

# **Birds Eye Limited**

## **Annual report and Financial Statements For the Year Ended 31 December 2020**

Registered number: 343496

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**Birds Eye Limited**

**Annual report and financial statements  
For Year ended 31 December 2020**

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## **Birds Eye Limited**

### **Annual report and financial statements For Year ended 31 December 2020 Strategic Report**

The Directors present their Strategic Report on Birds Eye Limited (the 'Company') for the year ended 31 December 2020.

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*, *Goodfella's* and *Aunt Bessie's*.

#### **Business Review and Future Developments**

The principal activity of the Company consisted of the manufacture and sale of quick-frozen foods.

Revenues have increased by 50.7% (2019: 12.8%), Operating profit margin before exceptional items increased by 12ppts (2019: 0ppts) and the Company generated a profit before tax of £104.5 million in the year (2019: £12.7 million). Net financing expenses increased to £1.5m (2019: £0.3m) largely due to foreign exchange losses in the period of £1.1m.

Net assets of the Company have increased by £114.9m to £308.5m due to increases in amounts owed by Group undertakings, largely from the cash pooling arrangements with the Group. The amount placed in cash pool accounts with Group was driven by the Company's increase in revenues and operating profit in the year. Additionally, amounts owed to Group undertakings decreased following the settlement in June 2020 of an intercompany liability of £47.9m related to the acquisition of *Aunt Bessie's* by the Company in 2019.

2020 saw a fourth consecutive year of growth which has been achieved through continued execution of the Nomad Foods growth model, consistent application of Advertising and Promotion spend, improving the quality of products, increased sales due to demand driven by COVID 19 and driving innovation, with the '*fewer, bigger, better*' principle in mind. In addition, 2020 includes a full year's trading for the *Aunt Bessie's* and *Goodfellas* brands following their acquisition by the Company in November 2019. 2020 also saw the expansion of the Birds Eye Chicken Shop and Green Cuisine range, as well as a relaunch of *Aunt Bessie's* Yorkshire puddings driving year on year revenue growth and gaining market share.

2020 was an exceptional year for the Frozen Food Category which saw rapid sales growth from March when COVID 19 restrictions were put in place in the UK. The move to working from home, school closures and shutdown of the hospitality sector all saw in-home meal occasions increase. The pandemic also led to a change in shopper environment and habits with bigger, less frequent shopping trips and a clear shift to Online. The Company was well placed to support the industry in providing more food, working with retailers to ensure that product availability was maximised albeit with additional demand placed on our production sites to fulfil this additional volume. The priority throughout this period has been to protect the health and safety of our employees and in particular our factory colleagues by enacting strict policies and procedures whilst at the same time increasing our production. Foodservice sales were negatively impacted in 2020 due to the closure of Schools, Pubs and Restaurants, but these are expected to recover in 2021 as the lockdown restrictions are eased and the hospitality sector re-opens.

Whilst the macro environment remains uncertain with COVID 19 having the potential to continue to impact the social, political and economic aspects of the country, and with the potential for recession resulting from this we are well placed within the packaged frozen food sector to be resilient to these impacts. As the lockdown restrictions are eased the outlook for the year is that the market will be dynamic, however 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 be able to remain relevant and competitive.

Whilst the terms of the Brexit free trade agreement mean that overall the impact of tariffs and duties is less than was feared, the regulations, controls and border checks are resulting in some increased costs and delays as we become familiar with the new requirements and which import routes operate most effectively. The delaying of the introduction of some measures continues to drive uncertainty and the easement period in the UK for the regulations around products of animal origin ending on the 1<sup>st</sup> October 2021 we expect some further delays and disruption at ports which we are working on to minimise the impact on the Company. Rules affecting non-UK citizens and their right to work in the UK are being phased in and the business is working to understand and operate within these rules.

**Business Review and Future Developments (continued)**

No significant changes to the current business model or technologies are expected and previous practices for new product development will continue.

**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:

Risk	Description and mitigation
<p><b>Manufacturing and logistics</b></p> <p>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.</p>	<p>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.</p> <p>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.</p> <p>Our supply network could also be adversely affected by the outbreak of various diseases, such as the current COVID-19 or coronavirus pandemic. As a result of the 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.</p> <p>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.</p>
<p><b>Technical Services Quality Assurance</b></p> <p>As we manufacture food products, any quality failure could impact the health of our consumers and the reputation of the brand.</p> <p>Product quality is challenged via third parties including customers, consumers, NGOs, local authorities and Port authorities amongst others.</p>	<p>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.</p> <p>Our sourcing and production standards and quality processes are designed to avoid such issues arising.</p> <p>The Consumer Services function contract 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.</p>
<p><b>Legal &amp; Regulatory Risk Management</b></p> <p>Employees either make or receive acts of bribery in the course of their duties.</p>	<p>A breach of legislation could lead to large fines for the Company and directors.</p> <p>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.</p>
<p><b>Contractual Risk Management</b></p> <p>Employees enter purchasing arrangements without an approved contract in place.</p>	<p>The Company has controls in place to pre-approve significant contracts for goods and services.</p> <p>Our procurement function is aware of the importance of issuing approved Company terms at various point of the sale process, and employees are made aware of the Company policy that guides all supplier contracts and negotiations.</p>

Principal business risks and uncertainties (continued)

Risk	Description and mitigation
<p><b>Climate Change Risk</b> Climate change and biodiversity loss pose major risks to our planet, our society and our business.</p>	<p>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.</p> <p>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 yields.</p> <p>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.</p> <p>The importance of these risks cannot be overstated, and the Company places 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.</p>
<p><b>Information Technology</b> We depend on accurate, timely information and numerical data from key software applications to aid day-to-day operations and decision-making.</p>	<p>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.</p> <p>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.</p> <p>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.</p>
<p><b>Risks related to regulations</b> 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.</p>	<p>As a producer of food products for human consumption, we are subject to extensive regulation from governmental authorities. 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.</p> <p>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 from 1 April 2022. PPT will apply to plastic packaging containing less than 30% recycled plastic content and is expected to be levied a £200 per metric tonne of plastic packaging.</p>
<p><b>Competition and Consumer Marketing</b> The frozen food industry is highly competitive.</p>	<p>We compete with other multinational corporations which are focussed on special segments of the frozen food market in which both we and they operate, and with retailers who promote their "own labels". Furthermore, consumer tastes are susceptible to change. If we are unable to respond successfully to rapid changes in demand or consumer preferences, our sales or margins could be adversely affected.</p> <p>Monthly management accounts are produced which are reviewed by the Board. These accounts allow performance to be assessed in both absolute and relative market terms and are used by the Board to make decisions.</p>

## Principal business risks and uncertainties (continued)

Risk	Description and mitigation
<b>Project Management and Innovation</b> Failure to deliver new products.	<p>In a competitive market the business must constantly drive forward with business innovation. Effective project management processes are critical to delivering this innovation.</p> <p>The project management 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.</p>
<b>Complex customer arrangements</b> Trade Spend within the retail industry includes a number of complex promotions and discount arrangements.	<p>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.</p> <p>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.</p> <p>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.</p>
<b>Raw material availability and cost</b> Our business depends upon the availability, quality and cost of raw materials which we source from around the world.	<p>Key inputs such as fish, vegetables, ingredients, packaging materials and energy are subject to potentially significant price and supply fluctuations. 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, unanticipated demand, problems in manufacturing or distribution, natural disasters, weather conditions during the growing and harvesting seasons, plant, fish and livestock diseases, the impact of Brexit, the impact of the COVID-19 pandemic, or national or international quarantines can all also adversely affect availability and prices of commodities in the long and short term.</p> <p>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.</p>
<b>Exit of the UK from the EU (Brexit)</b> As a result of Brexit, we may experience adverse impacts on the procurement of materials and supply of goods to and from the EU.	<p>On June 23, 2016 the UK electorate voted to leave the European Union (commonly referred to as "Brexit"). The European Union (Withdrawal Agreement) Bill was passed by the UK Parliament and the UK left the European Union on January 31, 2020. Following its departure, the UK commenced negotiations with the European Union to reach a trade agreement, which was concluded on December 24, 2020. The trade agreement provides clarity on which products are to attract tariffs and duties for products imported and exported between the UK and the European Union going forward. In addition, from January 1, 2021, the transition period ended and the UK is now trading as an independent country outside of the European Union. This means that new regulations are in place governing the import and export goods between the UK and the European Union from this date which places a greater cost and administrative burden on the Company, for example by requiring veterinary certificates for exporting products of animal origin.</p> <p>The effects of Brexit and the new trade agreement may also disrupt our third-party suppliers and other business partners' ability to meet their obligations to us, which may negatively affect our operations. Additionally, the impact of Brexit and the new trade agreement on our suppliers, manufacturers, distributors or transportation and logistics providers may negatively affect the price and availability of our ingredients and/or packaging materials and may adversely impact our supply chain. Moreover, there may be delays or shortages in procuring alternative suppliers, manufacturing capacity, distribution capability or logistics capability. In addition, disruption to our third-party suppliers and other business partners due to delays at borders or delays as a result of an inability or delay in applying the new rules in force during 2021 could lead to delays in the manufacture or supply of our products to our customers.</p>

**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. Non financial KPIs are monitored internally at a Group level and not at a Company level.

Revenue growth in 2020 increased by 37.9ppts from 12.8% to 50.7%, Operating profit increased by £93.6m to £105.9m and Cash, including amounts held in the Group cash pool, increased by £54.5m in the year. For further details of performance during the current financial year please refer to the Business Review on page 2.

**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 is 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.

## Birds Eye Limited

### Annual report and financial statements For Year ended 31 December 2020 Strategic report (continued)

#### People

At the end of 2020, the Company had a total of 1,008 employees (2019: 913) 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 to.

Following the emergence of the COVID-19 pandemic we have taken steps to further safeguard our people through greater communication and support. In 2020 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.



## **Birds Eye Limited**

### **Annual report and financial statements For Year ended 31 December 2020 Strategic report (continued)**

#### **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 2020 management have been increasing our investment in online sales. The online grocery retail channel is growing faster than established grocery retail formats across developed markets, partially as a result 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 also because some of the barriers to purchasing in-store (e.g. colder aisles) are removed for the consumer online.

On behalf of the Board



Christian Ardem  
**Director**  
21 July 2021

## **Birds Eye Limited**

### **Annual report and financial statements For Year ended 31 December 2020 Directors' Report**

The Directors present their report and the audited financial statements for the year ended 31 December 2020 for Birds Eye Limited.

#### **Results and Dividend**

The profit for the financial year is £107,720,000 (2019: £12,684,000). The Directors do not recommend the payment of a dividend at year end (2019: £nil).

#### **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 Arden (appointed 16 January 2020)  
Soterakis Challouma (appointed 27 January 2020)

#### **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.

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 and capital expenditure. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

**Annual report and financial statements  
For Year ended 31 December 2020  
Directors' Report (continued)**

**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 2020 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 2020. Reported CO<sub>2</sub>e 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 GHG data below relates to emissions during the 12-month period from 1 January to 31 December 2020:

	<b>2020</b>
	<b>tCO<sub>2</sub>e</b>
Scope 1 carbon emissions (tonnes CO <sub>2</sub> e) <sup>(a)</sup>	24,368
Scope 2 carbon emissions (tonnes CO <sub>2</sub> e) <sup>(b)</sup>	3,748
Scope 3 carbon emissions (tonnes CO <sub>2</sub> e) <sup>(c)</sup>	60,486
<b>Total GHG emissions</b>	<b>88,602</b>
Intensity Ratio (tonnes CO <sub>2</sub> e per tonne of production)	3.475
<b>Total energy (kWh)</b>	<b>167,115,856</b>

**Notes**

<sup>(a)</sup> Scope 1 covers direct emissions from activities owned and controlled by the Company and covers: Natural gas, diesel, lubricating oils, liquid CO<sub>2</sub>, dry ice and air conditioning.

<sup>(b)</sup> Scope 2 covers indirect emissions from the generation of purchased electricity on sites owned and controlled by the Company.

<sup>(c)</sup> 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**

Combating 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 2020, despite dramatically increased production volumes, mainly as a result of the Covid-19 pandemic 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 reduce the intensity of our greenhouse gas emissions every year in line with recent climate science.

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 2020 Sustainability Report, available to download at [www.nomadfoods.com](http://www.nomadfoods.com).

## **Birds Eye Limited**

### **Annual report and financial statements**

**For Year ended 31 December 2020**

### **Directors' Report (continued)**

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

#### **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 8. 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 period. 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 Arden  
Director  
21 July 2021

Birds Eye Limited

## **Independent auditors' report to the members of Birds Eye Limited**

### **Report on the audit of the financial statements**

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#### **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 2020 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: the Statement of Financial Position as at 31 December 2020; 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.

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#### **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.

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#### **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.

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#### **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

**Annual report and financial statements  
For Year Ended 31 December 2020**

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 2020 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.

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**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 the 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 the 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

**Annual report and financial statements  
For Year Ended 31 December 2020**

- 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](http://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.

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## **Other required reporting**

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### **Companies Act 2006 exception 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

21 July 2021



**Birds Eye Limited**

**Annual report and financial statements  
For Year ended 31 December 2020**

**Income Statement  
For the year ended 31 December**

		<b>2020</b>	<b>2019</b>
	<i>Note</i>	<b>£000</b>	<b>(restated*) £000</b>
Revenue	3	732,687	486,140
Cost of sales		(578,754)	(440,539)
<b>Gross profit</b>		<b>153,933</b>	<b>45,601</b>
Distribution costs	4	(29,838)	(21,532)
Administrative expenses	4	(17,698)	(11,689)
Exceptional items	5	(535)	(85)
<b>Operating profit</b>	4	<b>105,862</b>	<b>12,295</b>
Finance income	7	116	722
Finance expenses	7	(1,464)	(341)
<b>Net financing (expenses)/income</b>		<b>(1,348)</b>	<b>381</b>
<b>Profit before taxation</b>		<b>104,514</b>	<b>12,676</b>
Tax on profit	8	3,206	8
<b>Profit for the financial year</b>		<b>107,720</b>	<b>12,684</b>

The notes on pages 20 to 36 are an integral part of these financial statements.

\* See Note 1 for further details.

**Birds Eye Limited**

**Annual report and financial statements  
For Year ended 31 December 2020**

**Statement of Comprehensive Income  
For the Year Ended 31 December**

	<i>Note</i>	<b>2020 £000</b>	<b>2019 £000</b>
<b>Profit for the financial year</b>		<b>107,720</b>	<b>12,684</b>
<b>Other comprehensive income/(loss)</b>			
Effective portion of changes in fair value of cash flow hedges		8,667	(10,133)
Tax relating to components of other comprehensive income/(loss)	8	(1,478)	1,721
<b>Items that may be subsequently reclassified to the income statement</b>		<b>7,189</b>	<b>(8,412)</b>
<b>Other comprehensive income/(loss) for the year, net of tax</b>		<b>7,189</b>	<b>(8,412)</b>
<b>Total comprehensive income for the year</b>		<b>114,909</b>	<b>4,272</b>

The notes on pages 20 to 36 are an integral part of these financial statements.

**Birds Eye Limited****Annual report and financial statements  
For Year ended 31 December 2020****Statement of Financial Position  
As at 31 December**

	<i>Note</i>	<b>2020</b>	<b>2019</b>
		<b>£000</b>	<b>£000</b>
<b>Non-current assets</b>			
Property, plant and equipment	9	73,916	71,436
Investments	10	73	73
Deferred tax asset	8	9,682	6,774
<b>Total non-current assets</b>		<b>83,671</b>	<b>78,283</b>
<b>Current assets</b>			
Inventories	11	70,902	63,108
Trade and other receivables	12	296,092	240,801
Cash and cash equivalents		38	1,587
Derivative financial instruments	13	5,271	506
<b>Total current assets</b>		<b>372,303</b>	<b>306,002</b>
<b>Total assets</b>		<b>455,974</b>	<b>384,285</b>
<b>Current liabilities</b>			
Trade and other payables	14	(132,675)	(171,300)
Loans and Borrowings	16	(1,611)	(1,032)
Derivative financial instruments	13	(5,628)	(9,081)
Provisions for liabilities and charges	15	(467)	(800)
<b>Total current liabilities</b>		<b>(140,381)</b>	<b>(182,213)</b>
<b>Net Current Assets</b>		<b>231,922</b>	<b>123,789</b>
<b>Total Assets less Current Liabilities</b>		<b>687,896</b>	<b>202,072</b>
<b>Non-current liabilities</b>			
Trade and other payables	14	(2,399)	(2,763)
Loans and Borrowings	16	(3,276)	(4,300)
Provisions for liabilities and charges	15	(1,375)	(1,375)
<b>Total non-current liabilities</b>		<b>(7,050)</b>	<b>(8,438)</b>
<b>Total liabilities</b>		<b>(147,431)</b>	<b>(190,651)</b>
<b>Net assets</b>		<b>308,543</b>	<b>193,634</b>
<b>Capital and reserves</b>			
Share capital	17	50	50
Capital reserve	18	30,000	30,000
Cash flow hedging reserve	18	184	(7,005)
Retained earnings		278,309	170,589
<b>Total equity</b>		<b>308,543</b>	<b>193,634</b>

The notes on pages 20 to 36 are an integral part of these financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



**C Ardern**

Director

Date: 21 July 2021

Company Number: 343496

**Birds Eye Limited**

**Annual report and financial statements  
For Year ended 31 December 2020**

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

	<b>Called up Share capital £000</b>	<b>Capital Redemption reserve £000</b>	<b>Cash flow hedging reserve £000</b>	<b>Retained earnings £000</b>	<b>Total equity £000</b>
<b>Balance at 1 January 2019</b>	<b>50</b>	<b>30,000</b>	<b>1,407</b>	<b>157,905</b>	<b>189,362</b>
Profit for the financial year	-	-	-	12,684	12,684
Other comprehensive expense	-	-	(8,412)	-	(8,412)
Total comprehensive (loss)/income for the financial year	-	-	(8,412)	12,684	4,272
<b>Balance at 31 December 2019</b>	<b>50</b>	<b>30,000</b>	<b>(7,005)</b>	<b>170,589</b>	<b>193,634</b>
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
<b>Balance at 31 December 2020</b>	<b>50</b>	<b>30,000</b>	<b>184</b>	<b>278,309</b>	<b>308,543</b>

The notes on pages 20 to 36 are an integral part of these financial statements.

## **Birds Eye Limited**

### **Annual report and financial statements For Year Ended 31 December 2020**

## **Notes to the Financial Statements**

### **1 Accounting policies**

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.

#### **Basis of preparation**

These financial statements have been prepared under the historical cost convention unless otherwise specified 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](http://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:

- a Cash Flow Statement and related notes;
- Comparative period 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 periods presented in these financial statements.

## **Birds Eye Limited**

### **Annual report and financial statements For Year Ended 31 December 2020**

#### **Notes to the Financial Statements (continued)**

##### **1 Accounting policies (continued)**

###### **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. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

###### **Restatement of presentation of Income Statement**

The Company has split other operating expenses into distribution costs and administrative expenses for the current year and restated the 2019 Income Statement accordingly. The changes have been made to ensure the 2019 Income Statement is now compliant with the Companies Act 2006.

The change is presentational on the Income Statement with no impact on KPIs or the gross profit or operating profit of the Company. The restatement for 2019 resulted in the split of other operating expenses previously presented under one line of £33,221,000 into distribution costs of £21,532,000 and administrative expenses of £11,689,000.

###### **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 1.11148. 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 than 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.

Land and 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.	

###### **ii. Leased Assets**

The Company leases various properties, equipment and cars. Since the adoption of IFRS 16 in the 1<sup>st</sup> 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.

**Notes to the Financial Statements (continued)**

**1 Accounting policies (continued)**

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 exists, the asset's recoverable amount is estimated. Impairment losses are recognised in the Income Statement in the period 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.

**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. In 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.

**Notes to the Financial Statements (continued)**

**1 Accounting policies (continued)**

**(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'.

The Company has elected not to apply IFRS 9 for hedge accounting and continues to apply IAS 39 Financial Instruments: Recognition and Measurement. In 2020 the sale of trade receivables to financial institutions incurred a fee of £193,994 (2019: £202,029).

**(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 Income Statement 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.

**(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.

When a hedging instrument expires or is sold, terminated or exercised, 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 in accordance with the above policy 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 Income Statement immediately.

**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.



## **Birds Eye Limited**

### **Annual report and financial statements For Year Ended 31 December 2020**

#### **Notes to the Financial Statements (continued)**

##### **1 Accounting policies (continued)**

###### **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 period 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 £453,058,000 (2019: £322,500,000).

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 period 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 period 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.

## **Birds Eye Limited**

### **Annual report and financial statements For Year Ended 31 December 2020**

#### **Notes to the Financial Statements (continued)**

##### **1 Accounting policies (continued)**

###### **(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.

##### **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.

**Notes to the Financial Statements (continued)**

**2 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 period are discussed below:

**2.1 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.

**(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 periods 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 13 includes details of the fair value of the derivative instruments that the Company holds at 31 December 2020. Management has estimated the fair value of these instruments by using valuations based on discounted cash flow calculations.

**2.2 Critical judgements in applying the Company's accounting policies**

Management have 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.

**Birds Eye Limited****Annual report and financial statements  
For Year Ended 31 December 2020****Notes to the Financial Statements (continued)****3 Revenue**

	2020	2019
	£000	£000
United Kingdom	661,301	430,243
Rest of Europe	69,714	55,236
Rest of the world	1,672	661
	<u>732,687</u>	<u>486,140</u>

All revenue is derived from the sale of goods.

**4 Operating profit**

The operating profit is stated after charging:

	2020	2019
	£000	£000
Depreciation on property, plant and equipment		
- owned	(7,806)	(5,657)
- leased	(1,423)	(1,121)
Operating lease expenditure	-	(58)
Loss on disposal of tangible assets	(9)	(13)
Advertising and promotion	(27,528)	(19,153)
Staff costs (note 6)	(57,011)	(32,636)
Write down of inventory (note 11)	(1,362)	(418)
Research and development	(775)	(655)
Foreign exchange gains/(losses)	(2,038)	2,094
Impairment of property, plant and equipment	(1)	(54)

Fees payable of £205,000 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 (2019: £163,000).

**5 Exceptional items**

	2020	2019
	£000	£000
Restructuring charge to the income statement	<u>(535)</u>	<u>(85)</u>

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

**Notes to the Financial Statements (continued)**

**6 Employee and Directors information**

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

	2020	2019
	Number	Number
Production	734	516
Administration, distribution and selling	198	147
<b>Total</b>	<b>932</b>	<b>663</b>

	2020	2019
	£000	£000
<b>Staff costs</b>		
Wages and salaries	(49,866)	(28,111)
Social security costs	(4,686)	(2,896)
Other pension costs	(2,459)	(1,629)
<b>Total</b>	<b>(57,011)</b>	<b>(32,636)</b>

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

	2020	2019
	£000	£000
<b>Directors' emoluments</b>		
Emoluments	(1,933)	(963)
Company contributions to money purchase pension scheme	(25)	(9)
<b>Total</b>	<b>(1,958)</b>	<b>(972)</b>

	2020	2019
	£000	£000
<b>Highest paid director</b>		
Emoluments	(969)	(729)
<b>Total</b>	<b>(969)</b>	<b>(729)</b>

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

	2020	2019
Money purchase schemes	3	2

No Directors exercised share options during the year (2019: 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.

# Birds Eye Limited

## Annual report and financial statements For Year Ended 31 December 2020

### 7 Finance income and finance expenses

	2020	2019
	£000	£000
Interest income on bank deposits	-	7
Interest income on deposits held by Group companies	116	689
Foreign exchange arising on retranslation of financial assets and liabilities	-	26
<b>Finance income</b>	<b>116</b>	<b>722</b>
Interest charge on lease liabilities	(173)	(139)
Interest charge through debt factoring	(194)	(202)
Foreign exchange losses on retranslation of financial assets and liabilities	(1,097)	-
<b>Finance expenses</b>	<b>(1,464)</b>	<b>(341)</b>
<b>Net finance (expenses)/income</b>	<b>(1,348)</b>	<b>381</b>

### 8 Tax on profit

	2020	2019
	£000	£000
Taxation (charge)/credit in respect of prior year	(1,180)	770
Deferred taxation credit/(charge) current year	2,238	(1,935)
Adjustments to deferred taxation in respect of prior year	2,148	1,173
<b>Total taxation credit</b>	<b>3,206</b>	<b>8</b>

The tax for the year is lower than (2019: lower) the standard rate of corporation tax in the UK of 19% (2019: 19%).  
The differences are explained below:

	2020	2019
	£000	£000
<b>Profit before taxation</b>	<b>104,514</b>	<b>12,676</b>
Profit multiplied by standard rate of corporation tax in UK of 19% (2019: 19%)	(19,858)	(2,408)
Effects of:		
Group relief claimed for nil consideration	21,689	2,600
Permanent differences	(474)	(192)
Origination and reversal of timing differences	-	(2,163)
Change in deferred tax rate	881	228
Adjustments in respect of prior year	(1,180)	770
Adjustments to deferred taxation in respect of prior year	2,148	1,173
<b>Total tax credit in Income Statement</b>	<b>3,206</b>	<b>8</b>

Corporation tax rates will increase to 25% in April 2023. The increase has not been substantively enacted by the balance sheet date and therefore is not included in these financial statements.

## Notes to the Financial Statements (continued)

## 8 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 2020	Recognised in Income Statement	Acquired in business combinations	Recognised in equity	Closing balance 31 Dec 2020
	£000	£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)
	<b>6,774</b>	<b>4,386</b>	<b>-</b>	<b>(1,478)</b>	<b>9,682</b>

	Opening balance 1 Jan 2019	Recognised in Income Statement	Acquired in business combinations	Recognised in equity	Closing balance 31 Dec 2019
	£000	£000	£000	£000	£000
Accelerated capital allowances	6,832	(929)	(810)	-	5,093
Short-term timing differences	79	167	-	-	246
Taxation on financial derivatives	(286)	-	-	1,721	1,435
	<b>6,625</b>	<b>(762)</b>	<b>(810)</b>	<b>1,721</b>	<b>6,774</b>

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

**Birds Eye Limited**

**Annual report and financial statements  
For Year Ended 31 December 2020**

**Notes to the Financial Statements (continued)**

**9 Property, plant and equipment**

	2020	2019
	£000	£000
Owned property, plant and equipment (i)	70,067	66,640
Right-of-use assets (ii)	3,849	4,796
<b>Property, plant and equipment</b>	<b>73,916</b>	<b>71,436</b>

**i) Owned property, plant and equipment**

	Land and buildings £000	Plant and machinery £000	Assets under construction £000	Total £000
<b>Cost</b>				
At 1 January 2019	21,626	114,150	4,485	140,261
Additions	333	1,088	5,135	6,556
Acquisitions from business combinations at NBV	8,146	8,334	1,268	17,748
Transfers	774	3,444	(4,218)	-
Disposals	(12)	(1,487)	-	(1,499)
<b>At 31 December 2019</b>	<b>30,867</b>	<b>125,529</b>	<b>6,670</b>	<b>163,066</b>
Additions	428	5,024	5,790	11,242
Transfers	260	4,638	(4,898)	-
Disposals	(2)	(1,461)	-	(1,463)
<b>At 31 December 2020</b>	<b>31,553</b>	<b>133,730</b>	<b>7,562</b>	<b>172,845</b>
<b>Accumulated depreciation</b>				
At 1 January 2019	12,233	79,955	-	92,188
Depreciation	788	4,869	-	5,657
Disposals	(9)	(1,464)	-	(1,473)
Impairment losses	-	54	-	54
<b>At 31 December 2019</b>	<b>13,012</b>	<b>83,414</b>	<b>-</b>	<b>96,426</b>
Depreciation	1,055	6,751	-	7,806
Disposals	(2)	(1,451)	-	(1,453)
Impairment losses	-	(1)	-	(1)
<b>At 31 December 2020</b>	<b>14,065</b>	<b>88,713</b>	<b>-</b>	<b>102,778</b>
<b>Net book value at 31 December 2020</b>	<b>17,488</b>	<b>45,017</b>	<b>7,562</b>	<b>70,067</b>
<b>Net book value at 31 December 2019</b>	<b>17,855</b>	<b>42,115</b>	<b>6,670</b>	<b>66,640</b>

**Tangible fixed assets under construction**

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



**Birds Eye Limited****Annual report and financial statements  
For Year Ended 31 December 2020****Notes to the Financial Statements (continued)****Property, plant and equipment (continued)****ii) Right-of-use assets**

	2020	2019
	£000	£000
<b>Net book value</b>		
Land and Buildings	3,339	3,917
Plant and equipment and motor vehicles	510	879
<b>Right-of-use assets</b>	<b>3,849</b>	<b>4,796</b>

Additions to the right-of-use assets during the year ended December 31, 2020 were £476,658 (2019: £2,032,000).

Lease liabilities are included within loans and borrowings in Note 16. Interest on lease liabilities is presented as a finance expenses in Note 7.

	2020	2019
	£000	£000
<b>Depreciation</b>		
Land and buildings	820	668
Plant and equipment	603	453
<b>Depreciation Expense of Right-of-use assets</b>	<b>1,423</b>	<b>1,121</b>

**10 Investments**

	2020	2019
	£000	£000
<b>Shares in subsidiary undertakings</b>		
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, Bedford 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.

**11 Inventories**

	2020	2019
	£000	£000
Raw materials and consumables	32,225	27,073
Finished goods and other stocks	38,677	36,035
<b>Total</b>	<b>70,902</b>	<b>63,108</b>

During the year £1,361,882 (2019: £418,000) was charged to the Income Statement for the write down of inventories.

During the year £453,634,000 (2019: £283,000,000) of inventories was recognised as an expense within cost of sales.

**Birds Eye Limited****Annual report and financial statements  
For Year Ended 31 December 2020****Notes to the Financial Statements (continued)****12 Trade and other receivables**

	2020	2019
	£000	£000
Trade receivables	52,573	54,501
Amounts owed by Group undertakings	237,532	180,169
Other debtors	5,302	4,301
Corporation Tax	-	1,182
Prepayments and accrued income	685	648
<b>Total</b>	<b>296,092</b>	<b>240,801</b>

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 £231,026,823 (2019: £175,024,818).

*Revenue recognised in relation to trade terms*

Trade terms relate to sales made with variable consideration and are an estimate as disclosed in Note 1 (f)(ii).

**13 Derivative Financial Instruments**

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

	Fair Value 2020 £000	Fair Value 2019 £000
<b>Financial assets</b>		
Derivative financial instruments	5,271	506
<b>Financial liabilities</b>		
Derivative financial instruments	(5,628)	(9,081)

**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'.

**Birds Eye Limited**

**Annual report and financial statements  
For Year Ended 31 December 2020**

**Notes to the Financial Statements (continued)**

**14 Trade and other payables**

	2020	2019
	£000	£000
<b>Current liabilities:</b>		
Trade payables	(88,244)	(71,145)
Amounts owed to Group undertakings	(13,777)	(80,305)
Other taxation and social security	(1,138)	(1,344)
Other creditors	(2,338)	(796)
Accruals and deferred income	(27,178)	(17,710)
<b>Total due within one year</b>	<b>(132,675)</b>	<b>(171,300)</b>
<b>Non-current liabilities:</b>		
Accruals and deferred income	(2,399)	(2,763)
<b>Total due greater than one year</b>	<b>(2,399)</b>	<b>(2,763)</b>

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

**15 Provision for liabilities and charges**

	Provisions
	£000
At 1 January 2020	2,175
Additions	467
Utilisation	(800)
At 31 December 2020	<b>1,842</b>

Provisions for liabilities and charges are comprised of dilapidation provisions for leased offices and restructuring provisions. The previous restructuring provision of £800,000 was fully utilised in the year. A new restructuring provision of £467,000 was taken relating to further integration projects. The amounts have been provided based on the latest information available on the likely remaining expenditure required to complete the committed plans.

**16 Loans and Borrowings**

	2020	2019
	£000	£000
<b>Current liabilities</b>		
Lease Liabilities	1,611	1,032
<b>Total</b>	<b>1,611</b>	<b>1,032</b>
<b>Non-current liabilities</b>		
Lease Liabilities	3,226	4,300
Amounts owed to Group undertakings	50	-
<b>Total</b>	<b>3,276</b>	<b>4,300</b>

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

	2020	2019
	£000	£000
Before 1 year	255	213
Between 1 to 5 years	1,919	2,431
After more than 5 years	2,663	2,688
<b>Total</b>	<b>4,837</b>	<b>5,332</b>

## Birds Eye Limited

### Annual report and financial statements For Year Ended 31 December 2020

#### Notes to the Financial Statements (continued)

##### Loans and Borrowings (continued)

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

	2020	2019
	£000	£000
Total cash outflow for leases	1,159	1,688

##### 17 Share capital

	2020	2019
	£000	£000
50,000 (2019: 50,000) Allocated, called up and fully paid Ordinary authorised shares of £1.00 each	50	50

##### 18 Reserves

###### Capital reserve

On 31 January 2007, the Company received a capital contribution of £30,000,000 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.

	2020	2019
	£000	£000
Balance at 1 January	(7,005)	1,407
Gains/(losses) arising during the year	7,850	(8,721)
Less reclassification adjustments for losses included in the Income Statement	(661)	309
Movement during the year	7,189	(8,412)
<b>Balance at 31 December</b>	<b>184</b>	<b>(7,005)</b>

##### 19 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 exists no major commitments for future capital projects.

## Birds Eye Limited

### Annual report and financial statements For Year Ended 31 December 2020

#### Notes to the Financial Statements (continued)

##### 20 Lease and other commitments

At 31 December the Company had annual commitments under non-cancellable operating leases payable as follows:

In respect of other assets, on leases payable:

	2020 £000	2019 £000
Before 1 year	-	161
Between 1 to 5 years	-	128
<b>Total</b>	<b>-</b>	<b>289</b>

During the year £nil was recognised as an expense in the Income Statement in respect of operating leases (2019: £58,000).

##### 21 Capital commitments

	2020 £000	2019 £000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	2,838	1,141

The capital commitments are for plant and machinery which were £2,120,834 in the year ended 31 December 2020 (2019: £840,000) and £717,509 (2019: £301,000) relating to renovation projects.

##### 22 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.

##### 23 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 Nemours Chambers, Road Town, Tortola in the British Virgin Islands.

The consolidated financial statements are available to the public and may be obtained from the Group's website [www.nomadfoods.com](http://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.

##### 24 Subsequent Events

On 1 January 2021, Birds Eye Limited commenced a new five-year lease for the ground and first floors of the Office Campus, Bamwood Point Business Parks Gloucester, GL4 3HX. The new offices will be used to provide a modern and flexible workplace for the Finance and Human Resource administrative teams.