

**Ornua Ingredients Europe (UK) Limited**

**Annual Report**

**Period Ended 31 December 2022**

**Company Registered Number: 01933884**

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**DIRECTORS AND OTHER INFORMATION**

**Board of Directors**

D Buggy  
B Condon  
D Smyth  
A Jackson  
A Finney

**Solicitors**

Joliffe and Co. LLP  
6 St. John Street  
Chester  
CH1 1DA

**Secretary and Registered Office**

V Harvey  
Spinneyfields Farm  
Main Road  
Worleston  
Nantwich  
Cheshire  
CW5 6DN

**Bankers**

HSBC  
60 Queen Victoria Street  
London  
EC4N 4TR

**Registered Number: 01933884**

**Independent auditors**

PricewaterhouseCoopers  
Chartered Accountants and Statutory Auditors  
One Spencer Dock  
North Wall Quay  
Dublin 1  
Ireland

## STRATEGIC REPORT

The directors present their strategic report for the period ended 31 December 2022.

### Principal activities

The principal activity of the company in the period under review was that of supplying cheese and other dairy products to the food services and food manufacturing sectors.

### Business review and key performance indicators

The main aim of the business is to meet the unmet needs of the marketplace for high quality grated, sliced and block cheese by developing sustainable commercial relationships with our customers.

The key performance indicators are primarily changes in sales revenues and operating profits. These have been chosen to provide an understanding of the development, performance, and position of the business.

In the period ended 31 December 2022, the company has reported revenues of £164,308,892 (2021: £108,839,555). Sales increased by 50.96% on the prior period due to the full year merger of Ornua Ingredients Europe (UK) Limited and Ornua Ingredients UK Limited which occurred on 26 April 2021.

The company received £Nil of furlough payments from the government in 2022 (2021: £51,679).

The directors are satisfied with the results for the period and anticipate an improved result in the forthcoming period. The company has a culture of continuous improvement and product development across a broad range of new products and markets.

### Principal risks and uncertainties

The directors consider that the business faces the following principal risks and uncertainties:

- Political and economic risks including those associated with Brexit.
- Exposure to commodity price fluctuations and Foreign Exchange volatility.
- Business interruption and disaster planning.
- Introduction of new and changes to existing legislation.

In the directors' opinion there are no other key financial risks which are deemed to have a potential material impact on the amount of the company's assets, liabilities, financial position and profit and loss for the financial year.

The directors believe they have managed the above risks responsibly and that none of them has impacted in any material way on the resultant financial position or the company's profitability for this reporting period.

### Future Developments

The external commercial environment is expected to remain competitive. However, the ongoing investments in the business together with its continued focus on product innovation and class leading category support, means that Ornua Ingredients Europe (UK) Limited is well placed to service the needs of its customers in the years ahead.

The directors are confident that the company will continue to add value and grow in the future, through the strategic deployment of its resources, the utilisation of its facilities and engagement with both suppliers and customers to consistently meet evolving consumer expectations.

Signed on behalf of the Board



Alastair Jackson  
Director

Date: 14.08.23

## DIRECTORS' REPORT

### Directors' report for the period ended 31 December 2022

The directors present their report and the audited financial statements of the company for the period ended 31 December 2022.

#### Dividends

There were no dividends paid or proposed during the period (2021: £Nil).

#### Financial instruments

The company's principal financial instruments comprise bank balances, bank overdrafts, intergroup funding, trade debtors and trade creditors.

In respect of liquidity risk, the company manages its position closely with the expertise of the group treasury function.

Trade debtors are managed in respect of credit and cash flow policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. Additionally, the company insures the majority of its debtors. The amounts presented in the balance sheet are net of allowances for doubtful debtors.

Trade creditors' liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

#### Directors and secretary

The directors who held office during the period and subsequent to period end were as follows:

D Buggy	(resident in the Republic of Ireland)
B Condon	(resident in the Republic of Ireland)
D Smyth	
A Jackson	
P Blake	(Resigned 12 May 2022)
A Finney	(Appointed 12 May 2022)

#### Post balance sheet events

No events impacting the company have occurred since the end of the financial year which would impact the amounts or disclosures in these financial statements.

#### Political and charitable contributions

The company made £3,140 charitable donations during the period (2021: £3,240). The company made no political contributions during the period (2021: £Nil).

#### Research and development

The company is engaged in ongoing innovation aimed at improving processes and expanding product ranges.

## DIRECTORS' REPORT -continued

### Employees

The company recognises its responsibilities towards disabled persons by giving fair consideration to applications for employment from such people, having regard to the particular aptitudes and abilities of each applicant.

Compassionate consideration is given to existing employees who become disabled. Training and career opportunities are offered to disabled persons in line with the company's general policy of career development subject to the capabilities of each person and the opportunities within the company.

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and the various factors affecting the performance of the company. This is achieved through formal and informal meetings. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

### Streamlined Energy and Carbon Reporting

Ornua Ingredients Europe (UK) Limited recognises that in achieving its mission of being a successful and trusted supplier of dairy products it must also behave in a responsible and accountable manner and as such, corporate social responsibility is integral to how the company acts across all areas of its business. The company recognises that it must look after today's world for future generations and takes that responsibility seriously. Through working in partnership with staff, customers, and suppliers it aims to effectively manage the consequences of its activities in the key areas of the environment, workplace, marketplace, and the local communities of Nantwich and Ledbury.

In line with requirements to disclose energy consumption and greenhouse gas emissions, Ornua Ingredients Europe (UK) Limited is reporting data that relates directly to the two sites Nantwich and Ledbury. No operational control is held over incoming or outbound logistics and not included within this report. However, the logistics team continue to work in close collaboration with their haulier's week on week by seeking to minimise where possible the need for inefficient logistics of products. We have also instructed our main haulier to supply our trailer units with Electric hook ups as we move away from using diesel generators for our chilled trailer units on site.

This is the third year of reporting an intensity metric and have a comparison with 2021 albeit not a like for like representation due to the fluctuations and discrepancies with what would be deemed "A normal" production year due to the merger of the two companies. It should be noted that production was lower in 2021 due to a drop in demand related to pubs, schools and restaurants being closed associated with the COVID-19 pandemic. Also within 2021 the Nantwich site had a full years of data but Ledbury was only from May 21 to Dec 21, The intensity ratio is therefore likely to be lower in this report than in future years due to more significant dilution of fixed energy baseload consumption.

Energy (kWh)	2022	2021
Natural Gas and LPG	65,788	25,263
Electricity (purchased)	5,184,861	4,024,184
Transport	114,134	25,165
Oil	5,452,642	4,002,469
Refrigerant gases	1	0,18
Internal renewable electricity generation used	-	-
Internal renewable heat generation used	-	-
<b>Total kWh energy including renewable generation</b>	<b>10,817,426</b>	<b>8,077,081</b>

## DIRECTORS' REPORT -continued

## Streamlined Energy and Carbon Reporting - continued

<b>Emissions (tCO<sub>2</sub>e)</b>	<b>2022</b>	<b>2021</b>
Natural Gas and LPG	12	5
Electricity (purchased)	1,003	854
Transport	34	7
Oil	1,471	1,093
Refrigerant gases	399	143
Internal renewable electricity generation used	-	-
Internal renewable heat generation used	-	-
	<b>2,919</b>	<b>2,102</b>
<b>Total SECR emission</b>		
<b>Intensity Metric</b>		
SECR emissions intensity ratio (tCO <sub>2</sub> e/tonnes packed)	<b>0.073</b>	<b>0.063</b>

Ornua Ingredients Europe (UK) Limited is committed to reducing its energy usage and associated greenhouse gas emissions through a combination of focused investment and driving operational efficiencies. The business is still part of the Climate Change Agreement and, as part of the conditions, has committed to energy reduction targets in future years. Ornua Ingredients Europe (UK) Limited recognises it still needs to modify the sources of the electricity required to support ongoing manufacturing operations.

Planned investments at the Nantwich site, include reviewing the compressing air leak via a survey and repair any issues found. Replacing isolation valves for the Compressed air units and reducing the air pressure to save on energy usage. Further improvements are being reviewed to the office facilities heating to use a heat pump and not heating oil are being reviewed but will be a long term payback for the investment. Continuous work on replacing lighting and LED's and PIR's around the site will be a priority. Work on reducing voltage optimisation with tapping down of the transformer are all being reviewed. Solar panels on our owned land will be more of a larger project but all possible within the commitment to reduce our energy usage.

The Ledbury site have an ongoing programme to replace any lights with LED as and when they require to be changed, this was started in 2022 and will roll into 2024. Chillers that are used for chilling the hot processed cheese are turned off when they are empty and not in use to ensure no energy was wasted. The site has a process to ensure lights and equipment are turned off when not in use. Remedial work was done following an air leak survey and a new air compressor was installed with a second to be installed within the next month to replace aged and ineffective equipment. Planned investments at Ledbury will be changing to renewable electricity in Q4 of 2023 and plans to switch to gas from oil but this will be a more long term project with support from our Group capital projects. Replacement PIR on lighting across the site for 2024 is also on the planned list.

**Methodology**

All purchased energy data is taken as metered into site and recorded from the supplier invoices.

Metering of energy generated and recovered from CHP is recorded from the meters within the CHP plant.

Conversion factors are those published within the Carbon Trust Conversion Factors Introductory Guide (2022 update) and are used to determine the tCO<sub>2</sub>e equivalents reported in these statements.

## DIRECTORS' REPORT -continued

### Streamlined Energy and Carbon Reporting - continued

Transport in company vehicles and personal vehicles on company business has used several assumptions. Recording of precise size of engine and fuel is not as readily available as required for these calculations however a significant proportion of the mileage is covered by private and company owned vehicles, assumed around 30% of which are diesel powered, 65% Petrol and 5% Hybrid. Consumption data uses the 'average car' conversions in the Carbon Trust document for 2022.

### Review of business

The state of affairs of the company is considered by the directors to be satisfactory.

### Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102).

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

- select suitable accounting policies and then apply them consistently.
- make judgements and accounting estimates that are reasonable and prudent.
- state whether applicable United Kingdom Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements; 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 responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are 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.

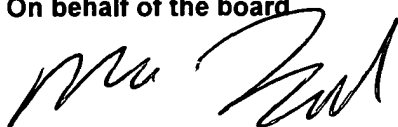
### Disclosure of information to auditors

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 have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

On behalf of the board



Alastair Jackson  
Director

Date: 14.08.23





## ***Independent auditors' report to the members of Ornua Ingredients Europe (UK) Limited***

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

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#### **Opinion**

In our opinion, Ornua Ingredients Europe (UK) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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, which comprise:

- the Balance Sheet as at 31 December 2022;
- the Profit and Loss Account for the period then ended;
- the Statement of Comprehensive Income for the period then ended;
- the Statement of Changes in Equity for the period 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 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 period ended 31 December 2022 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, 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.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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 employment law and 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 management override of controls through journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

*Auditors' responsibilities for the audit of the financial statements - continued*

- enquiry of management, those charged with governance around actual and potential litigation and claims;
- enquiry of management to identify any instances of non-compliance with laws and regulations
- reviewing minutes of meetings of those charged with governance;
- reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations; and
- auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness and testing accounting estimates (because of the risk of management bias), and incorporating an element of unpredictability into our testing strategies.

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

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.

John Dillon  
for and on behalf of PricewaterhouseCoopers  
Chartered Accountants and Statutory Auditors  
Dublin  
14 August 2023

**PROFIT AND LOSS ACCOUNT**  
**Period Ended 31 December 2022**

	Note	2022 £	2021 £
<b>Turnover</b>	5	164,308,892	108,839,555
Cost of sales		<u>(142,758,718)</u>	<u>(95,338,446)</u>
<b>Gross profit</b>		21,550,174	13,501,109
Distribution costs		(5,456,987)	(3,881,866)
Administrative expenses		<u>(12,448,035)</u>	<u>(9,380,342)</u>
<b>Operating profit</b>	6	3,645,152	238,901
Interest payable and similar expenses	8	<u>(1,340,203)</u>	<u>(519,971)</u>
<b>Profit/(loss) before taxation</b>		2,304,949	(281,070)
Tax on profit/(loss)	9	<u>(255,789)</u>	<u>(1,188,476)</u>
<b>Profit/(loss) for the financial period</b>		<u>2,049,160</u>	<u>(1,469,546)</u>

**STATEMENT OF COMPREHENSIVE INCOME**  
**Period Ended 31 December 2022**

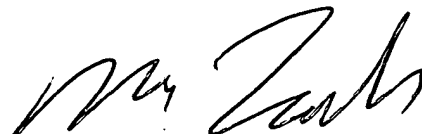
There are no recognised gains or losses other than those included in the profit and loss account above and therefore no separate statement of comprehensive income has been presented.

**BALANCE SHEET**  
**As at 31 December 2022**

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Intangible assets	10	1,164,635	1,361,032
Tangible assets	11	<u>16,417,474</u>	<u>17,001,849</u>
		17,582,109	18,362,881
<b>Current assets</b>			
Inventories	12	11,180,395	14,928,400
Debtors	13	30,379,665	26,383,342
Cash at bank and in hand		<u>556</u>	<u>23,505</u>
		41,560,616	41,335,247
<b>Creditors: amounts falling due within one year</b>	14	<u>(55,792,905)</u>	<u>(58,287,590)</u>
<b>Net current liabilities</b>		<u>(14,232,289)</u>	<u>(16,952,343)</u>
<b>Total assets less current liabilities</b>		<u>3,349,820</u>	<u>(1,410,538)</u>
Provisions for liabilities	15	<u>(1,833,300)</u>	<u>(1,943,178)</u>
<b>Net assets/(liabilities)</b>		<u>1,516,520</u>	<u>(532,640)</u>
<b>Capital and reserves</b>			
Called up share capital	16	25,000	25,000
Retained earnings/(accumulated losses)		<u>1,491,520</u>	<u>(557,640)</u>
<b>Total shareholders' funds</b>		<u>1,516,520</u>	<u>(532,640)</u>

The notes on pages 14 to 28 form part of the financial statements.

These financial statements were approved by the board of directors on 14 August 2023 and were signed on its behalf by



**Alastair Jackson**  
Director

**Ornua Ingredients Europe (UK) Limited**  
Registered No: 01933884

**STATEMENT OF CHANGES IN EQUITY**  
**Period Ended 31 December 2022**

	Called up share capital £	Profit and loss account £	Total equity £
Balance at 26 December 2020	25,000	911,906	936,906
Loss for the period	-	(1,469,546)	(1,469,546)
<b>Balance at 25 December 2021</b>	<u>25,000</u>	<u>(557,640)</u>	<u>(532,640)</u>
Balance at 26 December 2021	25,000	(557,640)	(532,640)
Profit for the period	-	2,049,160	2,049,160
<b>Balance at 31 December 2022</b>	<u>25,000</u>	<u>1,491,520</u>	<u>1,516,520</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 1 General information

Ornua Ingredients Europe (UK) Limited is a private company, limited by shares, registered in England and Wales. The address of its registered office is Spinneyfields Farm, Main Road, Worleston, Nantwich, Cheshire, CW5 6DN.

The principal activity of the company is the supply of cheese and other dairy products to the food services and food manufacturing industries.

Ornua Nantwich Limited owns 100% of the equity share capital of the company. Ornua Ingredients Europe (UK) Limited ultimate parent and ultimate controlling party is Ornua Co-operative Limited. Ornua Co-operative Limited is incorporated in the Republic of Ireland. Ornua Co-operative Limited prepares group financial statements and is the largest group for which group financial statements are drawn up and of which Ornua Ingredients Europe (UK) Limited is a member. Copies of Ornua Co-Operative Limited's group financial statements are available from the Company Secretary, Grattan House, Mount Street Lower, Dublin 2, Ireland. Ornua Ingredients Europe (UK) Ltd merged with Ornua Ingredients UK Ltd on 26<sup>th</sup> April 2021 and is operating as one business with two production sites at Nantwich and Ledbury.

These financial statements are the company's separate financial statements.

### 2 Statement of compliance

The individual financial statements of Ornua Ingredients Europe (UK) Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

### 3 Summary of significant accounting policies

The significant accounting policies used in the preparation of the financial statements are set out below. These policies have been consistently applied to all financial periods presented, unless otherwise stated.

#### (a) Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or areas where assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are disclosed in note 4.

#### (b) Disclosure exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the company's shareholders.

The company has taken advantage of the following exemptions:

- (i) Exemption from the requirements of Section 7 of FRS 102 and FRS 102 paragraph 3.17(d) to present a statement of cash flows.
- (ii) Exemption from the financial instrument disclosure requirements of Section 4 paragraphs 11.39 to 11.48A and Section 12 paragraphs 12.26 to 12.29A of FRS 102 as the equivalent disclosures are included in the consolidated financial statements of Ornua Co-operative Limited.

## NOTES TO THE FINANCIAL STATEMENTS - continued

### 3 Summary of significant accounting policies - continued

#### (b) Disclosure exemptions for qualifying entities under FRS 102 - continued

- (iii) Exemption from the requirement of FRS102 paragraph 33.7 to disclose key management personnel compensation in total.
- (iv) Exemption from the requirement of FRS 102 paragraph 33.9 to disclose related party transactions.

#### (c) Foreign currency

##### (i) *Functional and presentation currency*

The company's functional and presentation currency is the pound sterling, denominated by the symbol "£".

##### (ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss account within 'Administrative expenses'. All other foreign exchange gains and losses are presented in the profit and loss account within 'Administrative expenses'.

#### (d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered net of returns, discounts, value added tax and rebates allowed by the company.

The company bases its estimate of returns on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Where the consideration receivable in cash or cash equivalents is deferred, and the arrangement constitutes a financing transaction, the fair value of the consideration is measured as the present value of all future receipts using the imputed rate of interest.

The company recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the company retains no continuing involvement or control over the goods; (c) the amount of revenue can be measured reliably; (d) it is probable that future economic benefits will flow to the entity and (e) when the specific criteria relating to the each of the company's sales channels have been met, as described below.

##### (i) *Sale of goods*

The company supplies cheese and other dairy products to the food manufacturing and food service markets. Sales of goods are recognised on sale to the customer which is considered the point of collection or despatch, dependent on the contract in place.

##### (ii) *Interest income*

Interest income is recognised using the effective interest rate method.



## NOTES TO THE FINANCIAL STATEMENTS - continued

### 3 Summary of significant accounting policies - continued

#### (e) Employee benefits

The company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

##### (i) Short term employee benefits

Short term employee benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is rendered.

##### (ii) Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid, the company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

##### (iii) Defined benefit pension plan

The company contributes to a group wide defined benefit pension scheme for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration. A defined benefit plan is a post-employment benefit other than a defined contribution plan.

The assets of the scheme are held separately from those of the company. The company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, in accordance with FRS 102, the scheme is accounted for as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period. Disclosure of the schemes assets and liabilities has been made in the financial statements of Ornua Foods UK Limited.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in Pound Sterling and that have terms approximating the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income. These amounts together with the return on plan assets, less the interest income on plan assets included in the net interest cost, are presented as 'remeasurement of net defined benefit liability' in other comprehensive income.

The cost of the defined benefit pension plan, recognised in profit or loss, except where included in the cost of an asset, comprises:

- (a) the increase in pension benefit liability arising from employee service during the period; and
- (b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as 'finance expense' and presented within 'interest payable and similar charges'.

##### (iv) Annual bonus plan

The company operates an annual bonus plan for certain employees. An expense is recognised in the profit and loss account when the company has a present legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

## NOTES TO THE FINANCIAL STATEMENTS - continued

### 3 Summary of significant accounting policies - continued

#### (f) Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

##### (i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the financial period or past financial periods. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. A current tax liability is recognised where appropriate and measured on the basis of amounts expected to be paid to the tax authorities.

##### (ii) Deferred tax

Deferred tax is recognised in respect of timing differences, which are differences between taxable profits and profit for the financial period as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in financial periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the end of each financial period with certain exceptions. Unrelieved tax losses and other deferred tax assets are recognised only when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the end of each financial period end and that are expected to apply to the reversal of the timing difference.

#### (g) Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the depreciable amount of the assets to their residual value over their expected useful lives as follows:

- Software 5 years

Acquired software costs are recognised as an intangible asset at their purchase price and amortised over the estimated economic useful life of the asset.

The assets are reviewed for impairment if factors indicate that the carrying amount may be impaired.

#### (h) Tangible assets

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs and borrowing costs capitalise.

##### (i) Land and buildings

Land and buildings include freehold land and factories and offices. Land and buildings are stated at cost less accumulated depreciation and accumulated impairment losses.

##### (ii) Plant and machinery and motor vehicles

Plant and machinery and motor vehicles are stated at cost less accumulated depreciation and accumulated impairment losses.

## NOTES TO THE FINANCIAL STATEMENTS - continued

### 3 Summary of significant accounting policies – continued

#### (h) Tangible assets - continued

##### (iii) Depreciation and residual values

Land is not depreciated. Depreciation on other assets is calculated, using the straight-line method, to allocate the cost to their residual values over their estimated useful lives, as follows:

• Assets under construction not provided	
• Freehold buildings	40 years
• Building improvements	Remaining life of the building
• Machinery and Equipment	15 years
• Furniture and Fixtures	7 years
• Motor vehicles	5 years
• Personal computers, laptops	3 years

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each financial period. The effect of any change is accounted for prospectively.

##### (iv) Subsequent additions and major components

Subsequent costs, including major inspections, are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the company and the cost can be measured reliably.

The carrying amount of any replaced component is derecognised. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

Repairs, maintenance, and minor inspection costs are expensed as incurred.

##### (v) Derecognition

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss and included in 'Administrative expenses'.

#### (i) Leased assets

At inception the company assesses agreements that transfer the right to use assets. The assessment considers whether the agreement is, or contains, a lease based on the substance of the arrangement.

##### (i) Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are recognised in the profit and loss account on a straight-line basis over the period of the lease.

#### (j) Inventories

Inventories are measured at the lower of cost and estimated selling price less costs to complete and sell. Inventories are recognised as an expense in the period in which the related revenue is recognised.

Finished goods inventory represent the cost of cheese which has been processed and packaged for sale. Cost represents purchase invoice price, on a first in first out basis.

Raw materials and goods for resale represent unprocessed block cheese and other dairy products, again valued at purchase invoice price on a first in first out basis, less any determined provision.

Other inventories include packaging materials and consumables, valued at purchase invoice price.

Provisions are made where necessary for lost value in damaged or defective inventories.

## NOTES TO THE FINANCIAL STATEMENTS - continued

### 3 Summary of significant accounting policies – continued

#### (k) Cash and cash equivalents

Cash at bank and in hand includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities.

#### (l) Provisions and contingences

##### (i) Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

In particular:

- a) Restructuring provisions are recognised when the company has a legal or constructive obligation at the end of the financial period to carry out the restructuring. The company has a constructive obligation to carry out a restructuring when there is a detailed, formal plan for the restructuring and the company has raised a valid expectation in those affected by either starting to implement the plan or announcing its main features to those affected; and
- b) Provision is not made for future operating losses.

##### (ii) Contingencies

Contingent liabilities are not recognised. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

#### (m) Financial instruments

The company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

##### (i) Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment loss not previously been recognised. The impairment reversal is recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS - continued

### 3 Summary of significant accounting policies – continued

#### (m) Financial instruments - continued

##### (i) *Financial assets - continued*

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party; or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

##### (ii) *Financial liabilities*

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

##### (iii) *Offsetting*

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

#### (n) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new equity shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### (o) Distributions to equity holders

Dividends and other distributions to company's equity shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the company's shareholders. These amounts are recognised in the statement of changes in equity.

#### (p) Related party transactions

The company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

#### (q) Revenue grants

Grants are recognised when there is reasonable assurance that the entity will comply with the conditions attached to them and the grants will be received. Grant income is recognised either based on the performance model or the accruals model. This policy choice is applied on a class-by-class basis. Grant income is recognised based on the fair value of the asset received or receivable. Under the performance model, a grant that imposes specified future performance related conditions on the company is recognised in income only when the performance related conditions are met. Grants received before the revenue recognition criteria are satisfied are recognised as a liability. Under the accruals model, grants are classified as a grant relating to revenue or a grant related to assets. Grants related to revenue are recognised in income on a systematic basis over the periods in which the entity recognises the related costs for which the grant is intended to compensate. Grants related to assets are recognised in income on a systematic basis over the expected useful life of the asset.

## NOTES TO THE FINANCIAL STATEMENTS - continued

**4 Critical accounting judgements and estimation uncertainty**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**(a) Critical accounting estimates and assumptions**

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. 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 addressed below.

**(i) Useful economic lives of tangible assets**

The annual depreciation for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 11 for the carrying amount of the property, plant and equipment, and note 3 for the useful economic lives for each class of assets.

**(ii) Inventory provisioning**

The company processes and packs cheese and is subject to changing consumer demands and obsolescence. As a result, it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials. See note 12 for the net carrying amount of the inventory and associated provision.

**(iii) Impairment of debtors**

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 13 for the net carrying amount of the debtors.

**5 Turnover**

	2022	2021
	£	£
Analysis of turnover by geography:		
United Kingdom	139,920,397	95,349,374
Rest of world	24,388,495	13,490,181
	<u>164,308,892</u>	<u>108,839,555</u>
	2022	2021
	£	£
Analysis of turnover by category:		
Sale of goods	<u>164,308,892</u>	<u>108,839,555</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

6 Operating profit

	2022 £	2021 £
Operating profit is stated after charging/(crediting):		
Operating lease charges	145,768	134,493
Depreciation – owned assets	1,516,660	1,223,671
Auditors' remuneration	27,000	27,500
Foreign exchange differences	18,644	(57,439)
Revenue grants received	-	(51,679)
Wages and salaries	10,660,206	7,479,438
Social security costs	765,393	585,560
Other pension costs	293,601	254,872
<b>Staff costs</b>	<b>11,719,200</b>	<b>8,319,870</b>

In accordance with S1 2008/489 the company has not disclosed the fee payable to the company's auditors for 'other financial services' as this information is included in the consolidated financial statements of Ornua Co-operative Limited.

7 Employees and directors

(i) Employees

The average employee monthly number of persons (including executive directors) employed by the company during the period was:

	2022 Number	2021 Number
<b>By activity:</b>		
Production	173	160
Selling and distribution	12	11
Administration	89	72
	<b>274</b>	<b>243</b>

NOTES TO THE FINANCIAL STATEMENTS - continued

**7 Employees and directors - continued**

**(ii) Directors**

	2022 £	2021 £
The directors' emoluments were as follows:		
Aggregate emoluments	624,921	789,662
Loss of office	-	-
	<u>624,921</u>	<u>789,662</u>

Contributions to retirement benefit schemes:

Contributions to defined contribution scheme	14,366	23,024
Contributions to defined benefit scheme	-	-
	<u>-</u>	<u>-</u>

No director (2021: None) was a member of defined benefit scheme and 4 directors (2021: two) were a member of a defined contribution scheme.

	2022 £	2021 £
<b>Highest paid director</b>		
The highest paid director's emoluments were as follows:		
Total amount of emoluments	<u>274,231</u>	<u>340,894</u>

**8 Interest Payable and similar charges**

	2022 £	2021 £
<b>Interest payable and similar expenses</b>		
Interest payable	<u>(1,340,203)</u>	<u>(519,971)</u>



## NOTES TO THE FINANCIAL STATEMENTS - continued

## 9 Tax on profit / (loss)

	2022 £	2021 £
<b>(a) Tax expense included in profit or loss</b>		
Current tax:		
UK corporation tax on profit / (loss) for the period	365,667	-
Adjustments in respect of prior periods	-	111,591
<b>Total current tax</b>	<b>365,667</b>	<b>111,591</b>
Deferred tax:		
Origination and reversal timing differences	112,741	946,723
Effect of rate changes	-	466,363
Adjustments in respect of prior periods	(222,619)	(336,201)
<b>Total deferred tax</b>	<b>(109,878)</b>	<b>1,076,885</b>
<b>Tax on profit / (loss)</b>	<b>255,789</b>	<b>1,188,476</b>

**(b) Reconciliation of tax charge**

Tax assessed for the period is higher than the standard rate of corporation tax in the UK for the period ended 31 December 2022 of 19% (2021: 19%). The differences are explained below:

	2022 £	2021 £
Profit/(loss) before tax	2,304,949	(281,070)
Loss multiplied by the standard rate of tax in the UK of 19% (2021: 19%)	437,940	(53,403)
Effects of:		
Effects of rate changes	27,058	466,363
Group relief not paid for	-	489,525
Adjustments in respect of prior years	(222,619)	(224,610)
Super deduction	(25,176)	-
Expenses not deductible for tax purposes/non-taxable income	38,585	510,601
<b>Tax charge for the period</b>	<b>255,789</b>	<b>1,188,476</b>

The tax charge for the year has been increased by £Nil (2021: £489,525) because of losses surrendered to a fellow group company. No payment for this surrender is to be made to the company.

**(c) Tax rate changes**

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. In the Autumn Statement in November 2022, the government confirmed the increase in corporation tax rate to 25% from April 2023 will go ahead. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS - continued

## 10 Intangible assets

	Software £
<b>Year ended 25 December 2021</b>	
Opening cost	1,965,674
Transfers	(31)
Closing cost	<u>1,965,643</u>
<b>At 31 December 2022</b>	
Opening accumulated amortisation	(604,642)
Amortisation charge in period	(196,366)
Closing accumulated amortisation	<u>(801,008)</u>
<b>Net book amount at 31 December 2022</b>	<u><b>1,164,635</b></u>
<b>Net book amount at 25 December 2021</b>	<u><b>1,361,032</b></u>

## 11 Tangible assets

	Land and buildings £	Assets under construction £	Plant and machinery £	Motor vehicles £	Total £
<b>At 25 December 2021</b>					
Cost	6,809,144	725,897	14,181,896	67,210	21,784,147
Accumulated depreciation and impairment	(1,351,058)	-	(3,364,030)	(67,210)	(4,782,298)
<b>Net book amount</b>	<u>5,458,086</u>	<u>725,897</u>	<u>10,817,866</u>	<u>-</u>	<u>17,001,849</u>
<b>Year ended 31 December 2022</b>					
Opening net book amount	5,458,086	725,897	10,817,866	-	17,001,849
Reclassifications	-	(725,897)	725,897	-	-
Additions	10,313	185,007	736,965	-	932,285
Depreciation	(171,647)	-	(1,345,013)	-	(1,516,660)
<b>Closing net book amount</b>	<u>5,296,752</u>	<u>185,007</u>	<u>10,935,715</u>	<u>-</u>	<u>16,417,474</u>
<b>At 31 December 2022</b>					
Cost	6,819,458	185,007	15,644,758	67,210	22,716,433
Accumulated depreciation and impairment	(1,522,706)	-	(4,709,043)	(67,210)	(6,298,959)
<b>Net book amount</b>	<u>5,296,752</u>	<u>185,007</u>	<u>10,935,715</u>	<u>-</u>	<u>16,417,474</u>

## NOTES TO THE FINANCIAL STATEMENTS - continued

## 12 Inventories

	2022 £	2021 £
Finished goods	3,983,503	2,230,084
Other stocks	669,223	362,032
Raw materials and goods for resale	6,527,669	12,336,284
	<u>11,180,395</u>	<u>14,928,400</u>

There is no significant difference between the replacement cost of work in progress and finished goods and goods for resale and their carrying amounts.

Inventories are stated after provisions for impairment of £2,651,097 (2021: £372,711).

## 13 Debtors

	2022 £	2021 £
Trade debtors	26,169,799	23,280,470
Amounts owed by group undertakings	2,580,877	1,545,189
VAT	461,594	1,033,156
Prepayments and accrued income	528,200	524,527
Corporation tax receivable	639,195	-
	<u>30,379,665</u>	<u>26,383,342</u>

## 14 Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	3,980,783	7,345,068
Amounts owed to group undertakings	44,209,185	46,739,919
Other taxation and social security	456,425	108,668
Accrued expenses	7,146,512	4,093,935
	<u>55,792,905</u>	<u>58,287,590</u>

Amounts owed to group undertakings are unsecured and repayable on demand.

The company entered into a cross guarantee for debts owed by the ultimate parent company, Ornua Co-operative Limited, under a five year syndicated financing agreement. In addition, the company provides a guarantee to Rabobank International in respect of the obligations of the ultimate parent company under Reverse Invoice Discounting or RID facility.

## NOTES TO THE FINANCIAL STATEMENTS - continued

## 15 Provisions for liabilities

	Deferred tax £
At the beginning of period	1,943,178
Charge to the profit and loss for the period	(109,878)
At end of period	<u>1,833,300</u>

The elements of deferred taxation are as follows:

	2022 £	2021 £
Difference between accumulated depreciation and amortisation and capital allowances	<u>1,833,300</u>	<u>1,943,178</u>

## 16 Called up share capital

	2022 £	2021 £
<b>Authorised</b>		
12,500 ordinary "A" shares of £1 each	12,500	12,500
12,500 ordinary "B" shares of £1 each	12,500	12,500
	<u>25,000</u>	<u>25,000</u>
<b>Allotted, called up and fully paid</b>		
12,500 ordinary "A" shares of £1 each	12,500	12,500
12,500 ordinary "B" shares of £1 each	12,500	12,500
	<u>25,000</u>	<u>25,000</u>

The rights attaching to the Ordinary A and B shares shall rank pari passu as if they were one class of share.

Specifically, the A and B ordinary shares shall be entitled to such dividends as the company shall, upon recommendation of the directors, determine independently for each class of share. The holders of the A and B shares shall receive such notice and shall be entitled to attend or vote at any general meeting.

## 18 Capital and other commitments

At 31 December 2022 and 25 December 2021, the company had the following capital commitments:

	2022 £	2021 £
Contracted for but not provided for in the accounts	-	107,710
Authorised but not contracted for	-	-
	<u>-</u>	<u>107,710</u>

## NOTES TO THE FINANCIAL STATEMENTS - continued

## 17 Capital and other commitments - continued

The company has the following minimum lease payments under non-cancellable operating leases for each of the following:

	2022 £	2021 £
Payments due:		
Not later than one year	137,149	32,884
Later than one year and not later than five years	357,368	326,751
	<u>494,517</u>	<u>359,635</u>

The company had no other off-balance sheet arrangements.

## 18 Transfer of Assets

During the prior financial period the trade of Ornua Ingredients UK Limited were transferred to the company.

The following assets and liabilities were transferred to the company:

	2021 £
Tangible fixed assets	7,865,077
Intangible fixed assets	450,796
Inventories	4,594,539
Debtors and other receivables	4,514,701
Cash at bank and in hand	(2,430,066)
Creditors and other liabilities	<u>(5,205,272)</u>
<b>Net assets acquired</b>	<u>9,789,775</u>

## 19 Events after the end of the financial period

No events impacting the company have occurred since the end of the financial year which would impact the amounts or disclosures in these financial statements.