €'000	2013 €'000
Service cost	366	389
Less employee contributions	(113)	(115)
Company service cost	**253**	**274**
Interest cost	478	455
Expected return on plan assets	(387)	(311)
Past service credit	(2,746)	–
Curtailment gain	(87)	–
Total	**2,489**	**419**
Actual return on income generating assets	**1,304**	**1,083**

Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	15,428	15,751
Current service cost less employee contributions	253	274
Employee contribution	113	115
Interest cost	478	455
Actuarial losses/(gains)	2,582	(880)
Benefits paid	(330)	(287)
Past service credit	(2,746)	–
Curtailment gain	(87)	–
Closing defined benefit obligation	**15,691**	**15,428**

Changes in the fair value of plan assets are as follows:		
Opening fair value of plan assets	11,190	10,107
Expected return on plan assets	387	311
Actuarial gains arising on the plan assets	1,290	659
Employer contributions	317	285
Employee contributions	113	115
Benefits paid	(330)	(287)
Fair value of plan assets at end of the year	**12,967**	**11,189**

Amount of the fair value of plan assets represented by major categories of assets:		
Equities	6,840	6,490
Bonds	2,363	1,177
Property	541	248
Cash	–	426
Total	**9,744**	**8,340**
Value of annuity contracts matching pension in payment liabilities	**3,221**	**2,849**
Total	**12,965**	**11,189**

Year ending 31 December Amount for the current and previous four periods	2014 €	2013 €	2012 €	2011 €	2010 €
Present value of funded obligations	(15,691)	(15,428)	(15,751)	(11,712)	(11,572)
Value of fund assets	12,966	11,189	10,107	9,084	9,103
(Deficit)/surplus in scheme	**(2,725)**	**(4,239)**	**(5,644)**	**(2,628)**	**(2,469)**
Experience adjustments on liabilities	3,753	204	193	152	318
Experience adjustments on assets	772	723	429	(660)	123

Cumulative loss since application of FRS 17 Standard - €6,942,000
Centenary Thurles Co-Operative Society Limited anticipates that the contributions to be paid to the scheme for the next financial year are €316,000.

24. Subsidiaries

At 31st December 2014 the Society holds 20% or more of the share capital of the following companies:

Company	Holding	Activity
Subsidiaries		
Centenary Thurles Stores Ltd	100%	Agri-trading
Bramblemore Ltd	100%	Piggery
Stockproof Fencing Products Ltd	100%	Wholesale of wire products
Thurles Fresh Milk Ltd	100%	Manufacturing & distribution of milk products
Centenary Feed & Grain Ltd	100%	Manufacturing of animal feeds

Centenary Thurles Stores Ltd, Bramblemore Ltd, Stockproof Fencing Products Ltd, Thurles Fresh Milk Ltd and Centenary Feed & Grain Ltd have availed of the exemption available under Section 17 of the Companies (Amendment) Act 1986. They will file Group Financial Statements with their annual returns instead of their own financial statements.

25. Capital Commitments

The Society had the following capital commitments at the balance sheet date:	2014 €	2013 €
Capital Expenditure authorised but not contracted for	175,000	–

26. Approval of Accounts

The accounts were approved by the Committee of Management on 9 April 2015.

Centenary Thurles
Co-operative Society Ltd

CENTENARY
Dairy

CENTENARY
Home & Garden

CENTENARY
Agri