

Trouw (UK) Limited

**Annual report and financial
statements**

Registered number 00291738

31 December 2019

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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 2019

Activities

The principal activities of the Company consist of the manufacture and marketing of agricultural animal, fish and speciality feeds.

Development and performance of the business

Sales for the year decreased by 58 % to £66,147,000 (2018: £158,729,000)

The Company reported a profit after tax during the year of £6,071,000 (2018: loss of (£2,982,000))

Net assets at 31 December 2019 amounted to £46,673,000 (2018: £39,972,000)

As previously announced in 2018 the aquaculture section of the business ceased trading with effect from 30th April 2019 and this business is disclosed as the discontinued operations throughout these financial statements. All locations, including two production sites have closed, with approximately 100 employees being made redundant. Both sites have been sold, with the sales completing during 2019.

The agriculture section of the business is unaffected.

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

Principle 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			2018		
	Unit	Continued operations	Discontinued operations	Total	Continued operations	Discontinued operations	Total
Gross Profit	%	14.13	7.60	11.79	15.70	6.84	9.56
Operating Profit	%	2.33	(4.10)	0.03	9.50	(0.04)	(2.90)
Return on Capital Employed	%	2.04	(39.67)	13.96	6.38	(30.71)	(12.62)

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.

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


 Karen Smith

Director

Date 22/9/21

Blenheim House
 Blenheim Road
 Ashbourne
 Derbyshire
 DE6 1HA

Directors' report

The directors present their Directors' report for the year ended 31 December 2019.

Dividends and transfers to reserves

The results for the year are shown in the profit and loss account on page 7.

A dividend of £nil (2018 £2,400,000) was paid during the year

Total comprehensive profit for the year was £6,701,000 (2018 £4,971,000 loss), which was transferred to reserves

Directors

The directors who held office during the year were as follows

K Smith
G Boyd (resigned 28/02/2021)
J Bolton (resigned 01/09/2019)
J Williamson (resigned 01/09/2019)

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

K Smith
A Fisher (appointed 28/02/2021)

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 (2018 £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 auditors 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

Karen Smith



Director

Date:

22/9/21

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.

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 2019 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, 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 2019 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").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. 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. We have nothing to report in these respects.

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 absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TROUW UK LIMITED (continued)

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 4, 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.

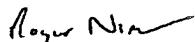
Auditor's responsibilities

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.

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.



Roger Nixon (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE
Date: 27 September 2021

Profit and Loss Account and Other Comprehensive Income
for the year ended 31 December 2019

	Notes	2019 £'000			2018 £'000		
		Con tinuing £000	Dis continued £000	Total £000	Con tinuing £000	Dis continued £000	Total £000
Turnover	3	42,456	23,691	66,147	48,698	110,031	158,729
Cost of sales		(36,456)	(21,890)	(58,346)	(41,047)	(102,504)	(143,551)
Gross profit		6,000	1,801	7,801	7,651	7,527	15,178
Selling, distribution and establishment costs		(2,355)	(33)	(2,388)	(2,044)	(1,893)	(3,937)
Administrative expenses		(2,654)	(2,739)	(5,393)	(975)	(5,674)	(6,649)
Operating profit before exceptional items		991	(971)	20	4,632	(40)	4,592
Exceptional items	4	-	1,310	1,310	(899)	(8,172)	(9,071)
Net operating profit/(loss)		991	339	1,330	3,733	(8,212)	(4,479)
Profit on disposal of operations	2	-	6,704	6,704	-	-	-
Other interest receivable and similar income	7	576	805	1,381	1,434	-	1,434
Interest payable and similar charges	8	(52)	(543)	(595)	(790)	-	(790)
Other finance charges		(4)	-	(4)	(3)	-	(3)
Profit/(loss) on activities before tax		1,511	7,305	8,816	4,374	(8,212)	(3,838)
Tax on activities	9	(287)	(2,458)	(2,745)	(629)	1,485	856
Profit/(loss) on activities after tax		1,224	4,847	6,071	3,745	(6,727)	(2,982)
Other comprehensive income							
<i>Items that will not be reclassified to profit or loss</i>							
Remeasurements of defined benefit asset, net of tax	20	624	-	624	(1,964)	-	(1,964)
<i>Items that are or may be reclassified subsequently to profit or loss</i>							
Net change in fair value of cash flow hedges	23	-	6	6	-	(25)	(25)
Other comprehensive income/(loss) for the year, net of income tax		624	6	630	(1,964)	(25)	(1,989)
Total comprehensive income/(loss) for the year		1,848	4,853	6,701	1,781	(6,752)	(4,971)

The notes on pages 10 to 30 form an integral part of these financial statements

Balance Sheet
at 31 December 2019

	Note	2019 £'000	2019 £'000	2018 £'000	2018 £'000
Fixed assets					
Intangible assets	11	149		215	
Tangible assets	12	1,037		6,697	
Investments	13	38		38	
Right of use assets	14	398		-	
			1,622		6,950
Current assets					
Stocks	15	2,769		12,553	
Debtors (including £26,880,000 (2018 £25,168,000) due after more than one year)	16	72,286		86,693	
Cash at bank / in hand		612		710	
		75,667		99,956	
Creditors: amounts falling due within one year	17	(41,729)		(76,505)	
Net current assets			33,938		23,451
Total assets less current liabilities			35,560		30,401
Net pension asset	20		17,332		10,988
Creditors: amounts falling in more than one year	18, 19		(6,219)		(1,417)
Net assets			46,673		39,972
Capital and reserves					
Called up share capital	21		5,404		5,404
Share premium account			471		471
Profit and loss account			40,798		34,103
Other reserve	23		-		(6)
Equity shareholder's funds			46,673		39,972

The notes on pages 10 to 30 form an integral part of these financial statements

These financial statements were approved by the Board of Directors on

Signed on behalf of the Board of Directors



Karen Smith

Director

Company registered number: 00291738

22/9/21

Statement of Changes in Equity
for the year ended 31 December 2019

	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 2018	5,404	471	19	41,449	47,343
Loss for the year	-	-		(2,982)	(2,982)
Other comprehensive loss for the year	-	-	(25)	(1,964)	(1,989)
Total comprehensive loss for the year	-	-	(25)	(4,946)	(4,971)
Transactions with owners, recorded directly in equity					
Dividends	-	-	-	(2,400)	(2,400)
Balance at 31 December 2018	5,404	471	(6)	34,103	39,972
Profit for the year	-	-	-	6,071	6,071
Other comprehensive income for the year	-	-	6	624	630
Total comprehensive income for the year	-	-	6	6,695	6,701
Transactions with owners, recorded directly in equity					
Dividends	-	-	-	-	-
Balance at 31 December 2019	5,404	471	-	40,798	46,673

The notes on pages 10 to 30 form an integral part of these financial statements

Notes

(forming part of 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 Financial Reporting Standards as adopted by the EU ("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 s400(1) 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.

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 Company have adopted IFRS 16 Leases in these financial statements for the first time (see note 14).

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

Standards, amendments and interpretations adopted during the period

Effective from 1 January 2019, the Company has adopted IFRS 16, Leases, in these financial statements

The Company applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019

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 (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 realize 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.

Working capital requirements are supported by the Group. On 18 December 2020, followed by an amendment on 25 June 2021, the directors signed a new three year cash pooling arrangement with its parent company, Nutreco N.V., providing funds and facilities effective from the 1 January 2021. 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. The Directors are satisfied with Group's availability of funds if the Company requires to draw down on the facility.

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.

Investments in debt and equity securities

Fixed asset investments are stated at amortised cost less impairment.

Notes (continued)

1 Accounting policies (continued)

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 (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
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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 (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 using the modified retrospective approach and therefore the comparative information has not been restated.

For any new contracts entered into on or after 1 January 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

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 assesses 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.

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.

Notes (continued)

1 Accounting policies (continued)

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

Operating lease payments

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense.

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 (continued)

1 Accounting policies (continued)

Related Parties

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment.

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 appropriate adjustment was made in the prior year for GMP and this was reflected within the movement of the defined benefit asset and duly classified as an exceptional item (note 4). 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 as a result 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 probable 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 (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 have been transferred to the buyer. No revenue is recognised if there is significant uncertainty regarding recovery of the consideration due, associated costs or the possible return of goods. Revenue from services is recognised when the service has been provided.

2 Discontinued operation

Discontinued operation

In 2019, the Company sold all assets of the Skietting UK division. All trading within the Skietting UK division ceased on the 30 April 2019. The Skietting UK division will continue to manage the defined pension contribution scheme going forward, no other trading will take place.

The Company was previously committed to a plan to close all aquaculture production sites in the UK and make approximately 100 employees of Skietting UK redundant due to a decision to reduce the over capacity in the highly competitive salmon feed market and to better utilise the Group's existing production facilities in Europe.

In June 2019 the Longridge site was sold for £ 1,112,000 cash. In December 2019 the Inverigordon site was sold for £ 12,517,000 cash.

	2019 £000	2018 £000
Intangible fixed assets	779	31
Tangible fixed assets	6,146	5,716
Net identifiable assets and liabilities	<u>6,925</u>	<u>5,747</u>
Consideration received, satisfied in cash	<u>13,629</u>	-
Profit on disposal	<u>6,704</u>	-

Notes (continued)

3 Turnover

	2019			2018		
	Continued operations £000	Discontinued operations £000	Total £000	Continued operations £000	Discontinued operations £000	Total £000
Sale of goods	41,361	23,578	64,939	47,695	108,922	156,617
Rendernng of services	1,095	113	1,208	1,003	1,109	2,112
Total turnover	42,456	23,691	66,147	48,698	110,031	158,729

	2019			2018		
	Continued operations £000	Discontinued operations £000	Total £000	Continued operations £000	Discontinued operations £000	Total £000
By geographical market						
United Kingdom	18,803	23,205	42,008	21,714	108,524	130,238
Europe	23,653	486	24,139	26,984	1,507	28,491
Total turnover	42,456	23,691	66,147	48,698	110,031	158,729

4 Exceptional items

	2019 £000	2018 £000
Severance costs on discontinued business	-	(5,984)
Fixed asset impairment	-	(1,565)
Fixed asset impairment reversal	1,565	-
Past service costs - Pension GMP equalisation	-	(899)
Operating leases termination on discontinued business	-	(623)
Additional costs related to the closure of the discontinued business	(861)	-
Release of debtor provision	606	-
	1,310	(9,071)

Notes (continued)

5 Information regarding directors and employees

	2019 £'000	2018 £'000
Directors' remuneration and highest paid director		
Directors' emoluments including severance	865	1 013
Pension costs	34	34
	<u>899</u>	<u>1,047</u>

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £416,000 (2018: £505,000), and company pension contributions of £15,000 (2018: £12,000) were made to a defined contribution scheme on their behalf. 4 directors held office during the course of the year, with 2 directors remaining as at 31 December 2019.

	2019 No.	2018 No.
Average number of persons employed		
Production and technical	42	70
Sales and marketing	22	21
Administration	31	67
	<u>95</u>	<u>158</u>
	£'000	£'000
Staff costs during the year (including directors)		
Wages and salaries	4,464	6,538
Social security costs	666	787
Pension costs	281	571
	<u>5,411</u>	<u>7,896</u>

6 Expenses and auditor's remuneration

	2019			2018		
	Continued operations £000	Discontinued operations £000	Total £000	Continued operations £000	Discontinued operations £000	Total £000
Amortisation	35	(91)	(56)	35	92	127
Depreciation	170	478	648	156	1,189	1,345
Depreciation on right of use assets	215	-	215	-	-	-
Hire of plant on operating leases	-	-	-	207	256	463
Other operating lease rentals	-	-	-	46	373	419
Auditors remuneration - audit of financial statements	40	27	67	40	28	68

Notes (continued)

7 Interest receivable and similar income

	2019 £'000	2018 £'000
Group interest receivable	1,034	1,086
Net interest on net defined benefit plan assets	347	348
	<u>1,381</u>	<u>1,434</u>

8 Interest payable and similar charges

	2019 £'000	2018 £'000
Bank overdraft interest payable	-	5
Group interest payable	552	785
Interest on lease liabilities	43	-
	<u>595</u>	<u>790</u>

9 Tax on profit on ordinary activities

Recognised in the profit and loss account

	2019			2018		
	Continued operations £000	Discontinued operations £000	Total £000	Continued operations £000	Discontinued operations £000	Total £000
<i>UK corporation tax</i>						
Current tax on income for the period	287	1,384	1,671	-	-	-
Adjustment in respect of prior periods	-	7	7	-	-	-
	<u>287</u>	<u>1,391</u>	<u>1,678</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Deferred taxation at 17% (2018 17%)</i>						
Timing differences, origination and reversal	-	1,067	1,067	629	(1,485)	(856)
	<u>287</u>	<u>2,458</u>	<u>2,745</u>	<u>629</u>	<u>(1,485)</u>	<u>(856)</u>
Tax/(Credit) on profit on ordinary activities						
	<u>287</u>	<u>2,458</u>	<u>2,745</u>	<u>629</u>	<u>(1,485)</u>	<u>(856)</u>
<i>Recognised in other comprehensive income</i>						
	2019			2018		
	Continued operations £000	Discontinued operations £000	Total £000	Continued operations £000	Discontinued operations £000	Total £000
<i>Deferred taxation at 35% (2018 17%)</i>						
Remeasurement of defined benefit asset	3,377	-	3,377	402	-	402
	<u>3,377</u>	<u>-</u>	<u>3,377</u>	<u>402</u>	<u>-</u>	<u>402</u>

Notes (continued)

9 Tax on profit on ordinary activities (continued)

Factors affecting the tax charge for the current period

The current tax charge for the period is higher than the standard rate of corporation tax in the UK 19% (2018 19%). The differences are explained below

	2019 £'000	2018 £'000
<i>Current tax reconciliation</i>		
Profit/(Loss) on ordinary activities before tax	8,816	(3,838)
Tax on profit/(loss) on ordinary activities at standard rate (19%, 2018 19%)	1,675	(729)
<i>Factors affecting charge for the period</i>		
Expenses not deductible for tax purposes	9	17
Differences between capital allowances and depreciation	(77)	(65)
Adjustments in respect of prior periods	316	(79)
Change of deferred tax rate on the defined pension asset	822	-
	<hr/>	<hr/>
Total tax expense/(credit)	2,745	(856)
	<hr/>	<hr/>

Factors that may affect future current and total tax charges

The deferred tax liability at 31 December 2019 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

In the 2021 Budget released on 3 March 2021, 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.

10 Dividends

	2019 £'000	2018 £'000
2019 £nil (2018 Equity dividend paid £0.44 per ordinary share)	-	2,400
	<hr/>	<hr/>

Notes (continued)

11 Intangible fixed assets

	Computer software £'000
Cost	
At 1 January 2019	1,459
Disposals	(852)
At 31 December 2019	607
Accumulated amortisation	
At 1 January 2019	1,244
Impairment Reversal	(657)
Charge for the year	(56)
Disposals	(73)
At 31 December 2019	458
Net book value	
At 31 December 2019	149
At 1 January 2019	215

12 Tangible fixed assets

	Land and buildings £000	Plant and Equipment £000	Under construction £000	Total £000
Cost				
Balance at 1 January 2019	5,962	31,844	69	37,875
Acquisitions	-	220	6	226
Disposals	(4,790)	(29,701)	-	(34,491)
Transfers	-	69	(69)	-
Balance at 31 December 2019	1,172	2,432	6	3,610
Depreciation and impairment				
Balance at 1 January 2019	5,047	26,131	-	31,178
Disposals	(3,896)	(24,449)	-	(28,345)
Impairment Reversal	(286)	(622)	-	(908)
Depreciation charge for the year	65	583	-	648
Balance at 31 December 2019	930	1,643	-	2,573
Net book value at 31 December 2019	242	789	6	1,037
At 1 January 2019	915	5,713	69	6,697

Notes (continued)

13 Fixed asset investments

	Shares in group undertakings £000
<i>Cost</i>	
At beginning and end of year	243
<i>Provisions</i>	
At beginning and end of year	205
<i>Net book value</i>	
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%

14 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.

On transition to IFRS 16, the company recognised an additional £ 538,000 of right of use assets and lease liabilities.

Right of use assets

	Motor Vehicles £000	Buildings £000	Total £000
Balance as at 1 January 2019	232	233	465
Additions in current year	82	66	148
Depreciation charge in the year	(91)	(124)	(215)
Balance at 31 December 2019	223	175	398

Notes (continued)

14 Right of use asset (continued)

Lease Liabilities

£000

Maturity analysis – contractual undiscounted cash flows

Less than 1 year	52
1 to 5 years	408
More than 5 years	-
	<hr/>
Balance as at 31 December 2019	460
	<hr/> <hr/>

Lease liabilities included in the Balance Sheet at 31 December 2019

409

Current	50
Non-Current	359

Amounts recognised in profit or loss £000

Interest on lease liabilities 43

15 Stock

	2019 £000	2018 £000
Raw materials and consumables	2,173	9,787
Finished goods	596	2,766
	<hr/>	<hr/>
	2,769	12,553
	<hr/> <hr/>	<hr/> <hr/>

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 £48,158,000 (2018: £124,298,000). The write-down of stocks to net realisable value amounted to £ nil (2018: £19,000). The write-down is included in cost of sales.

Notes (continued)

16 Debtors

	2019 £'000	2018 £'000
Trade debtors	6,836	28,835
Amounts owed by group undertakings	59,142	57,363
Other debtors	6,308	450
Prepayments and accrued income	-	45
	<u>72,286</u>	<u>86,693</u>
Due within one year	45,406	61,525
Due after more than one year	26,880	25,168

Of the amounts owed by group undertakings £26,880,000 is repayable on demand from Nutreco N V and attract interest of between 0% and LIBOR less 0.10%

On the 16 December 2010, the Company made available a loan to Nutreco Ltd, the immediate parent company, for £32,000,000, repayable on the 31 March 2020. During the period of the loan, interest is charged at a rate of 3-months LIBOR+2.25%

The remaining amount of £262,000 owed by group undertakings are trading balances and are repayable under normal trading terms

17 Creditors: amounts falling due within one year

	2019 £'000	2018 £'000
Trade creditors	6,178	30,583
Amounts owed to group undertakings	32,567	34,192
Corporation tax	1,530	-
Other taxation and social security	89	205
Other creditors and accruals	1,315	11,519
Other financial asset (see note 23)	-	6
Lease liability	50	-
	<u>41,729</u>	<u>76,505</u>

Amounts owed to group undertakings include £30,984,000 owed to a group entity, Nutreco N V, as part of a rolling loan agreement. Interest between 1.3% and 2.4% is charged on this loan.

The remaining amount of £1,583,000 owed to group undertakings are trading balances and are payable under normal trading terms.

Notes (continued)

18 Creditor amounts due in more than one year

	2019 £'000	2018 £'000
Deferred tax liability (Note 19)	5,860	1,417
Lease liability	359	-
	<u>6,219</u>	<u>1,417</u>

19 Deferred tax liabilities

	£'000
Balance at 1 January 2019	(1,417)
Recognised in total comprehensive income	(4,443)
	<u> </u>
Balance at 31 December 2019	<u>(5,860)</u>

The elements of deferred taxation are as follows:

	2019 £'000	2018 £'000
Capital allowances in advance of depreciation	205	87
Pension asset	(6,065)	(1,868)
Trade losses carried forward	-	364
	<u>(5,860)</u>	<u>(1,417)</u>

Notes (continued)

20 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 was carried out at 31 December 2018 by a qualified independent actuary. The company made contributions of £2,004,000 during 2019 (2018: £2,004,000) to the defined benefit plan.

Movements in net defined benefit asset

	Defined benefit obligation		Fair value of plan assets		Net defined benefit asset	
	2019 £000	2018 £000	2019 £000	2018 £000	2019 £000	2018 £000
Balance at 1 January	65,145	68,648	(76,133)	(80,549)	(10,988)	(11,901)
Included in profit or loss						
Current service cost	4	4	-	-	4	4
Past service cost (GMP)	-	899	-	-	-	899
Interest cost/(income)	1,864	1,831	(2,211)	(2,179)	(347)	(348)
Included in OCI						
Remeasurements loss/(gain)						
Actuarial loss (gain) arising from						
- Change in financial assumptions	2,902	(2,254)	-	-	2,902	(2,254)
Return on plan assets excluding interest income			(6,899)	4,616	(6,899)	4,616
Other						
Contributions paid by the employee			(2,004)	(2,004)	(2,004)	(2,004)
Benefits paid	(5,534)	(3,983)	5,534	3,983	-	-
Balance at 31 December	64,381	65,145	(81,713)	(76,133)	(17,332)	(10,988)

Notes (continued)

20 Employee benefits (continued)

Plan assets	2019	2018
	£000	£000
Cash and cash equivalents	122	44
Equity instruments	2,293	21,869
Debt instruments e.g. Government bonds	56,466	54,220
Diversified growth fund	22,832	-
Total	81,713	76,133

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)

	2019	2018
Discount rate at 31 December	2.00%	2.90%
Future salary increases	2.95%	3.20%
Future pension increases (in payment)	2.80%	2.95%
Future pension increases (in deferment)	2.95%	3.20%

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: 21.2 years (male), 23.7 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.

Sensitivity 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.

	2019	2018
	£000	£000
Discount rate	5,084	6,382
Future pension increases in payment	(3,467)	(3,487)
Inflation (RPI, CPI)	(4,753)	(4,839)

In valuing the liabilities of the Nutreco (UK) Pension Scheme at 31 December 2019, we need to make an assumption on how long we expect members to live and therefore how long we expect pensions to be paid out (referred to as the mortality assumption). The mortality assumption adopted as at 31 December 2019 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 (continued)

20 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 2019 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 2019 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.

Funding

The Company expects to pay £2,000,000 in contributions to its defined benefit plans in 2020.

Defined contribution plans

The Company operates a defined contribution pension plan.

The total expense relating to these plans in the current year was £281,000 (2018 £571,000)

21 Capital and reserves

Share capital

<i>In thousands of shares</i>	2019	Ordinary shares 2018
On issue at 1 January 2019		
Issued for cash	5,404,136	5,404,136
	<hr/>	<hr/>
On issue at 31 December 2019 – fully paid	5,404,136	5,404,136
	<hr/>	<hr/>
	2019	2018
	£000	£000
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £ 1.00 each	5,404	5,404
	<hr/>	<hr/>
	5,404	5,404
	<hr/>	<hr/>

Notes (continued)

22 Financial commitments

The Company had capital commitments at the year-end of £nil (2018 £nil)

23 Financial instruments

The fair value of all financial assets and liabilities together with their carrying amounts shown in the balance sheet are as follows

	Fair value 2019 £'000	Fair value 2018 £'000
Financial assets/ (liabilities)		
Derivatives used for hedging		
Foreign currency hedging contracts	-	(6)

Forward currency exchange contracts fair value was determined using quoted forward exchange rates matching the maturities of the contracts. The forward currency exchange contracts all have a maturity less than 12 months.

24 Ultimate parent company

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

As at 31 December 2019, 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.

25 Subsequent events

On 17 December 2020, the company entered into a new cash pooling arrangement with a group entity, Nutreco N.V.. The cash pooling arrangement is effective from 1 January 2021 for a 3-year period. Terms state that Trouw (UK) Limited are required to provide Nutreco N.V. a minimum of £50,000,000 and interest on this balance would generate interest at 0.20%. In addition, Nutreco N.V. will lend up to a maximum of £32,000,000 to Trouw (UK) Limited, incurring interest of 1.47%.