Birds Eye Limited

Annual report and Financial Statements
For the Year Ended 31 December 2021

Registered number: 343496

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For Year ended 31 December 2021

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Strategic Report

The Directors present their Strategic Report on Birds Eye Limited (the 'Company') for the year ended 31 December 2021.

Birds Eye Limited is a Company registered in England & Wales and a member of the Nomad Foods Limited group of companies (the 'Group') which produce and market frozen food products under a range of iconic brands, including *Birds Eye, Iglo, Findus, Frikom and Ledo.*

Business Review and Future Developments
The principal activity of the Company consisted of the manufacture and sale of quick-frozen foods.

Revenues have decreased by – 4 ppts (2020: increase of 51 ppts), Operating profit margin before exceptional items increased by 1 ppt (2020: 12 ppts) and the Company generated a profit before tax of £106.7 million in the year (2020: £104.5 million). Net financing expenses decreased to £0.1 million (2020: £1.3 million).

Net assets of the Company have decreased by £104.3 million to £204.2 million due to the dividend paid to the parent Company offset by profits for the year. The amount placed in cash pool accounts with Group was driven by the Company's large revenues and operating profit in the year.

2021 saw the grocery market return to some pre-pandemic behaviours, with shoppers reverting to doing bigger, less frequent shopping trips and consuming more food out of home as the foodservice sector re-opened. However, the market established a new baseline that was above pre-pandemic levels as adoption of the frozen foods category increased. Despite declining in 2021 driven by the lapping of the Covid boost in 2020, the market value in 2021 was still over 10% bigger than in 2019._The total frozen category declined in 2021 following the exceptional year and rapid sales growth of 2020, however the company outperformed the market through innovation, supporting retailers, significant distribution gains, and the recovery in Foodservice and the Convenience sector as lock down restrictions eased. As a result of lapping this COVID-19 benefit, 2021 saw a drop in revenue for the first time in four years.

In 2022 the food industry is experiencing a period of sustained high inflation in raw materials, energy, packaging and freight and logistics, which has been caused by several factors including the COVID-19 pandemic, the conflict in Ukraine and labour shortages. Whilst we will make every effort to mitigate these inflationary cost increases through cost saving initiatives, we will inevitably expect to pass them on_our customers through higher prices for finished goods.

With the potential for recession resulting from this increase in the cost of living we are well placed within the packaged frozen food sector to be resilient to these impacts as consumers seek for value and ways to manage their household budgets. By focussing on the core fundamentals of our business, ongoing innovation in our products, continued strengthening of the brand through media investment, and a focus on the right proposition for retailers and consumers, the Company will remain relevant and competitive.

Principal business risks and uncertainties

Risk Factors and Risk Management
Our business, financial condition and results of our operations could be adversely affected by any or all of the following risks that we continue to actively manage:

Strategic report (continued)

Principal business risks and uncertainties (continued)

Risk	Description and mitigation
Manufacturing and logistics Our manufacturing and distribution facilities could be disrupted and/or damaged for reasons beyond our control, such as extremes of weather, fire, supplies of material or services, systems failure, global pandemics, workforce actions or environmental issues.	Any significant manufacturing or logistical disruptions could affect our ability to make and sell products which could cause revenues to decline. This is in addition to the risk of cash outflows for asset replacement and the risk to employee safety. Severe weather conditions and natural disasters, such as storms, floods, droughts, frosts, earthquakes, or pestilence, may affect the supply of the raw materials that we use for the manufacturing of our products. For example, changing climate may cause flooding and drought in crop growing areas or changes in sea temperatures may affect marine biomass, fishing catch rates and overall fishing conditions. In addition, drought or floods may affect the feed supply for red meat and poultry, which in turn may affect the quality and availability of protein sources for our products. If our supplies of raw materials are reduced, we may not be able to find adequate supplemental supply sources, if at all, on favourable terms, which could have a material adverse effect on our business, financial condition, and results of operation. Our supply network could also be adversely affected by the outbreak of various diseases, as demonstrated by the coronavirus pandemic. As a result of a global pandemic, there may be delays in procurement or we may be unable to access such alternative supply on commercially reasonable terms, which may have an adverse impact on our operating results. In addition, a significant outbreak of a contagious disease in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could affect demand for our products and have a material adverse effect on our results of operations. The price of electricity and other energy resources required in the manufacture, storage and distribution of our products is subject to volatile market conditions. These market conditions are often affected by political and economic factors beyond our control, including, for instance, the energy policies of the United Kingdom government. For example, the current conflict in Ukraine is resulting in increased energy prices and volatility in the markets for energy and fuel as a result of the widespread usage of gas, oil, and coal from Russia. Any sustained increases in energy costs could have an adverse effect on the attractiveness of frozen food products for our customers and consumers and could affect our competitive position if our competitors' energy costs do not increase at the same rate as ours. Such disruptions may also occur because of the loss of energy supply contracts or the inability to enter new energy supply contracts on commercially attractive terms. Furthermore, natural catastrophes, regional conflicts or similar events could affect the electricity grid. Any such disruptions or increases in energy costs because of the aforementioned factors or otherwise, could have a material adverse effect on our business, financial condition, and results of operations There is an ongoing programme of efficiency improvement initiatives across our production facility and operations, and we have a business continuity planning process in place. All risks of physical property loss or damage and resultant loss of gross profit and increased cost of working are covered by insurance subject to insurable limits.

Strategic report (continued)

Principal business risks and uncertainties (continued)

Risk	Description and mitigation
Technical Services Quality Assurance As we manufacture food products, any quality failure could impact the health of our consumers and the reputation of the brand. Product quality is challenged via third parties including customers, consumers, NGOs, local authorities, and Port authorities amongst others.	A quality failure could lead to the delisting of products, a product recall, impairment of stock and a loss of standard accreditation. Weak public relations may damage our brand image leading to a decline in sales. Our sourcing and production standards and quality processes are designed to avoid such issues arising. The Consumer Services function contracts a service from a third-party digital media communications agency to monitor social media sites for communications related to the Company brand and products. The information is fed back to management to form an appropriate response.
Legal Risk Management Employees either make or receive acts of bribery in the course of their duties.	We are subject to litigation, arbitration and regulatory proceedings, audits, and investigations from time to time. There is no guarantee that we will be successful in defending ourselves in civil, criminal, or regulatory actions, including under general, commercial, employment, intellectual property, food quality and safety, anti-trust and trade, tax, advertising and claims, and environmental laws and regulations, or in asserting our rights under various new and existing laws and regulations. For example, we could face allegations of false, misleading, or deceptive advertising, claims or marketing, allegations or investigations of anti-competitive practices or other criticisms which could result in litigation, arbitration or regulatory proceedings and result in potential liabilities or costs which may be significant and may damage our reputation. The costs and other effects of potential and pending litigation and administrative actions against us, and new legal requirements, cannot be determined with certainty and may differ from expectations and may have a material adverse effect on our reputation, business, financial condition, and results of operations. A code of conduct has been created and issued to employees. Employees are frequently reminded of their responsibilities and are asked to confirm agreement with the code on a biennial basis.
Contractual Risk Management Employees enter purchasing arrangements without an approved contract in place.	The Company has controls in place to pre-approve significant contracts for goods and services. Our procurement function is aware of the importance of issuing approved Company terms at various points of the sale process, and employees are made aware of the Company policy that guides all supplier contracts and negotiations.
Climate Change Risk Climate change and biodiversity loss pose major risks to our planet, our society, and our business.	Failure to mitigate the worst impacts of global warming threatens lives and livelihoods across the world. These impacts include unpredictable or extreme weather conditions and scarcity of crucial resources such as water and raw materials. One of the central risks for the Company is the potential impact climate change could have on our business, including through ocean heating, ocean acidification and lower agricultural yields in vegetables. Unsustainable food production contributes further to these risks including depletion of fish stocks due to overfishing and damage to soil health and biodiversity which can threaten our supply chain. In addition, media scrutiny, heightening governmental regulation and mounting pressure from NGOs bring financial and commercial risks for businesses who fail to act in accordance with high environmental and ethical standards. The importance of these risks cannot be overstated, and the Company place these at the heart of our business practices. We work to manage and mitigate risks through a range of measures, which include implementing clear policies and procedures across all material sustainability areas.

Strategic report (continued)

Principal business risks and uncertainties (continued)

Risk	Description and mitigation
Information Technology We depend on accurate, timely information and numerical data from key software applications to aid day-to-day operations and decision-making.	Any disruption caused by failings in these systems, of underlying equipment or of communication networks, could delay or otherwise impact day-to-day operations or decision-making, or cause financial losses. Although our information technology systems are protected through physical and software safeguards, it is difficult to protect against the possibility of damage or breach created by cyber-attacks or other security attacks in every potential circumstance that may arise. Cybersecurity incidents that impact the availability, reliability, speed, accuracy, or other proper functioning of these information technology systems could have a significant impact on our operations. If we are unable to prevent physical and electronic break-ins, cyber-attacks, and other information security breaches, we may suffer financial and reputational damage, be subject to litigation or incur remediation costs or penalties because of the unauthorised disclosure of confidential information belonging to us or to our customers, suppliers, or employees. We undertake a ongoing series of internal training programmes with our employees to safeguard them against the potential risks of malicious cyberattacks such as phishing Preventative measures are taken by a third-party service provider to ensure data security is kept up-to-date and applied throughout the Company. We have contingency plans in place for such situations, including manual workarounds, offsite systems backups, and options for working offsite or from alternative locations. A crisis management protocol is in place for business interruption issues as part of the service level agreement.
Risks related to regulations Costs or liabilities relating to compliance with applicable directives, regulations and laws could have a material adverse effect on our business, financial condition, and results of operations.	As a producer of food products for human consumption, we are subject to extensive regulation from governmental authorities that governs production, composition, manufacturing, storage, transport, advertising, packaging, quality, labelling, and distribution standards. Any failure to comply with applicable laws and regulations could subject us to civil remedies, including fines, injunctions, product recalls or asset seizures, as well as potential criminal sanctions, any of which could have a material adverse effect on our business, financial condition, and results of operations. Increased government regulation in the food industry going forwards could potentially place restrictions, barriers, and costs on the ability to trade. For example, the new High in Fat, Salt or Sugar (HFSS) regulations will come into force in 2022 and will restrict special reduced-price offers on foods with high fat, sugar, and/or salt content. In addition, the UK government has set out a more sustainable and environmentally friendly tax system by legislating to implement a Plastic Packaging Tax (PPT) from 1 April 2022. PPT will apply to plastic packaging containing less than 30% recycled plastic content and is expected to be levied at £200 per metric tonne of plastic packaging. In addition, since January 1, 2021, the UK has been trading as an independent country outside of the European Union. This means that new regulations are in place governing the import and export of goods between the UK and the European Union from this date which places a greater cost and administrative burden on us, for example by requiring veterinary certificates for exporting products of animal origin from the UK to the European Union. There are also additional regulations in place governing tariffs for products of non-EU origin when they are exported across the border from the UK to the European Union which also can place a greater cost and administrative burden on us. At some point to be determined in 2023, veterinary certificates will additionally be required for importing products from the European Union to the UK (recently delayed from July 1, 2022) and negotiations continue over the ongoing trade relationship with Europe, for example, the ongoing negotiations in relation to the Northern Ireland Protocol, which could lead to further changes which could lead to increased tariffs, packaging changes and a greater cost and administrative burden on us.

Strategic report (continued)

Principal business risks and uncertainties (continued)

Risk	Description and mitigation
Competition and Consumer Marketing The frozen food industry is highly competitive.	The market for frozen food is highly competitive and our competitors include retailers who promote private label products and well-established branded producers that operate on both a national and an international basis across single or multiple frozen food categories. We also face competition more generally from chilled food, distributors and retailers of fresh products, baked goods, and ready-made meals. We may not successfully compete with our existing competitors and new competitors may enter the market. Discounters are supermarket retailers which offer a narrow range of food and grocery products at discounted prices and which typically focus on non-branded rather than branded products. If we are unable to respond successfully to rapid changes in demand or consumer preferences, our sales or margins could be adversely affected. Monthly management accounts are produced which are reviewed by the Board. These allows performance to be assessed in both absolute and relative market terms and are used by the Board to make informed and timely decisions.
New Product and Innovation Failure to deliver new products.	We aim to introduce new products and re-launch and extend existing product lines on a timely basis in order to counteract obsolescence and decreases in sales of existing products as well as to increase overall sales of our products. The launch and success of new or modified products are inherently uncertain, especially as to the products' appeal to consumers, and there can be no assurance as to our continuing ability to develop and launch successful new products or variations of existing products. The failure to launch a product successfully can give rise to inventory write-offs and other costs, can affect consumer perception of our other products, and can lead to erosion of brand equity. Market factors and the need to develop and provide modified or alternative products may also increase costs. In addition, launching new or modified products can result in cannibalization of sales of our existing products if consumers purchase the new product in place of our existing products. If we are unsuccessful in developing new products in response to changing consumer demands or preferences in an efficient and economical manner, or if our competitors respond more effectively than we do, demand for our products may decrease, which could materially and adversely affect our business, financial condition, and results of operations. The new product and innovation process is driven through regular reviews with cross functional participation to robustly challenge projects and its deliverables, and to bring issues and risks to the table for addressing. The reviews allow targets and delivery expectations to be monitored and realigned.
Inflation and cost pressure We may not be able to pass on price increases for materials or other inputs to our customers.	The food industry is currently experiencing a period of sustained high inflation, which has been caused by several factors including the COVID-19 pandemic, the conflict in Ukraine and labour shortages. Our ability to pass through increases in the prices of raw materials, energy, packaging or freight and logistics costs to our customers depends, among others, on prevailing competitive conditions and pricing methods in the markets in which we operate, and we may not be able to pass through such price increases to our customers. Where we are able to pass through increases in prices, there is typically a time lag between cost increases impacting our business and implementation of product price increases during which time our profit margin may be negatively impacted. Recovery of cost inflation, driven by both commodity cost increases or changes in the foreign exchange rate of the currency the commodity is denominated in, can also lead to disparities in retailers' shelf-prices between different brands which can result in a competitive disadvantage and volume decline. During our negotiations to increase our prices to recover cost increases, customers may take actions which exacerbate the impact of such cost increases, for example by ceasing to offer our products or deferring orders until negotiations have ended. Our inability to pass through price increases in raw materials, energy, packaging or freight and logistics and preserve our profit margins in the future could materially adversely affect our business, financial condition, and results of operations.

Strategic report (continued)

Principal business risks and uncertainties (continued)

Risk	Description and mitigation
Raw material availability and cost Our business depends upon the availability, quality, and cost of raw materials which we source from around the world.	We use significant quantities of food ingredients and packaging materials and are therefore vulnerable to fluctuations in the availability and price of such food ingredients, packaging materials and other supplies. In particular, raw materials have historically represented a significant portion of our cost of sales, and accordingly, adverse changes in raw material prices have in the past negatively impacted and may in future negatively impact our results of operations. Specifically, the availability and the price of fish, vegetables, and other agricultural commodities, including poultry and meat, can be volatile. The current conflict in Ukraine is also causing changes in the global supply chain with fish, poultry, energy, fuel, edible oils, wheat, and packaging materials affected. We are also affected by the availability of quality raw materials, most notably fish, which can be impacted by the fishing and agricultural policies of the UK, European Union and other countries including national or international quotas that can limit volume of raw materials. General economic conditions, economic sanctions due to regional conflict, unanticipated demand, problems in manufacturing or distribution, natural disasters, weather conditions during the growing and harvesting seasons, plant, fish and livestock diseases, the availability of sustainably sourced raw materials, or national or international quarantines can all also adversely affect availability and prices of commodities in the long and short term. While we attempt to negotiate fixed prices for certain materials with our suppliers for periods ranging from one month to a full year, we cannot guarantee that our strategy will be successful in managing input costs if prices increase for extended periods of time. Additionally, by entering fixed price agreements we may potentially be limiting our ability to benefit from possible price decreases. Moreover, there is no market for hedging against price volatility for certain raw materials and accordingly such materials are bought at the spot rate in the market. Our ability to avoid the adverse effects of a pronounced, sustained price increase in raw materials is limited. Any increases in prices or scarcity of ingredients or packaging materials required for our products could increase our costs and disrupt our operations. If the availability of any of our inputs is constrained for any reason, we may not be able to obtain sufficient supplies or supplies of a suitable quality on favourable terms or at all. Such shortages could materially adversely affect our market share, business, financial condition, and results of operations. We monitor changes in our input prices and key variances and trends are reviewed by senior management on a regular basis. Through a combination of our buying and pricing strategies we aim to minimise the impact on our profitability. Therefore, whilst we believe that any impact on our profitability from higher raw material prices would be a short-term issue, there can be no assurance that all shortfalls will be recovered. A failure to recover higher costs or shortfalls in availability or quality could decrease our profitability.
Complex customer arrangements Trade Spend within the retail industry includes a number of complex promotions and discount arrangements.	Trade Spend given by the Company includes rebates, discounts, incentives, promotional couponing, and trade communication costs. Each customer has a unique agreement that is governed by a combination of observable and unobservable performance conditions. Controls are in place to ensure that each agreement is approved at the appropriate level. At the start of each financial year, expected promotions or discounts based on historical trends, prior rebate contracts with customers estimated performance levels, are accrued after management review and approval. Extensive controls are in place to ensure that trade spend claims against the Company are invoiced on a timely basis. At each financial year end date any Trade Spend incurred but not yet invoiced is accrued. These estimates are subject to review by senior management.

Strategic report (continued)

Principal business risks and uncertainties (continued)

Risk	Description and mitigation
Ukraine conflict The ongoing conflict between Ukraine and Russia and the wider geopolitical impact of the conflict could materially and adversely affect our business.	On 24 February 2022, Russian forces invaded Ukraine. While we do not have any direct operations or sales in either Russia or Ukraine, these countries are responsible for many commonly used raw materials and resources such as fish, edible oils (such as sunflower oil), wheat and energy. The ongoing conflict and economic sanctions could see considerable reductions in the availability or increase the cost of such raw materials and resources. In particular, both before and following the invasion, the U.S, the EU and the UK have imposed increasingly stringent economic sanctions on Russia. It is not clear to what extent such sanctions could continue to increase, what raw materials and resources may be affected, nor for how long they will be in place. Our inability, and the inability of our suppliers, to source certain raw materials, particularly fish, and provide certain products to customers and consumers which could materially and adversely affect our business. In addition, sanctions are intended to and will have an impact on international trade and the global economy. Further steps that might be taken in response to the crisis and their consequences are unknown but could include further sanctions, embargoes, regional instability, adverse effects on macroeconomic conditions and adverse effects on exchange rates and financial markets. Should there be sanctions on Russian fish, it would not be possible to replace entirely the required volumes of MSC certified fish in the short-to-medium term. Furthermore, should there be a reduction in availability we may also face higher costs for the inventory available. In anticipation of that possibility, we are seeking clarity from governments on the issue. In addition, to mitigate the risk we are accelerating the adoption and launch of alternative fish species, such as Pangasius coming from aquaculture, into our portfolio. If sanctions are being considered, we are asking for a realistic transition period, similar to that of the approach being taken by countries phasing out Russian oil and gas supplies. There is no guarantee that any such transition period will be provided. Russia and Ukraine are key suppliers of sunflower oil. We have seen sharp inflation in the price of edible oils as availability becomes a concern. Sunflower oil is used in some of the Company's products and in anticipation of availability constraints we are altering recipes to allow for the use of alternative oils. Additionally, the invasion of Ukraine by Russian forces could impact many of the other risk factors listed in these Risk Factors. In particular, but not limited to, the conflict could have an effect on our profitability, fluctuations on our future borrowings, fluctuations on the foreign currency market, the cost of borrowings, the creditworthiness of our customers and our suppliers, the laws and regulations affecting our business and the carrying value of other assets in our business. The conflict is ongoing and as such the related sanctions, potential government actions and economic impact remain uncertain. At this time, it is not possible to predict the extent or nature of these impacts on our business although we expect the current conflict to continue for some time. Any change or movement in any of the elements listed in this section could materially and adversely affect our business.

Key Performance Indicators (KPI's)

Birds Eye Limited's financial performance is predominantly measured in terms of revenue growth, operating profit, and cash flow. The Company also monitors market share to track the Brand's relative performance in the marketplace against competitors and gross margin bridges to monitor profitability for each of the Company's products. The profit analysis includes promotional spend per period, customer and product, buying price development by key materials and manufacturing efficiency. Detailed cost analysis for advertising and promotions and spend in indirect costs is available and used to also analyse Company performance. Cash flow performance analysis is supported by tracking working capital by elements. For management to detect and understand trends most of the KPIs are presented against last year and budget and shown by month, year-to-date and forward forecast. Progress is monitored by management on a monthly basis. Nonfinancial KPIs are monitored internally at a Group level and not at a Company level.

Revenue in 2021 decreased by 4ppts, Operating profit increased by £0.9 million to £106.8 million and Cash, including amounts held in the Group cash pool, decreased by £116.4 million in the year. For further details of performance during the current financial year please refer to the Business Review on page 2.

Strategic report (continued)

Statement pursuant to Section 172 (1) of the Companies Act 2006 ("Act")

The Directors consider, both individually and together, that they have acted in a way that they consider, in good faith, to be most likely to promote the success of the Company for its members as a whole (having regard to its stakeholders and the matters set out in S.172 (1) (a-f) of the Act).

As the Company is a wholly owned subsidiary of the Group and given its principal activities as discussed above, its parent company and other members of the Group are its key stakeholders. Accordingly, the interests of the Group have been considered by the Directors and decisions have been made in alignment with the board of Nomad Foods Limited, taking care that any independent interests of the Company and its stakeholders are considered. The Company considers its other stakeholders to be its employees, the environment and communities in and around the locations it operates from, its suppliers and customers.

- As the Board of Directors, our intention is to behave responsibly and ensure that management operate the business in a responsible manner, operating with the high standards of business conduct and good governance expected from our clients and shareholder. The Board has a detailed programme that ensures operational and financial performance, risk, governance, strategy, culture, and stakeholder engagement are discussed at the appropriate time. At Board meetings, directors receive and consider papers and presentations from executive directors, senior management, and subject-matter experts. The Board challenges management to ensure that the flow and quality of information to the Board is of a high standard.

- The Board recognises that our employees are the key to our success, and nothing can be achieved without their engagement. To this effect we have guidelines which form a solid foundation for Human Resources Management across the Company. These guidelines explain to all our colleagues the vision and mission of the Human Resources function covering every aspect of the employee lifecycle. In addition, every year we run a confidential employee survey, Our Voice, which provides employees the opportunity to be heard and share how they feel at work. The results of these surveys are benchmarked against our comparator companies.

- The Board place great emphasis on tangible results and the performance delivered by employees. However, we also recognise not just "what" we deliver but also "how" we have achieved our results. Through developing the appropriate competencies and leadership behaviours we can help drive even greater performance both individually and where we lead others through our teams. In line with Nomad Foods Group, the Company has set values designed to combine our Company culture with our growth model in order to achieve our goals.

People

During 2021, the Company had an average of 976 employees (2020: 932) at its office and factory locations in England. As outlined in the Nomad Foods Code of Business Principles, people are at the heart of our business, and their interests and development are of paramount concern for the Company.

We strive to provide a safe workplace; controlling and eliminating risks to health and wellbeing; ensuring that our facilities and the equipment within them are safe and that the environmental, health and safety procedures are both established and adhered.

Following the emergence of the COVID-19 pandemic we have taken steps to further safeguard our people through greater communication and support. In 2021 we have also continued to make sure employees have an active voice through the 'Our Voice' employee survey, the results of which are benchmarked against other FMCG companies and inform our People Plans. In addition, sustainability is important for our employees and we involve them in the work and encourage them to live our values every day.

Environment and Community

As part of Nomad Foods Group, the Company very seriously takes into consideration the potential impact of its operations in the environments in which we operate and the communities living there.

We continuously review our position to mitigate supply chain risks, working to meet relevant ethical, environmental, and social obligations. We seek to source, manufacture, and sell our food to consumers in a responsible way. We operate a sustainability program called Our Sustainable Path that reflects our commitments. We do this by endeavouring to:

- Meet all relevant food and safety regulations
- Uphold international sustainability standards
- Lead, manage and review our approach, regularly assessing progress
- Report progress annually as part of the Nomad Foods' Sustainability report

Our sustainability program is based on the concepts of materiality and salience and aligned with the UN Sustainability Development Goals (SDGs). It consists of three pillars, securing a "farm to fork" approach of:

1. **Better Sourcing**: We want to be the recognised leader in fish and vegetable sourcing. This means sourcing our fish and seafood products with care and respect for people and the environment and ensuring that all our vegetables and potatoes are grown according to third-party verified sustainable agriculture principles.

2. **Better Nutrition**: We help families eat a more balanced diet. This includes improving the nutritional profile of our portfolio, using our influence to inspire positive choices and implementing strict standards on additives and preservatives.

3. **Better Operations**: We are committed to do better whilst minimising our environmental impact. We continually strive to improve our energy, water and waste management, reduce operational greenhouse gas emissions, and actively address the impact of our packaging.

Suppliers

The Company's business partners are treated fairly and with respect in accordance with the Nomad Foods Code of Business Principles and we work hard to maintain solid long-term relationships with our supplier base. Procurement of direct materials is handled by the Company's parent, Nomad Foods Europe Limited, which is a significant purchaser in global markets for certain raw materials.

The Company also encourages all our suppliers to have or work towards a culture of continuous improvement.

Customers

The Company's customers range from large national retailers, to wholesalers and smaller retailers. We benefit from longstanding relationships with our customers which provide access to our diversified distribution channels, including supermarkets, discount retailers, the food service channel and other food retailers that sell directly to consumers.

The majority of our sales are to established retailers and we expect this channel to remain our most significant channel for the foreseeable future. We partner with traditional retailers when we identify commercial or marketing opportunities that can be of interest for both businesses.

Throughout 2021 management has been increasing our investment in online sales. The online grocery retail channel is growing faster than established grocery retail formats across developed markets, partially because of the COVID-19 pandemic. Frozen foods particularly benefit from the online channel as the advantages to the consumer of outsourcing transportation of frozen food to the retailer are greater than in other categories, and because some of the barriers to purchasing in-store (e.g., colder aisles) are removed for the consumer online.

Strategic report (continued)

On behalf of the Board

Christian Ardern
Director
28 September 2022

Directors' Report

The Directors present their report and the audited financial statements for the year ended 31 December 2021 for Birds Eye Limited.

Results and Dividend

The profit for the financial year is £98.3 million (2020: £107.7 million). During the year the Directors recommended and paid a £200.0 million dividend payment (2020: £nil) to the parent Company.

Research and Development

The Company's research and development facilities continue to investigate new products and processes both to improve the quality and performance of the existing brands and to provide opportunities for the introduction of new products.

Employees

The Company complies with all Disability Discrimination Act requirements. In relation to employees who become disabled while employed, such individuals will either continue to be employed and trained or will be deployed in a suitable role to meet their needs and requirements in consultation with the employee.

To make elected employee representatives consultation bodies aware of the financial and economic factors that impact on the Company, meetings are held regularly across the Company's sites in the United Kingdom. In addition, there is a groupwide consultative group comprising of representatives from the Company. This consultative group has agreed terms of reference and meets annually.

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

Wayne Hudson
Craig Hamilton
Christian Ardern
Soterakis Challouma

Company Secretary

Edward Marriott

Going Concern

The Company's business activities, together with the factors likely to affect its future development, performance, and position, are set out in the Business Review section of the Strategic Report on page 2.

The Company is expected to continue to generate positive cash flows on its own account for the foreseeable future. Based on the review of the Company's business plan, the Directors have satisfied themselves of the Company's ability to continue as a going concern based on current cash-flow projections and capital expenditure. As part of the Going Concern assessment management considered plausible downside risks. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Streamlined Energy and Carbon Reporting (SECR) disclosures

Under changes introduced by the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ('SI 2018/1155') the Company has calculated and reported its energy use and associated Green House Gas (GHG) in the UK for 2021 using the GHG Protocol Corporate Accounting and Reporting Standard. GHG emissions are measured annually, by calculating our total Scope 1, Scope 2 and Scope 3 emissions and converting them into equivalent tons of carbon dioxide.

The Company's footprint has been calculated on the basis of operational control using our corporate activities and properties in the United Kingdom. Conversion factors for emissions have been calculated in line with DEFRA 2021. Reported CO2e emissions were confirmed with reasonable assurance by an external auditor, as part of the wider Nomad Foods Group sustainability report, with verification performed according to the ISO 14064-3 requirements.

The total carbon emissions for 2021 have increased due to 2020 data being suppressed by the impact of factory and office closures.

The GHG data below relates to emissions during the 12-month year from 1 January to 31 December 2021:

	2021	2020
	tCO_2e	tCO_2e
Scope 1 carbon emissions (tonnes CO_2e)[a]	25,793	24,368
Scope 2 carbon emissions (tonnes CO_2e)[b]	334	3,748
Scope 3 carbon emissions (tonnes CO_2e)[c]	64,894	60,486
Total GHG emissions	**91,021**	**88,602**
Intensity Ratio (tonnes CO_2e per tonne of production)	600	572
Total energy (kWh)	**173,333,169**	**167,115,856**

Notes

[a] Scope 1 covers direct emissions from activities owned and controlled by the Company and covers: Natural gas, diesel, lubricating oils, liquid CO_2, dry ice and air conditioning.

[b] Scope 2 covers indirect emissions from the generation of purchased electricity on sites owned and controlled by the Company.

[c] Scope 3 covers indirect emissions that occur in the Company's value chain and covers: Diesel, petrol, liquid nitrogen, propane, re-used materials, electricity in external warehouses of finished goods, water and waste.

Energy Efficiency Action

Combatting climate change means changing the way businesses operate today: taking action to reduce emissions, protect the environment, end deforestation, safeguard biodiversity and ensure precious resources such as water are used in an efficient way with a long-term focus.

As a food business, waste, energy and water are the primary sources of carbon related emissions within our operations, which is why we place specific focus on managing those areas, with both long-term and short-term reduction initiatives. None of our sites are placed in current water scarce areas.

In 2021, we remain committed to reducing both the absolute and intensity of carbon emissions through initiatives in:

- Better management of waste and materials for re-use
- Efficiencies in production
- Increased usage of renewable energy

We are committed to reducing the intensity of our greenhouse gas emissions every year in line with recent climate science.

Directors' Report (continued)

Energy Efficiency Action (continued)

The Company, being part of Nomad Food Group (the Group), has signed a commitment letter to the Science Based Targets initiative (SBTi) stating its intention to set new carbon reduction targets in line with limiting global temperature rise to 1.5°C versus pre-industrial levels.

Further details on the Group's sustainability efforts can be found within the 2021 Sustainability Report, available to download at www.nomadfoods.com.

Financial instruments

The Company's activities expose it to a variety of financial risks, including currency risk, credit risk, liquidity risk and price risk.

Many of the risks faced by the Company are managed by the Group at a group level rather than at an individual Company level. The Group's overall risk management program focuses on minimising potential adverse effects on the Group's financial performance. Risk management is led by senior management and is mainly carried out by a central treasury department which identifies, evaluates and manages financial risks in close cooperation with the Group's operating units.

Currency risk
The Company is exposed to foreign exchange risk where it makes purchases in a currency other than its functional currency i.e. the purchase of goods and services in Euro or USD. The Company uses forward foreign currency contracts to hedge exposure to currency risk.

Credit risk
Credit risk arises on cash and cash equivalents with banks and financial institutions, as well as on credit exposures to customers. For financial institutions, credit risk is limited by diversification of exposure across a range of financial institutions, including forward foreign exchange contracts, cross currency interest rate swaps and surplus cash deposits. For customers, management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

Liquidity risk
The Company is exposed to the risk that it is unable to meet its commitments as they fall due. The Company ensures that it has sufficient cash and available funding through regular cash flow forecasting.

Price risk
The market for frozen food is highly competitive, and further consolidation in the industry would likely increase competition. Our competitors include retailers who promote private label products and well-established branded producers that operate on both a national and an international basis across single or multiple frozen food categories. Our competitors often compete with us on price which may impact profits.

Further details of The Company's exposure to price risk is discussed in the strategic report.

Statement of disclosure information to auditors

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 auditors are unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent Auditors

The independent auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Directors' Report (continued)

Statement in accordance with Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008

The Directors of the Company have considered who the Company's stakeholders are and the manner and effect of decisions taken during the year and these are set out where relevant in the Strategic Report on pages 2 to 11. This section also highlights any strategic decisions or matters affecting the Company's business which have taken place during the year.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under Company law, 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 year. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the Board

Christian Ardern
Director
28 September 2022

Birds Eye Limited

Independent auditors' report to the members of Birds Eye Limited

Report on the audit of the financial statements

Opinion

In our opinion, Birds Eye Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: Statement of Financial Position as at 31 December 2021; the Income Statement, the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to manual adjustments made to the trade rebate accruals. Audit procedures performed by the engagement team included:

- Enquired with management as to what laws are applicable to the Company
- Performed a risk assessment and did not identify any unusual movements that could link to instances of non-compliance with laws and regulations
- Reviewed board minutes to identify any instances of non-compliance with laws and regulations

- Enquired with the Nomad Foods Group tax and legal teams to understand if there were any instances of non-compliance during the year
- Tested manual journal entries posted to identify any instances of management override of controls
- Tested the design and operating effectiveness of controls around the principal risks identified above
- Tested the manual rebate adjustments during the year and the trade terms accruals as of year-end

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

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

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

We have no exceptions to report arising from this responsibility.

Sarah Quinn (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
28 September 2022

Income Statement

For the year ended 31 December 2021

	Note	2021 £000	2020 £000
Revenue	4	704,356	732,687
Cost of sales		(559,608)	(578,754)
Gross profit		144,748	153,933
Distribution costs	5	(23,208)	(29,838)
Administrative expenses	5	(13,949)	(17,698)
Exceptional items	6	(792)	(535)
Operating profit	5	**106,799**	**105,862**
Finance income	8	211	116
Finance expenses	8	(333)	(1,464)
Net financing expenses		**(122)**	**(1,348)**
Profit before taxation		**106,677**	**104,514**
Tax on profit	9	(8,374)	3,206
Profit for the financial year		**98,303**	**107,720**

The notes on pages 24 to 41 are an integral part of these financial statements.

Statement of Comprehensive Income

For the Year Ended 31 December 2021

	Note	2021 £000	2020 £000
Profit for the financial year		**98,303**	**107,720**
Other comprehensive (loss)/income			
Effective portion of changes in fair value of cash flow hedges		(13,307)	8,667
Tax relating to components of other comprehensive (loss)/income	9	1,101	(1,478)
Items that may be subsequently reclassified to the income statement		**(12,206)**	**7,189**
Other comprehensive (loss)/income for the year, net of tax		**(12,206)**	**7,189**
Total comprehensive income for the year		**86,097**	**114,909**

The notes on pages 24 to 41 are an integral part of these financial statements.

Statement of Financial Position

As at 31 December 2021

	Note	2021 £000	2020 £000
Non-current assets			
Property, plant and equipment	10	90,306	73,916
Investments	11	73	73
Deferred tax asset	9	2,409	9,682
Total non-current assets		**92,788**	**83,671**
Current assets			
Inventories	12	78,404	70,902
Trade and other receivables	13	175,300	296,092
Cash and cash equivalents		38	38
Derivative financial instruments	14	998	5,271
Total current assets		**254,740**	**372,303**
Total assets		**347,528**	**455,974**
Current liabilities			
Trade and other payables	15	(128,469)	(132,675)
Loans and Borrowings	17	(1,533)	(1,611)
Derivative financial instruments	14	(5,604)	(5,628)
Provisions for liabilities and charges	16	(143)	(467)
Total current liabilities		**(135,749)**	**(140,381)**
Net Current Assets		**118,991**	**231,922**
Total Assets less Current Liabilities		**211,779**	**315,593**
Non-current liabilities			
Trade and other payables	15	(1,806)	(2,399)
Provisions for liabilities and charges	16	(1,467)	(1,375)
Loans and Borrowings	17	(4,298)	(3,276)
Total non-current liabilities		**(7,571)**	**(7,050)**
Total liabilities		**(143,320)**	**(147,431)**
Net assets		**204,208**	**308,543**
Capital and reserves			
Called up Share capital	18	50	50
Capital reserve	19	30,000	30,000
Cash flow hedging reserve	19	(2,454)	184
Retained earnings		176,612	278,309
Total equity		**204,208**	**308,543**

The notes on pages 24 to 41 are an integral part of these financial statements.

The financial statements on pages 20 to 23 were approved by the board of Directors on 28th September and signed on its behalf by:

C Ardern
Director
Date: 28 September 2022
Company Number: 343496

Statement of Changes in Equity
For the Year Ended 31 December 2021

	Called up Share capital £000	Capital Redemption reserve £000	Cash flow hedging reserve £000	Retained earnings £000	Total equity £000
Balance at 1 January 2020	**50**	**30,000**	**(7,005)**	**170,589**	**193,634**
Profit for the financial year	-	-	-	107,720	107,720
Other comprehensive income	-	-	7,189	-	7,189
Total comprehensive income for the financial year	-	-	**7,189**	**107,720**	**114,909**
Balance at 31 December 2020	**50**	**30,000**	**184**	**278,309**	**308,543**
Profit for the financial year	-	-	-	98,303	98,303
Deferred hedging losses transferred to the carrying value of inventory	-	-	9,568	-	9,568
Other comprehensive loss	-	-	(12,206)	-	(12,206)
Total comprehensive income for the financial year			**(2,638)**	**98,303**	**95,665**
Dividends paid	-	-	-	(200,000)	(200,000)
Balance at 31 December 2021	**50**	**30,000**	**(2,454)**	**176,612**	**204,208**

The notes on pages 24 to 41 are an integral part of these financial statements.

Notes to the Financial Statements

1 General information

Birds Eye Limited (the "Company") is a private Company limited by shares, incorporated and domiciled in the UK and registered in England and Wales under the Companies Act 2006. The Company's registered address is 1 New Square, Bedfont Lakes Business Park, Feltham, Middlesex. TW14 8HA, UK, its' registered number is 343496.

2 Accounting policies

Basis of preparation

These financial statements have been prepared under the historical cost convention, modified by revaluation of financial assets and financial liabilities held at fair value through profit and loss, within these accounting policies and in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework ("FRS 101")* and the Companies Act 2006.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of derivative financial assets and financial liabilities measured at fair value through the Income Statement, and in accordance with the Companies Act 2006 as applicable to companies using FRS 101.

The Company is exempt from the requirement to prepare consolidated financial statements under s401 of the Companies Act 2006.

The Company's ultimate parent undertaking, Nomad Foods Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Nomad Foods Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from www.nomadfoods.com/investor-relations.

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

- Comparative year reconciliations for share capital.
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation and other transactions of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the company, specifically: paragraphs 17 and 18(a).
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.
- Certain disclosure requirements in respect of IFRS 15, specifically: paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129.

These financial statements are presented in GBP, which is the Company's functional currency. All financial information has been rounded to the nearest thousand.

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

Notes to the Financial Statements (continued)

2 Accounting policies (continued)

Adoption of new accounting standards – IFRS 9 'Financial Instruments'

IFRS 9 'Financial Instruments' was issued in July 2014 and replaced IAS 39 'Financial Instruments: Recognition and Measurement.' The Company had previously elected to continue hedge accounting under IAS 39 as was allowed by the standard. On January 1, 2021, the Company adopted hedge accounting under IFRS 9, as the hedge accounting requirements have been simplified and are more closely aligned to the Company's risk management strategy. Under IFRS 9 all existing hedging relationships qualified as continuing hedging relationships.

The Company's policy is to reduce its risk of foreign exchange movements on forecasted transactions (such as purchases of raw materials) in currencies other than the operating entity's functional currency using forward foreign exchange contracts designated as cash flow hedges. Under IFRS 9, in cash flow hedges of a forecast transaction that result in the recognition of a non-financial item (such as inventory), the amounts that were accumulated in the cash flow hedging reserve and the cost of hedging reserve are included in the initial cost of the non-financial item upon its recognition. The Company has elected to apply this accounting policy prospectively and therefore as at January 1, 2021 any existing hedges of non-financial items (such as inventory) that were already recognised in the Statement of Financial Position, did not result in an opening balance transfer out of equity to the non-financial item as a result of the transition to IFRS 9. For the year ended December 31, 2021, £9.6 million was recognised as deferred hedging losses transferred to the carrying value of inventory. This is not a reclassification adjustment and will not be recognised in the Statement of Other Comprehensive Income for the year.

Going concern

The Company is expected to continue to generate positive cash flows on its own account for the foreseeable future.

The Directors have assessed the ability of the Company to continue as a going concern. Based on the review of the Company's business plan, the Directors have satisfied themselves of the Company's ability to continue as a going concern based on current cash-flow projections, interest cover, debt cover and capital expenditure. As part of the Going Concern assessment management considered plausible downside risks. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Statement of Financial Position date are translated at the foreign exchange rate ruling at that date. At the Statement of Financial Position date, the EUR:GBP exchange rate was 1.19218. Foreign exchange differences arising on translation are recognised in the Income Statement. 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 translated at foreign exchange rates ruling at the dates the fair value was determined.

Property, plant and equipment

i. Owned Assets

The cost of property, plant and equipment is their purchase cost, together with any directly attributable incidental costs of acquisition. An asset's carrying amount is written down immediately to recoverable amount where the recoverable amount is lower that the carrying amount.

Depreciation is calculated so as to write off the cost of property plant and equipment, less their estimated residual values, on a straight-line basis over the expected economic lives of the assets concerned.

Buildings	40 years
Plant and machinery	1 to 14 years
Leasehold land and building	Life of lease up to a maximum 40 years
Leasehold plant and equipment	Life of lease

Freehold land is not depreciated.

Notes to the Financial Statements (continued)

2 Accounting policies (continued)

ii. Leased Assets

The Company leases various properties, equipment and cars. Since the adoption of IFRS16 in the 1st January 2019, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a contract contains both lease and non-lease components, the Group has elected to account for the contract as a single lease.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Income Statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is classified within property, plant and equipment and is depreciated over the shorter of the asset's useful life or the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities are presented within loans and borrowings and include the net present value of expected lease payments, including those from extension options if the Company reasonably expects to exercise them. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, otherwise the Company's incremental borrowing rate is used. Right-of-use assets are measured at cost comprising the amount of the lease liability, adjusted for payments made or received before the commencement date, initial direct costs and restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the Income Statement. Short-term leases are leases with a lease term of 12 months or less. Low-value assets primarily comprise IT equipment and small items of office furniture.

Investments

Investments in subsidiary undertakings are carried at cost, less provisions for impairment.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes direct expenditure. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity. Provision is made for slow moving, obsolete and defective inventories.

Impairment of non-current assets

The carrying amounts of the Company's assets are reviewed annually to determine whether there is any indication of impairment. If any such indication exits, the asset's recoverable amount is estimated. Impairment losses are recognised in the Income Statement in the year in which they arise.

An impairment loss is recognised whenever the carrying amount for an asset or its cash-generating unit exceeds its recoverable amount.

Notes to the Financial Statements (continued)

2 Accounting policies (continued)

Financial instruments

Financial assets and liabilities are recognised in the Company's Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument.

(i) Cash and cash equivalents

Cash and cash equivalents comprise of cash balances and are measured at amortised cost. From 2020, in line with Group policy, the Company no longer recognises cash in transit as cash and cash equivalents. The Company operates within a cash pooling agreement under which term all cleared funds in the accounts of the Company are zero balanced on an end of day basis to a master account held by the Group.

(ii) Trade receivables/amounts owed by Group undertakings

Trade receivables are amounts due from customers for goods sold when control of the products has transferred, being when the products are delivered in accordance with the contractual arrangements. At this point, there is no unfulfilled performance obligation that could affect the customer's acceptance of the product, except for returns due to quality. The Company holds the trade receivables with the objective of collecting the contractual cash flows and so they are subsequently measured at amortised cost using the effective interest method, less any loss allowance. Since trade receivables are due within one year, this equates to initial carrying value less any loss allowance.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Trade receivables are grouped by days past due. Expected loss rates are based on historical credit losses experienced in each market as well as forward looking information where this is significant. Trade receivables are written off when there is no reasonable expectation of recovery. Appropriate allowances for expected credit losses and estimated irrecoverable amounts are recognised in the Income Statement.

Trade receivables are presented net of associated contract liabilities, referred to as 'trade terms'.

In 2021 the sale of trade receivables to financial institutions incurred a fee of £0.1 million (2020: £0.2 million).

(iii) Trade payables/amounts owed to Group undertakings

Trade payables and amounts owed to Group undertakings are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest method. Since payables are largely due within one year, this equates to initial carrying value.

(iv) Derivative financial instruments and hedge accounting

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

The fair value of all financial derivative instruments is determined per market standard using forward foreign exchange and interest rates at the balance sheet date, with the resulting value discounted back to present value.

Notes to the Financial Statements (continued)

2 Accounting policies (continued)

(v) Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in the cash flow hedging reserve. Any ineffective portion of the hedge is recognised immediately in the Income Statement.

Since the adoption of IFRS 9 for hedge accounting on January 1, 2021, if the result of a forecasted transaction is recognition of a non-financial asset (for example inventory), the amounts that were accumulated in the cash flow hedging reserve are included in the initial cost of the non-financial item upon its recognition. For all other hedged forecasted transactions, the amounts accumulated in the hedging reserve are reclassified to the Statement of Profit or Loss in the same year, or years, in which the hedged forecasted future cash flows affect the Statement of Profit or Loss.

When a hedging instrument expires or is sold, exercised or otherwise terminated, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the Statement of Profit or Loss immediately.

When a hedging instrument is substantially modified, any fair value gain or loss is recognised immediately in the Statement of Profit or Loss.

Provisions

Provisions are recognised when the Company has a legal or constructive present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the financial year end date.

Revenue from contracts with customers

The Company manufactures and sells a range of frozen foods to retail and wholesale markets. Revenue is recognised when control of the products has transferred, being when the products are delivered to the customer in accordance with the contractual arrangements. At this point, there is no unfulfilled performance obligation that could affect the customer's acceptance of the product, except for returns due to quality. A provision for product return allowances, which is estimated based upon the Company's historical performance and management's experience, is recorded as a reduction of sales in the same year that the revenue is recognised. Revenue excludes sales taxes.

Revenues are generated through point in time sales with the price agreed with customers in advance of the transaction occurring. Products are often sold with variable pricing arrangements, including payment discounts, trade promotions and slotting fees. Discounts given by the Company include rebates, price reductions and incentives to customers, promotional couponing and trade communication costs. Trade promotions consist of pricing allowances, merchandising funds and customer coupons, which are offered through various programs to customers and consumers. Certain retailers require the payment of slotting fees to obtain space for the Company's products on the retailers' store shelves. Contract liabilities exist in the form of trade rebates with customers being on-invoice or off-invoice and the amounts accrued for in the year was £461.2 million (2020: £453.1 million).

Notes to the Financial Statements (continued)

2 Accounting policies (continued)

Where variable pricing arrangements are in place, revenue is only recognised to the extent that it is highly probable that the amount recognised is unlikely to be reversed. Accumulated experience is used to estimate and provide for the discounts. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. Accruals for expected pay-outs under these programs are collectively known as 'trade terms' and are included within trade and other receivables or within trade and other payables in the Statement of Financial Position. No element of financing is deemed present as the sales are made in line with market practice and all accruals are settled within twelve months of the sale.

Cost of sales

Cost of sales are comprised of the inventories and logistical costs. Cost of inventories includes expenses related to the procurement and purchase of raw materials, as well as conversion costs including labour costs, depreciation of production assets, fuel, electricity, equipment maintenance and inspection.

Finance income and expense

Finance income and expense is recognised in the income statement in the year in which it is earned.

Expenses

(i) **Operating lease payments**

Payments associated with short-term leases, leases of low-value assets, variable lease payments and leases assessed as service agreements are recognised on a straight-line basis as an expense in profit or loss and presented as "operating leases". Lease incentives received are recognised on a straight-line basis in the Income Statement as an integral part of the total lease expense.

(ii) **Borrowing costs**

Borrowing costs are recognised in the Income Statement in the year in which they are incurred.

(iii) **Research and Development**

Expenditure on research activities of new products is recognised in the Income Statement as an expense as incurred.

(iv) **Distribution costs**

Expenditure on distribution costs, including advertising, marketing and promotional costs, is recognised in the Income Statement as an expense is incurred.

(v) **Administrative expenses**

Expenditure related to the general administration of the Company's operations, including staff costs, costs of buildings, professional expenses and other expenses.

(vi) **Exceptional items**

The separate reporting of non-recurring exceptional items, which are presented as exceptional within the relevant Income Statement category, helps provide an indication of the Company's underlying business performance. Exceptional items comprise of retention and severance payments in relation to restructuring activities.

Notes to the Financial Statements (continued)

2 Accounting policies (continued)

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Income Statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the Statement of Financial Position 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 recognised 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 Statement of Financial Position 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 asset can be utilised.

Pensions

The Company operates a defined contribution pension scheme. Contributions are charged to the Income Statement as incurred.

3 Critical accounting estimates and judgements

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

3.1 Critical accounting estimates and assumptions

(i) Carrying value of trade receivables

As per IFRS 9, a simplified impairment model can be applied to trade receivables containing no significant financing component. A matrix model is used to estimate expected losses based on historic bad debt. A management review applying knowledge and experience of the current aged debt is used to refine the estimate of expected losses.

(ii) Carrying value of inventory

Harvested materials are often blocked by Quality Assurance to ensure any materials not meeting production standard are not utilised. Most of blocked stock is released after further analysis and cleaning. Management make a judgement of the value of blocked stock that will be used in production to avoid inflated provisions based on initial quality-based blocks.

Notes to the Financial Statements (continued)

3 Critical accounting estimates and judgements (continued)

(iii) Discounts

Discounts given by the Company include rebates, price reductions and incentives given to customers, promotional couponing and trade communication costs. Each customer has a unique agreement that is governed by a combination of observable and unobservable performance conditions.

Trade promotions comprise of amounts paid to retailers for programs designed to promote Company products and include pricing allowances, merchandising funds and customer coupons, which are offered through various programs to customers and consumers. The ultimate costs of these programs can depend upon retailer performance and is the subject of significant management estimates. The estimated ultimate cost of the program is based upon the programs offered, timing of those offers, estimated retailer performance based on history, management's experience and current economic trends.

At each financial year end date, any discount or trade promotion expense incurred but not yet invoiced is estimated and accrued for. In certain cases, the estimate for discounts and trade promotions requires the use of forecast information for future trading years and therefore a degree of estimation uncertainty exists. These estimates are sensitive to variances between actual results and forecasts. The estimate is based on accumulated experience and the principle that revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

The accruals are presented as 'trade terms' and offset against trade receivables due to the same customer, or as trade term payables where there is no receivable to be offset.

(iv) Fair value of derivative financial instruments

Note 14 includes details of the fair value of the derivative instruments that the Company holds at 31 December 2021. Management has estimated the fair value of these instruments by using valuations based on discounted cash flow calculations.

3.2 Critical judgements in applying the Company's accounting policies

Management has carefully considered the risks to the Company and do not consider there to be any key sources of judgement or uncertainties that would have a material impact on the carrying amounts disclosed in the financial statements.

Notes to the Financial Statements (continued)

4 Revenue

	2021	2020
	£000	£000
United Kingdom	649,261	661,301
Rest of Europe	53,617	69,714
Rest of the world	1,478	1,672
	704,356	**732,687**

All revenue is derived from the sale of goods.

5 Operating profit

The operating profit is stated after charging:

	2021	2020
	£000	£000
Depreciation on property, plant and equipment		
- owned	(8,210)	(7,806)
- leased	(1,439)	(1,423)
Loss on disposal of tangible assets	(189)	(9)
Advertising and promotion costs	(20,844)	(27,528)
Staff costs (note 7)	(48,033)	(57,011)
Write down of inventory (note 12)	(1,626)	(1,362)
Research and development	(997)	(775)
Foreign exchange gains/(losses)	(6,647)	(2,038)
Impairment of property, plant and equipment	(40)	(1)

Fees payable of £0.2 million to the Company's auditors for the statutory audit of the Company's annual financial statements were paid by the immediate parent Company without recharge (2020: £0.2 million). The Company's auditors do not provide any other services to the Company.

6 Exceptional items

	2021	2020
	£000	£000
Restructuring charge to the income statement	(792)	(535)

Exceptional items consist of severance and retention costs associated to restructuring activities.

Notes to the Financial Statements (continued)

7 Employee and Directors information

The average monthly number of persons (including Directors) employed by the Company during the year is analysed below:

	2021 Number	2020 Number
Production	767	734
Administration, distribution and selling	209	198
Total	**976**	**932**

Staff costs	2021 £000	2020 £000
Wages and salaries	(42,162)	(49,866)
Social security costs	(3,790)	(4,686)
Other pension costs	(2,081)	(2,459)
Total	**(48,033)**	**(57,011)**

The above pension costs are in relation to the Group defined contribution pension scheme.

Directors' emoluments	2021 £000	2020 £000
Emoluments	(1,357)	(1,933)
Company contributions to money purchase pension scheme	(23)	(25)
Total	**(1,380)**	**(1,958)**

Highest paid director	2021 £000	2020 £000
Emoluments	(634)	(969)
Total	**(634)**	**(969)**

Retirement benefits are accruing to the following number of Directors under:

	2021	2020
Money purchase schemes	3	3

No Directors exercised share options during the year (2020: nil).

Share based payment charges are recognised in accordance with IFRS2 "share based payments" by other companies in the Nomad Foods Limited Group. Whilst the Directors participate in these incentive schemes, no costs in relation to these schemes are recharged to the Company.

Notes to the Financial Statements (continued)

8 Finance income and finance expenses

	2021 £000	2020 £000
Interest income on deposits held by Group companies	-	116
Foreign exchange gains arising on retranslation of financial assets and liabilities	211	-
Finance income	**211**	**116**
Interest charge on lease liabilities	(168)	(173)
Interest charge through debt factoring	(69)	(194)
Interest paid on deposits held by Group companies	(18)	-
Fair Value Liquidity Swaps	(78)	-
Foreign exchange losses on retranslation of financial assets and liabilities	-	(1,097)
Finance expenses	**(333)**	**(1,464)**
Net finance (expenses)/income	**(122)**	**(1,348)**

9 Tax on profit

	2021 £000	2020 £000
Taxation charge in respect of prior year	-	(1,180)
Deferred taxation (charge)/credit current year	(4,397)	2,238
Adjustments to deferred taxation in respect of prior year	(3,977)	2,148
Total taxation (charge)/credit	**(8,374)**	**3,206**

The tax for the year is lower than (2020: lower) the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £000	2020 £000
Profit before taxation	106,676	104,514
Profit multiplied by standard rate of corporation tax in UK of 19% (2020: 19%)	(20,268)	(19,858)
Effects of:		
Group relief claimed for nil consideration	15,216	21,689
Permanent differences	331	(474)
Change in deferred tax rate	324	881
Adjustments in respect of prior year	-	(1,180)
Adjustments to deferred taxation in respect of prior year	(3,977)	2,148
Total tax (charge)/credit in Income Statement	**(8,374)**	**3,206**

Following the enactment of the Finance Act 2016, the standard rate of corporation tax in the UK is 19% for 2021 (2020: 19%). The UK government announced an increase in the statutory rate of corporation tax from 19% to 25% with effect from April 1, 2023, substantively enacted on May 24, 2021.

Notes to the Financial Statements (continued)

9 Tax on profit (continued)

The movement on the provision for deferred tax represents the full potential asset and is made up as follows:

	Opening balance 1 Jan 2021	Recognised in Income Statement	Recognised in equity	Closing balance 31 Dec 2021
	£000	£000	£000	£000
Accelerated capital allowances	9,376	(8,428)	-	948
Short-term timing differences	349	54	-	403
Taxation on financial derivatives	(43)	-	1,101	1,058
	9,682	**(8,374)**	**1,101**	**2,409**

	Opening balance 1 Jan 2020	Recognised in Income Statement	Recognised in equity	Closing balance 31 Dec 2020
	£000	£000	£000	£000
Accelerated capital allowances	5,093	4,283	-	9,376
Short-term timing differences	246	103	-	349
Taxation on financial derivatives	1,435	-	(1,478)	(43)
	6,774	**4,386**	**(1,478)**	**9,682**

Deferred income tax assets are recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable.

On 23 September 2022, it was announced that the corporation tax rate change from 19% to 25% with effect from 1 April 2023 was to be cancelled. This was not substantively enacted at the balance sheet date and therefore the impact of this change is not reflected in the measurement of deferred tax. If the rate change had been substantively enacted prior to 31 December 2021, the impact would have been an immaterial decrease to the deferred tax asset with a corresponding immaterial debit to the income statement.

Notes to the Financial Statements (continued)

10 Property, plant and equipment

	2021	2020
	£000	£000
Owned property, plant and equipment (i)	85,006	70,067
Right-of-use assets (ii)	5,300	3,849
Property, plant and equipment	**90,306**	**73,916**

i) Owned property, plant and equipment

	Land and buildings £000	Plant and machinery £000	Assets under construction £000	Total £000
Cost				
At 1 January 2020	**30,867**	**125,529**	**6,670**	**163,066**
Additions	428	5,024	5,790	11,242
Transfers	260	4,638	(4,898)	-
Disposals	(2)	(1,461)	-	(1,463)
At 31 December 2020	**31,553**	**133,730**	**7,562**	**172,845**
Additions	1,059	8,290	19,830	29,179
Transfers	-	-	(5,841)	(5,841)
Disposals	(27)	(3,168)	-	(3,195)
Impairment	-	(40)	-	(40)
At 31 December 2021	**32,585**	**138,812**	**21,551**	**192,948**
Accumulated depreciation				
At 1 January 2020	**13,012**	**83,414**	**-**	**96,426**
Depreciation	1,055	6,751	-	7,806
Disposal	(2)	(1,451)	-	(1,453)
Impairment losses	-	(1)	-	(1)
At 31 December 2020	**14,065**	**88,713**	**-**	**102,778**
Depreciation	1,125	7,085	-	8,210
Disposal	(18)	(3,028)	-	(3,046)
At 31 December 2021	**15,172**	**92,770**	**-**	**107,942**
Net book value at 31 December 2021	**17,413**	**46,042**	**21,551**	**85,006**
Net book value at 31 December 2020	**17,488**	**45,017**	**7,562**	**70,067**

Tangible fixed assets under construction

Assets under construction primarily relate to plant and machinery. No borrowing costs were capitalised.

Notes to the Financial Statements (continued)

10 Property, plant and equipment (continued)

ii) Right-of-use assets

	2021 £000	2020 £000
Net book value		
Land and buildings	3,445	3,339
Plant and equipment and motor vehicles	1,885	510
Right-of-use assets	**5,300**	**3,849**

Additions to the right-of-use assets during the year ended December 31, 2021 were £2.9 million (2020: £0.5 million).

Lease liabilities are included within loans and borrowings in Note 17. Interest on lease liabilities is presented as a finance expenses in Note 8.

	2021 £000	2020 £000
Depreciation		
Land and buildings	1,006	820
Plant and equipment and motor vehicles	433	603
Depreciation Expense of Right-of-use assets	**1,439**	**1,423**

11 Investments

	2021 £000	2020 £000
Shares in subsidiary undertakings		
Cost and net book value	73	73

The investment in subsidiary undertakings represents the Company's holding of 100% of the equity share capital of Nomad Foods International Limited (previously named Birds Eye Foods Limited), a Company registered at 1 New Square, Bedfont Lakes Business Park, Feltham, Middlesex, in England and Wales. This Company did not trade during the year.

In the opinion of the Directors, the value of the investment in its subsidiary undertaking, consisting of shares and amounts owing, is not less than the amount at which the investment is stated in the Statement of Financial Position.

12 Inventories

	2021 £000	2020 £000
Raw materials and consumables	34,717	32,225
Finished goods and other stocks	43,687	38,677
Total	**78,404**	**70,902**

During the year £1.6 million (2020: £1.4 million) was charged to the Income Statement for the write down of inventories.

During the year £438.7 million (2020: £453.7 million) of inventories was recognised as an expense within cost of sales.

Notes to the Financial Statements (continued)

13 Trade and other receivables

	2021	2020
	£000	£000
Trade receivables	52,031	52,573
Amounts owed by Group undertakings	119,272	237,532
Other debtors	3,511	5,302
Prepayments and accrued income	486	685
Total	**175,300**	**296,092**

Trade receivables, prepayments and other receivables are expected to be recovered in less than 12 months.

Amounts owed by Group undertakings are unsecured, interest bearing and due within 30 days. Amounts owed by Group undertaking include cash pooling arrangements totalling £114.7 million (2020: £231.0 million).

14 Derivative Financial Instruments

The Company has the following financial instruments measured at fair value through the Income Statement:

	Fair Value 2021 £000	Fair Value 2020 £000
Financial assets		
Derivative financial instruments	998	5,271
Financial liabilities		
Derivative financial instruments	(5,604)	(5,628)

Derivative financial instruments

Derivative financial instruments are held at fair value. There is no difference between carrying value and fair value. The financial instruments are not traded in an active market and so the fair value of these instruments is determined from the implied forward rate. The valuation technique utilised by the Company maximises the use of observable market data where it is available. All significant inputs required to fair value the instruments are observable. The Company has classified its derivative financial instruments as level 2 instruments as defined in IFRS 13 'Fair value measurement'.

Notes to the Financial Statements (continued)

15 Trade and other payables

	2021 £000	2020 £000
Current liabilities:		
Trade payables	(88,608)	(88,244)
Amounts owed to Group undertakings	(18,824)	(13,777)
Other taxation and social security	(1,151)	(1,138)
Other creditors	(1,369)	(2,338)
Accruals and deferred income	(18,517)	(27,178)
Total due within one year	**(128,469)**	**(132,675)**
Non-current liabilities:		
Accruals and deferred income	(1,806)	(2,399)
Total due greater than one year	**(1,806)**	**(2,399)**

Amounts owed to group undertakings are unsecured, interest bearing and payable within 30 days.

16 Provision for liabilities and charges

	Provisions £000
At 1 January 2021	1,842
Additions	93
Utilisation	(325)
At 31 December 2021	**1,610**

Provisions for liabilities and charges are comprised of dilapidation provisions for leased offices and restructuring provisions. The amounts have been provided based on the latest information available on the likely remaining expenditure required to complete the committed plans.

17 Loans and Borrowings

	2021 £000	2020 £000
Current liabilities		
Lease Liabilities	1,533	1,611
Total	**1,533**	**1,611**

	2021 £000	2020 £000
Non-current liabilities		
Lease Liabilities	4,248	3,226
Amounts owed to Group undertakings	50	50
Total	**4,298**	**3,276**

The following tables show the maturity analysis of discounted lease liabilities:

	2021 £000	2020 £000
Before 1 year	795	255
Between 1 to 5 years	2,277	1,919
After more than 5 years	2,709	2,663
Total	**5,781**	**4,837**

Notes to the Financial Statements (continued)

17 Loans and Borrowings (continued)

Total cash outflows in the year for leases were as follows:

	2021 £000	2020 £000
Total cash outflow for leases	2,114	1,159

18 Called up Share capital

	2021 £000	2020 £000
50,000 (2020: 50,000) Allocated, called up and fully paid Ordinary authorised shares of £1.00 each	50	50

19 Reserves

Capital reserve

On 31 January 2007, the Company received a capital contribution of £30.0 million from its immediate parent Company, Nomad Foods Europe Limited.

Cash flow hedging reserve

The cash flow hedging reserve comprises the effective portion of the cumulative net change on the fair value of cash flow hedging instruments related to hedged transaction that have not yet occurred. The table below shows the movement in the cash flow hedging reserve during the year, including the gains and losses arising on the revaluation of the hedging instruments during the year and the amount reclassified from other comprehensive income to the income statement in the year.

	2021 £000	2020 £000
Balance at 1 January	184	(7,005)
(Losses)/gains arising during the year	(12,206)	7,850
Transferred to inventory	9,568	-
Less reclassification adjustments for losses included in the Income Statement	-	(661)
Movement during the year	(2,638)	7,189
Balance at 31 December	**(2,454)**	**184**

The Company has elected to apply this IFRS 9 prospectively and therefore as at January 1, 2021 any existing hedges of non-financial items (such as inventory) that were already recognised in the Statement of Financial Position, did not result in an opening balance transfer out of equity to the non-financial item as a result of the transition to IFRS 9. For the year ended December 31, 2021, £9.6 million was recognised as deferred hedging losses transferred to the carrying value of inventory. This is not a reclassification adjustment and will not be recognised in the Statement of Other Comprehensive Income for the year.

Notes to the Financial Statements (continued)

20 Contingent liabilities

The Company is part of a Guarantor Group of syndicated debt of other entities within the Nomad Food Limited Group.

Borrowings have been provided by a syndicate of third-party lenders, (the "Syndicate"). The Syndicate together with holders of the bond issue have security over the assets of the 'guarantor group'. The 'Guarantor Group' consists of those companies which individually have more than 5% of consolidated total assets or EBITDA (as defined in the Senior Facilities Agreement) of the Group and in total comprise more than 80% of consolidated total assets or EBITDA at any testing date.

There exist no major commitments for future capital projects.

21 Dividends paid

	2021 £000	2020 £000
Dividends paid in the year	200,000	-

Dividends paid in the year ended 31 December 2021 to the parent company was a total of £200.0 million (2020: £nil).

Dividend per share for the year ended 31 December 2021 was £4,000.

22 Capital commitments

	2021 £000	2020 £000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	3,637	2,838

The capital commitments are for plant and machinery which were £1.9 million in the year ended 31 December 2021 (2020: £2.1 million).

23 Related party transactions

The Company has taken the exemption available under FRS 101.8(k) to not disclose related party transactions with wholly owned group companies.

24 Ultimate parent undertaking

The ultimate parent Company, Nomad Foods Limited, is also the parent undertaking of the only group for which consolidated financial statements are drawn up and is registered at Ritter House, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands (registration number: FC033111).

The consolidated financial statements are available to the public and may be obtained from the Group's website www.nomadfoods.com or through writing to the Group at 1 New Square, Bedfont Lakes Business Park, Feltham, Middlesex, TW14 8HA, UK.

The immediate parent Company is Nomad Foods Europe Limited and is registered at 1 New Square, Bedfont Lakes Business Park, Feltham, Middlesex, TW14 8HA, UK.

The ultimate controlling party is Nomad Foods Europe Limited.