Centenary Thurles
Co-operative Society Ltd

ANNUAL REPORT 2018

Resilience
in all weathers

“All failure is failure to adapt, all success is successful adaptation.”

Max McKeown

Contents

Mission Statement	5
Notice of Annual General Meeting	6
General Society Information	9
Chairman's Report	14
Five Year Financial Review	20
2018 Finances	**21**
Committee of Management Responsibility Statement	22
Auditor's Report	23
Consolidated Profit & Loss Account	26
Consolidated Statement of Comprehensive Income	26
Consolidated Balance Sheet	27
Co-op Balance Sheet	28
Statements of Changes in Equity	29
Consolidated Cash Flow Statement	33
Notes to the Financial Statements	34

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

We deliver award-winning produce and a wide range of products and services across our three business units; Agri, Dairy and Home & Garden. The success of this long-standing partnership relies on the support of our shareholders and customers.

By choosing Centenary Thurles, it is a vote of confidence both in the Society and in the future of our entire farming community.

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 11th June 2019 at Templemore Road, Thurles, at 8.30 p.m.

Agenda

- Minutes of the previous Annual General Meeting.
- To consider the Financial Statements for the year ended 31 December 2018 and the Report of the Auditors.
- The Election of Auditors for 2019.
- 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: 15th April 2019

From left to right:
Joe Kerrigan, Jim Russell,
Noreen Barry, Paddy Daly

General Society Information

Committee Members at 31st December 2018

Chairman
Jim Russell

Vice—Chairmen
Noreen Barry, Paddy Daly

Chief Executive/Secretary
Joe Kerrigan

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

Ballyduag
Pat Cormack, The Islands

Loughmore
Ned Ryan, Whitefield
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
Michael Delaney, Kilclareen
Michael Maher, Dromard
John Russell, Shanakill

Montore
Thomas Maher, Frankfort
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

Adapting to change

While the weather events of 2018 severely tested us, impacting on almost all aspects of our business, our members rose to the challenge of increased workloads with new efficiencies, and came out the other side in better shape than could have been predicted at the beginning of the year.

Despite the difficulties, milk supply grew by 5.9%, with on-farm, collection and processing facilities well placed to handle additional volumes. Improved capability at the mill in Ballyduff gave us a vital competitive edge, and the excellent performance of our stores division was facilitated by upgrades across all branches. Thankfully a mild and dry winter brought the testing times to a close, and the new year arrived with a certain amount of cautious optimism.

A new landscape

Overall, the outlook for 2019 is more optimistic than this time last year, helped by a good start, weather-wise. And while the farming landscape is changing at an almost uncomfortably rapid pace, we are unwavering in our commitment to help our members adapt to these changes — in all weathers — while working on their behalf to ensure that the future of their Society is a secure and solid one.

Chairman's Report
Jim Russell

The year 2018 can be summed up in one word — 'weather'. However, it can also be summed up by acknowledging the resilience of farmers in handling everything the weather gods sent, and coming out the other end relatively unscathed in most cases. What was given in 2017 by way of favourable weather conditions, low input prices and strong produce prices was unceremoniously taken away from us in 2018.

2018 started poorly, with cold and particularly wet weather culminating in Storm Emma at the end of February and into early March. Unfortunately the weather failed to improve to any great degree, meaning Spring was slow to arrive.

The first fodder crisis of the year was now unfolding. Fodder was sourced by us throughout much of April for those in need, both from within the State and from the UK. Animal feed was in strong demand and continued so throughout the year. Indeed demand in April was at a record level, surpassing even 2013 requirements. The uptake in the weather did not really occur until well into May, and from then until close to the Ploughing Championships in September, rainfall amounts were low in this area, precipitating the second fodder crisis of 2018. Grass growth was poor and hence supply tight, farmers needing to stretch the limited supplies with imported straights and new-crop silage. Fodder availability for the winter was beginning to look bleak for many. Thankfully, the weather picked up again at the end of September, the fertiliser spreading season was extended, farmers became proactive in saving and stretching fodder and a subsequent mild and dry winter ensured animals were turned out early to plentiful supplies of grass.

The difficult conditions and associated additional work involved, were compounded by the financial consequences of an increased use of feed and fertiliser. To further exacerbate the problem, average prices increased by in the region of €20 per tonne. Income suffered somewhat with milk price down 2c per litre and beef prices extremely poor. The imbalance between supply and demand served to bring down beef prices. The drought was unhelpful with increased numbers culled. Similarly, the substantial increase in the dairy herd since the abolition of quotas has naturally increased the cull cow numbers, using up a portion of the factory facilities previously available to the beef sector. The absence of a significant live export trade prevented the release of the pressure valve to keep supply of cattle high. Whilst grain prices increased by €50 - 60 per tonne, the drought had a major impact on yields, particularly for Spring Crops which by necessity had been sown late. Our intake was down by one third, but certainly there was more inter-farm trading as dairy farmers in particular sought to procure grain at harvest time.

Brexit has been high on the Agenda of the agricultural community since the fateful vote of 2016. Three years on and the next exit date is now 31st October. Two years ago, I suggested that the concerns of Irish Agriculture might be ignored in favour of political solutions. Agriculture may not be alone now as at this time of writing, it would appear that political point-scoring supercedes all other interests including the economic interests of the UK, Ireland and the EU. There is still a real fear that the egos of a few may do untold damage to the majority, including Irish agricultural interests.

Financial Performance

The statutory accounts of all organisations have to be presented in a particular fashion. Sometimes the true performance of a business can be masked by the statutory accounts, so I will attempt to bring further clarity to bear in this report. Turnover for 2018 grew to €103.7m, breaching the €100m threshold for the first time ever. Increased store trading and in particular increased feed and fertiliser sales, pushed the turnover into a nine-figure sum. Operating profit of €857,000 was impacted by a transfer to the Milk Price Volatility Fund of €524,000 (now standing at €1.325m) and €680,000 paid out in Grain and Milk Loyalty Bonuses.

Other Operating Income generated almost €1m, principally dividend income on the Society's investments. The stand-out figure on the Profit & Loss Account is the €7m arising from Fair Value Movements in Investments. The decline over the course of 2018 in the value of the shares held by the Society in Aryzta, is the main component here. Since 2015, both our Profit and Loss Account and Balance Sheet must reflect each year the movement in the fair value of our investments. The logic of reflecting the movement in the Balance Sheet is clear, once they have been initially brought in at fair value.

The wisdom of reflecting the movement in value directly to the Profit and Loss Account, is less clear however. It introduces an annual fair value movement which in my opinion does nothing to enhance the understanding of the Profit and Loss Account. It would be better in my view, if it was shown as a separate item in the Statement of Comprehensive Income, along with the movement in the pension liability. The knock-on effect of showing it here is that we book in a tax credit of almost €2m, despite having a tax liability of €750,000 for the year. The bottom line is that after tax, we recorded a loss on the Consolidated Profit and Loss Account of €3.25m.

Equity Shareholders' Funds on the Balance Sheet now stand at €52.6m, down from €56.2m at 31st December 2017. The Pension Liability on the Balance Sheet stands at €321,000 as a result of the stock market decline in December 2018; this decline being more than reversed over the first quarter of 2019.

Milk Review

Despite the difficult conditions, our milk supply grew by 9m litres or 5.9% during 2018, with most of that growth occurring in the Autumn. We expect significant further growth this year and anticipate that in the five years since the removal of quotas, supply will have grown by 60%. That puts pressure on facilities on-farm, milk collection and milk processing. To date all links in the chain have invested well and in time, to handle those additional volumes. Our average manufacturing price paid in 2018 contracted a little over 2c per litre from 37.34c to 35.23c, but still higher than recent averages. Volume increases may also have compensated some suppliers to an extent. Constituent levels did suffer somewhat during the year but overall averages were not too bad with Butterfat up 0.03% to 4.083% and Protein down 0.018% to 3.464%.

100% of our milk remained certified under the Bord Bia Sustainable Dairy Assurance Scheme and we look forward to the industry catching up, to facilitate Bord Bia in marketing our produce abroad, particularly that extra production. There was some fall-off in SCC levels with the milk qualifying for the bonus under 200,000 down from 72.3% to 66.6%. I believe that to be a temporary blip caused by the weather and I am confident of significant improvement this year.

Our 7th Annual Milk Quality Award winner was recently announced and for 2018, the proud winners of the Eddie Dwan Memorial Cup were Ann and Thomas Dwan.

Stores Review

The performance of our Stores Division was excellent during 2018. Turnover grew strongly from €31.9m to €39.5m. Weather-related activity was supplemented with an ongoing improvement in underlying turnover, following the recent capital investment programme across the branches. The return from our stores division has contributed to the payment of loyalty bonuses on produce supplied, and has facilitated the upgrading of our branches. 2018 saw a significant improvement in the Thurles Topline facility and the commencement of works at Thurles Mealstore. Our well-invested network of branches will allow us to continue to take advantage of the growth in both the economy and on-farm investment as it occurs.

Feed & Grain Review

Our mill at Ballyduff has also benefitted from the investment programme over recent years. Our long-term plan was for steady growth in output from the mill, year on year. In 2018, weather events tested us severely but we came through it successfully. Success in 2018 for our mill cannot be measured in financial terms alone. Increased output did reduce unit costs and that contributed to a minor success financially. However, our ability to cope with demand and turn around orders faster than most of our competitors; our ability to change direction with formulations to meet requirements; our ability to source and stretch raw materials; our ability to provide advice on a one-to-one basis and our ability to support our customers by deferring necessary price increases, is my measure of success for 2018. Whilst all that was ongoing, we commissioned a new bagger/palletiser with an associated investment in our ration plant to enhance both our offering and our efficiency.

Overall sales grew by 40% during 2018 — 50% compound dairy and 35% compound beef. This was well ahead of the national average and is testament to the loyalty of our customers and commitment of our staff.

Grain intake was a different story for 2018 being back by one third or 6,350 tonnes. The shortfall was compensated for by an increase in price to growers. This in turn made native grain expensive to use in formulations. Price competition ensured that significant volumes of maize in particular were imported to compensate. Our supplier numbers declined by 15%, some but not all of which can be attributed to the inter-farm trading at harvest time.

Liquid Milk Review

The liquid milk market continues to be a difficult market for us. A national decline in consumption which has carried into 2019, combined with a continued shift to own-brand milk continues to put pressure on volumes, which declined by 1.5%. The welcome relative stability in prices paid to suppliers does affect the financial return available. The successful introduction of a niche product, i.e. milk produced from cows who only eat non-GMO feed, is a necessity for us to arrest the decline. We hope to bring that product to market in the very near future.

Stockproof Fencing Products

Stockproof had another solid year in 2018, growing turnover by a further 4% but operating in an ever-tighter competitive business sector.

Bramblemore

Output from our piggery remained flat as a result of slow thrive during the drought period. Unfortunately, the decline in pigmeat prices outlined here last year failed to resolve itself, with average prices ultimately falling 22c per kg year on year, an impact of over €200,000. Additionally, feed price increases accounted for a further €80,000. Thankfully the tide has turned again in 2019 but it remains to be seen whether as a business with such levels of volatility is one which your Society needs to remain involved in. Losses at Bramblemore dragged the overall Operating Profit down in 2018.

Agricultural Scholarships

Our Agricultural Scholarship Scheme continued during 2018 and the following applicants were awarded €750 each:

Diarmaid Collier Templetuohy	**Gurteen**
Doireann Egan Loughmore	**Kildalton**
Niall Fogarty Drom	**Pallaskenry**
Michael Marnell Templemore	**Pallaskenry**
Joseph McGrath Loughmore	**Gurteen**
Mark Newman Templemore	**Gurteen**
Jack Ryan Loughmore	**Gurteen**
John Ryan Borrisoleigh	**Kildalton**

Bonus Shares

The Committee Policy of issuing Bonus Shares based on Milk Supply, Grain Supply and Trading with the Society continued in 2018 and a similar proposal will be put to the AGM for 2019. This long-standing policy is an additional acknowledgment of shareholder loyalty to the cash bonuses paid during the year to milk and grain suppliers. In 2018, we issued 497,531 Bonus Shares, 423,000 based on trading alone and the equivalent of 1 share for every €40 spent.

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 2019

The outlook for farming is somewhat more optimistic than this time last year. A good start to the year weather-wise gives grounds for that optimism. Input prices have declined although not at the pace we would have liked. Milk price disappointingly declined early this year but we remain hopeful for a relatively positive outcome when figures are compiled at year-end. Grain prices are predicted to be a long way back from 2018 levels, world markets will once again set the appropriate price. We retain our strong commitment to using native grain in our animal feed, but the market demand unfortunately has waned unless it is price competitive. The Beef sector appears to be facing a long-term over-supply problem and corresponding income squeeze. Absent significant investment in processing facilities combined with securing new markets, the future does look bleak. The current high dependency on the UK market coupled with the associated Brexit risks will likely in the short term veto any such investment decisions. The live export market needs to be enhanced significantly. Farming however has faced many challenges over the decades and has faced these challenges with great resilience. One thing is clear as heretofore, the landscape of farming is changing and changing more rapidly than maybe some of us wish for or are prepared for. Adaptability to change is a minimum requirement for the future.

The financial performance of the Society in 2019 should be a solid one. The accounting treatment of the fair value of investments will again have an impact, but it is hoped at this stage that that would be positive. The improved fortune of milk suppliers should aid both the stores and feed divisions. The Milk Price Volatility Fund will again be enhanced at a cost to the bottom line. Turnover will likely remain above €100m and cash flow should begin to recover some of the ground lost in 2018. Our future involvement in the piggery will have been determined and progress with our liquid milk division will be eagerly watched.

I acknowledge the support given to me during 2018 of our Committee of Management and in particular both of our Vice-Chairmen, Paddy Daly and Noreen Barry. I also acknowledge the efforts of all customers in getting through what was a very difficult and testing year. The contribution of Management and Staff in assisting with the effort must also be acknowledged. I thank everyone most sincerely and look forward to your continued support in the years ahead.

The outlook for farming is somewhat more optimistic than this time last year. A good start to the year weather-wise gives grounds for that optimism.

Five Year
Financial Review

	2018 €,000	2017 €,000	2016 €,000	2015 €,000	2014 €,000
Dairy turnover	58,689	58,956	41,766	43,803	46,021
Agricultural goods turnover	43,589	34,546	32,991	34,261	33,779
Pig turnover	1,390	1,617	1,461	1,471	1,194
Total turnover	103,668	95,119	76,218	79,535	80,994
Operating profit/(loss)	857	1,455	(412)	422	831
Profit/(loss) before tax	(5,233)	1,241	(914)	1,375	7,154
Taxation	(1,985)	(161)	(180)	727	1,439
Retained profit/(loss)	(3,247)	1,402	(734)	648	5,715
Equity shareholders' funds	52,644	56,215	54,379	54,811	52,704
No. of milk suppliers	338	342	352	363	366

Centenary Thurles Co-operative Society Ltd.
Consolidated Financial Statements for the year ended 31st December 2018

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 Acts 1893 to 2014. 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.

The Committee of Management is also responsible for preparing the Annual Report and ensuring that it complies with the requirements of the Industrial and Provident Societies Acts 1983 to 2014.

The Committee of Management is responsible for the maintenance and integrity of the corporate and financial information included on the Society's website. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Jim Russell, *Chairman*
Joe Kerrigan, *Secretary*
10th April 2019

Auditors' Report

We have audited the Group consolidated financial statements of Centenary Thurles Co Operative Society Limited for the year ended 31 December 2018, which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Co Op Balance Sheet, the Consolidated and Company Statement of Changes in Equity, the Consolidated Cash Flow Statement and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is Irish law and Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Group and the Society as at 31 December 2018 and of the Group profit for the year then ended; and
- have been properly prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) 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 Society in accordance with the ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The Committee of Management are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Industrial and Provident Societies Acts 1893 to 2014

As required by Section 13 (2) of the Industrial and Provident Societies Acts 1893 to 2014 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.

Matters on which we are required to report by exception

We have nothing to report in respect of our obligation under ISAs Ireland. ISAs Ireland require that we report to you, if based on the knowledge we acquired during the course of our audit, we have identified information in the Annual Report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

Respective responsibilities

Responsibilities of the Committee of Management for the financial statements

As explained more fully in the Committee of Managements' Responsibilities Statement, the Committee of Management 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 Committee of Management 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 Committee of Management are responsible for assessing the Group and the Society's ability to continue as going concerns, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Committee of Management either intends to liquidate the Group or the Society or to cease operations, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (Ireland), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Group and of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.
- Conclude on the appropriateness of the Committee of Managements' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Society's ability to continue as going concerns. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Group or the Society to cease to continue as going concerns.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Society's members, as a body, in accordance with Section 13 of the Industrial & Provident Societies Acts, 1893 to 2014. 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.

Russell Brennan Keane Partnership
Chartered Accountants and Registered Auditors
RBK House, Irishtown, Athlone, Co. Westmeath
10th April 2019

Consolidated Profit and Loss Account for the year ended 31st December 2018

	Notes	2108 Total €	2017 Total €
Turnover — continuing activities	3	**103,667,896**	**95,118,776**
Cost of sales		**(91,253,912)**	**(83,281,929)**
Gross profit		**12,413,984**	**11,836,847**
Operating costs		(9,709,371)	(9,175,944)
Administrative expenses		(1,847,322)	(1,206,066)
Operating profit/(loss) — continuing activities		**857,291**	**1,454,837**
Other operating income	7	990,595	742,237
Profit before tax and Fair Value movement		1,847,886	2,197,074
Fair value movements	8	(7,080,502)	(956,258)
Profit / (loss) before tax		(5,232,616)	**1,240,816**
Tax on profit / (loss)	9	1,985,212	161,223
Profit /(loss) for the year		**(3,247,404)**	**1,402,039**

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 10th April 2019 and signed on its behalf by:
***Jim Russell** Chairman, **Joe Kerrigan** Secretary.*
The notes on pages 34–51 form part of these Accounts.

Consolidated Statement of Comprehensive Income for the year ended 31st December 2018

	2018 €	2017 €
Profit/(loss) on ordinary activities after taxation	**(3,247,404)**	**1,402,039**
Other comprehensive income		
Actuarial gain/(loss) on pension obligations	(342,000)	469,000
Movement on deferred tax relating to pension (gain)	42,751	(58,624)
Other comprehensive income for the year	(299,249)	410,376
Total comprehensive income for the year	**(3,546,653)**	**1,812,415**

The financial statements were approved by the board on 10th April 2019 and signed on its behalf by:
***Jim Russell** Chairman, **Joe Kerrigan** Secretary.*
The notes on pages 34–51 form part of these Accounts.

Consolidated Balance Sheet as at 31st December 2018

	Notes	2018 €	2017 €
Fixed assets			
Tangible assets	**10**	15,168,803	14,820,354
Investments	**11**	21,429,576	27,047,130
Intangible assets	**12**	51,635	—
		36,650,014	41,867,484
Current assets			
Stocks	**13**	8,406,010	8,836,032
Debtors	**14**	12,280,538	9,717,916
Cash at bank and in hand	**15**	5,053,269	7,117,549
		25,739,817	25,671,497
Creditors: amounts falling due within one year	**16**	**(6,994,167)**	**(6,040,421)**
Net current assets		**18,745,650**	**19,631,076**
Total assets less current liabilities		**55,395,664**	**61,498,560**
Creditors: amounts falling due after more than one year	**17**	**(111,149)**	**(118,491)**
Deferred tax liability	**18**	**(2,319,838)**	**(5,096,057)**
Net assets excluding pension liability		**52,964,677**	**56,284,012**
Pension liability	**24**	(321,090)	(69,416)
Net assets including pension liability		**52,643,587**	**56,214,596**
Capital and reserves			
Called up share capital	**20**	7,177,949	6,728,663
Share premium account	**19**	5,481,676	5,481,676
Capital reserve	**19**	39,398	15,510
Other reserves	**19**	3,424,371	9,459,395
Profit and loss account		36,520,193	34,529,352
Equity shareholders' funds		**52,643,587**	**56,214,596**

The financial statements were approved by the board on 10th April 2019 and signed on its behalf by:
***Jim Russell** Chairman, **Joe Kerrigan** Secretary.*
The notes on pages 34–51 form part of these Accounts.

Co-op Balance Sheet as at 31st December 2018

	Notes	2018 €	2017 €
Fixed assets			
Tangible assets	10	8,787,773	8,914,862
Investments	11	21,459,373	27,076,928
		30,247,146	35,991,790
Current assets			
Stocks	13	34,187	18,050
Debtors	14	18,560,528	17,863,252
Cash at bank and in hand	15	1,881,268	4,971,087
		20,475,983	**22,852,389**
Creditors: amounts falling due within one year	16	**(6,546,670)**	**(6,713,932)**
Net current assets		**13,929,313**	**16,138,457**
Total assets less current liabilities		**44,176,459**	**52,130,247**
Provision for liabilities			
Deferred tax	18	(2,278,744)	(5,032,472)
Pension asset/(liability)		(53,058)	52,736
Net assets		**41,844,657**	**47,150,511**
Capital and reserves			
Called up share capital	20	7,177,949	6,728,663
Share premium account	19	5,481,676	5,481,676
Capital reserve	19	39,398	15,510
Other reserves	19	3,424,371	9,459,395
Profit and loss account		25,721,264	25,465,267
Equity shareholders' funds		**41,844,657**	**47,150,511**

The financial statements were approved by the board on 10th April 2019 and signed on its behalf by:
***Jim Russell** Chairman, **Joe Kerrigan** Secretary.*
The notes on pages 34–51 form part of these Accounts.

Consolidated Statement of Changes in Equity as at 31st December 2018

	Share capital €	Share premium €	Capital reserve €	Other reserves €	Retained earnings €	Total equity €
At 1 January 2018	**6,728,663**	**5,481,676**	**15,510**	**9,459,395**	**34,529,352**	**56,214,596**
Profit/(loss) for the year	—	—	—	—	(3,247,404)	(3,247,404)
Actuarial gains on pension scheme	—	—	—	—	(299,249)	(299,249)
Transfer to/ from other reserves	—	—	—	—	6,035,025	6,035,025
Capitalisation/bonus issue	—	—	—	—	(497,531)	(497,531)
Transfer of shares	—	—	23,888	—	—	23,888
Shares issued/ bonus shares issued during the year	506,732	—	—	—	—	506,732
Shares redeemed during the year	(57,446)	—	—	—	—	(57,446)
Fair value adjustment on disposals	—	—	—	(1,644,267)	—	(1,644,267)
Deferred tax adjustment on disposal				542,608		542,608
Fair value movements	—	—	—	(7,363,231)	—	(7,363,231)
Deferred tax on fair value movements	—	—	—	2,429,866	—	2,429,866
At 31 December 2018	**7,177,949**	**5,481,676**	**39,398**	**3,424,371**	**36,520,193**	**52,643,587**

The financial statements were approved by the board on 10th April 2019 and signed on its behalf by:
***Jim Russell** Chairman, **Joe Kerrigan** Secretary.*
The notes on pages 34–51 form part of these Accounts.

Consolidated Statement of Changes in Equity as at 31st December 2017

	Share capital €	Share premium €	Capital reserve €	Other reserves €	Retained earnings €	Total equity €
At 1 January 2017	**6,355,411**	**5,481,676**	**15,510**	**12,006,903**	**30,519,123**	**54,378,623**
Profit/(loss) for the year	—	—	—	—	1,402,039	1,402,039
Actuarial gains on pension scheme	—	—	—	—	410,376	410,376
Transfer to/ from other reserves	—	—	—	—	2,547,508	2,547,508
Capitalisation/bonus issue	—	—	—	—	(349,694)	(349,694)
Shares issued/ bonus shares issued during the year	400,035	—	—	—	—	400,035
Shares redeemed during the year	(26,783)	—	—	—	—	(26,783)
Fair value adjustment on disposals	—	—	—	(2,599,127)	—	(2,599,127)
Deferred tax adjustment on disposal	—	—	—	857,712	—	857,712
Fair value movements	—	—	—	(1,203,124)	—	(1,203,124)
Deferred tax on fair value movements	—	—	—	397,031	—	397,031
At 31 December 2017	**6,728,663**	**5,481,676**	**15,510**	**9,459,395**	**34,529,352**	**56,214,596**

The financial statements were approved by the board on 10th April 2019 and signed on its behalf by:
Jim Russell *Chairman,* ***Joe Kerrigan*** *Secretary.*
The notes on pages 34–51 form part of these Accounts.

Company Only Statement of Changes in Equity as at 31st December 2018

	Share capital €	Share premium €	Capital reserve €	Other reserves €	Retained earnings €	Total equity €
At 1 January 2018	**6,728,663**	**5,481,676**	**15,510**	**9,459,395**	**25,465,267**	**47,150,511**
Loss for the year	—	—	—	—	(5,156,644)	(5,156,645)
Actuarial gains /(loss) on pension scheme	—	—	—	—	(124,853)	(124,853)
Transfer to/ from other reserves	—	—	—	—	6,035,025	6,035,025
Capitalisation/bonus issue	—	—	—	—	(497,531)	(497,531)
Transfer of shares	—	—	23,888	—	—	23,888
Shares issued/ bonus shares issued during the year	506,732	—	—	—	—	506,732
Shares redeemed during the year	(57,446)	—	—	—	—	(57,446)
Fair value adjustment on disposal	—	—	—	(1,644,267)	—	(1,644,267)
Deferred tax adjustment on disposal	—	—	—	542,608	—	542,608
Fair value movements	—	—	—	(7,363,231)	—	(7,363,231)
Deferred tax on fair value movements	—	—	—	2,429,866	—	2,429,866
At 31 December 2018	**7,177,949**	**5,481,676**	**39,398**	**3,424,371**	**25,721,264**	**41,844,657**

The financial statements were approved by the board on 10th April 2019 and signed on its behalf by:
Jim Russell *Chairman,* ***Joe Kerrigan*** *Secretary.*
The notes on pages 34–51 form part of these Accounts.

Company Only Statement of Changes in Equity as at 31st December 2017

	Share capital €	Share premium €	Capital reserve €	Other reserves €	Retained earnings €	Total equity €
At 1 January 2017	**6,355,411**	**5,481,676**	**15,510**	**12,006,903**	**22,983,743**	**46,843,243**
Profit for the year	—	—	—	—	115,916	115,916
Actuarial gains on pension scheme	—	—	—	—	167,794	167,794
Transfer to/ from other reserves	—	—	—	—	2,547,508	2,547,508
Capitalisation/bonus issue	—	—	—	—	(349,694)	(349,694)
Shares issued/ bonus shares issued during the year	400,035	—	—	—	—	400,035
Shares redeemed during the year	(26,783)	—	—	—	—	(26,783)
Fair value adjustment on disposal	—	—	—	(2,599,127)	—	(2,599,127)
Deferred tax adjustment on disposal	—	—	—	857,712	—	857,712
Fair value movements	—	—	—	(1,203,124)	—	(1,203,124)
Deferred tax on fair value movements	—	—	—	397,031	—	397,031
At 31 December 2017	**6,728,663**	**5,481,676**	**15,510**	**9,459,395**	**25,465,267**	**47,150,511**

The financial statements were approved by the board on 10th April 2019 and signed on its behalf by:
Jim Russell *Chairman,* ***Joe Kerrigan*** *Secretary.*
The notes on pages 34–51 form part of these Accounts.

Consolidated Cash Flow Statement for the year ended 31st December 2018

	2018 €	2017 €
Cash flows from operating activities		
Operating profit/(loss)	857,291	1,454,837
Adjustments for:		
Depreciation	1,198,282	1,143,461
Amortisation of capital grant	(7,342)	(10,927)
Decrease in stocks	430,021	327,066
(Increase) in debtors	(2,562,818)	(205,038)
Increase in creditors	867,247	1,398,512
Pension payments on defined benefit pension scheme	(331,543)	(332,048)
Other non - cash movements on defined benefit pension scheme	243,000	241,000
Corporation Tax	(660,542)	(760,672)
Net cash generated from operating activities	**33,809**	**3,256,191**
Cash flows from investing activities		
Payments to acquire tangible assets	(1,588,174)	(447,819)
Payments to acquire investments	(3,389,944)	(3,527,725)
Payments to acquire intangible assets	(51,635)	—
Receipts from sales of investments	1,926,996	3,032,791
Net cash proceeds from sale of assets	58,635	34,999
Interest received	16,330	12,121
Dividends received	938,450	699,953
Rental income	13,000	13,200
Sundry income	2,610	2,631
Net cash from investing activities	**(2,073,732)**	**(179,849)**
Cash flows from financing activities		
Increase in capital reserves	23,888	—
Issue of ordinary share capital	9,201	50,341
Repurchase of ordinary share capital	(57,446)	(26,783)
Net cash from/(used in) in financing activities	**(24,357)**	**23,558**
Net Increase/(Decrease) in cash and cash equivalents	**(2,064,280)**	**3,099,900**
Cash and cash equivalents at beginning of the year	7,117,549	4,017,649
Cash and cash equivalents at end of the year	5,053,269	7,117,549

he financial statements were approved by the board on 10th April 2019 and signed on its behalf by:
Jim Russell *Chairman,* ***Joe Kerrigan*** *Secretary.*
The notes on pages 34–51 form part of these Accounts.

Notes to the Consolidated Financial Statements
for the year ended 31st December 2017

1. Accounting policies

1.1. Basis of preparation of financial statements

The financial statements have been prepared in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Industrial and Provident Societies, Acts 1893 to 2014.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Group's accounting policies (see note 2).

The following principal accounting policies have been applied:

1.2. 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 Society has transferred the significant risks and rewards of ownership to the buyer;
- The Society 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 Society will receive the consideration due under the transaction;
- The cost incurred or to be incurred in respect of the transaction can be measured reliably.

1.3. Tangible fixed assets and depreciation

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost included 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.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight- line method. The estimated useful lives range as follows:

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

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

1.4. Investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Available for sale financial assets are classified as non-current assets unless management intends to dispose of the available for sale financial asset within 12 months of the reporting date.

They are initially recognised at fair value plus transaction costs and are subsequently adjusted to fair value at each reporting date. Unrealised gains and losses arising from changes in the fair value of the available for sale financial assets are recognised in profit and loss.

When such available for sale assets are disposed or impaired, the accumulated fair value adjustments are transferred from Other Reserves to Realised Reserves.

Listed investments are fair valued at each reporting date. For financial assets traded in active markets, fair value is determined by reference to stock exchange quoted bid prices.

Other unlisted investments are carried at cost less impairment because their fair value cannot be measured reliably. The society has no plans to dispose of these financial assets in the foreseeable future.

Dividends on available for sale financial assets are recognised in the income statement.

1.5. Intangible assets

Intangible assets include development costs.

In accordance with Section 18 of FRS 102 the company recognises intangible assets when:

- The technical feasibility of completing the intangible asset is possible so that it will be available for use/sale and it is the company's intention to complete the intangible asset and use/sell it
- The company has the ability to use it
- It is probable that the intangible asset will generate future economic benefits
- The company has adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
- The expenditure attributable to the intangible asset during its development can be measured

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

1.6. Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less cost to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less cost to complete and sell. The impairment loss is recognised immediately in profit or loss.

1.7. 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.

1.8. 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.

1.9. Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

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

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

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.10. 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.

1.11. Foreign currency translation

Functional and presentation currency

The Group's functional and presentational currency is Euro.

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 profit and loss account except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss account within 'finance income or costs'. All other foreign exchange gains and losses are presented in the profit and loss account within 'other operating income'.

1.12. 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 benefit scheme provides 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 liabilities of the Group defined benefit pension scheme expected to arise from employee service in the period is charged to operating profit. The expected return on the scheme assets and the increase during the period in the present value of the schemes liabilities arising from the passage of time, are included in other finance income. Actuarial gains and losses are recognised in the statement of comprehensive income. The group defined benefit pension scheme is closed to new members.

The Society is also a member of The Irish Co-Operative Societies Pension Scheme (ICSPS). This scheme is classified as a multi-employer scheme. Under FRS102, multi-employer plans are those where the participating employers are not under common control. Multi-employer plans are classified as defined benefit or defined contribution depending on the basis of the terms of the plan, but where sufficient information is not available to use defined benefit accounting, multi-employer plans can continue to account for the plan as a defined contribution plan. Where the employer participates in a defined benefit plan that is accounted for as if the plan were a defined contribution plan and the employer has entered into an agreement to fund a deficit, the employer is required to recognise a liability for the deficit contributions and the resulting expense in the profit and loss account.

1.13. Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the profit and loss account in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision carried in the balance sheet.

1.14. Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

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

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and

— Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

1.15. Government grants

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

Grants of a revenue nature are recognised in the profit and loss account in the same period as the related expenditure.

1.16. Basis of consolidation

The Group Accounts 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. Judgements in applying accounting policies and key sources of estimation uncertainty

The Committee of Management consider the accounting estimates and assumptions below to be its critical accounting estimates and judgements:

Impairment of trade debtors

The Group trades with a large and varied number of customers on credit terms. Some debts due will not be paid through the default of a small number of customers. The Group uses estimates based on historical experience and current information in determining the level of debts for which an impairment charge is required. The level of impairment required is reviewed on an ongoing basis.

Useful lives of tangible fixed assets

Assets, comprising primarily of property, plant and machinery represent a significant portion of fixed assets. The annual depreciation charge depends primarily on the estimated lives of each type of asset and, in certain circumstances, estimates of residual values. Management regularly review these useful lives and change them if necessary to reflect current conditions. In determining these useful lives Management consider physical condition and expected economic utilisation of the assets. Changes in the useful lives can have a significant impact on the depreciation and amortisation charge for the financial year.

Defined benefit pension scheme

The deficit on the defined benefit pension scheme is determined based on a number of key estimates, the discount rate at the year end, mortality rates and inflation rates. Changes in these assumptions will have an impact on the scheme. Although the plan assets are expected to provide a good hedge against inflation over the long-term, movements over the short term could lead to further deficits emerging. In the event that members live longer than assumed a further deficit will emerge in the scheme.

Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments and quoted investments.

Going concern

After making enquiries and considering the outlook referred to in the Chairman's Statement, the Committee of Management have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

3. Turnover

	2018 €	2017 €
Milk	58,688,977	58,955,784
Agri Business	43,589,330	34,546,088
Pigs	1,389,589	1,616,904
	103,667,896	**95,118,776**

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

4. Profit on ordinary activities before taxation

	2018 €	2017 €
Profit/(loss) on ordinary activities before taxation is stated after charging:		
Depreciation	1,198,285	1,143,461
Staff costs **(Note 5)**	5,543,531	5,347,138
Audit fees	48,000	48,000

5. Employees

	2018 No.	2017 No.
Number of employees		
The average weekly numbers of employees during the year were:		
Production and transport	26	27
Sales	74	72
Administration	22	21
	122	**120**

Employment costs	2018 €	2017 €
Wages and salaries	4,804,658	4,634,048
Social welfare costs	495,873	472,089
Pension service costs	243,000	241,001
	5,543,531	**5,347,138**

6. Key management personnel compensation

	2018 €	2017 €
The total benefits paid to key management personnel during the year are analysed below:		
Salary	854,967	839,343
Benefit-in kind	23,917	23,465
Current service costs of pension schemes	142,165	143,468
Committee members fees	55,024	38,422
Total	**1,076,073**	**1,044,698**

7. Other operating income

	2018 €	2017 €
Deposit interest	16,330	12,121
Dividends	938,450	699,953
Profit on disposal of fixed assets	17,205	22,332
Rental income	13,000	13,200
Sundry income	2,610	2,631
Interest on pension scheme liabilities	3,000	(8,000)
	990,595	**742,237**

8. Fair value movements

	2018 €	2017 €
Fair value movement on investments	(7,363,231)	(1,203,124)
Fair value adjustment on disposal of investments	282,729	246,866
	(7,080,502)	**(956,258)**

9. Taxation

	2018 €	2017 €
Corporation tax		
Current year	(749,001)	(1,025,146)
Prior year	744	61,752
	(748,257)	**(963,394)**
Deferred tax		
Current year	2,733,469	1,124,617
	1,985,212	**161,223**

Factors affecting tax charge for the year	2018 €	2017 €
The tax assessed for the year is lower than (2017 - lower than) the standard rate of corporation tax in Ireland of 12.5% (2017: 12.5%) as set out below:		
Profit/(loss) on ordinary activities before Tax	(5,232,614)	1,240,816
Profit/(loss) on ordinary activities multiplied by standard rate for the year of 12.5% (2017: 12.5%)	(654,077)	155,102
Effects of:		
Depreciation in excess of capital allowances	48,418	53,406
Pension adjustments	2,081	(1,196)
Income taxed at non-standard rates	98,869	47,850
Other timing differences	113,443	(772)
Expenses not deductible for tax purposes	(275)	1,309
Chargeable gains	402,027	672,423
Non taxable income	(129,725)	(9,618)
Adjustments in respect of prior period	(744)	(61,752)
Income tax suffered	(74,365)	—
Losses carried back to a prior period	69,595	—
Fair value adjustments	885,063	119,532
Foreign tax credits	(12,052)	(12,890)
Deferred tax	(2,733,469)	(1,124,617)
Current year taxation	**(1,985,212)**	**(161,223)**

10. Tangible fixed assets consolidated

	Land & Buildings	Machinery	Fixtures & Equipment	Transport	Total
	€	€	€	€	€
Cost					
At 1st January 2018	19,318,264	8,977,190	4,244,401	2,833,151	35,373,006
Additions	200,268	613,965	494,226	279,714	1,588,174
Disposals	—	—	(8,211)	(87,905)	(96,116)
At 31st December 2018	**19,518,532**	**9,591,156**	**4,730,416**	**3,024,960**	**36,865,064**
Depreciation					
At 1st January 2018	7,173,283	7,889,325	3,279,104	2,210,940	20,552,652
Charge for the year	540,700	167,080	313,873	176,631	1,198,284
On disposals	—	—	(8,210)	(46,466)	(54,675)
At 31st December 2018	**7,713,983**	**8,056,405**	**3,584,767**	**2,341,106**	**21,696,261**
Net book values					
At 31st December 2018	**11,804,549**	**1,534,751**	**1,145,649**	**683,854**	**15,168,803**
At 31st December 2017	12,144,981	1,087,865	965,297	622,211	14,820,354

Included in Land & Buildings cost is €12,749,061 in respect of depreciable buildings.

Co-op tangible fixed assets	Land & Buildings	Machinery	Fixtures & Equipment	Transport	Total
	€	€	€	€	€
Cost					
At 1st January 2018	10,887,573	77,358	1,641,503	1,649,663	14,256,097
Additions	—	2,772	157,931	131,161	291,864
Disposals	—	—	(7,727)	—	(7,727)
At 31st December 2018	**10,887,573**	**80,130**	**1,791,708**	**1,780,838**	**14,540,249**
Depreciation					
At 1st January 2018	2,812,628	72,054	1,150,532	1,306,021	5,341,235
Charge for the year	198,040	5,039	134,707	81,167	418,953
On disposals	—	—	(7,726)	—	(7,726)
At 31st December 2018	**3,010,668**	**77,093**	**1,277,513**	**1,387,202**	**5,752,476**
Net book values					
At 31st December 2018	**7,876,905**	**3,037**	**514,195**	**393,636**	**8,787,773**
At 31st December 2017	8,074,945	5,304	490,971	343,642	8,914,862

Included in Land & Buildings cost is €4,694,748 in respect of depreciable buildings.

11. Consolidated investments

	2018 €	2017 €
Available for sale financial assets		
Other Investments		
1. Listed		
At 1st January	24,616,157	25,628,763
Additions	3,389,944	3,527,725
Disposal	(1,644,267)	(2,785,836)
Transfer from unlisted	1,378,424	—
Movement in fair value	(7,126,928)	(1,754,495)
At 31st December	**20,613,330**	**24,616,157**
2. Unlisted		
At 1st January	2,430,973	1,879,690
Disposal	—	(88)
Transfer to listed	(1,378,424)	—
Movement in fair value	(236,303)	551,371
At 31st December	**816,246**	**2,430,973**
Total	**21,429,576**	**27,047,130**

Co-op investments	2018 €	2017 €
A. Shares in group undertakings		
Cost of investment at 1st January and 31st December	30,048	30,048
B. Available for sale financial assets		
1. Listed		
Cost at 1st January	24,616,157	25,628,763
Additions	3,389,944	3,527,725
Disposals	(1,644,267)	(2,785,837)
Transfer from unlisted	1,378,424	—
Movement in fair value	(7,126,928)	(1,754,494)
At 31st December	**20,613,330**	**24,616,157**
2. Unlisted		
At 1st January	2,430,723	1,879,441
Movement in fair value	(236,303)	551,370
Disposal	—	(88)
Transfer to unlisted	(1,378,424)	—
At 31st December	**815,996**	**2,430,723**
	21,459,374	**27,076,928**

Available for sale financial assets

Available for sale financial assets are classified as non current assets, unless they are expected to be realised within 12 months of the reporting date.

Listed investments

Listed investments are fair valued at each reporting date. For financial assets traded in active markets, fair value is determined by reference to stock exchange quoted bid prices.

Unlisted investments

Unlisted investments are carried at cost less impairment because their fair value cannot be measured reliably. The society has no plans to dispose of these financial assets in the foreseeable future.

12. Intangible Assets Consolidated

	Development Expenditure €	Total €
Cost		
Additions	51,635	51,635
At 31st December 2018	**51,635**	**51,635**
Net book values		
At 31st December 2018	**51,635**	**51,635**
At 31st December 2017	**—**	**—**

13. Stocks

	Group 2018 €	Group 2017 €	Co-op 2018 €	Co-op 2017 €
Goods for resale	7,710,172	8,166,361	—	—
Expense	247,856	220,878	34,187	18,050
Livestock	447,982	448,793	—	—
	8,406,010	**8,836,032**	**34,187**	**18,050**

14. Debtors

	Group 2018 €	Group 2017 €	Co-op 2018 €	Co-op 2017 €
Trade debtors	8,907,056	6,263,040	507,902	295,888
Amounts owed by subsidiary undertakings	—	—	14,784,733	14,208,576
Amounts owed by milk debtors	1,507,887	2,045,806	1,396,311	1,930,855
VAT refund due	1,061,765	952,868	1,118,509	993,421
Corporation tax repayable	277,729	—	289,432	57,714
Amounts outstanding on called up share capital	35,047	53,618	35,047	53,618
Prepayments & other debtors	491,052	402,584	428,594	323,180
	12,280,538	**9,717,916**	**18,560,528**	**17,863,252**

15. Cash and cash equivalents

	Group 2018 €	Group 2017 €	Co-op 2018 €	Co-op 2017 €
Cash at bank and in hand	5,382,854	7,465,616	2,155,947	5,274,709
Less: bank overdrafts	(329,585)	(348,067)	(274,680)	(303,622)
	5,053,269	**7,117,549**	**1,881,268**	**4,971,087**

16. Creditors: amounts falling due within one year

	Group 2018 €	Group 2017 €	Co-op 2018 €	Co-op 2017 €
Trade creditors & accruals	5,528,274	5,012,188	2,120,735	2,427,078
Amounts owed to group undertaking	—	—	3,050,636	3,443,039
Milk Price Volatility Fund	1,325,516	801,493	1,325,516	801,493
Corporation tax	—	87,716	—	—
PAYE/PRSI	140,377	139,024	49,783	42,322
	6,994,167	**6,040,421**	**6,546,670**	**6,713,932**

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

	Group 2018 €	Group 2017 €	Co-op 2018 €	Co-op 2017 €
Deferred Income	111,149	118,491	—	—

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

18. Net deferred tax liability

	Group 2018 €	Group 2017 €	Co-op 2018 €	Co-op 2017 €
Deferred tax is analysed over the following timing differences:				
Accelerated capital allowance	(27,686)	(22,000)	64,522	68,431
Other timing differences	10,930	11,577	—	—
Deficit on group defined benefit pension obligations	51,428	8,678	11,245	(6,591)
Fair value adjustments	(2,354,510)	(5,094,312)	(2,354,510)	(5,094,312)
	(2,319,838)	**(5,096,057)**	**(2,278,744)**	**(5,032,472)**

	Group 2018 €	Group 2017 €	Co-op 2018 €	Co-op 2017 €
Movements on the provision for deferred taxation are:				
At 1st January	(5,096,057)	(6,162,051)	(5,032,472)	(6,144,231)
Charge to the profit and loss	2,733,469	1,124,618	2,735,893	1,135,729
Charged to OCI	42,750	(58,624)	17,836	(23,970)
At 31st December	**(2,319,838)**	**(5,096,057)**	**(2,278,744)**	**(5,032,472)**

19. Reserves

Share premium

The share premium account represents the premium on issue of ordinary shares.

Capital reserve

The capital reserve reflects the cancelled society shares and the rights attaching thereto.

Other reserves

Other reserves represent unrealised movements on the fair value of investments and deferred tax arising on same. Amounts included in other reserves are transferred to the profit and loss reserve when the investments are sold.

Profit & loss account

The profit and loss account represents cumulative gains and losses recognised in the profit and loss account.

Movements in the above reserves are further detailed on pages 29 to 32.

20. Share capital

	Group 2018 €	Group 2017 €	Co-op 2018 €	Co-op 2017 €
Authorised, allotted, called up and fully paid				
7,177,949 (2017— 6,728,663) Ordinary shares of €1	7,177,949	6,728,663	7,177,949	6,728,662

Included in the above figure is an amount included in debtors of €35,047 for outstanding share contributions which will be received post year end.

21. Guarantee

Pursuant to the provision of Section 357 of the Companies Act, 2014, the Co-Operative has guaranteed the liabilities of its subsidiaries Centenary Thurles Stores Ltd, Stockproof Fencing Products Ltd, Bramblemore Ltd, Thurles Fresh Milk Ltd and Centenary Feed & Grain Ltd and as a result, such subsidiaries are exempt from the filing of their own accounts under the provision of Section 357 of the Companies Act, 2014.

22. Related party disclosures

Transactions with Committee members

In the ordinary course of their business, Committee members, members who hold office and members of their immediate family and their connected companies 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 2018 and 31st December 2017 is provided below:

	2018 €	2017 €
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 and connected companies.	3,262,966	2,368,152
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 and connected companies.	6,352,800	6,385,943
Amounts due (VAT inclusive) at 31st December in respect of trade accounts from Committee members and individuals who held office during the year or for part of the year including amounts due from their immediate family and connected companies.	609,769	366,765
Amounts due (VAT inclusive) at 31st December from advances to Committee members and individuals who held office during the year or for part of the year including amounts due from their immediate family and connected companies.	101,110	121,311
Amounts due (VAT inclusive) at 31st December to Committee members and individuals who held office during the year or part of the year including amounts due to their immediate family and connected companies.	144,254	168,210

23. Financial instruments group

	2018 €	2017 €
Financial assets		
Financial assets measured at fair value through profit or loss	20,613,330	26,230,886
Financial assets that are equity instruments measured at cost less impairment	816,246	816,244
Financial assets that are debt instruments measured at amortised cost	10,905,995	8,711,430
	32,335,571	**35,758,560**
Financial liabilities		
Financial liabilities measured at amortised cost	(5,528,274)	(5,012,188)
	(5,528,274)	**(5,012,188)**

- Financial assets measured at fair value through profit or loss comprise of listed investments and investments trading on an informal market.
- Financial assets that are equity instruments measured at cost less impairment comprise of unlisted investments (excluding those trading on an informal market)
- Financial assets measured at amortised cost comprise of trade debtors and other debtors.
- Financial liabilities at amortised cost comprise of trade creditors and accruals.

24. 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 102 was carried out at 31 December 2018 by a qualified independent actuary.

The major assumptions used by the actuary were:	2018 %	2017 %
Rate of increase in salaries	2.00	2.00
Discount rate	2.10	2.00
Inflation rate	1.40	1.70
Future pension increase	0.00	0.00

Mortality	2018	2017
Pre retirement (Males)	All members are assumed to survive until normal retirement age.	All members are assumed to survive until normal retirement age.
Pre retirement (Females)	All members are assumed to survive until normal retirement age.	All members are assumed to survive until normal retirement age.
Post retirement (Males)	58% ILTM15 with allowance for mortality improvements by increasing the value of pension for each year between 2014 and year of retirement.	58% ILTM15 with allowance for mortality improvements by increasing the value of pension for each year between 2014 and year of retirement
Post retirement (Females)	62% ILTF15 with allowance for mortality improvements by increasing the value of pension for each year between 2014 and year of retirement.	62% ILTF15 with allowance for mortality improvements by increasing the value of pension for each year between 2014 and year of retirement

	2018	2017
Expectation of life from age 65 for males under the above tables	21.1	21.1
Expectation of life from age 65 for females under the above tables	23.7	23.7

Amount recognised in the balance sheet	2018 €'000	2017 €'000
Fair value of plan assets	14,578	15,011
Present value of funded obligations	(14,898)	(15,080)
Net (liability) at end of year	**(320)**	**(69)**

Amounts recognised in the profit or loss for year	2018 €'000	2017 €'000
Service cost (including scheme expense)	337	334
Less employee contributions	(94)	(93)
Company service cost	**243**	**241**
Interest cost	243	239
Interest income on plan assets	(246)	(231)
Net interest on the net defined benefit liability	**(3)**	**8**
Total	**240**	**249**
Actual return on income generating assets	(241)	610

Changes in the present value of the defined benefit obligation are as follows:	2018 €'000	2017 €'000
Opening defined benefit obligation	15,080	14,973
Company service cost	243	241
Employee contribution	94	92
Interest cost	243	239
Actuarial (gains)/loss	(421)	(167)
Benefits paid	(342)	(298)
Closing defined benefit obligation	**14,898**	**15,080**
Changes in the fair value of plan assets are as follows:		
Opening fair value of plan assets	15,012	14,351
Interest Income on Plan Assets	246	231
Actuarial gains and (losses) arising on the plan assets	(763)	302
Employer contributions	332	333
Employee contributions	94	92
Benefits paid	(342)	(298)
Fair value of plan assets at end of the year	**14,579**	**15,011**
Remeasurement effects recognised in Other Comprehensive Income (OCI):		
Actuarial gains/ (losses) on liabilities	421	166
Actuarial gains and (losses) arising on the plan assets	(763)	302
Remeasurement effects recognised in OCI	**(342)**	**468**
Amount of the fair value of plan assets represented by major categories of assets:		
Equities	6,239	7,002
Bonds	5,011	4,443
Property	798	761
Total	**12,049**	**12,206**
Value of annuity contracts matching pension in payment liabilities	2,529	2,805
Total	**14,578**	**15,011**

Amount for the current and previous four periods

Year ending 31 December	2018 €'000	2017 €'000	2016 €'000	2015 €'000	2014 €'000
Present value of funded obligations	(14,898)	(15,080)	(14,973)	(14,640)	(15,691)
Value of fund assets	14,579	15,011	14,351	13,567	12,966
(Deficit) in scheme	**(319)**	**(69)**	**(622)**	**(1,073)**	**(2,725)**

25. Principle risks and uncertainties

Risk analysis

Management and the Board regularly review risks facing the Society. The Committee of Management consider that there are appropriate policies and procedures in place to mitigate the effects of these risks.

The Society faces the following key risks and uncertainties:

Credit risk

Customers who wish to trade on credit terms are subject to strict verification procedures in advance of credit being awarded and are continually being monitored.

Market risk

The Society holds investments in both listed and unlisted securities which are subject to fluctuation in market value. The Society's investments sub-committee monitors these investments on a regular basis and advises the Committee of Management on investment policies for the Society.

26. Subsidiaries

At 31st December 2018 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 357 of the Companies Act 2014. They will file Group Financial Statements with their annual returns instead of their own financial statements.

27. Approval of accounts

The accounts were approved by the Committee of Management on 10th April 2019.

Centenary Thurles
Co-operative Society Ltd

CENTENARY
Dairy

CENTENARY
Home & Garden

CENTENARY
Agri