Trouw (UK) Limited

Annual report and financial statements

Registered number 00291738

31 December 2020

Contents

Strategic report

The directors present their Strategic report, Directors' report and the audited financial statements for Trouw UK Limited (the Company) for the year ended 31 December 2020.

Activities

The principal activities of the Company consist of the manufacture and marketing of agricultural animal and speciality feeds within 2019 and 2020.

Development and performance of the business

Sales for the year decreased by 21% to £52,057,000 (2019: *£66,147,000*). Sales on continuing activities increased by 23%.

The Company reported a profit after tax during the year of £801,000 (2019 continuing: profit £1,511,000 restated)

Net assets at 31 December 2020 amounted to £50,262,000 (2019: £49,227,000 restated)

The Company will continue to trade in the animal feed market, headed out of its offices in Belfast, Northern Ireland.

Principal risks and *uncertainties*

The agriculture animal markets continue to be competitive. Research and development programmes continue to work to bring products to market that meet customer value and profitability requirements. On the purchasing side, a co-ordinated global procurement process to leverage global volume opportunities and a clear focus on economic and environmental sustainability is employed to optimise product costs and value.

From a risk perspective, the animal feed market operates comprehensive quality systems in order to produce high quality products in a market where deficiencies in product quality can have serious implications. The Company continues to use Information Technology to improve such systems.

Brexit introduced a number of risks to the Company including, but not limited to, forex fluctuations, import and export tariffs, disruption to supply chains, changes in laws and regulations. The Company management have performed a detailed analysis into these risks and have taken various actions to mitigate the potential impact. The Company has continued to operate successfully throughout the period of transition, with minimum disruption. As the Company has sufficiently eliminated the identified risks, the Directors are of the opinion that the Company is well placed to manage any future risks as they arise and to take advantage of future opportunities that may arise.

The global outbreak of Covid-19 has brought a number of uncertainties into the economy as a whole as well as an increased health risk to its employees. As agriculture is classified as a key sector, the Company is able to continue trading throughout imposed restrictions and the Company management have performed and actioned numerous risk assessments to ensure it can continue to trade going forward while providing a safe working environment for all its employees.

Key Performance Indicators (KPIs)

The Company's key financial and other performance indicators during the year were as follows:

			2019		
		2020	**Continued operations**	**Discontinued operations**	**Total**
			As restated*	**As restated***	**As restated***
Gross Profit	%	13.94	14.13	7.60	11.79
Operating profit	%	2.05	2.33	(4.10)	0.03
Return on Capital Employed	%	1.88	1.80	(1.76)	0.04

Financial KPIs measure profitability, cost control and working capital control. Gross profit measurement and working capital levels continue to be the most critical KPIs for the Company. Non-financial KPIs measure qualitative aspects of the business including customer service and performance.

* Details of restatement can be found in Note 21

Approved by the Board of Directors and signed on behalf of the Board

Sander van Ommeren

Director

28 June 2023

Blenheim
House
Blenheim Road
Ashbourne
Derbyshire
DE6 1HA

Directors' report

The directors present their Directors' report for the year ended 31 December 2020.

Going Concern

The financial statements have been prepared on a going concern basis which assumes the Company will be able to realise its assets and discharge its liabilities in the normal course of business from the date of approval of the financial statements. As part of the food chain, the Company is classed as an essential business and has therefore been fully operational through the COVID-19 period.

Dividends and transfers to reserves

The results for the year are shown in the profit and loss account on page 10.

A dividend of £Nil *(2019: £Nil)* was paid during the year.

Total comprehensive income for the year was £1,035,000 *(2019: £8,626,000 restated)*, which was transferred to reserves.

Directors

The directors who held office during the year were as follows:

K Smith	(resigned 21/02/2022)
G Boyd	(resigned 28/02/2021)

The directors of the Company in office at the date of this statement are as follows:

A Fisher	(appointed 28/02/2021)
S Van Ommeren	(appointed 21/02/2022)

Certain directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Political contributions

No political donations were made in the year *(2019: £Nil)*.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Approved by the Board of Directors and signed on behalf of the Board

Sander van Ommeren

Director

28 June 2023

Blenheim House
Blenheim Road
Ashbourne
Derbyshire
DE6 1HA

Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

KPMG

Independent auditor's report to the members of Trouw (UK) Limited

Opinion

We have audited the financial statements of Trouw (UK) Limited ("the Company") for the year ended 31 December 2020 which comprise the profit and loss account and other comprehensive income, the balance sheet, the statement of changes in equity, and related Notes, including the accounting policies in Note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Company's high-level policies and procedures to prevent and detect fraud, including the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board meeting minutes.

- Considering remuneration incentive schemes and performance targets for management.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that revenue is recorded in the wrong period and the risk that management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.
- Corroborating a sample of sales invoices around the year end to ensure that revenue is recorded in the correct period.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

KPMG

The purpose of our audit work and to whom we owe our responsibilities
This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Kathryn Hogg

Kathryn Hogg (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St Peters Square
Manchester
M2 3AE
28 June 2023

Profit and Loss Account and Other Comprehensive Income

for the year ended 31 December 2020

	Notes	2020 Total £'000	2019 Continuing £'000 As restated*	2019 Discontinued £'000 As restated*	2019 Total £'000 As restated*
Turnover	2	52,057	42,456	23,691	66,147
Cost of sales		(44,798)	(36,456)	(21,890)	(58,346)
Gross profit		7,259	6,000	1,801	7,801
Selling, distribution and establishment costs		(2,581)	(2,355)	(33)	(2,388)
Administrative expenses		(3,612)	(2,654)	(2,739)	(5,393)
Operating profit before exceptional items		1,066	991	(971)	20
Exceptional items	3	-	-	1,310	1,310
Net operating profit		1,066	991	339	1,330
Profit on disposal of operations		-	-	6,704	6,704
Other interest receivable and similar income	6	642	576	805	1,381
Interest payable and similar charges	7	(317)	(52)	(543)	(595)
Other finance charges		-	(4)	-	(4)
Profit before tax		1,391	1,511	7,305	8,816
Tax charge	8	(590)	-	(820)	(820)
Profit after tax		801	1,511	6,485	7,996
Other comprehensive income					
Items that will not be reclassified to profit or loss:					
Remeasurements of defined benefit asset, net of tax	19,8	234	624	-	624
Items that are or may be reclassified subsequently to profit or loss:					
Net change in fair value of cash flow hedges		-	-	6	6
Other comprehensive income for the year, net of income tax		234	624	6	630
Total comprehensive income for the year		1,035	2,135	6,491	8,626

The Notes on pages 13 to 31 form an integral part of these financial statements.

*For details of restatement, see Note 21.

Balance Sheet

at 31 December 2020

	Note	2020 £'000	2020 £'000	2019 £'000 As restated*	2019 £'000 As restated*
Fixed assets					
Intangible assets	*10*	115		149	
Tangible assets	*11*	2,067		1,037	
Investments	*12*	38		38	
Right of use assets	*13*	195		398	
			2,415		1,622
Long term asset					
Net pension asset	*19*		19,971		17,332
Current assets					
Stocks	*14*	4,615		2,769	
Debtors (including £Nil (2019: £Nil) due after more than one year)	*15*	69,350		73,513	
Cash at bank /in hand		290		612	
		74,255		76,894	
Creditors: amounts falling due within one year	*16*	(39,299)		(40,199)	
Net current assets			34,956		36,695
Total assets less current liabilities			57,342		55,649
Creditors: amounts falling in more than one year	*17*		(93)		(359)
Provisions	*18*		(6,987)		(6,063)
Net assets			50,262		49,227
Capital and reserves					
Called up share capital	*20*		5,404		5,404
Share premium account			471		471
Profit and loss account			44,387		43,352
Equity shareholder's funds			50,262		49,227

The Notes on pages 13 to 31 form an integral part of these financial statements.

*For details of restatement, see Note 21.

These financial statements were approved by the Board of Directors on 28 June 2023

Signed on behalf of the Board of Directors

Sander van Ommeren
Director
28 June 2023
Company registered number: 00291738

Statement of Changes in Equity

for the year ended 31 December 2020

	Called up Share capital £'000	Share premium account £'000	Cash flow hedging reserve £'000	Profit & loss account £'000	Total equity £'000
Balance at 1 January 2019 (as previously reported)	**5,404**	**471**	**(6)**	**34,103**	**39,972**
Prior period adjustment*	-	-	-	629	629
Balance at 1 January 2019 (restated*)	**5,404**	**471**	**(6)**	**34,732**	**40,601**
Profit for the year (restated*)	-	-	-	7,996	7,996
Other comprehensive income for the year	-	-	6	624	630
Total comprehensive income for the year (restated*)	-	-	6	8,620	8,626
Transactions with owners, recorded directly in equity:					
Dividends	-	-	-	-	-
Balance at 31 December 2019 (restated*)	5,404	471	-	43,352	49,227
Profit for the year	-	-	-	801	801
Other comprehensive income for the year	-	-	-	234	234
Total comprehensive income for the year	-	-	-	1,035	1,035
Transactions with owners, recorded directly in equity:					
Dividends	-	-	-	-	-
Balance at 31 December 2020	5,404	471	-	44,387	50,262

The Notes on pages 13 to 31 form an integral part of these financial statements.

*For details of restatement see Note 21.

Notes to the financial statements

1 Accounting policies

Trouw (UK) Limited (the "Company") is a company incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ("UK Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's intermediate parent undertaking, Nutreco N.V includes the Company in its consolidated financial statements. The consolidated financial statements of Nutreco N.V are prepared in accordance with Dutch GAAP and are available to the public and may be obtained from Stationsstraat 77, P.O. Box 299, 3800 AG Amersfoort, The Netherlands. The Company is exempt by virtue of s402 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of transactions with wholly owned subsidiaries;

As the consolidated financial statements of Nutreco N.V include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.
- IFRS 2 Share Based Payments in respect of group settled share based payments;

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Basis of preparation

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, financial instruments classified as fair value through the profit or loss.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

Going concern

The financial statements have been prepared on a going concern basis which assumes the Company will be able to realise its assets and discharge its liabilities in the normal course of business for at least 12 months. As part of the food chain, the Company is classed as an essential business and has therefore been fully operational through the COVID-19 period.

The directors have prepared forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate that Trouw (UK) Limited are able to operate within its available cash funds and facilities noted below. The forecasts have included stress testing relating to competitive environment, fluctuations in raw material costs, reduction of market share and fluctuations in operating expenditure. The directors confirm that outcome of these stress tests have identified no material uncertainties that cast significant doubt about the ability of the Company to continue as a going concern.

The Company operates cash pooling arrangements with it's parent company Nutreco N.V. As at 31 December 2020 the Company had made available funds of £54,761,163 to the Group cash pool. As at June 2023, the Company has made available funds of £57,064,021. The Company had intergroup liabilities repayable on demand of £27,320,380 at 31 December 2020 (£38,002,795 at June 2023).

The cash pooling arrangement was signed on 25 June 2021 and is effective until 1 January 2024. As a cash pooling arrangement, Nutreco N.V. can call upon funds from the Company, however the arrangement specifies that this is only where funds are available. Funds can be withdrawn by the Company by providing 1 days notice. The Directors have assessed and are satisfied with Group's availability of funds if the Company requires to draw down on the facility over the 12 month period from the approval of these financial statements.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and consequently have prepared the financial statements on a going concern basis.

Foreign currencies

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account except for differences arising on the retranslation of qualifying cash flow hedges, which are recognised in other comprehensive income.

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts are repayable on demand and form part of the Company's cash management.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

Investments in debt and equity securities

Fixed asset investments are stated at amortised cost less impairment.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Derivative financial instruments and hedging

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

Cash flow hedges

For cash flow hedges, a derivative financial instrument is designated as a hedging instrument of the variability in cash flows attributable to a particular risk associated with a recognised asset, liability or a highly probable forecast transaction that could affect profit or loss.

The effective portion of changes in the fair value of derivative financial instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and presented in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised in profit or loss.

If a hedge of a forecasted transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains and losses that were recognised in comprehensive income are reclassified as profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss.

When the hedged item is a non-financial asset, the amount accumulated in equity is included in the carrying amount of the asset when the asset is recognised. In other cases, the amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affects profit or loss.

When a hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, the cumulative gain or loss at that point remains in equity and is recognised in profit or loss, when the forecast transaction occurs in accordance with the above policy. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised immediately in profit or loss.

Fair value hedges

Where a derivative financial instrument is designated as a hedge of the variability in fair value of a recognised asset or liability or an unrecognised firm commitment, all changes in the fair value of the derivative are recognised immediately in the profit and loss account. The carrying value of the hedged item is adjusted by the change in fair value that is attributable to the risk being hedged (even if it is normally carried at cost or amortised cost) and any gains or losses on remeasurement are recognised immediately in the profit and loss account (even if those gains would normally be recognised directly in reserves).

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

Intangible assets

Other intangible assets

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and impairment losses. Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of the intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Computer software	4 to 10 years

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Buildings	2.5 – 10% on cost
Plant and machinery	10 – 25% on cost
Land is not depreciated	

Assets in the course of construction are not depreciated until they are ready for use.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes materials, direct labour, production overheads and unconditional rebates, appropriate to the relevant stage of production. Net realisable value is based on estimated selling price, less all further costs to completion and all relevant marketing, selling and distribution costs. Provision is made for obsolete, slow moving or defective items where appropriate.

Impairment

Assets that are subject to depreciation and amortisation are assessed at each balance sheet date to determine whether there is any indication for impairment. If any such indication exists, the asset's recoverable amount is tested.

Goodwill and assets with an indefinite useful life are not subject to amortisation and are tested for impairment once a year and whenever there is an indication for impairment.

An impairment loss is recognised for the amount by which the carrying amount of an asset, cash generating unit or group of cash generating units exceeds its estimated recoverable amount. Impairment losses recognised in respect of groups of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to groups of cash generating units and then to reduce the carrying amount of the other assets in the groups of cash generating units on a pro rata basis, but not below the fair value less costs of disposal or value in use of these assets.

The recoverable amount of assets is the greater of their fair value less costs of disposal and value in use. The fair value less costs of disposal is based on the best information available to reflect the amount that an entity could obtain, at the end of the reporting period, from the disposal of the asset in an orderly transaction between market participants after deducting the costs of disposal.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate, determined as a blended weighted average cost of capital per (groups of) cash-generating unit(s) that reflects the current market assessments of the time value of money and the risks of the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the (groups of) cash generating unit to which the asset belongs.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

Reversal of impairment

A reversal of an impairment loss for an asset other than goodwill is recognised immediately in profit or loss unless the asset is carried at a revalued amount. When an asset is carried at a revalued amount, the reversal is considered a revaluation increase and treated accordingly. Normally, a revaluation increase is recognised in other comprehensive income and increases the revaluation surplus within equity. But to the extent that an impairment loss on the same revalued asset was previously recognised in profit or loss, a reversal of that impairment loss is recognised in profit or loss.
After the reversal of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Leases

The Company has applied IFRS 16 in line with the prior year.

To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

• the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company

• the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract

• the Company has the right to direct the use of the identified asset throughout the period of use. The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is re-measured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is re-measured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Discontinued operations

A discontinued operation is a component of the Company's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative profit and loss account is restated as if the operation has been discontinued from the start of the comparative period.

Expenses

Interest receivable and interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Taxation

Tax on the profit or loss 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 directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of the defined benefit pension plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted. The Company determines the net interest on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset).

The discount rate is the yield at the reporting date on bonds, excluding those issued by universities and government backed institutions, that have a credit rating of at least AA that have maturity dates approximating the terms of the Company's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Re-measurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Company recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in profit or loss. The calculation of the defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Termination benefits

Termination benefits are recognised as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits because of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Company has made an offer of voluntary redundancy, it is probably that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

Turnover

Turnover represents amounts derived from the provision of goods and services which fall within the Company's ordinary activities after deduction of trade discounts and value added tax.

Revenue from the sale of goods is recognised when the control of the goods has been transferred to the buyer. Revenue from services is recognised when the service has been provided.

Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements and estimates have had the most significant effect on amounts recognised in the financial statements:

Valuation of defined benefit pension obligations

The cost of defined benefit pensions plans and other post employment medical benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds with at least an AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the respective country. For further details, including the sensitivity to the key assumptions see Note 19.

2 Turnover

	2020	2019		
	Total	Continuing operations	Discontinued operations	Total
	£'000	£'000	£'000	£'000
Sales of goods	50,796	41,361	23,578	64,939
Rendering of services	1,261	1,095	113	1,208
Total turnover	52,057	42,456	23,691	66,147
By geographical area:				
United Kingdom	23,537	18,803	23,205	42,008
Rest of Europe	28,520	23,653	486	24,139
	52,057	42,456	23,691	66,147

Notes to the financial statements *(continued)*

3 Exceptional items

	2020 £'000	2019 £'000
Fixed asset impairment reversal	-	1,565
Additional costs related to the closure of the discontinued business	-	(861)
Release of debtor provision	-	606
	-	1,310

4 *Information regarding directors and employees*

	2020 £'000	2019 £'000
Directors' remuneration and highest paid director		
Directors' emoluments (including severance in 2019)	297	865
Pension costs	15	34
	312	899

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £148,000 (2019: £416,000), and company pension contributions of £9,000 (2019: £15,000) were made to a defined contribution scheme on their behalf. During the course of the year two directors held office.

	2020 No.	2019 No.
Average number of persons employed		
Production and technical	18	42
Sales and marketing	15	22
Administration	37	31
	70	95

	£'000	£'000
Staff costs during the year (including directors)		
Wages and salaries	2,984	4,464
Social security costs	329	666
Pension costs	205	281
	3,518	5,411

5 Expenses and auditor's remuneration

	2020 Total £'000	2019 Continuing operations £'000	2019 Discontinued operations £'000	2019 Total £'000
Amortisation	34	35	(91)	(56)
Depreciation	237	170	478	648
Depreciation for right of use assets	221	215	-	215
Auditor remuneration - audit of financial statements	153	40	27	67

Notes to the financial statements *(continued)*

6 Interest receivable and similar income

	2020 £'000	2019 £'000
Group interest receivable	275	1,034
Net interest on net defined benefit plan assets	367	347
	642	1,381

7 Interest payable and similar charges

	2020 £'000	2019 £'000
Bank overdraft interest payable	22	-
Group interest payable	269	552
Interest on lease liabilities	26	43
	317	595

8 Tax on profit

	2020	2019		
	Total £'000	Continuing operations £'000 As restated	Discontinued operations £'000 As restated	Total £'000 As restated
UK corporation tax				
Recognised in profit and loss				
Current taxation	-	-	-	-
Deferred taxation at 19% (2019: 17%)				
Current year	278	-	(191)	(191)
Adjustment in respect of prior periods	-	-	568	568
Effect of change in tax rates	312	-	443	443
Tax/(credit) on profit on ordinary activities	590	-	820	820
Recognised in other comprehensive income				
Deferred taxation at 35% (2019: 35%)				
Temporary differences	126	3,377	-	3,377

Factors affecting the tax charge for the current period

The current tax charge for the period is higher (2019 restated: lower) than the standard rate of corporation tax in the UK 19% (*2019:19%*). The differences are explained below.

	2020 £'000	2019 £'000 As restated
Tax reconciliation		
Profit/(Loss) before tax	1,391	8,816
Tax on profit/(loss) at standard rate (19%, *2019: 19%*)	264	1,675
Factors affecting charge for the period:		
Expenses not deductible for tax purposes	14	303
Income not taxable	-	(2,169)
Adjustments in respect of prior periods	-	568
Tax rate changes	312	443
Total tax expense/(credit)	590	820

Notes to the financial statements *(continued)*

8 Tax on profit on ordinary activities *(continued)*

Factors that may affect future current and total tax charges

The deferred tax liability at 31 December 2020 on the defined benefit pension asset has been calculated based on the rate of 35.00% on the basis that the directors anticipate a future refund on the scheme.

The Government announced its intention to increase the corporation tax rate from 19% to 25% which is effective from 1 April 2023. This may increase the Company's future tax credit accordingly.

9 Dividends

	2020 £'000	2019 £'000
2020 : £Nil (2019: £Nil)	-	-

10 Intangible fixed assets

	Computer software £'000
Cost	
At 1 January 2020	607
Additions	-
At 31 December 2020	607
Accumulated amortisation	
At 1 January 2020	458
Charge for the year	34
At 31 December 2020	492
Net book value	
At 31 December 2020	115
At 1 January 2020	149

11 Tangible fixed assets

	Land and buildings £'000	Plant and Equipment £'000	Under construction £'000	Total £'000
Cost				
Balance at 1 January 2020	1,172	2,432	6	3,610
Additions	-	390	877	1,267
Disposals	-	(74)	-	(74)
Transfers	-	858	(858)	-
Balance at 31 December 2020	1,172	3,606	25	4,803
Depreciation and impairment				
Balance at 1 January 2020	930	1,643	-	2,573
Disposals	-	(74)	-	(74)
Depreciation charge for the year	-	237	-	237
Balance at 31 December 2020	930	1,806	-	2,736
Net book value at 31 December 2020	242	1,800	25	2,067
At 1 January 2020	242	789	6	1,037

Notes to the financial statements *(continued)*

12 Fixed asset investments

	Shares in group undertakings £'000
Cost	
At beginning and end of year	243
Provisions	
At beginning and end of year	205
Net book value	
At beginning and end of year	38

The Company has the following investments in subsidiary undertakings:

	Country of Incorporation	Class of shares held	Ownership
Trouw (UK) Pension Trust Limited Minsal Works, Northwich, Cheshire CW9 6DF	England & Wales	Ordinary	100%

13 Right of use asset

The Company has leases for vehicles and buildings. Each lease is reflected on the Balance Sheet as a right of use asset and a lease liability. *Leases are limited to a lease term of 1 to 5 years.* Lease payments are generally fixed.

Right of use assets

	Motor Vehicles £'000	Buildings £'000	Total £'000
Balance as at 1 January 2020	223	175	398
Additions in current year	18	-	18
Depreciation charge in the year	(105)	(116)	(221)
Balance at 31 December 2020	136	59	195

Lease Liabilities	
Maturity analysis – contractual undiscounted cash flows	£'000
Less than 1 year	139
1 to 5 years	82
More than 5 years	11
Balance as at 31 December 2020	232
Lease liabilities included in the Balance Sheet at 31 December 2020	232
Current	139
Non-Current	93

Amounts recognised in profit or loss	£'000
Interest on lease liabilities	26

Notes to the financial statements *(continued)*

14 Stock

	2020 £'000	2019 £'000
Raw materials and consumables	3,043	2,173
Finished goods	1,572	596
	4,615	2,769

Stock movements in raw materials, consumables and changes in finished goods and work in progress recognised in cost of sales in the year amounted to £44,453,627 (2019: £48,158,000). The write-down of stocks to net realisable value amounted to £Nil (2019: £Nil). The write-down is included in cost of sales.

15 Debtors

	2020 £'000	2019 £'000 As restated
Trade debtors	10,566	6,836
Amounts owed by group undertakings	55,588	59,771
Other debtors	863	6,308
Prepayments and accrued income	20	-
Deferred tax asset (see Note 18)	657	449
Corporation tax receivable	1,656	149
	69,350	73,513
Due within one year	69,350	75,513
Due after more than one year	-	-

Of the amounts owed by group undertakings £54,761,183 (2019: £58,879,806) relates to balances on deposit from Nutreco N.V.

The remaining amount of £827,000 (2019: £891,194) owed by group undertakings are trading balances and are receivable under normal trading terms.

16 Creditors: amounts falling due within one year

	2020 £'000	2019 £'000 As restated
Trade creditors	7,255	6,178
Amounts owed to group undertakings	30,659	32,567
Other taxation and social security	77	89
Other creditors and accruals	872	1,315
Lease liability	139	50
Bank loans and overdrafts	297	-
	39,299	40,199

Amounts owed to group undertakings include £27,320,380 (2019: £30,984,000) owed to a group entity, Nutreco N.V., as part of a rolling loan agreement.

The remaining amount is £3,338,620 (2019: £1,583,000) owed to group undertakings were trading balances and are payable under normal trading terms.

Notes to the financial statements *(continued)*

17 Creditor amounts due in more than one year

	2020 £'000	2019 £'000
Lease liability	93	359
	93	359

18 Deferred tax

	Assets 2020 £'000	Assets 2019 £'000 (as restated)	Liabilities 2020 £'000	Liabilities 2019 £'000 (as restated)
Balance at 1 January	449	450	(6,063)	(1,868)
Recognised in total comprehensive income	-	-	(126)	(3,376)
Recognised in P&L	208	(1)	(798)	(819)
Balance at 31 December	657	449	(6,987)	(6,063)

The elements of deferred taxation are as follows:

Deferred tax assets and liabilities are attributable to the following	2020 £'000	2019 £'000 As restated
Capital allowances in advance of depreciation	378	300
Losses	279	149
Pension asset	(6,987)	(6,063)
	(6,330)	(5,614)

19 Employee benefits

The Company provides post-retirement benefits through two pension schemes. The main scheme operated by the Company is the Nutreco (UK) Pension Scheme which is a defined benefit pension scheme closed to new and existing members. In addition, the Company operates the Trouw UK Stakeholder Pension Scheme which is a defined contribution scheme for all employees. The latest full actuarial valuation of the defined benefit scheme was carried out at 31 December 2019 by a qualified independent actuary. The Company made contributions of £2,004,000 during 2020 (2019: £2,004,000) to the defined benefit plan. Under the current scheme rules, the Company has an absolute right to the refund of surplus if the scheme winds up because there are no remaining beneficiaries.

Movements in net defined benefit asset

	Defined benefit obligation 2020 £'000	Defined benefit obligation 2019 £'000	Fair value of plan assets 2020 £'000	Fair value of plan assets 2019 £'000	Net defined benefit asset 2020 £'000	Net defined benefit asset 2019 £'000
Balance at 1 January	64,381	65,145	(81,713)	(76,133)	(17,332)	(10,988)
Included in profit or loss						
Current service cost	4	4	-	-	4	4
Past service cost	86	-	-	-	86	-
Interest cost/(income)	1,268	1,864	(1,635)	(2,211)	(367)	(347)
Included in OCI						
Remeasurements loss/(gain):						
Actuarial loss (gain) arising from						
- Change in financial assumptions	6,258	2,902	-	-	6,258	2,902
Return on plan assets excluding interest income	-	-	(6,616)	(6,899)	(6,616)	(6,899)
Other						
Contributions paid by the employer	-	-	(2,004)	(2,004)	(2,004)	(2,004)
Benefits paid	(1,881)	(5,534)	1,881	5,534	-	-
Balance at 31 December	70,116	64,381	(90,087)	(81,713)	(19,971)	(17,332)

Notes to the financial statements *(continued)*

19 Employee benefits *(continued)*

Plan assets

	2020 £'000	2019 £'000
Cash and cash equivalents	5,956	122
Equity instruments	-	2,293
Debt instruments e.g. Government bonds	41,489	56,466
Diversified growth fund	42,642	22,832
Total	90,087	81,713

All equity securities and government bonds have quoted prices in active markets. All government bonds are issued by European governments and are AAA- or AA-rated. All other plan assets are not quoted in an active market.

Actuarial assumptions

The following are the principal actuarial assumptions at the reporting date (expressed as weighted averages)

	2020	2019
Discount rate at 31 December	1.50%	2.00%
Future salary increases	2.90%	2.95%
Future pension increases (in payment)	2.85%	2.80%
Future pension increases (in deferment)	2.90%	2.95%

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year-old to live for a number of years as follows:

- Current pensioner aged 65: 21.3 years (male), 23.8 years (female).
- Future retiree upon reaching 65: 22.2 years (male), 24.9 years (female).

During the year the methodology pertaining to the discount rate calculation was updated to exclude bonds issued by universities and government backed institutions, which had previously been included.

Analysis

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises how the impact on the defined benefit obligation at the end of the reporting period would have increased /(decreased) as a result of a change in the respective assumptions by half a percent.

	2020 £'000	2019 £'000
Discount rate	6,524	5,084
Future pension increases in payment	(3,775)	(3,467)
Inflation (RPI, CPI)	(4,926)	(4,753)

In valuing the liabilities of the Nutreco (UK) Pension Scheme at 31 December 2020, the Company needs to make an assumption on how long members are expected to live and therefore how long pensions are expected to be paid out (referred to as the mortality assumption). The mortality assumption adopted as at 31 December 2020 is in line with SAPS and a multiplier of 107% for males and 99% for females has been applied. Long term improvements in mortality are assumed to be in line with the CMI 2012 model with a long-term improvement rate of 1.50% pa.

Notes to the financial statements *(continued)*

19 Employee benefits *(continued)*

If life expectancy had been changed to assume that all members of the fund lived for one year longer, the value of the reported liabilities at 31 December 2020 would have increased by £2,240,000 before any allowance for tax).

The above sensitivities are based on the average duration of the benefit obligation determined at the date of the last full actuarial valuation at 31 December 2020 and are applied to adjust the defined benefit obligation at the end of the reporting period for the assumptions concerned. Whilst the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation to the sensitivity of the assumptions shown.

The discount rate at the 2020 year-end has been derived with reference to Willis Towers Watson's model, in line with the approach taken at the 2019 year-end. Over 2020, there were changes in the bond data source underlying the model (BICS, produced by Bloomberg) which meant that the data was no longer fit for purpose. As a result, at the 2020 year-end, an alternative universe of bonds (BCLASS, also from Bloomberg) was used within the model. This reflects a change in accounting estimate. The impact of this change in methodology has been a reduction in the balance sheet liabilities of approximately £1.5m at 31 December 2020.

The RPI inflation assumption at the 2020 year-end has been derived in a consistent way to the assumption adopted at the 2019 year-end (using Willis Towers Watson's model with a deduction of 0.25% pa in respect of an inflation risk premium). To reflect the UK Statistics Authority's proposal to align RPI with CPIH, and the subsequent Government consultation, the Company has amended its method of setting an assumption for future levels of CPI by adjusting RPI rates as follows:

- For years up to and including 2029, the RPI/CPI differential is assumed to be 1%; and
- For years from 2030 onwards, the RPI/CPI differential was assumed to be nil.

This resulted in a CPI assumption 0.45% pa below the equivalent RPI inflation assumption (compared to 0.75% pa at the 2019 year-end).

Funding

The Company expects to pay £2,000,000 in contributions to its defined benefit plans in 2021.

Defined contribution plans

The Company operates a defined contribution pension plan.

The total expense relating to these plans in the current year was £205,000 *(2019: £281,000)*

Notes to the financial statements *(continued)*

20 Capital and reserves

Share capital

	2020 £'000	2019 £'000
Allotted, called up and fully paid		
5,404,136 ordinary shares of £1.00 each	5,404	5,404

21 Prior period restatement

The prior period comparatives have been restated in these financial statements for the reasons outlined below.

1. Deferred tax presentation

The deferred tax liability was previously presented within creditors due more than one year in the balance sheet. The liability should instead have been presented within provisions and the asset within deferred tax assets.

2. Group relief

Losses totalling £629,000 were surrendered to fellow group entities in periods prior to 2019 for consideration of £629,000. The surrender of these losses was not accounted for. The impact of this restatement is an increase of £629,000 in both the profit and loss reserve and amounts owed by group undertakings at 1 January 2019 and 31 December 2019, to record the surrendered group relief and corresponding consideration received.

3. Tax

During the preparation of the financial statements for the year ended 31 December 2020, the Directors reviewed the tax computation for the year ended 31 December 2019 and identified areas where tax-related balances for the comparative period should be restated.

Firstly, the prior period financial statements included a tax charge of £2,219,000 and associated current tax liability for a gain on business disposal. However, this gain is not subject to taxation and therefore the tax charge and liability should not have been recognised.

Secondly, in the Company's tax computation, a tax deduction was taken in respect of expenses which are non-deductible and therefore a tax charge and associated current tax liability of £294,000 should have been recognised.

Lastly, in the prior year, £246,000 had been included in the deferred tax liability when this should have been presented as part of the corporation tax liability in the balance sheet.

The overall impact of the above adjustments is to decrease the prior year current tax charge by £1,925,000, to decrease the prior year corporation tax liability to £Nil and increase the corporation tax debtor to £149,000, and to reduce the prior year deferred tax liability by £246,000.

Notes to the financial statements *(continued)*

21 Prior period restatement *(continued)*

The impact of the above restatements on the balance sheets as at 1 January 2019 and 31 December 2019, and profit and loss for the year ending 31 December 2019 is illustrated below.

Balance sheet as at 1 January 2019

	As at 1 January 2019 (as previously reported)	Adjustment 1 - Deferred tax presentation	Adjustment 2 - Group relief	Adjustment 3 - Tax	As at 1 January 2019 (as restated)
	£000'	£000'	£000'	£000'	£000'
Amounts owed by Group undertakings	57,363	-	629	-	57,992
Total Assets	**106,906**	**-**	**629**	**-**	**107,535**
Profit and loss account	34,103	-	629	-	34,732
Total Equity	**39,972**	**-**	**629**	**-**	**40,601**

Balance sheet as at 31 December 2019

	As at 31 December 2019 (as previously reported)	Adjustment 1 - Deferred tax presentation	Adjustment 2 - Group relief	Adjustment 3 - Tax	As at 31 December 2019 (as restated)
	£000'	£000'	£000'	£000'	£000'
Corporation tax debtor	-	-	-	149	149
Deferred tax assets	-	205	-	246	449
Amounts owed by Group undertakings	59,142	-	629	-	59,771
Total Assets	**94,619**	**205**	**629**	**395**	**95,848**
Corporation tax liability	(1,530)	-	-	1,530	-
Creditors greater than one year: Deferred tax liability	(5,860)	5,860	-	-	-
Total liabilities	**(47,948)**	**5,860**	**-**	**1,530**	**(40,558)**
Provisions for liabilities:					
Deferred tax liability	2	(6,065)	-	-	(6,063)
Total provisions	**2**	**(6,065)**	**-**	**-**	**(6,063)**
Profit and loss account	40,798	-	629	1,925	43,352
Total Equity	**46,673**	**-**	**629**	**1,925**	**49,227**

Notes to the financial statements *(continued)*

21 Prior period restatement *(continued)*

Profit and loss account and other comprehensive income for the period 31 December 2019

	Year to 31 December 2019 (As previously reported)	Adjustment 1 - Deferred tax presentation	Adjustment 2 - Group relief	Adjustment 3 - Tax	Year to 31 December 2019 (As restated)
	£000'	£000'	£000'	£000'	£000'
Tax charge	2,745		-	(1,925)	820
Profit after tax	**6,071**	**-**	**-**	**1,925**	**7,996**
Total comprehensive income	**6,701**	**-**	**-**	**1,925**	**8,626**

22 Financial commitments

The Company had no capital commitments at the year-end (2019: £Nil)

23 Financial instruments

There were £Nil financial instruments on the balance sheet at the year-end (2019: £Nil).

24 Ultimate parent company

The immediate parent company is Nutreco Limited, a company incorporated in England & Wales.

As at 31 December 2020, the Company's ultimate parent undertaking is considered by the Company to be SHV Holdings N.V., a company incorporated in The Netherlands.

In the opinion of the Directors the Company is controlled by SHV Holdings N.V.

Copies of SHV Holdings N.V.'s consolidated Financial Statements may be obtained from SHV Holdings N.V., Rijnkade 1, 3511 LC Utrecht, The Netherlands